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DAWOOD EQUITIES LIMITED

**Quarterly Report
September 30, 2022
(Un-Audited)**

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2022



DAWOOD EQUITIES LIMITED

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Our Vision

Our vision is to be leader of “Brokerage industry” in Pakistan with a passion to endeavor maximum business opportunities. We strive to deliver results and perform to the highest standards.

Our Mission

Our mission is to become a competitive, dynamic and growing brokerage house that provides cometicitive services, identifies investment opportunities and developers research based data and information.



DAWOOD EQUITIES LIMITED

Company Information

Board of Directors

Mr. Junaid Dada (Chairman) / (Independent Director)
Abdul Aziz Habib (Chief Executive)
Mr. Khalid Yousuf (Non executive Director)
Mr. Areeb Shujaat (Non executive Director)
Ms. Sobia Saif (Non executive Director)
Syed Muhammad Abbas (Independent Director)
Mr. Saifullah (Non executive Director)

Chief Financial officer & Company Secretary

Mr. Salman Yaqoob

Audit Committee

Syed Muhammad Abbas Chairman
Mr. Khalid Yousuf Member
Ms. Sobia Saif Member

HR & R Committee

Syed Muhammad Abbas Chairman
Abdul Aziz Habib (Chief Executive)
Mr. Areeb Shujaat Member

External Auditor

M. Yousuf Adil & Company (Chartered Accountants)

Internal Auditor

Reanda Haroon Zakaria & Company (Chartered Accountants)

Legal Advisor

Rauf & Ghaffar Law Associates

Bankers

Bank Al Habib Limited
Habib Metropolitan Bank Limited
Bank Al Falah Limited
United Bank Limited

Albaraka Bank (Pakistan) Limited
MCB Bank Limited
The Bank of Khyber
Bank Islami Pakistan Limited

Website

www.dawoodequities.com

Registered Head Office

17th Floor - Saima Trade Towers-A,
I.I. Chundrigar Road, Karachi.
Phone No. 021-32271881-1883, Fax No. 021-32275086

PSX Registered Branch Office

Hyderabad Branch

Office No. 07, Mezzanine Floor, Auto Bhan Tower Auto,
Auto Bhan Road, Latifabad No. 3, Hyderabad.
Tel: +92-22-3411027

PSX Branch-1

Room 409-410, 4th Floor, New Stock Exchange
Building, Stock Exchange Road, Karachi.
Phone No. 021-32418874, 32460744
Fax No. 021-32418873

Bantavangar Branch

Commercial Shop No. 2, Plot No. C-10,
Bantavanagar, Liguatabad, Karachi.
Contact no: 021-34920630.

PSX Branch-2

Room 806, 8th Floor, New Stock Exchange
Building, Stock Exchange Road, Karachi.

Faisalabad Branch

5th Floor, State Life Building, Liaquat Road,
Faisalabad.

PMEX Registered Branch Office

DHA Branch

Office No. 103, First Floor, Plot No. 23-C,
26th Street, Badar Commercial DHA
Phase V Ext., Karachi.

Sheikhupura Branch

Sheikhupura Bypass, Nzd,
Sultan Hospital Care 4 Plaza,
Sheikhupura.

Faisalabad Branch

5th Floor, State Life Building, Liaquat Road,
Faisalabad.

Share Registrar

F.D Registrar Services (Pvt) Ltd
1705 17th Floor, Saima Trade Tower-A,
I.I. Chundrigar Road, Karachi.
Phone No. 021-35478192-93, 32271905
Fax. 021-32621233



DAWOOD EQUITIES LIMITED

DIRECTORS' REPORT TO THE MEMBERS

On the behalf of Board of Directors of Dawood Equities Limited (DEL), I am pleased to present herewith the unaudited financial statements for the first quarter ended September 30 2022.

FINANCIAL PERFORMANCE

This first quarter revenue stands at Rs. 18.4 million as compared to Rs.26.2 million in same quarter last year. Trading activity also reduced when compared to the previous quarter ending June 2022 and investors remained at bay amidst the uncertain geo-political and domestic conditions and macroeconomic pressures with weakening PKR resulted in reduced trading activities.

The Net Profit of the company arrived at Rs.0.94 million which translate to earning per share of Rs.0.03 in first quarter while breakup value of share arrive at Rs 10.18 per share..

The summary of Financial Results is as follows:

	September 30, 2022 Rupees	September 30, 2021 Rupees
Gross Revenue	18,404,860	26,257,018
Net Revenue	10,893,555	17,711,796
Administrative Expenses	(10,542,557)	(8,034,984)
Profit / (Loss) after tax	946,052	5,001,994
Earnings per share basic and diluted	0.03	0.18

Junaid Dada
Chairman

Abdul Aziz Habib
Chief Executive Officer

Karachi: **October 28, 2022**



DAWOOD EQUITIES LIMITED

ڈائریکٹرز کی رپورٹ:

داؤدا کوئٹیز لمیٹڈ (DEL) کے بورڈ آف ڈائریکٹرز کی جانب سے، میں 30 ستمبر 2022 کو ختم ہونے والی پہلی سرمایہ کے لئے غیر نظر ثانی شدہ مالی حسابات پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

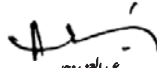
مالیاتی کارکردگی


اس پہلی سرمایہ کی آمدنی گزشتہ سال اسی سرمایہ میں 26.2 ملین روپے کے مقابلے میں 18.4 ملین روپے رہی۔ جون 2022 کو ختم ہونے والی گزشتہ سرمایہ کے مقابلے میں تجارتی سرگرمی بھی کم رہی اور سرمایہ کار غیر یقینی جھڑپائی اور مقامی حالات اور پاکستانی روپیہ کی کمزوری کے باعث میکرو اکنامک دباؤ کی وجہ سے منیج پر ہے جس کے نتیجے میں تجارتی سرگرمیاں کم رہی ہیں۔

کئی کا خاص منافع 0.94 ملین روپے تک پہنچ گیا جس کے نتیجے میں سرمایہ میں فی حصص آمدنی 0.03 روپے جبکہ حصص کی بریک اپ ویلیو 10.18 روپے فی شیئر پہنچ گئی ہے۔

مالی نتائج کا خلاصہ حسب ذیل ہے:

30 ستمبر 2021ء	30 ستمبر 2022ء	
26,257,018	18,404,860	مجموعی آمدنی
17,711,796	10,893,555	خالص آمدنی
(8,034,984)	(10,542,557)	انتظامی اخراجات
5,001,994	946,052	بعد از ٹیکس منافع (نقصان)
0.18	0.03	فی شیئر آمدنی بنیادی اور مستدل


عبدالغفور حبیب
چیف ایگزیکٹو آفیسر


چیداداد
چیرمین

کراچی: 128 اکتوبر 2022ء



DAWOOD EQUITIES LIMITED

CONDENSED INTERIM FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2022

<u>ASSETS</u>	<i>Note</i>	<i>30-Sep 2022 Rupees</i>	<i>30-Jun 2022 Rupees</i>
Non-Current Assets			
Property and equipment	5	9,642,869	9,849,536
Right of use asset		2,232,231	2,381,047
Investment Property		5,058,656	5,147,874
Intangible assets	6	6,000,000	6,000,000
Long term deposits		1,887,500	1,887,500
Deferred taxation		34,767,589	34,767,589
		59,588,844	60,033,546
Current Assets			
Short term investments	7	71,413,259	84,763,095
Trade debts		168,288,416	174,399,496
Receivable against margin finance		5,332,522	4,154,375
Trade deposits and short term prepayments		24,571,108	20,185,131
Other receivable		20,387,693	15,803,106
Tax refunds due from government		6,547,020	6,032,103
Cash and bank balances		78,566,108	7,286,509
		375,106,126	312,623,815
Total Assets		434,694,970	372,657,361
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Authorized Share Capital			
30,000,000 Ordinary shares of Rs.10 each		300,000,000	300,000,000
Issued, subscribed and paid up capital		274,965,000	274,965,000
Reserves		4,937,341	4,714,411
measurement of investment available for		279,902,341	279,679,411
Non Current Liabilities			
Rental deposits		25,000	25,000
Lease liability		1,783,024	1,926,477
		1,808,024	1,951,477
Current Liabilities			
Trade and other payables		111,989,305	38,247,943
Unclaimed dividend		230,336	230,336
Short term running finance facility		40,207,992	52,002,265
Current portion of lease liability		556,972	545,929
		152,984,605	91,026,473
Contingencies and Commitments			
Total Equity and Liabilities	8	434,694,970	372,657,361

The annexed notes from 1 to 13 form an integral part of these financial statements


Chief Executive


Director


Chief Financial Officer



DAWOOD EQUITIES LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2022

	Quarter Ended	
	30-Sep 2022	30-Sep 2021
	Rupees	
Operating revenue	18,404,860	26,257,018
Less: Commission to agents and dealers	7,511,305	8,545,222
Operating revenue	10,893,555	17,711,796
Capital gain / (loss) on disposal of investments - net	1,204,997	567,939
Profit / (loss) on remeasurement of investments carried at fair value through profit and loss	(296,592)	(4,718,896)
	11,801,961	13,560,840
Administrative expenses	(10,542,557)	(8,034,984)
	1,259,404	5,525,856
Financial charges	(468,918)	(16,641)
	790,486	5,509,216
Other operating income	392,080	375,483
Other operating charges	-	-
Profit before taxation	1,182,565	5,884,699
Taxation - net	(236,513)	(882,705)
Profit after taxation	946,052	5,001,994
Earning per share - basic and diluted	0.03	0.18

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

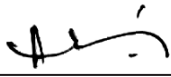


DAWOOD EQUITIES LIMITED

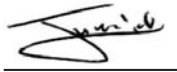
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

	<u>30-Sep 2022</u>	<u>30-Sep 2021</u>
	<u>Rupees</u>	<u>Rupees</u>
Profit for the year	946,052	5,001,994
Other comprehensive (loss) / income		
Un-realized gain/loss on re-measurement of	(723,122)	(7,706,960)
Total comprehensive (loss) / income for the year	<u>222,930</u>	<u>(2,704,966)</u>

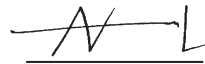
The annexed notes form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer



DAWOOD EQUITIES LIMITED

**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

	30-Sep 2022	30-Sep 2021
	Rupees	Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	946,052	5,001,994
Adjustment for non cash items:		
Depreciation- PPE & Inv. Property	544,907	351,068
Depreciation- ROUA	148,816	-
Loss / (gain) on remeasurement of investment	296,592	4,718,896
Capital (gain) / loss on disposal of investment	(1,204,997)	(567,939)
Loss on commodity trading	-	-
Dividend income	(2,500)	(10,000)
(Gain)/loss on disposal of property and equipment	(4,350)	-
Bank profit	(277,121)	-
Interest expense on Lease Liability	47,590	-
Other financial charges	421,328	16,641
	<u>(29,736)</u>	<u>4,508,665</u>
Cash generated from operating activities before working capital changes	916,317	9,510,659
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Trade debts	6,111,080	(25,566,602)
Other receivables	(4,584,587)	(3,410,538)
Receivable against MF	(1,178,147)	(9,359,191)
Trade deposits and short term prepayments	(4,385,977)	3,508,525
	<u>(4,037,631)</u>	<u>(34,827,806)</u>
(Decrease) / increase in current liabilities		
Trade and other payables	73,741,362	29,214,926
Cash used in operations	<u>70,620,048</u>	<u>3,897,779</u>
Taxes paid	(751,430)	(1,367,481)
Financial charges paid	(139,837)	(16,641)
	<u>(891,267)</u>	<u>(1,384,122)</u>
Net cash used / generated in operating activities	69,728,782	2,513,658
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(294,000)	(637,249)
Proceeds from sale of property and equipment	4,350	-
Purchase of short term investments - net	13,535,120	(747,827)
Bank profit received	277,121	-
Receipt from other income	-	375,483
Dividend received	2,500	10,000
Net cash generated from investing activities	<u>13,525,091</u>	<u>(999,593)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid	(180,000)	-
Cash Flows From Financing Activities	<u>(180,000)</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents (A+B+C)	83,073,873	1,514,065
Cash and cash equivalents at the beginning of the period	(44,715,756)	13,575,366
Cash and cash equivalents at the end of the period	<u>38,358,117</u>	<u>15,089,431</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	78,566,108	-
Bank overdraft	(40,207,992)	-
	<u>38,358,117</u>	<u>15,089,431</u>

The annexed notes form an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer



DAWOOD EQUITIES LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

	<i>Reserves</i>					<i>Total Equity</i>
	<i>Issued, subscribed and paid up capital</i>	<i>Capital</i>		<i>Revenue</i>		
		<i>(Loss) / gain on remeasurement of AFS investment</i>	<i>Share premium</i>	<i>Accumulated profit</i>		
----- Rupees -----						
Balance as at July 01, 2021	249,965,000	6,489,781	74,973,750	(38,364,005)	43,099,525	293,064,525
Profit for the period ended	-	-	-	5,001,994	5,001,994	5,001,994
Loss on re-measurement of investment available for sale at par value	-	(723,122)	-	-	(723,122)	(723,122)
Bonus Issue @ 10% per ordinary shares	25,000,000	-	(25,000,000)	-	(25,000,000)	-
Balance as at September 30, 2021	274,965,000	5,766,659	49,973,750	(33,362,011)	22,378,397	297,343,397
Balance as at October 01, 2021	274,965,000	(10,731,232)	49,973,750	(33,362,011)	5,880,506	280,845,506
Profit for the period ended October 2020 - June 2022	-	-	-	4,600,563	4,600,563	4,600,563
Loss on re-measurement of investment available for sale at par value	-	(5,766,659)	-	-	(5,766,659)	(5,766,659)
Balance as at June 30, 2022	274,965,000	(16,497,891)	49,973,750	(28,761,448)	4,714,411	279,679,411
Balance as at July 01, 2022	274,965,000	(16,497,891)	49,973,750	(28,761,448)	4,714,411	279,679,411
Profit for the period ended	-	-	-	946,052	946,052	946,052
Loss on re-measurement of investment available for sale at par value	-	(723,122)	-	-	(723,122)	(723,122)
Balance as at September 30, 2022	274,965,000	(17,221,013)	49,973,750	(27,815,396)	4,937,341	279,902,341

The annexed notes form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



DAWOOD EQUITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2022**

1 CORPORATE INFORMATION, OPERATIONS AND LEGAL STATUS

Dawood Equities Limited (the Company) was incorporated in Pakistan as an unquoted public limited company on May 3, 2006 under the Companies Act 2017. The Company commenced commercial operations from October 03, 2006. Subsequently the Company obtained listing on the Pakistan Stock Exchange Limited formerly Karachi Stock Exchange Limited on April 14, 2008. The registered office of the Company is situated at 1700-A, Saima Trade Towers, I.I. Chundrigar Road, Karachi. The Company's principal business is trading and brokerage of listed equities, underwriting and other investments.

2 SIGNIFICANT TRANSACTIONS AND EVENT THAT AFFECTED THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

Due to the applicability of Companies Act, 2017 certain disclosures of the financial have been presented in accordance with the fourth schedule notified by the Securities and Exchange Commission of Pakistan vide S.R.O. 1169 dated November 7, 2017.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Boards (IASB) as notified under the Companies Act, 2017.
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except for certain investments which are measured at fair value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information

3.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



DAWOOD EQUITIES LIMITED

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report is the same as those applied in the preparation of the financial statements for the year ended June 30 2022.

	(Un-audited) September 30 2022 Rupees	(Audited) June 30, 2022 Rupees
5 PROPERTY AND EQUIPMENT		
Opening net book value	9,849,536	9,056,968
Add: Additions	294,000	2,588,828
Less: Disposals-net	(44,980)	(134,379)
Depreciation	(455,688)	(1,661,881)
Closing net book value	9,642,868	9,849,536

5.1 Following additions were made during the period

Computer	9,000	556,260
Building	-	-
Furniture	20,000	1,255,350
Office equipment	15,000	360,218
Motor vehicle	250,000	417,000
	294,000	2,588,828

6 INTANGIBLE ASSETS

UNIVERSAL MEMBERSHIP RIGHT WITH PMEX	3,500,000	3,500,000
Trading Rights Entitlement Certificates (TREC)s	2,500,000	2,500,000
	6,000,000	6,000,000

7 SHORT TERM INVESTMENTS

At fair value - through other comprehensive income	5,837,444	19,467,210
Others - at fair value through profit & loss	71,257,561	65,295,885
	77,095,005	84,763,095

8 CONTINGENCIES & COMMITMENTS

The status of contingencies for the quarter ended September 30, 2022 are as follows:

- 8.1** The Company has filed a suit 509/2009 in the High Court of Sindh (the Court) against one of its corporate client for the recovery of Rs. 75.44 million. The Court has appointed a Commissioner for determination of amount and the case is pending for adjudication. A provision of Rs. 75.44 million has been made in these financial statements as ultimate outcome is uncertain.



DAWOOD EQUITIES LIMITED

8.2 A former dealer of the Company instituted a defamation suit 483/2022 against the Company for damages of Rs. 102 million in High Court of Sindh. The suit is pending before High Court of Sindh for service dated November 1, 2022 and case was initiated on June 28, 2012. The Company has arguable case and confident that the case will be decided in its favor.

8.3 The Company challenged an Appeal dated June 22, 2022 against order dated May 25, 2022 earlier passed by the Director/HOD, Adjudication Department-I, Adjudication Division i.e. Securities Exchange Commission of Pakistan against show cause notice issued to Dawood Equities Limited under section 40A of the Securities and Exchange Commission of Pakistan Act, 1997 in respect of non compliance with Anti Money laundering and Counter Financing of Terrorism Regulations, 2018 and the commission imposed penalty of Rs. 350,000 under the regulations. Appeal is pending before Appellate Bench, Securities Exchange Commission of Pakistan at Islamabad.

9 TRANSACTION WITH RELATED PARTIES

Related parties comprises of major shareholders, associated companies with or without common directors, other companies with common directors, retirement benefits fund, directors, key management personal and their close family members.

	(Un-audited) September 30 2022 Rupees	(Audited) June 30, 2022 Rupees
Commission earned from brokerage transactions with member companies and key management personnel of members companies	<u>1,493,824</u>	<u>7,208,706</u>
FDIBL and others Employee Provident Fund	<u>199,960</u>	<u>636,367</u>
Employer's contribution paid		
Expenses paid / payable to member companies	<u>296,640</u>	<u>477,050</u>

10 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	Sep 30, 2022	June 30, 2022	Sep 30, 2022	June 30, 2022	Sep 30, 2022	June 30, 2022
	(Rupees)					
Managerial remuneration	290,000	1,150,000	-	-	574,000	2,274,000
Directors' fees	-	-	-	-	-	-
Rent and house maintenance	116,000	460,000	-	-	229,600	909,600
Reimbursable expenses	-	-	-	-	24,000	72,000
Utilities	29,000	115,000	-	-	57,400	227,400
Medical	-	-	-	-	30,000	120,000
Conveyance	-	-	-	-	353,892	877,284
	<u>435,000</u>	<u>1,725,000</u>	-	-	<u>1,268,892</u>	<u>4,480,284</u>
	(Numbers)					
Person(s)	<u>1</u>	<u>1</u>	<u>7</u>	<u>7</u>	<u>2</u>	<u>2</u>



DAWOOD EQUITIES LIMITED

11 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan. There were no change in the reportable segments during the year.

The Company is domiciled in Pakistan. The Company's revenue is generated from shares brokerage, portfolio management, investment advisory, consultancy and underwriting services.

All non-current assets of the Company are located in Pakistan.

12 DATE FOR AUTHORIZATION FOR ISSUE

The Board of Directors of the Company authorized these interim financial statements for issue on October 28, 2022.

13 GENERAL

Amounts have been rounded off to the nearest rupee unless otherwise stated.

Chief Executive

Director

Chief Financial Officer



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