



DAWOOD EQUITIES LIMITED

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2019

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DAWOOD EQUITIES LIMITED

CORPORATE OBJECTIVE

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 competitive services, identifies investment opportunities and develops research based data and information.



DAWOOD EQUITIES LIMITED

Board of Directors

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

Chief Financial officer & Company Secretary

Mr. Salman Yaqoob

Audit Committee

Mr. Asim Iftekhar Yakoob- Chairman
Mr. Khalid Yousuf
Ms. Sobia Saif

HR & R Committee

Mr. Asim Iftekhar Yakoob- Chairman
Syed Muhammad Abbas
Abdul Aziz Habib

External Auditor

Haroon Zakaria & Co.

Internal Auditor

Sajid & Co. 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

Website

www.dawoodequities.com

Registered Head Office

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

Registered Branch Offices

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

Office no. 07, Mezzanine Floor, Auto Bhan Tower,
Auto Bhan Road, Latifabad no. 03, Hyderabad.
Tel: +92-22-3411027

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

NOTICE OF 14th ANNUAL GENERAL MEETING

Notice is hereby given that 14th Annual General Meeting of Dawood Equities Limited will be held at 1700-A, Saima Trade Towers, I. I. Chundrigar Road, Karachi on October 25, 2019 at 8:45 am to transact the following business:

Ordinary Business

1. To confirm the minutes of 13th Annual General Meeting held on October 25, 2019.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2019 together with Directors' and Auditors' Reports thereon.
3. To consider the appointment of Auditors for the year ending June 30, 2019/2020 and to fix their remuneration. The Board of Directors have recommended for reappointment of Reanda Haroon Zakaria & Company Chartered Accountants as external auditors.
4. To transact any other Business with the permission of the Chair.

By Order of the Board

**Date: September 03, 2019
Karachi**

Salman Yaqoob
CFO & Company Secretary

1. BOOK CLOSURE

The Share Transfer Books of DEL will be closed from October 16, 2019 to October 25, 2019 (both days inclusive). Transfers received at our registrar office F.D.Registrar Services (Pvt) Ltd situated at office # 1705, 17th Floor, Saima Trade Tower, I.I.Chundrigar Road, Karachi at the close of business on October 15, 2019 will be treated in time for the purpose of above entitlement to the transferees.

2. APPOINTMENT OF PROXY

A member entitled to attend and vote at Annual General Meeting shall be entitled to appoint another member, as a proxy to attend and vote on his/her behalf. The proxies in order to be effective must be received at the registered office or share registrar of the Company not less than forty-eight (48) hours before the meeting.

3. CDC ACCOUNT HOLDERS

Any individual beneficial owner of CDC entitled to attend and vote at this Annual General Meeting must bring the CNIC or Passport along with his/her CDC account number to prove his/her identity and in case of Proxy, must enclose an attested copy of the CNIC or Passport. The representatives of Corporate members should bring the Board of Directors or Trustees resolution or power of attorney with specimen signature of the nominee at the time of the meeting. The CDC account holders will further have to follow the guidelines as laid down in Circular no. 1 dated January 26, 2000 issued by the SECP.



DAWOOD EQUITIES LIMITED

4. REQUEST FOR VIDEO CONFERENCE FACILITY

In pursuance to Companies Act, 2017 and Circular no. 10 of 2014 dated May 21, 2014 issued by SECP, if the Company receives request from members holding in aggregate ten (10%) or more shareholding residing at geographical location, to participate in the meeting through video conference at least seven (7) days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. The Company will intimate members regarding venue of video conference facility at least five (5) days before the meeting along with complete information necessary to enable them to access such facility. In order to avail this facility, please submit the following information at the registered office of the Company at least seven (7) days before the date of meeting.

I/We, _____ of _____ being a member of Dawood Equities Limited, holder of _____ Ordinary Share(s) as per Register Folio no/CDC Account no. _____

hereby opt for video conference facility at _____

Signature of member

5. CIRCULATION OF ANNUAL REPORTS THROUGH CD/DVD/USB

The Securities and Exchange Commission of Pakistan vide its notification SRO 470(I)/2016 dated May 31, 2016, had allowed transmission of annual report including annual audited accounts, notice of general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. The members who wish to receive hard copy of the aforesaid documents may send to the Company's Secretary/Share Registrar, the standard request form and the Company will supply hard copies of the aforesaid document to the member on demand, free of cost, within one week of such demand. The members who intend to receive the annual reports including the notice of meeting through e-mail are requested to provide their written consent on the standard request form annex to the annual audited report and also available on the Company website: www.dawoodequities.com

6. UNCLAIMED DIVIDEND

Shareholders, who by any reason, could not claim their dividend or bonus share or did not collect their physical shares, are advised to contact our Share Registrar F.D. Registrar Services (Pvt.) Ltd to collect enquire about their unclaimed dividend or pending shares, if any.

Please note that in compliance with Section 244 of the Companies Act 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities and Exchange Commission of Pakistan.



DAWOOD EQUITIES LIMITED

REVIEW REPORT BY THE CHAIRMAN ON THE OVERALL PERFORMANCE OF BOARD AND EFFECTIVENESS OF THE ROLE PLAYED BY THE BOARD IN ACHIEVING THE COMPANY'S OBJECTIVES:

The Board of Directors (the Board) of Dawood Equities Limited (DEL) has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner. The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 (previously Companies Ordinance 1984) and the Code of Corporate Governance (the Code) contained in the Rule Book of the Pakistan Stock Exchange (the Rule Book) where the Company is listed.

The Board during the year ended 30 June 2019 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner;

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees has adequate skill experience and knowledge to manage the affairs of the Company;
- The Board has formed an Audit and Human Resource and Remuneration Committee and has approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities diligently;
- The Board has developed and put in place the rigorous mechanism for an annual evaluation of its own performance and that of its committees and individual directors. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically;
- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner and that the four directors on the Board have already taken certification under the Directors Training Program and the remaining directors meet the qualification and experience criteria of the Code;
- The Board has ensured that the meetings of the Board and that of its committee were held with the requisite quorum, all the decision making were taken through Board resolution and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;
- The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through the Company and have developed significant policies for smooth functioning;
- The Board has actively participated in strategic planning process enterprise risk management system, policy development, and financial structure, monitoring and approval;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;



DAWOOD EQUITIES LIMITED

- The Board has prepared and approved the director's report and has ensured that the directors' report is published with the quarterly and annual financial statement of the Company and the content of the directors' report are in accordance with the requirement of applicable laws and regulations;
- The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of Internal Audit;
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings; and
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.

The evaluation of the Board's performance is assessed based on those key areas where the Board requires clarity in order to provide high level oversight, including the strategic process; key business drivers and performing milestones the global economic environment and competitive context in which the Company operates; the risk faced by the Company's business; Board dynamics; capability and information flows. Based on the aforementioned, it can reasonably be stated that the Board of DEL has played a key role in ensuring that the Company objectives are not only achieved, but also exceeded expectations through a joint effort with the management team and guidance and oversight by the Board and its members.

Junaid Dada

Chairman

September 30, 2019

DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders of Dawood Equities Limited (DEL)

On the behalf of Board of Directors of Dawood Equities Limited, it gives me immense pleasure to present the Annual Report of the company for the year ended June 30, 2019 together with Audited Financial Statements for the year and the Auditor's Report thereon in accordance with the accounting, regulatory and legal standards and requirements.

ECONOMIC & BUSINESS ENVIRONMENT

With Pakistan's economy entering a critical crossroad, the past fiscal year has been full of challenges for all participants of our Capital Market. The 34% decline in the rupee's value since last July has contributed to rampant inflation, with headline CPI coming in at 8.9% in June 2019. The ongoing pains have long been in the making. But more importantly, the bold and necessary steps being implemented to bring long-term structural changes will set the base for robust and sustainable growth in the years to come. The SBP has responded to rising prices with a steady hike in the policy rate, now at 13.25%. As a result, economic activity and business confidence has dampened, with GDP growth in fiscal 2020 now expected to come around 3%. Concern over the currency regime, a weak external position and climbing debt has kept the global investment community on the sidelines.

Nonetheless, there are signs of a turnaround in sight - the International Monetary Fund has recently approved a \$6 billion support program for Pakistan. While some tough structural measures are being taken, the IMF program is expected to allay some of the immediate liquidity concerns, and lead additional foreign investment in the country. The government's fiscal policies continue to focus on the long run: implementing widespread tax compliance and business reform, encourage manufacturing, and discourage unnecessary imports. Steps taken towards ensuring FATF compliance is expected to increase flow of remittances from official channels. Pakistan has received record \$21.8 billion inflow of remittance during FY19 compared to last year's \$19.9 billion.

STOCK MARKET REVIEW

The KSE 100 Index closed at 33,902 on June 28, 2019, with a market capitalization of Rs.6,887 billion. The average daily value traded (T+2 & DFM) was Rs.9.5 billion and the average daily turnover was 234 million shares. The KSE 100 Index however declined by over 19% from June 30, 2018 and the KSE 30 Index closed at 15,893 indicating a decline of around 23% from June 30, 2018, which was a result of weakening of the macroeconomic situation including increased risk to Pakistan's economic and financial outlook and instability in the political front of the country.

FINANCIAL PERFORMANCE

Total revenue of DEL for the FY2018-19 was recorded at Rs.16.4 million versus Rs.33.17 million in the comparative year. DEL recorded a pre-tax profit of Rs.5.64 million for the year ended June 30, 2019 vs. Rs.16.98 million for the year ended June 30, 2018. Decrease in the revenue compared to last year was a result of lower income generated from the following revenue streams:

- Underwriting Commission
- Trading commission from individual clients

Total operating expenses of DEL for the FY2018-19 was recorded at Rs.18.6 million versus Rs.16.8 million in the comparative year. The Management adopted a cost conscious approach by incurring expenses on need only basis which resulted in saving in the business routine expenses. However, the increase in operating expenses is mainly due to one-time expenses incurred by the company with respect to four out of seven director training required under Code of Corporate Governance, etc.



DAWOOD EQUITIES LIMITED

The summary of Financial Results is as follows:

	June 30, 2019 Rupees	June 30, 2018 Rupees
Net Revenue	16,412,640	33,178,199
Profit before tax	5,646,764	16,980,812
Earnings per share basic and diluted	0.02	0.33

STATEMENT OF COMPLIANCE

Your company has implemented provisions of the Code of Corporate Governance, since listing at Pakistan Stock Exchange Limited. The external auditors has reviewed our report on the statement of compliance with the Code of Corporate Governance, there review report is annexed with this report.

STATEMENT OF CODE OF CONDUCT

The Board of Directors of Dawood Equities Limited has adopted the required Statement of Code of Conduct.

POST BALANCE SHEET DATE EVENT / DIVIDEND

The directors recommended no cash dividend, whether interim or final, for the financial year ended June 30, 2019. No circumstances have arisen since the Balance Sheet date, which require adjustment to disclosure in the Financial Statements

TRANSACTION WITH CONNECTED PERSONS / RELATED PARTIES

All transactions between your company and connected person/related parties are carried at an arm's length basis except for those transactions whose justification has been recorded.

HUMAN RESOURCE & REMUNERATION COMMITTEE

In compliance with the Code of Corporate Governance the Board of Directors has constituted a Human Resource & Remuneration Committee (HR&R Committee) whose members consist of three Directors appointed by the Board of Directors.

AUDIT COMMITTEE

The Audit Committee was constituted by the Board under the requirement of the Code of Corporate Governance. It comprises one independent director being the chairman of the committee appointed by the Board of Directors. During the year the Audit Committee reconstituted after the election of directors.

INTERNAL CONTROL AND AUDIT FUNCTION

The Board is responsible for effective implementation of a sound internal control system including compliance with control procedures. Audit Committee has outsourced Internal Audit Function, for wider functions and role identified as below:

- Review compliance with responsible for monitoring compliance with Relevant International Accounting Standards, as applicable in Pakistan and compliance of the policies and procedures framed by the Board.
- Review accounting and internal control system
- Review the economy, efficiency and effectiveness of operations (Value for Money Audits / VFM Audits)
- Examining financial and operational information.
- Assisting with the identification of significant risks.

Dedicated Internal Audit helps to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. It is a control which functions by examining and evaluating the adequacy and effectiveness of other controls.



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COMPLIANCE WITH THE BEST PRACTICE OF THE CODE OF CORPORATE GOVERNANCE:

Your Company has implemented provisions of the code of corporate governance relevant for the year ended June 30, 2019. The external auditors review report on the statement of compliance with the code of corporate governance is annexed with this report. As per directives of SECP/Pakistan Stock Exchange, the Directors hereby confirm the following code of good governance and ethical business practices required by relevant clause(s) of the Code:

- a. Proper books of accounts of the Company have been maintained.
- b. The financial statements, present its fairly state of affairs, the results of its operations and cash flows and changes in equity.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates, wherever required are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements any departure there-form has been adequately disclosed and explained.
- e. The system of internal controls is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of corporate governance.
- h. The Directors, Chief Executive Officer, CFO and Company Secretary, their spouses and minor children have not traded in the shares of the Company.
- i. The Company has on account of statutory payment of taxes, duties, levies and charges has no outstanding liability as at the balance sheet date;
- j. There are no transactions entered into by the company during the year which are fraudulent, illegal or in violation of any securities market laws;
- k. Value of DEL Employees Provident Fund is Rs.2,643,605/- as at June 30, 2019. The Company has no outstanding liability as at the year-end as the Provident Fund is managed by a separate trust.

EMPHASIS OF MATTER PARAGRAPH IN AUDITORS' REPORT

We further draw attention of the users of the financial statements to the note 12.1 of the financial statements relating to deferred tax assets based on business projection for five years devised by the company. The plan involve certain key assumptions underlying the estimation of future taxable profits of the company which would then be utilized to sett-off the deferred tax assets.

CORPORATE AND SECRETARIAL COMPLIANCE

The Company Secretary has furnished a Secretarial Compliance Certificate as part of the annual return filed with the registrar of Companies to certify that the secretarial and corporate requirements of the Companies Ordinance, 1984, Memorandum and Articles of Association of the Company and the listing regulations have been duly complied with.

PATTERN OF SHARE HOLDING

The detailed pattern of shareholding and categories of shareholders of the Company as at June 30, 2019, as required under the listing regulations, has been appended to the Annual Report.

CHANGES IN THE BOARD / ELECTION OF DIRECTORS

During the year under review, following directors have been elected at the Annual General Meeting held on October 25, 2018 for the period of three years.

- | | | |
|-------------------------|---------------------|-------------------|
| 1. Juanid Dada | 2. Abdul Aziz Habib | 3. Sobia Saif |
| 4. Asim Iftekhar Yaqoob | 5. Muhammad Khalid | 6. Muhammad Abbas |
| 7. Saifullah | | |

Mr. Abdul Aziz Habib and Mr. Junaid Dada have been re-appointed as Chief Executive of the company and Chairman of the Board of Directors respectively for the term of three years.



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TRADING IN SHARES OF THE COMPANY BY DIRECTORS AND EXECUTIVES

During the year no trades in the shares of the Company were carried out by the Directors, CEO, CFO & Company Secretary and their spouses and minor children, except a newly elected director Ms. Sobia Saif acquired qualification share mandatory for director in accordance with Article of Association of the company.

BOARD MEETING & AUDIT COMMITTEE MEETING

During the year under review, four meetings of the Board of Directors and four meetings of the Audit Committee were held. The attendance of the Board and Audit Committee members was as follows:

Name of Directors	Board Meeting	Audit Committee Meeting
Mr. Abdul Aziz Habib	4	N/A
Mr. Junaid Zakaria Dada	4	N/A
Mr. Asim Iftekhar	4	4
Ms. Rubina Khanum	1	1
Mr. Saifullah	4	N/A
Mr. Muhammad Abbas	4	N/A
Mr. Muhammad Khalid	4	4
Mrs. Sobia Saif	3	3

AUDITORS

Haroon Zakaria & Company, Chartered Accountants, have completed their assignment and retired. Being eligible, they offered themselves for reappointment, based on the recommendation of the Audit Committee; the Board further recommends the reappointment of Haroon Zakaria & Company Chartered Accountants as Dawood Equities Limited auditors for the financial year ending on June 30, 2019.

FUTURE OUTLOOK

We are targeting to generate better volumes from our existing clients. The company's focus in the near future will be to further enhance the market share of its brokerage business through expanded branch network and higher sales volume through online trading.

Junaid Dada
Chairman

Abdul Aziz Habib
Chief Executive Officer

Karachi: September 30, 2019



DAWOOD EQUITIES LIMITED

ڈاؤد ایکویٹیز کی رپورٹ

داؤد ایکویٹیز لمیٹڈ (DEL) کے محترم حصص داران

داؤد ایکویٹیز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2019 کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ مع سال کے لئے نظر ثانی شدہ مالیاتی گوشوارے اور اکاؤنٹنگ، ریگولیشن اور قانونی معیارات اور ضروریات کے مطابق ان پر آڈیٹرز کی رپورٹ پیش کرتے ہوئے مجھے انتہائی خوشی ہو رہی ہے۔

اقتصادی اور کاروباری ماحول

جب کہ پاکستان کی معیشت ایک اہم سنگم میں داخل ہو رہی ہے، گزشتہ مالی سال ہماری کیپٹل مارکیٹ کے تمام شرکاء کے لئے چیلنجوں سے بھرپور رہا ہے۔ پچھلے جولائی کے بعد سے روپے کی قدر میں 34 فیصد کمی نے افراط زر کی شرح میں اضافے میں اہم کردار ادا کیا ہے، جبکہ ہیڈلائن CPI جون 2019 میں 8.9 فیصد پر پہنچ چکی ہے۔ یہ سب مشکلات ایک طویل عرصے سے تباہی مچاتی تھی۔ لیکن اس سے بھی اہم بات یہ ہے کہ طویل مدتی ساختی تبدیلیاں لانے کے لئے جو جرات مندانہ اور ضروری اقدامات نافذ کئے جا رہے ہیں وہ آنے والے سالوں میں مضبوط اور پائیدار ترقی کی بنیاد قائم کریں گے۔ اسٹیٹ بینک نے بڑھتی ہوئی قیمتوں پر رد عمل ظاہر کرتے ہوئے پالیسی شرح میں مستحکم اضافہ کیا ہے، جو اب 13.25 فیصد ہے۔ جس کے نتیجے میں معاشی سرگرمی اور کاروباری اعتماد ماندپڑ گیا ہے اور مالی سال 2020 میں جی ڈی پی کی شرح نمو 3 فیصد کے لگ بھگ ہوگی۔ کرنسی کے بارے میں تشویش، کمزور بیرونی پوزیشن اور چڑھتے ہوئے قرضوں نے عالمی سرمایہ کاروں کو دوڑ کر رکھا ہوا ہے۔

بہر حال، بدلاؤ کے آثار نظر آ رہے ہیں۔ بین الاقوامی مالیاتی فنڈ نے حال ہی میں پاکستان کے لئے 6 بلین ڈالر کے امدادی پروگرام کی منظوری دے دی ہے۔ جب کے کچھ سخت ساختی اقدامات اٹھائے جا رہے ہیں، توقع کی جارہی ہے کہ آئی ایم ایف پروگرام سے لیکویڈیٹی کے فوری خدشات دور کئے جاسکے، اور ملک میں اضافی غیر ملکی سرمایہ کاری لائی جاسکے گی۔ حکومت کی مالی پالیسیاں طویل عرصے پر توجہ مرکوز کئے ہوئے ہیں: بڑے پیمانے پر ٹیکس کی تعمیل اور کاروباری اصلاحات کا نفاذ، مینیوفیکچرنگ کی حوصلہ افزائی اور غیر ضروری درآمدات کی حوصلہ شکنی۔ توقع ہے کہ ایف اے ٹی ایف کی تعمیل کو یقینی بنانے کے لئے لیے جانے والے اقدامات سے سرکاری چینلز سے ترسیلات زر کے بہاؤ میں اضافہ ہوگا۔ گزشتہ سال کے 19.9 بلین ڈالر کے مقابلے میں مالی سال 2019 کے دوران پاکستان کو ریکارڈ 21.8 بلین ڈالر کی ترسیلات زر موصول ہوئیں۔

اسٹاک مارکیٹ کا جائزہ

کے ایس ای-100 انڈیکس 6,887 بلین روپے کی مارکیٹ کیپیٹلائزیشن کے ساتھ 28 جون 2019 کو 33,902 پر بند ہوا۔ اوسط یومیہ تجارتی حجم (T+2) اور ڈی ایف ایم) 9.5 بلین روپے تھی اور اوسط کاروبار 234 ملین حصص کا تھا۔ تاہم، 30 جون 2018 سے کے ایس ای 100 انڈیکس میں 19 فیصد سے زیادہ کمی آئی اور کے ایس ای 30 انڈیکس 30 جون 2018 سے تقریباً 23 فیصد کمی کے بعد 15,893 پر بند ہوا، یہ کمزور ہوئی معاشی صورتحال کا نتیجہ ہے جس میں پاکستان کی اقتصادی اور معاشی صورتحال پر بڑھتے ہوئے خطرات اور ملک کے سیاسی محاذ پر عدم استحکام شامل ہے۔

مالیاتی کارکردگی

تقابلی سال کی 33.17 بلین روپے کی کل آمدنی کے مقابلے میں مالی سال 19-2018 میں DEL کی کل آمدنی 16.4 بلین روپے ریکارڈ کی گئی ہے۔ DEL نے 30 جون 2019 کو ختم ہونے والے سال کے لئے قبل از ٹیکس منافع 5.64 بلین روپے ریکارڈ کیا ہے جبکہ 30 جون 2018 کو ختم ہونے والے سال کے لئے یہ 16.98 بلین روپے تھا۔ گزشتہ سال کے مقابلے میں محصولات میں کمی مندرجہ ذیل محصولات کے سلسلے میں کم آمدنی کا نتیجہ ہے:

- انڈر رائٹنگ کمیشن
- انفرادی کاروباروں سے تجارتی کمیشن



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تقابلی سال کے 16.8 ملین روپے کے کل آپریٹنگ اخراجات کے مقابلے میں مالی سال 2018-19 میں DEL کے کل آپریٹنگ اخراجات 18.6 ملین روپے ریکارڈ کئے گئے ہیں۔ انتظامیہ نے محض ضرورت کی بنیاد پر اخراجات کرنے کا طریقہ اپنایا جس کے نتیجے میں کاروبار کے معمول کے اخراجات میں بچت ہوئی۔ تاہم، آپریٹنگ اخراجات میں اضافہ بنیادی طور پر کوڈ آف کارپوریٹ گورننس کے تحت مطلوبہ 7 میں سے 4 ڈائریکٹرز کی ٹریڈنگ کے سلسلے میں ایک دفعہ کے اخراجات کی وجہ سے ہے۔

مالیاتی نتائج کا خلاصہ حسب ذیل ہے:

30 جون 2018	30 جون 2019	
33,178,199	16,412,640	خالص آمدنی
16,980,812	5,646,764	منافع قبل از ٹیکس
0.33	0.02	فی شیئر آمدنی بنیادی اور معتدل

تعمیل کا بیان

آپ کی کمپنی نے پاکستان اسٹاک ایکسچینج لمیٹڈ میں اندراج سے کوڈ آف کارپوریٹ گورننس کی دفعات پر عمل کیا ہے۔ ایکسٹرنل آڈیٹرز نے کوڈ آف کارپوریٹ گورننس کی تعمیل کے بیان پر ہماری رپورٹ کا جائزہ لیا ہے، جائزہ رپورٹ، رپورٹ ہذا کے ہمراہ منسلک کی گئی ہے۔

ضابطہ اخلاق کا بیان

داؤد ایجوکیشن لمیٹڈ کے بورڈ آف ڈائریکٹرز نے مطلوبہ ضابطہ اخلاق پر عمل کیا ہے۔

بعد از بیلنس شیٹ واقعات / ڈیویڈنڈ

ڈائریکٹرز نے 30 جون 2019 کو ختم ہونے والے مالی سال کے لئے کوئی نقد ڈیویڈنڈ، عبوری یا حتمی، کی سفارش نہیں کی۔ بیلنس شیٹ کی تاریخ کے بعد سے کوئی صورت حال پیدا نہیں ہوئی ہے جس کے لئے مالیاتی گوشواروں کے بیانات میں ایڈجسٹمنٹ کی ضرورت ہو۔

منسلک اشخاص / متعلقہ پارٹیوں کے ساتھ لین دین

آپ کی کمپنی اور منسلک اشخاص / متعلقہ پارٹیوں کے درمیان تمام لین دین قابل رسائی بنیاد پر کئے گئے سوائے ان لین دین کے جن کا جو از درج کیا گیا ہے۔

ہیومن ریسورس اینڈ ریسٹریکشن کمیٹی

کوڈ آف کارپوریٹ گورننس کی تعمیل میں بورڈ آف ڈائریکٹرز نے ایک ہیومن ریسورس اینڈ ریسٹریکشن کمیٹی (HR&R کمیٹی) تشکیل دی ہے جس کے ارکان بورڈ آف ڈائریکٹرز کی طرف سے مقرر کردہ تین ڈائریکٹرز پر مشتمل ہے۔

آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کی ضروریات کے تحت بورڈ کی طرف سے آڈٹ کمیٹی تشکیل دی گئی۔ یہ بورڈ آف ڈائریکٹرز کی طرف سے بحیثیت کمیٹی چیئر مین مقرر کردہ ایک آڈٹ ڈائریکٹر پر مشتمل ہے۔ سال کے دوران ڈائریکٹرز کے انتخاب کے بعد آڈٹ کمیٹی دوبارہ تشکیل دی گئی ہے۔



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داخلی کنزول اور آڈٹ فنکشن

بورڈ منظم داخلی کنزول سسٹم بشمول کنزول کے طریقوں کی تعمیل کے موثر عملدرآمد کا ذمہ دار ہے۔ آڈٹ کمیٹی نے وسیع تر افعال اور کردار کی شناخت کے لئے بیرونی ذرائع سے داخلی آڈٹ فنکشن حاصل کیا ہے جس کے کام حسب ذیل ہیں:

- پاکستان میں لاگو اور بورڈ کی طرف سے تیار کردہ پالیسیوں اور طریقوں کے مطابق متعلقہ بین الاقوامی اکاؤنٹنگ معیارات کی مطابقت میں نگرانی کے لئے ذمہ داری کے ساتھ تعمیل کا جائزہ۔
 - اکاؤنٹنگ اور داخلی کنزول سسٹم کا جائزہ۔
 - معیشت، آپریشنز (مٹی آڈٹ کی ویڈیو/VFM آڈٹ) کی صلاحیت اور تاثرات کا جائزہ۔
 - مالی اور آپریشنل معلومات کی جانچ پڑتال۔
 - اہم خطرات کی شناخت میں معاونت۔
- وقف داخلی آڈٹ رسک مینجمنٹ، کنزول اور نگرانی کے طریقوں کی تشخیص اور تاثرات کو بہتر بنانے کے لئے ایک منظم، نظم و ضبط نقطہ نظر اپنانے کے ذریعے اپنے مقاصد کو پورا کرنے میں مدد کرتا ہے۔ یہ ایک ایسا کنزول ہے جو دوسرے کنزولز کی مناسب اور موثر انداز کی جانچ اور تشخیص کرتا ہے۔

کوڈ آف کارپوریٹ گورننس کے بہترین طریقوں کی تعمیل

آپ کی کمپنی نے 30 جون 2019 کو ختم ہونے والے سال کے لئے متعلقہ کوڈ آف کارپوریٹ گورننس کی دفعات پر عمل کیا ہے۔ کوڈ آف کارپوریٹ گورننس کی تعمیل کے بیان پر ایکسرٹل آڈیٹرز کی جائزہ رپورٹ، رپورٹ ہذا کے ہمراہ منسلک کی گئی ہے۔ SECP/پاکستان اسٹاک ایکسچینج کی ہدایات کے مطابق، ڈائریکٹرز درج ذیل کوڈ آف کارپوریٹ گورننس اور کوڈ کی متعلقہ شقوں کے تحت درکار کاروباری اخلاقیات کے طریقوں کی توثیق کرتے ہیں کہ:

- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالیاتی گوشوارے، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ پالیسیوں میں کسی تبدیلیوں کا مالیاتی گوشواروں میں انکشاف کیا گیا ہے۔ اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بیرونی کی گئی ہے اور کسی انحراف کا واضح انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنزول کے نظام کا ڈیزائن منظم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گورننگ کسٹرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- کسی ڈائریکٹر، چیف ایگزیکٹو آفیسر، سی ایف او اور کمپنی سیکرٹری، ان کے زوج اور نا بالغ بچوں کی طرف سے کمپنی کے حصص میں کوئی تجارت نہیں کی گئی ہے۔
- بیلنس شیٹ کی تاریخ تک کمپنی کے ذمہ سیکسز، ڈیوٹیجز، لیویز اور چارجز کی مد میں کوئی قانونی واجبات بقایا نہیں ہیں۔
- سال کے دوران کمپنی کی طرف سے کوئی ٹرانزیکشن نہیں کی گئی جو دھوکہ دہی، غیر قانونی یا کسی سیکوریٹیز مارکیٹ قوانین کی خلاف ورزی ہو۔
- 30 جون 2019 کے مطابق DEL کا اپلائیڈ پراویڈنٹ فنڈ کی ویڈیو -/2,643,605 روپے ہے۔ سال کے اختتام پر کمپنی کے ذمہ کوئی بقایا واجبات نہیں ہیں کیونکہ پراویڈنٹ فنڈ ایک الگ ٹرسٹ کے زیر انتظام ہے۔



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آڈیٹر کی رپورٹ میں جس معاملہ کے پیرا گراف پر زور دیا گیا

ہم مزید مالیاتی گوشواروں کے صارفین کی توجہ کمپنی کی طرف سے وضع کردہ پانچ سالوں کے بزنس پروہیکشن پر مبنی تاخیری ٹیکس اثاثوں سے متعلقہ مالیاتی گوشواروں کے نوٹ 12.1 پر دلاتے ہیں۔ اس منصوبے میں کچھ کلیدی مفادات شامل ہیں جو کمپنی کے مستقبل کے قابل ٹیکس منافع کا تخمینہ کرتے ہیں جو بعد میں تاخیری ٹیکس اثاثوں کی ادائیگی کے لئے استعمال کیا جائے گا۔

کارپوریٹ اور سیکریٹریل تعمیل

کمپنی سیکریٹری نے کمپنیز رجسٹرار کے پاس داخل کردہ سالانہ ریزرن کے ایک حصے کے طور پر ایک سیکریٹریل کیپٹل سٹریٹجی جمع کرایا ہے جو اس بات کی توثیق ہے کہ کمپنیز آرڈیننس 1984، کمپنی کے میورنڈم اینڈ آرٹیکلز آف ایسوشن اور فہرستی قواعد و ضوابط کی سیکریٹریل اور کارپوریٹ ضروریات کے مطابق باقاعدہ عمل کیا گیا ہے۔

شیئر ہولڈنگ کا نمونہ

فہرستی قواعد و ضوابط کے تحت درکار 30 جون 2019 کے مطابق کمپنی کے شیئر ہولڈنگ کا تفصیلی نمونہ اور شیئر ہولڈرز کی کیلنگ بزنسالانہ رپورٹ سے منسلک کی گئی ہیں۔

بورڈ میں تبدیلیاں / ڈائریکٹرز کا انتخاب

زیر جائزہ سال کے دوران 25 اکتوبر 2018 کو منعقدہ سالانہ جنرل اجلاس میں مندرجہ ذیل ڈائریکٹرز کا تین سال کی مدت کے لئے انتخاب کیا گیا ہے۔

1. جنید ڈاڈا
2. عبدالعزیز حبیب
3. ثوبیہ سیف
4. عاصم افتخاریعتوب
5. محمد خالد
6. محمد عباس
7. سیف اللہ

جناب عبدالعزیز حبیب اور جناب جنید ڈاڈا کو تین سال کی مدت کے لئے بالترتیب کمپنی کا چیف ایگزیکٹو اور بورڈ آف ڈائریکٹرز کا چیئرمین دوبارہ مقرر کیا گیا ہے۔

ڈائریکٹرز اور ایگزیکٹوز کی طرف سے کمپنی کے حصص میں تجارت

سال کے دوران کسی ڈائریکٹر، چیف ایگزیکٹو آفیسر، سی ایف او اور کمپنی سیکریٹری، ان کے زوج اور نابالغ بچوں کی طرف سے کمپنی کے حصص میں کوئی تجارت نہیں کی گئی ہے، سوائے ایک نو منتخب ڈائریکٹر محترمہ ثوبیہ سیف کے جنہوں نے کمپنی کے آرٹیکل آف ایسوشن کے مطابق ڈائریکٹر کی قابلیت کے لئے لازمی شیئر حاصل کئے۔

بورڈ اور آڈٹ کمیٹی کے اجلاس

سال کے دوران، بورڈ آف ڈائریکٹرز کے چار اجلاس اور آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ بورڈ اور آڈٹ کمیٹی کے ارکان کی حاضری حسب ذیل ہے:

نام ڈائریکٹر	بورڈ اجلاس	آڈٹ کمیٹی اجلاس
جناب عبدالعزیز حبیب	4	کوئی نہیں
جناب جنید زکریا ڈاڈا	4	کوئی نہیں
جناب عاصم افتخار	4	4
محترمہ روبینہ خانم	1	1
جناب سیف اللہ	4	کوئی نہیں



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نام ڈائریکٹر	بورڈ اجلاس	آڈٹ کمیٹی اجلاس
جناب محمد عباس	4	کوئی نہیں
جناب محمد خالد	4	4
مخترمہ ثوبیہ سیف	3	3

آڈیٹرز

موجودہ آڈیٹر، میسرز بارون زکریا اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، نے اپنی اسائنمنٹ مکمل کر لی ہے اور ریٹائر ہو گئے ہیں۔ اہلیت کی بنیاد پر، وہ خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں، آڈٹ کمیٹی کی سفارشات پر بورڈ نے مزید 30 جون 2020 کو ختم ہونے والے مالی سال کے لئے داؤد اکوٹیز لمیٹڈ کے آڈیٹر کی حیثیت سے بارون زکریا اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی منظوری دے دی ہے۔

مستقبل کا نقطہ نظر

ہمارا ہدف اپنے موجودہ کلائنٹس سے بہتر حجم پیدا کرنا ہے۔ مستقبل قریب میں کمپنی کی توجہ آن لائن تجارت کے ذریعے زیادہ فروخت حجم اور وسیع براؤنچ نیٹ ورک کے ذریعے اپنے بروکرین کاروبار کے مارکیٹ شیئر کو مزید بڑھانے پر مرکوز ہوگی۔

عبدالعزیز حبیب
چیف ایگزیکٹو آفیسر

جنید اڈا
چیرمین

کراچی، 30 ستمبر 2019



DAWOOD EQUITIES LIMITED

Pattern Of Share Holding - Form "34"
Shareholders Statistics As At June 30, 2019

Number Of Share Holders	Share Holding			Total Shares Held
	From		To	
87	1	-	100	1,419
2092	101	-	500	1,042,220
279	501	-	1000	274,501
336	1001	-	5000	861,450
95	5001	-	10000	728,724
22	10001	-	15000	294,526
10	15001	-	20000	187,491
13	20001	-	25000	306,499
4	25001	-	30000	110,600
6	30001	-	35000	196,500
9	35001	-	40000	331,582
2	40001	-	45000	85,901
4	45001	-	50000	189,751
3	50001	-	55000	160,000
1	55001	-	60000	58,000
1	60001	-	65000	61,000
3	70001	-	75000	221,500
2	75001	-	80000	156,500
3	80001	-	85000	249,000
2	85001	-	90000	176,330
1	90001	-	95000	91,090
3	95001	-	100000	300,000
1	105001	-	110000	105,500
1	115001	-	120000	119,846
1	120001	-	125000	123,500
1	140001	-	145000	142,000
1	155001	-	160000	158,350
1	170001	-	175000	174,500
1	195001	-	200000	200,000
1	220001	-	225000	220,933
2	225001	-	230000	460,000
1	235001	-	240000	236,600
1	245001	-	250000	250,000
1	250001	-	255000	252,000
1	350001	-	355000	350,300
2	485001	-	490000	977,000
1	595001	-	600000	600,000
1	875001	-	880000	875,256
1	1125001	-	1130000	1,129,700
1	1380001	-	1385000	1,384,500
1	1795001	-	1800000	1,800,000
1	2510001	-	2515000	2,513,000
1	3145001	-	3150000	3,150,000
1	3690001	-	3695000	3,692,431
3,002				25,000,000



DAWOOD EQUITIES LIMITED

**Details of Pattern of Share holding as Per requirements of
Code of Corporate Governance as on June 30, 2019**

S. No.	Categories of Shareholders	Number of Shareholders	Number of Shares held	Category wise No. of Shares	%
1	Associated Companies		Nil		
2	NIT / ICP		Nil		
3	Names of Directors, CEO their Spouses and Minor Children	7		1,702	0.01
	Mr. Asim Ifkikhar		500		
	Mr. Aziz Habib		1		
	Mr. Junaid Zakaria Dada		1		
	Mr. Khalid Yousuf		599		
	Mr. Muhammad Abbas		500		
	Mrs. Sobia Saif		100		
	Mr. Saifullah		1		
4	Executive		Nil		
5	Public Sector Companies & Corporations	1		1,647	0.01
6	Banks, DFIs, NBFIs, Modarabas, Insurance Companies, Mutual Funds & Others	17		8,632,530	34.53
7	Individuals	2,977		16,364,121	65.46
		3,002		25,000,000	100.00

Shareholders holding Shares 5% or more

	Total Paid up Capital	25,000,000	Shares Holding	%
Ayaz Dawood			4,822,131	19.29
The Bank Of Khyber			3,750,000	15.00
Asim Abdul Ghani			2,513,000	10.05
B.R.R. Guardian Modaraba			1,800,000	7.20
Equity International (pvt) Ltd			1,634,500	6.54



DAWOOD EQUITIES LIMITED

FINANCIAL HIGHLIGHTS

Financial Year ending June30,	2019	2018	2017	2016	2015	2014
Operating Results						
Operating Revenue	16,412,640	33,178,199	32,293,531	20,677,611	17,716,575	13,567,521
Capital Gain/(Loss) on disposal investment-net	2,114,390	3,176,766	51,347,532	(408,188)	2,936,657	347,496
Gain/(Loss) on remeasurement of investments carried at fair value of through profit and loss.	(1,414,967)	260,764	(1,553,406)	176,344	(568,478)	53,137
Administrative Expenses	(18,611,851)	(16,850,446)	(15,690,135)	(12,559,714)	(10,367,520)	(10,017,906)
Financial Charges	(114,563)	(776,373)	(102,712)	(57,897)	(64,227)	(74,871)
Other Operating Income	8,221,388	1,487,032	2,609,555	1,504,079	4,210,716	9,091,369
Other Operating Charges	(960,273)	(3,495,130)	(73,382,574)	(9,830,310)	(563,850)	(971,832)
Profit/(Loss) before taxation	5,646,764	16,980,812	(4,478,209)	(498,075)	13,299,873	11,994,914
Taxation	(5,167,204)	(8,637,059)	15,448,129	1,502,948	33,319,263	(1,064,585)
Profit/(Loss) after taxation	479,560	8,343,753	10,969,920	1,004,873	46,619,136	10,930,329
EPS	0.02	0.33	0.44	0.04	1.87	0.44
Pay outs						
Dividend						
Bonus%						
Capital & Reserve						
Authorised Share Capital	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000
Issued, subscribed and paid-up Capital	249,965,000	249,965,000	249,965,000	249,965,000	249,965,000	249,965,000
Reserves	(25,924,530)	3,564,484	7,277,424	(26,415,915)	(27,228,434)	(74,208,234)
Share Application Money						
Assets & Liabilities						
Total Assets	237,045,163	303,795,450	294,089,300	240,300,861	258,749,308	216,794,729
Current Assets	152,737,865	102,384,349	177,086,635	156,356,670	168,231,221	161,576,802
Current Liabilities	12,979,693	50,240,966	36,821,876	16,751,776	36,012,742	41,037,963



DAWOOD EQUITIES LIMITED

Statement of Compliance with the Code of Corporate Governance

Name of Company: Dawood Equities Limited

Year Ended: June 30, 2019

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 07 as per the following:
 - a. Male: 06 members
 - b. Female: 01 member
2. The composition of board is as follows:

Category	Names
Executive Directors	Mr. Abdul Aziz Habib
Non-Executive Directors	Mr. Junaid Dada
	Mr. Khalid Rafique
	Mr. Muhammad Abbas
	Mr. Saifullah
	Mrs. Sobia Saif
Independent Directors	Mr. Asim Iftikhar Yaqub

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations
9. The Board will arrange Directors' Training program for the requisite no directors before June 2019 to comply with the CODE.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:



DAWOOD EQUITIES LIMITED

- a) Audit Committee
Mr. Asim IftikharYaqub Chairman
Mrs. Sobia Saif Member
Mr. Muhammad Khalid Member
- b) HR and Remuneration Committee
Mr. Asim IftikharYaqub Chairman
Mr.Muhammad Abbas Member
Mr. Abdul Aziz Habib Member
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- a) Audit Committee - Quarterly Meeting
b) HR and Remuneration Committee - Yearly Meeting
15. The board has set up an effective internal audit function/ or has outsourced the internal audit function to Sajid & Company Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

On behalf of the Board of Directors

Junaid Dada

Chairman

Abdul Aziz Habib

Chief Executive Officer

Karachi

Dated: September 30, 2019



DAWOOD EQUITIES LIMITED

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DAWOOD EQUITIES LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the annexed financial statements of **Dawood Equities Limited** which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter(s)

- (i) We draw attention towards note 12.1 of the annexed financial statements relating to deferred tax asset. Management believes that the asset will be utilized in coming years mainly relating to provision for trade debts and investment at fair value through profit and loss. However, uncertainty is attached with the realization of recognized deferred tax asset.

Our opinion is not qualified in respect of above matter.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



DAWOOD EQUITIES LIMITED

Following are the Key audit matter(s):

S. No.	Key audit matter(s)	How the matter was addressed in our audit
1.	Long Term and Short Term Investment (Note 10 and 13) The value of long and short term investment in ordinary shares is Rs 24.738 and 28.976 millions as at June 30, 2019 (2018: Rs 37.583 and 81.621 millions respectively). Valuation of such investment involves use of judgement for impairment testing.	Test of detail are performed on investments held by the company including inspecting source documents and evaluating quoted market rates and fair values where applicable and further impairment testing is performed on un quoted investments.
2.	Trade Debts (Note 14) Provision is made or reversed on various trade debts which involves use of judgement by the management.	We have assessed the adequacy of provision by evaluating extent of provisions and extent of securities pertaining to that customers.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The Other Information comprises the information included in the Company's Annual Report does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from



DAWOOD EQUITIES LIMITED

material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);



DAWOOD EQUITIES LIMITED

- b) the statement of financial position, the statement of profit or loss, other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is Farhan Ahmed Memon

Reanda Haroon Zakaria & Company

Chartered Accountants

Place: Karachi

Dated:



DAWOOD EQUITIES LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dawood Equities Limited

Review Report on the Statement of Compliance contained in listed companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Dawood Equities Limited (the company) for the year ended June 30, 2019 in accordance with the requirement of regulation 40 of the Regulation.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulation require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the Related party transaction by the board of directors upon recommendations of the Audit committee. We have not carried out procedures to assess and determine the company's process for identification of the related party and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the note reference where it is stated in the Statement of Compliance:

Note Reference	Description
10	Chief Financial Officer of the Company also holds the office of the Company Secretary.

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Date:

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Date:



DAWOOD EQUITIES LIMITED

**Audited Financial Statements
For The Year Ended
June 30 2019**





DAWOOD EQUITIES LIMITED

STATEMENT OF FINANCIAL POSITION
As At June 30, 2019

	Note	2019 Rupees	2018 Rupees
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	7	7,463,573	14,530,795
Investment Property		6,218,500	-
Intangible assets	9	2,500,000	2,500,000
Long term investment	10	24,738,389	37,583,322
Long term deposits	11	1,887,500	1,137,500
Deferred taxation	12	41,499,336	46,632,732
		84,307,298	102,384,349
Current Assets			
Short term investments	13	28,976,668	81,621,982
Trade debts	14	77,789,488	55,178,928
Receivable against margin finance		1,513,424	3,723,685
Trade deposits and short term prepayments	15	9,623,616	11,936,403
Other receivable	16	11,284,135	11,227,486
Tax refunds due from government	17	20,727,692	18,839,552
Cash and bank balances	18	2,822,842	18,883,066
		152,737,865	201,411,102
Total Assets		237,045,163	303,795,450
<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	19	249,965,000	249,965,000
Reserves	20	(25,924,530)	3,564,484
		224,040,470	253,529,484
Non Current Liabilities			
Rental deposits		25,000	25,000
Current Liabilities			
Trade and other payables	21	12,979,693	50,240,966
Contingencies and Commitments			
	22		
Total Equity and Liabilities		237,045,163	303,795,450

The annexed notes from 1 to 40 form an integral part of these financial statements

Chief Executive

Director

Chief Financial Officer



DAWOOD EQUITIES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Note</i>	<i>2019 Rupees</i>	<i>2018 Rupees</i>
Operating revenue	23	16,412,640	33,178,199
Capital gain on disposal of investments - net	24	2,114,390	3,176,766
(Loss) / gain on remeasurement of investments carried at fair value through profit and loss	25	<u>(1,414,967)</u>	<u>260,764</u>
		17,112,063	36,615,729
Administrative expenses	26	<u>(18,611,851)</u>	<u>(16,850,446)</u>
		(1,499,788)	19,765,283
Financial charges	27	<u>(114,563)</u>	<u>(776,373)</u>
		(1,614,351)	18,988,910
Other operating income	28	8,221,388	1,487,032
Other operating charges	29	<u>(960,273)</u>	<u>(3,495,130)</u>
Profit before taxation		<u>5,646,764</u>	<u>16,980,812</u>
Taxation	30	(5,167,204)	(8,637,058)
Profit after taxation		<u><u>479,560</u></u>	<u><u>8,343,753</u></u>
Earning per share - Basic and diluted	31	<u><u>0.02</u></u>	<u><u>0.33</u></u>

The annexed notes from 1 to 40 form an integral part of these financial statements

Chief Executive

Director

Chief Financial Officer



DAWOOD EQUITIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	<i>2019</i>	<i>2018</i>
	<i>Rupees</i>	<i>Rupees</i>
Profit for the year	479,560	8,343,753
Other comprehensive loss	(27,468,924)	(12,056,693)
Total comprehensive loss for the year	(26,989,364)	(3,712,940)

The annexed notes from 1 to 38 form an integral part of these financial statements

Chief Executive

Director

Chief Financial Officer



DAWOOD EQUITIES LIMITED

**STATEMENT OF CASH FLOW.
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,646,764	16,980,812
Adjustment for non cash items:		
Depreciation	1,119,122	1,058,200
(Gain) / loss on remeasurement of investment	1,414,967	(260,764)
Capital gain on disposal of investment	(2,114,390)	(3,176,766)
Dividend income	(259,846)	(828,076)
Bank profit	(623,885)	
Decline in value of TREC	-	2,500,000
Reversal for doubtful debts	(6,652,576)	-
Provision for bad debt	-	-
Financial charges	114,563	776,373
	<u>(1,355,281)</u>	<u>17,049,779</u>
(Increase) / decrease in current assets		
Trade debts	(22,610,560)	(6,382,142)
Other receivables	(56,649)	10,822,330
Receivable against MF	2,210,261	6,506,530
Trade deposits and short term prepayments	2,312,787	28,472,691
	<u>(18,144,161)</u>	<u>39,419,409</u>
(Decrease) / increase in current liabilities		
Trade and other payables	(37,261,273)	13,419,090
	<u>(56,760,715)</u>	<u>69,888,278</u>
Taxes paid	(1,921,948)	(5,421,309)
Financial charges paid	(114,563)	(776,373)
	<u>(2,036,511)</u>	<u>(6,197,682)</u>
Net cash (used in) / generated from operating activities	<u>(58,797,226)</u>	<u>103,110,005</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(270,400)	(1,037,096)
Disposal of investments - net	43,497,556	(56,794,425)
Long term deposit	(750,000)	-
Dividend received	259,846	828,076
Net cash generated from / (used in) investing activities	<u>42,737,002</u>	<u>(57,003,445)</u>
Net (decrease) / increase in cash and cash equivalents (A+B)	(16,060,223)	6,687,151
Cash and cash equivalents at the beginning of the period	18,883,066	12,195,915
Cash and cash equivalents at the end of the period	<u>2,822,842</u>	<u>18,883,066</u>

The annexed notes from 1 to 40 form an integral part of these financial statements


Chief Executive


Director


Chief Financial Officer

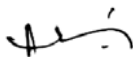


DAWOOD EQUITIES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Reserves				Sub-Total	Total Equity
	Issued, subscribed and paid up capital	Capital		Revenue		
		(Loss) / gain on re-measurement of investment At-Fair value through OCI	Share premium	Accumulated (Loss) / profit		
----- Rupees -----						
Balance as at June 30, 2017	249,965,000	26,629,377	74,973,750	(94,325,703)	7,277,424	257,242,424
Profit for the year	-	-	-	8,343,753	8,343,753	8,343,753
Loss on re-measurement of investment available for sale at par value	-	(12,056,693)	-	-	(12,056,693)	(12,056,693)
Total comprehensive loss for the year	-	(12,056,693)	-	8,343,753	(3,712,940)	(3,712,940)
Balance as at June 30, 2018	249,965,000	14,572,684	74,973,750	(85,981,950)	3,564,484	253,529,484
Profit for the year	-	-	-	479,560	479,560	479,560
Loss on re-measurement of investment at fair value through OCI	-	(27,468,924)	-	-	(27,468,924)	(27,468,924)
Total comprehensive loss for the year	-	(27,468,924)	-	479,560	(26,989,364)	(26,989,364)
Transactions with owners						
Final Dividend for the year ended June 30, 2018 @ Rs. 0.1 per share	-	-	-	(2,499,650)	(2,499,650)	(2,499,650)
Balance as at June 30, 2019	249,965,000	(12,896,239)	74,973,750	(88,002,040)	(25,924,530)	224,040,470

The annexed notes from 1 to 40 form an integral part of these financial statements


Chief Executive


Director


Chief Financial Officer



DAWOOD EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

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 Ordinance 1984 (now 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

- 1) There has been decline in the value of short term investment from Rs 81.62 to Rs 28.97 millions..
- 2) There has been loss on remeasurmen of long term investment of Rs. 27.111 millions.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting stadards as 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.

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



DAWOOD EQUITIES LIMITED

period of the revision and future periods if the revision affects both current and future periods.

3.5 New standards, interpretations and amendments

The company has adopted the following accounting standards, interpretations and the amendments of IFRSs which became effective for the current year :

- IAS 7 – Statement of Cash flow - Disclosure Initiative - (Amendments).
- IAS 12 – Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments).

The adoption of the above amendments to accounting standards did not have any effect on the financial statements.

4 NEW / REVISED ACCOUNTING STANDARDS, AMENDMENTS TO PUBLISHED ACCOUNTING STANDARDS, AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

4.1 The following standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations :

<i>Standards or interpretation</i>	<i>Effective date (annual periods beginning on or after)</i>
IFRS 2 - Share Based Payments - Classification and Measurement of Share Based Payment Transactions (Amendments).	01 January 2018
IFRS 9 - Financial Instruments.	01 July 2018
IFRS 9 - Payment Features With Negative Compensation - (Amendments).	01 January 2018
IFRS 10 - Consolidated Financial Statements, IAS 28 Investments in Associates and Joint Ventures-Sale or Contribution of Assets between an investor and its associates or Joint venture (Amendment)	Not yet Finalized
IFRS 15 - Revenue from Contracts With Customers.	01 July 2018
IFRS 16 - Leases.	01 January 2019
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments).	01 January 2018
IAS 40 - Investment Property: Transfers of Investment Property (Amendments).	01 January 2018
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments).	01 January 2019
IAS 28 - Long - term interests in Associates and Joint Ventures - (Amendments).	01 January 2019
IFRIC 22 – Foreign Currency Transactions and Advance Consideration.	01 January 2018
IFRIC 23 – Uncertainty Over Income tax Treatments.	01 January 2019



DAWOOD EQUITIES LIMITED

The above standards and amendments are not expected to have any material impact on the company's financial statements in the period of initial application except for IFRS 15 - Revenue from Contracts with Customers. The company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual period beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<i>Standard or Interpretation</i>	<i>Effective date (annual periods beginning on or after)</i>
IFRS 14 - Regulatory Deferral Accounts.	01 January 2016
IFRS 17 - Insurance Contracts.	01 January 2021

5 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Changes in significant accounting policies

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

5.2 IFRS 15 'Revenue from Contracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company. Therefore, adoption of IFRS 15 at 01 July 2018, did not have an effect on the financial statements of the Company as brokerage commission, dividend income, income from Margin Finance, profit on bank accounts, profit on cash exposure, reversal of provision for bad debts, rental Income are recognized on occurrence of confirming event.

5.3 IFRS 9 'Financial Instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies if any, resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



DAWOOD EQUITIES LIMITED

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 30 June 2019 and June 30, 2018.

<i>As at June 30, 2018</i>	<i>Original classification under IAS 39</i>	<i>New Classification under IFRS 9</i>	<i>Original Carrying Amount Rupees</i>	<i>New Carrying Amount Rupees</i>
Dawood Family Takaful Ltd.	Available for sale	At fair value - through other comprehensive income	36,781,380	36,781,380
Loans and advances	Loans and receivables	Amortized cost	38,500	38,500
Long term deposits	Loans and receivables	Amortized cost	1,137,500	1,137,500
Trade receivable	Loans and receivables	Amortized cost	55,178,928	55,178,928
Cash and bank balance	Loans and receivables	Amortized cost	18,883,066	18,883,066
Trade and other payables	Trade creditors	Amortized cost	26,856,754	26,856,754

<i>As at June 30, 2017</i>	<i>Original classification under IAS 39</i>	<i>New Classification under IFRS 9</i>	<i>Original Carrying Amount Rupees</i>	<i>New Carrying Amount Rupees</i>
Dawood Family Takaful Ltd.	Available for sale	At fair value - through other comprehensive income	4,521,380	4,521,380
Long term deposits	Loans and receivables	Amortized cost	403,500	403,500
Trade receivable	Loans and receivables	Amortized cost	45,338,102	48,796,786
Cash and bank balance	Loans and receivables	Amortized cost	12,195,915	12,195,915
Trade and other payables	Trade creditors	Amortized cost	21,611,034	21,611,034



(ii) Classification and measurement of financial assets and financial liabilities

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company's experience of collection history and no historical loss rates / bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and / or financial performance of the Company.

Loss allowance on debt securities are measured at 12 months expected credit losses as those are determined to have low credit risk at the reporting date. Since there is no loss given default, therefore no credit loss is expected on these securities. Loss allowance on other securities and bank balances is also measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances.

5.4 Property and equipment

5.4.1 Owned

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of fixed assets when that cost is incurred. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Depreciation is charged to profit and loss account over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 7 to the financial statements.

Depreciation on additions is charged from the month in which the assets are put to use while no depreciation is charged in the month in which the assets are disposed off.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The residual values and useful lives of assets are reviewed at each financial year end and adjusted, if appropriate.

Gains and losses on disposals, if any, are included in the profit and loss account.

5.5 Impairment

The carrying amounts of the Company's assets, for which policy is given separately, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists the assets' recoverable amount is estimated. An impairment loss is recognised wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are charged to profit and loss account.

5.6 Investments

At fair value through OCI

Investment in Shares are classified as fair value through - other comprehensive income and is initially



DAWOOD EQUITIES LIMITED

measured at cost being the fair value at the time of acquisition and subsequently is measured at fair value determined using the market value at each reporting date. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Investments at fair value through profit or loss

These include held for trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. All derivatives are classified as held-for-trading. These are initially recorded at cost. Derivatives with positive fair values (unrealised gains) are included in assets and derivatives with negative fair values (unrealised losses) are included in liabilities in the statement of assets and liabilities. After initial measurement, such investments are carried at fair value and the gains or losses on revaluation are recognised in the profit and loss account in the period in which they arise.

Fair values of investments are determined as follows:

Listed shares

These are valued on the basis of closing market prices quoted on the respective stock exchange.

5.7 Settlement date accounting

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the settlement date. Trade date is the date on which the Company commits to purchase or sale an asset.

5.8 Financial instruments

5.8.1 Financial assets and liabilities

Financial assets include investments, deposits, loans, advances, other receivables, receivable from funds and cash and bank balances.

Financial liabilities include accrued expenses and other liabilities and liabilities against assets subject to finance lease. Financial liabilities are classified according to the substance of the contractual agreement entered into.

At the time of initial recognition, all the financial assets and liabilities are measured at cost, which is the fair value of the consideration given or received for it. Transaction costs are included in the initial measurement of all financial assets and liabilities except for transaction costs that may be incurred on disposal. The particular recognition method adopted for recognition of financial assets and liabilities subsequent to initial recognition is disclosed in the policy statement associated with each item.

5.8.2 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Corresponding income on the asset and charge on the liability is also off-set.

5.8.3 Related party transactions and transfer pricing

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at arm's length prices which are determined in accordance with the methods prescribed in the Companies Act, 2017.



5.9 Employee retirement benefits-defined contribution plan

The Company operates recognised provident fund scheme for all its eligible employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 10 percent of basic salary.

5.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalent consist of bank balances and running finances under mark-up arrangements.

5.11 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoiced amount. When a trade debt is uncollectible, it is written off and charge to profit and loss account. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

5.12 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

5.13 Proposed dividend and transfer between reserves

Dividends declared and transfer between reserves, except appropriations which are required by the law, made subsequent to the balance sheet date are considered as non adjusting events and are recognized in the financial statements in the year in which such dividends are declared or transfers between reserves are made.

5.14 Revenue recognition

Commission income is recognised on accrual basis.

Gains and losses on sale of marketable securities are recognised on the date of sale.

Dividend income is recorded when the right to receive the dividend is established. Return on securities other than shares is recognised on accrual basis.

Return on bank deposits are recognised on accrual basis. Other income is recognised as and when earned.

5.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, if it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

5.16 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

5.17 Taxation

Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into consideration available tax credits, rebates and tax losses, if any. However, for income covered under final tax regime, taxation is based on applicable tax rules under such regime. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary timing differences arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- a) Recognition of taxation and deferred taxation;
- b) Determining the useful lives of operating fixed assets;
- c) Classification of investments; and
- d) Impairment of financial assets.



DAWOOD EQUITIES LIMITED

7 **PROPERTY AND EQUIPMENT**

Particulars	Owned Assets					Total
	Building	Furniture & Fixtures	Vehicles	Office equipment	Computers	
	----- Rupees -----					
Year ended June 30, 2019						
Opening net book value	6,575,375	417,733	177,261	355,499	429,551	7,955,420
Additions	-	-	235,400	35,000	-	270,400
Disposal	-	-	-	-	-	-
Depreciation charge	(356,875)	(68,600)	(339,751)	(61,713)	(202,149)	(1,029,088)
Closing net book value	6,218,500	349,133	72,910	328,785	227,403	7,196,731
As at June 30, 2018						
Cost	7,137,500	549,500	721,400	460,900	2,041,733	10,911,033
Accumulated depreciation	(919,000)	(200,367)	(381,649)	(132,115)	(1,814,330)	(3,447,460)
	6,218,500	349,133	339,751	328,785	227,403	7,463,573
Rates %	5%	20%	33%	20%	20%	

Year ended June 30, 2018

Opening net book value	13,849,500	164,875	117,233	134,467	285,823	14,551,898
Additions	15,000	343,000	93,000	279,400	306,696	1,037,096
Disposal	-	-	-	-	-	-
Depreciation charge	(713,750)	(90,142)	(32,972)	(58,368)	(162,968)	(1,058,199)
Closing net book value	13,150,750	417,733	177,261	355,499	429,551	14,530,795
As at June 30, 2018						
Cost	14,275,000	549,500	486,000	425,900	2,041,733	17,778,133
Accumulated depreciation	(1,124,250)	(131,767)	(308,739)	(70,401)	(1,612,182)	(3,247,338)
	13,150,750	417,733	177,261	355,499	429,551	14,530,795

	Note	2019 Rupees	2018 Rupees
8 INVESTMENT PROPERTY			
Cost		7,137,500	-
Less:	8.1	(919,000)	-
		6,218,500	-

9 INTANGIBLE ASSETS			
TREC	9.1	2,500,000	2,500,000

9.1 TREC

Carrying value	2,500,000	5,000,000
Decline in value	-	(2,500,000)
	2,500,000	2,500,000



DAWOOD EQUITIES LIMITED

10 LONG TERM INVESTMENTS

	2019	2018
	<i>Numbers</i>	<i>Numbers</i>
Investment in shares of Pakistan Stock Exchange Limited	1,902,953	1,902,953
- At fair value through OCI	37,583,322	49,640,015
Unrealized gain on remeasurement	(12,844,933)	(12,056,693)
	1,902,953	1,902,953
	24,738,389	37,583,322

10.1 This represents shares of Pakistan Stock Exchange Limited (PSX) acquired in pursuance of corporatization and demutualization of PSX as a public company limited by shares. As per the arrangements the authorized and paid-up capital of PSX is Rs.10,000,000,000 and Rs.8,014,766,000 respectively with a par value of Rs.10 each. The paid-up capital of PSX is equally distributed among 200 members of PSX by issuance of 4,007,383 shares to each member.

	2019	2018
	<i>Rupees</i>	<i>Rupees</i>
10.2 Break up of shares received and transacted is as follows :		
Shares transferred to Chinese consortium	1,602,953	1,602,953
Shares sold to general public	501,477	501,477
Shares in hand	1,902,953	1,902,953
	4,007,383	4,007,383

10.3 Shares in hand

At fair value through OCI-freeze	1,081,194	1,081,194
At fair value through OCI when unfreezed	821,759	821,759
	1,902,953	1,902,953

11 LONG TERM DEPOSITS

Pakistan Stock Exchange Limited	700,000	700,000
Central Depository Company Limited	137,500	137,500
National Clearing Company Pakistan Limited	300,000	300,000
Pakistan Mercantile Exchange	750,000	
	1,887,500	1,137,500

12 DEFERRED TAXATION

Relating to deductible temporary difference

Accelerated tax depreciation	3,630,471	3,862,353
Alternate corporate tax	112,282	234,144
Unrealized gain on remeasurement of investments	212,245	39,115
	3,954,998	4,135,611

Relating to taxable temporary difference

Minimum tax	27,584	-
Trade debts-provision for doubtful debts	(41,231,101)	(43,160,348)
Tax losses	(130,478)	(5,799,491)
Loss on re-measurement of investment - At fair value through OCI	(4,120,339)	(1,808,504)
	(45,454,334)	(50,768,343)
Deferred tax asset	(41,499,336)	(46,632,732)
Deferred tax asset not recognized	-	-
	(41,499,336)	(46,632,732)



DAWOOD EQUITIES LIMITED

12.1 Deferred tax asset recognised aggregating to Rs: 43.745 (2018 : Rs.46.632) million. The management of the Company believes that based on the projections of future taxable profits, it would be able to realise the deferred tax asset pertaining to alternate corporate tax provision for bad debts. These projections are however, subject to uncertainty.

	<i>Note</i>	<i>2019 Rupees</i>	<i>2018 Rupees</i>
13 SHORT TERM INVESTMENTS			
At fair value - through other comprehensive income	13.1	14,649,690	36,781,380
Others - at fair value through profit & loss	13.2	14,326,978	44,868,879
		<u>28,976,668</u>	<u>81,621,982</u>

13.1 At fair value - through other comprehensive income

2019 2018
Number of Shares

1,293,000 3,850,500	Dawood Family Takaful Ltd.	13.1.1	<u>14,649,690</u>	<u>36,781,380</u>
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13.1.1 The embedded value of these shares based on actuarial valuation of the investee Company is Rs.11.33 (2018 : Rs.10.59) per share, therefore unrealized gain of Rs.3,995,415 has not been recognised due to uncertainties.

	<i>Note</i>	<i>2019 Rupees</i>	<i>2018 Rupees</i>
13.2 Other investments - at fair value through profit and loss			
Ordinary Shares	13.2.1	<u>14,326,978</u>	<u>44,868,879</u>



DAWOOD EQUITIES LIMITED

13.2.1 Held for trading - Ordinary Shares

2019	2018		2019	2018
Number of Shares			Rupees	Rupees
1,301	567,613	Investment 786 (Formally Dawood Capital Management Ltd.)	33,865	1,220,368
32,000	30,000	First Dawood Investment Bank Ltd.	63,665	137,397
16,884	19,668	Allied Rental Modaraba	219,492	295,020
999,871	1,238,371	Ansari Sugar Mills	7,499,032	24,765,537
-	300	Attock Petroleum Limited	-	187,929
-	6,500	Bank Al Falah Ltd	-	339,899
2,000	451	BRR Guardian Modaraba	14,940	3,421
-	10,000	Byco Petroleum Pakistan Limited	-	122,005
4,500	3,500	Cherat Cement Company Limited	228,521	394,851
5,000	5,000	Crescent Star Insurance	9,400	23,457
31,000	31,000	Dost Steels Limited	158,720	366,120
18,000	18,000	Fauji Fertilizer Bin Qasim Limited	616,320	675,027
7,000	9,500	Fauji Fertilizer Company Limited	732,041	930,562
63,500	-	First Prudential Modaraba	76,200	-
3,000	-	Hascol Petroleum Limited	235,495	-
100	100	ICI Pakistan Limited	66,424	109,455
15	-	Interloop Limited	668	-
1,000	2,000	International Industries Ltd	124,100	495,396
-	500	Ittehad Chemicals Limited	-	15,640
304,500	280,000	K-Electric Limited	1,701,486	1,674,613
2,800	300	Kohinoor Textile Mills	125,636	18,000
1,500	1,500	Kot Addu Power Company Limited	67,905	108,030
2,500	-	Loads Limited	48,275	-
10,000	-	Lotte Chemical Pakistan Limited	142,200	-
-	5,000	Maple Leaf Cem Ltd	-	273,788
-	2,500	Mughal Iron & Steel Limited	-	161,521
5,000	-	National Bank Of Pakistan	200,300	-
-	400	Otsuka Pakistan Limited	-	107,060
-	5,000	Pak Electron	-	171,657
100	-	Pakistan Cables Limited	14,275	-
110,037	20,000	Power Cement Limited	1,103,381	244,210
1,500	367	Service Industries Limited	11,865	3,225
500	400	Sui Northern Gas Pipe Line Ltd	266,000	312,930
9,500	5,000	Sui Southern Gas Co	716,553	487,320
43,000	24,500	Systems Limited	939,550	885,632
2,000	-	The Bank of Punjab Limited	192,387	-
-	669,808	The Hub Power Company Limited	-	7,888,348
14,071	10,000	Treet Corporation Limited	957,540	980,339
16,500	16,500	Trg Pakistan Limited - Class 'A'	338,415	594,849
1,000	1,000	Tristar Polyester Limited	20,721	37,369
25,000	25,000	United Bank Limited	277,555	511,572
5,000	-	Unity Foods Limited	697,650	-
27,000	-		315,992	-
			18,216,570	44,542,547
		(Loss)/Gain on remeasurement of investments	(3,889,591)	326,332
			14,326,978	44,868,879



DAWOOD EQUITIES LIMITED

2019

2018

13.2.2 The market value of each listed security is as follows:

786 Investment Limited - Freeze	28.13	2.15
BRR Guardian Modaraba	8.12	8.74
Allied Rental Modaraba	13.00	17.11
Ansari Sugar Mills Limited	5.03	20.58
Attock Petroleum Limited	-	589.99
B.R.R. Guardian Modaraba	8.12	8.74
Byco Petroleum Pakistan Limited	-	12.20
Cherat Cement Company Limited	30.96	97.23
Crescent Star Insurance Limited	1.22	3.15
Dost Steels Limited	3.44	7.91
Fauji Fertilizer Bin Qasim Limited	18.23	38.60
Fauji Fertilizer Company Limited	87.20	98.89
First Dawood Investment Bank	1.48	3.62
Interloop limited	44.27	-
ICI Pakistan Limited	532.47	801.50
International Industries Limited	77.07	232.29
Ittehad Chemicals Limited	-	34.76
K-Electric Limited	4.39	5.68
Kohinoor Textile Mills Limited	25.05	54.99
Kot Addu Power Company Limited	36.38	53.91
Loads Limited	15.11	-
Lotte Chemical Pakistan Limited	15.25	50.74
Natonal bank of Pakistan	33.66	61.42
Otsuka Pakistan Limited	-	283.05
Pakistan international bulk	8.44	35.46
Pakistan Cables Limited	140.52	11.35
First prudential modaraba	0.87	-
systems limited	95.97	19.75
Power Cement Limited	6.43	8.35
Service Industries Limited	493.32	784.98
Sui Northern Gas Pipelines Limited	69.49	100.22
Sui Southern Gas Company Limited	20.68	32.82
united bank limited	147.38	12.07
unity foods limited	10.30	92.16
Pakistan Stock Exchange	16.41	-
Treet Corporation Limited	15.26	34.19
Trg Pakistan Limited - Class 'A'	16.36	28.64
Tri-Star Polyester Limited	9.20	16.61



DAWOOD EQUITIES LIMITED

	<i>Note</i>	<i>2019 Rupees</i>	<i>2018 Rupees</i>
14 TRADE DEBTS			
Considered good	14.1	66,756,974	70,276,011
Considered doubtful		153,208,724	133,731,703
		219,965,698	204,007,714
Provision for considered doubtful	14.4	(142,176,210)	(148,828,786)
	14.2	77,789,488	55,178,928

14.1 This includes amount of Rs. 10,985,138 (2018 : Rs. 10,820,173) receivable from related parties of the Company.

<i>14.1.1 Name of Related Party</i>	<i>Maximum aggregate amount outstanding with reference to Month end Balance</i>
1 BRR Guardian Modaraba	-
2 Key Management Personal	2,169,189
	2,169,189

14.2 The total value of securities pertaining to clients are Rs. 1,397.06 million held in sub-accounts of the company. No security is pledged by client to the financial institutions.

14.3 Provision relates to Receivable's has been made for overdue by more than 5 days to comply with regulation 34(2)(h) of the Securities Brokers (Licensing and Operations) Regulation 2016. However, those provision that are recovered before the date of authorization of issue of financial statements are treated as adjusting event and such provision are reversed.

	<i>Note</i>	<i>2019 Rupees</i>	<i>2018 Rupees</i>
14.4 Provision for trade debts considered doubtful			
Opening balance		148,828,786	148,828,786
Provision made during the year	28	-	-
Provision reverse during the year	28	(6,652,576)	-
		142,176,210	148,828,786

15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Trade deposits	15.1	9,430,616	10,893,403
Advance to employees		193,000	38,500
Prepayments		-	304,500
Advance against Shares		-	700,000
		9,623,616	11,936,403

15.1 This includes amounts of deposits held at the year end against exposure arising out of the trading in securities in accordance with the regulations of Pakistan Stock Exchange Limited and National Clearing Company Pakistan Limited.



DAWOOD EQUITIES LIMITED

16 OTHER RECEIVABLES	<i>Note</i>	2019	2018
<i>- Considered good</i>		<i>Rupees</i>	<i>Rupees</i>
Receivable from NCCPL		8,860,711	9,000,580
Other receivables	16.1	2,423,424	2,226,906
		11,284,135	11,227,486

16.1 This amount includes Rs. 2.09 million recovered by tax authorities relating to Tax Year 2013 for which tax advisor is of the view that these are refundable to the company based on appellate order No. 37/2017.

17 TAX REFUNDS DUE FROM GOVERNMENT	<i>Note</i>	2019	2018
		<i>Rupees</i>	<i>Rupees</i>
Opening balance		18,839,552	13,538,594
Add: Paid during the period		1,930,435	1,927,888
		20,769,987	15,466,482
Adjusted against provision for taxation		(42,295)	(1,927,888)
Adjustments		-	5,300,958
		20,727,692	18,839,552

18 CASH AND BANK BALANCES

<i>Cash in hand</i>		15,000	7,830
<i>Cash at bank</i>			
Current accounts		2,534,812	5,907,499
Saving accounts	18.1	273,030	12,967,736
		2,822,842	18,883,066
Balance pertaining to:			
- clients		1,018,372	13,344,583
- brokerage house		743,471	5,530,652
		1,761,843	18,875,236

18.1 Saving accounts carries mark-up at the rate from 4.75% to 5.75% (2018 : 4.75% to 5.75%) per annum.

19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

<i>2019</i>	<i>2018</i>		2019	2018
<i>Number of Ordinary shares of Rs.10 each</i>			<i>Rupees</i>	<i>Rupees</i>
24,996,500	24,996,500	Fully paid in cash	249,965,000	249,965,000



DAWOOD EQUITIES LIMITED

19 RESERVES

- Capital reserve

Share premium is capital reserve and is held for utilization of purposes as stated in section 81 of the Companies Act, 2017.

	<i>Note</i>	<i>2019 Rupees</i>	<i>2018 Rupees</i>
21 TRADE AND OTHER PAYABLES			
Trade creditors	21.1	9,495,597	26,856,754
Accrued expenses		3,074,793	2,086,361
Payable against underwriting commitments		-	20,000,000
Payable to NCCPL		-	624,936
Withholding tax payable		409,304	672,916
		<u>12,979,693</u>	<u>50,240,966</u>

21.1 This includes amount of Rs. 207,586 (2018 : Rs.1,653,964) payable to related parties of the Company.

22 CONTINGENCIES AND COMMITMENTS

22.1 The Company has filed a suit in the Honorable High Court of Sindh against one of its corporate client against recovery of Rs.75.436 million and proceedings are in process. Honorable High Court has appointed Commissioner for determination of amount. Currently 100% provision of Rs. 75.436 million has been made as ultimate outcome is uncertain.

22.2 Compromise decree has been passed by the Honorable High Court of Sindh regarding fully provided balance of Mr. Abbas Qurban of Rs. 30.33 million, currently company is recovering the amount by monthly installment of Rs. 15,000 per month and reversing the provision in similar pattern.

22.3 Commitment against unrecorded transactions executed before year end having settlement date subsequent to year end :-

	<i>Note</i>	<i>2019 Rupees</i>	<i>2018 Rupees</i>
For purchase of shares		<u>49,611,250</u>	55,340,187
For sale of shares		<u>42,878,527</u>	43,445,813

23 OPERATING REVENUE

Brokerage commission	23.1	10,677,477	16,643,618
Custody / Laga / NCSS Fees		1,842,623	2,226,355
Underwriting commission		3,268,618	12,463,157
Dividend income		259,846	828,076
Income from Margin Finance		364,076	1,016,993
		<u>16,412,640</u>	<u>33,178,199</u>



DAWOOD EQUITIES LIMITED

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
23.1 Brokerage commission			
Gross commission		20,214,228	31,070,844
Sales tax/ Federal excise duty		(2,301,918)	(3,440,518)
		17,912,310	27,630,326
Commission to agents and dealers		(7,234,833)	(10,986,708)
		10,677,477	16,643,618
23.2 Brokerage commission pertains to			
Institutional clients		4,215,193	5,358,010
Retail customers/Individual		13,697,117	22,272,316
		17,912,310	27,630,326
24 CAPITAL GAIN / (LOSS) ON INVESTMENTS - NET			
Capital (loss) / gain in ready market		1,991,149	(6,235,800)
Capital gain in future market		123,241	9,412,566
		2,114,390	3,176,766
25 GAIN ON REMEASUREMENT OF INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS			
Others - at fair value through profit and loss		1,414,967	260,764
26 ADMINISTRATIVE EXPENSES			
Salaries and other benefits		9,037,499	6,811,727
Rent, rates & taxes		293,500	206,000
Repairs and maintenance		1,321,927	1,190,082
Utilities		746,559	763,678
Fees and subscription		3,279,441	1,473,824
Regulatory charges		1,583,474	2,253,575
Brokerage expenses		126,403	151,829
Printing and stationery		369,054	356,420
Legal and professional fees		285,576	588,771
Traveling and conveyance		148,340	94,880
Entertainment		213,311	954,100
Depreciation	7	1,119,122	1,058,200
Sales tax expense		-	595,417
Miscellaneous expenses		87,645	351,943
		18,611,851	16,850,446



DAWOOD EQUITIES LIMITED

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
27 FINANCIAL CHARGES			
Bank charges		114,563	120,757
Mark up on short term loans		-	655,616
		<u>114,563</u>	<u>776,373</u>
28 OTHER OPERATING INCOME			
<i>From financial assets</i>			
Profit on bank accounts		623,885	311,468
Profit on cash exposure		576,630	458,753
Reversal of provision for bad debts		6,652,576	-
		<u>7,853,091</u>	<u>770,221</u>
<i>From non financial assets</i>			
Rental Income		300,000	375,000
CDC Account opening income		13,419	11,900
Miscellaneous income		54,878	329,911
		<u>368,297</u>	<u>716,811</u>
		<u>8,221,388</u>	<u>1,487,032</u>
29 OTHER OPERATING CHARGES			
Decline in value of TREC		-	2,500,000
Auditors' remuneration	29.1	960,273	995,130
		<u>960,273</u>	<u>3,495,130</u>
29.1 Auditors' remuneration			
Statutory audit		482,460	438,600
Half yearly review		99,440	90,400
Certifications and other services		318,373	289,430
Internal audit		60,000	120,000
System audit		-	56,700
		<u>960,273</u>	<u>995,130</u>
30 TAXATION			
Current	30.1	(74,938)	(117,723)
Capital gain tax		(122,404)	(2,628)
Deferred		(4,969,862)	(8,516,707)
Prior		-	-
		<u>(5,167,204)</u>	<u>(8,637,058)</u>

30.1 Income Tax assessment of the Company has been finalized for the tax year 2016. However the Commissioner of Income Tax may at any time during a period of five years from the date of filing of return may select the deemed assessment for audit.



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30.2 Since the Company is not liable to pay any current tax because of tax losses for the prior financial years, therefore, no numerical tax reconciliation has been given. Current year tax charge is the Minimum tax as per section 113 of the Income Tax Ordinance, 2001.

30.3 Management has provided sufficient tax provision in financial statements in accordance with income tax ordinance, 2001. Following is the comparison of tax provision as per accounts vis a vis tax assessment for last three years:

	<i>Deemed Assessment Rupees</i>	<i>Provision Rupees</i>
Tax year 2018	<u>2,045,611</u>	-
Tax year 2017	<u>309,196</u>	<u>315,963</u>
Tax year 2016	<u>466,132</u>	<u>642,023</u>
	2019 Rupees	2018 Rupees

31 EARNING PER SHARE

Profit after taxation	<i>Rs.</i> <u>479,560</u>	<u>8,343,753</u>
Weighted average number of ordinary shares	<u>24,996,500</u>	<u>24,996,500</u>
Income per share - basic	<i>Rs.</i> <u>0.02</u>	<u>0.33</u>

Diluted earning per share has not been presented as the company did not have any convertible instruments.

32 FINANCIAL INSTRUMENTS BY CATEGORY

	2019 Rupees	2018 Rupees
<i>Financial Assets</i>		
<i>Investment at fair value through profit or loss</i>		
Long term investment	24,738,389	37,583,322
Short term investments	28,976,668	81,621,982
	<u>53,715,057</u>	<u>119,205,304</u>
<i>At fair value through OCI- investments</i>		
Short term investment	14,649,690	36,781,380
<i>Loans and receivables</i>		
Long term deposits	1,887,500	1,137,500
Trade debts	77,789,488	55,178,928
Receivable against Margin Finance	1,513,424	3,723,685
Trade deposits	9,430,616	10,893,403
Other receivable	11,284,135	11,227,486
Cash and bank balances	2,822,842	18,883,066
	<u>104,728,005</u>	<u>101,044,067</u>
	<u>173,092,752</u>	<u>257,030,751</u>



DAWOOD EQUITIES LIMITED

	2019	2018
	Rupees	Rupees
Financial Liabilities		
<i>Long term deposits</i>		
Rental deposits	25,000	25,000
<i>At fair value through profit or loss</i>		
Trade and other payables	12,979,693	50,240,966
	<u>13,004,693</u>	<u>50,265,966</u>

33 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks potential adverse effects on the Company's financial performance.

Risk managed and measured by the Company are explained below: -

- a) Credit Risk
- b) Liquidity Risk
- c) Market Risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Exposure to credit risk

Credit risk of the Company arises principally from long term and short term investments, trade debts, loan and advances, accrued income, deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

Out of the total financial assets of Rs. 172.046 million (2018 : Rs.220.241 million) the financial assets which are subject to credit risk amounted to Rs. 153.798 million (2018 : Rs.220.241 million).

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The company's policy is to enter into financial instrument contract by following internal guidelines such as approving counter parties and approving credits.

As of June 30, 2019, trade debts of Rs.153.208 million (2018 : Rs.133.731 million) are overdue for more than 360 days.



DAWOOD EQUITIES LIMITED

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to the credit risk at the reporting date is: -

	2019	2018
	Rupees	Rupees
Long term deposits	1,887,500	1,137,500
Investments- long term and short term	53,701,425	119,205,304
Trade debts	77,789,488	55,178,928
Deposits	9,430,616	10,893,403
Receivable against Margin Finance	1,513,424	3,723,685
Other receivables	2,423,424	11,227,486
Bank balances	2,822,842	18,875,236
	149,568,719	220,241,541

The maximum exposure to credit risk for trade debts at balance sheet date amounting to Rs.76.743 million (2018 : Rs.55.178) million.

Provision for impairment losses

The aging of trade debts as at balance sheet is summarized below: -

	<i>2019</i>		<i>2018</i>	
	<i>Gross</i>	<i>Impairment</i>	<i>Gross</i>	<i>Impairment</i>
	<i>----- Rupees -----</i>		<i>----- Rupees -----</i>	
Past due 1-30 days	9,969,600		21,286,679	-
Past due 31 days -90 days	16,406,700		17,945,849	-
Past due 90 days -1 year	44,026,601		32,705,168	-
More than one year	150,060,221		133,731,703	(133,731,703)
Total	220,463,122	-	205,669,399	(133,731,703)

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

b) Bank balances

Credit quality of bank balances can be assessed with reference to external credit ratings as follows:



DAWOOD EQUITIES LIMITED

c) Liquidity Risk

<i>Bank</i>	<i>Agency</i>	<i>Date</i>	<i>Short term rating</i>	<i>Long term rating</i>	2019 Rupees	2018 Rupees
Bank Al-Habib Limited	PACRA	June 30, 2019			10,475	836,055
Habib Metropolitan Bank Limited	PACRA	June 30, 2019			645,033	118,398
MCB Bank Limited	PACRA	June 30, 2019			328,773	289,048
Albaraka Bank (Pakistan) Limited	JCR-VIS	June 30, 2019			459,960	3,142,533
Bank Al-Falah Limited	PACRA	June 30, 2019			1,449,184	14,119,153
The Bank of Khyber	PACRA	June 30, 2019			15,000	77,449
United Bank Limited	JCR-VIS	June 30, 2019			63,180	292,600
					2,971,605	18,875,236

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The following are the contractual maturities of financial liabilities, including estimated interest payments:-

	2019			
	<i>Carrying Amount</i>	<i>Contractual Cash flows</i>	<i>Less than one year</i>	<i>More than one year</i>
	----- Rupees -----			
Financial Liabilities				
Trade and other payables	12,979,693	12,979,693	12,979,693	-
	2018			
	<i>Carrying Amount</i>	<i>Contractual Cash flows</i>	<i>Less than one year</i>	<i>More than one year</i>
	----- Rupees -----			
Financial Liabilities				
Trade and other payables	50,240,966	50,240,966	50,240,966	-

d) Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.



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Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At year end, the Company is not exposed to any currency risk.

Interest Rate Risk

As reporting date the interest rate profile of the company's interest bearing financial instruments was as follows:

<i>Financial Assets</i>	2019	2018
	Rupees	Rupees
<i>Variable Rate Instruments</i>		
Bank balance - PLS account	<u>273,030</u>	<u>12,967,736</u>

Cash flow Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit for the year by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

<i>Effect on profit and loss</i>	
<i>100 bp</i>	<i>100 bp</i>
<i>increase</i>	<i>decrease</i>
<i>Rupees</i>	<i>Rupees</i>

As at June 30, 2019

Cash flow Sensitivity - variable rate instruments	<u>2,730</u>	<u>(2,730)</u>
---	---------------------	----------------

As at June 30, 2018

Cash flow Sensitivity - variable rate instruments	<u>129,677</u>	<u>(129,677)</u>
---	-----------------------	------------------

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets of the Company.

Price Risk

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

- Sensitivity analysis

At reporting date, if the market prices of each security held by the Company as short term investment had increased / decreased by Rupee 1 with all other variables remain constant, pre tax profit would have been higher / lower by the amount shown below. The analysis is performed on same basis for 2017.



DAWOOD EQUITIES LIMITED

	2019 Rupees	2018 Rupees
<i>Effect on profit</i>		
Increase / Decrease	<u>1,052,056</u>	<u>1,274,839</u>

Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The company finances its operations through equity and by managing working capital.

The Company does not obtained any financing facility and working with 100% equity financing, therefore, no gearing is identified.

e) Fair Value of Financial Instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in arm's length transaction.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows: -

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable).

	Level 1	Level 2	Level 3
	----- Rupees -----		
June 30, 2019			
<i>Investments at fair value through Profit and loss</i>			
- related parties	(13,573)	-	-
- others	14,326,978	-	-
At fair value through OCI- investments - related party	-	-	14,649,690
Investments in shares of PSX	24,738,389	-	-
 <i>June 30, 2018</i>			
<i>Investments at fair value through Profit and loss</i>			
- related parties	(28,797)	-	-
- others	44,868,879	-	-
At fair value through OCI investments - related party	-	-	36,781,380
Investments in shares of PSX	37,583,322	-	-



DAWOOD EQUITIES LIMITED

34 RELATED PARTY TRANSACTIONS

Related parties comprises member companies, directors, key management personnel of member companies and various other related parties that has an interest in the Company that gives it significant influence over the Company. Details of transactions with related parties during the year are as follows:-

	Note	2019 Rupees	2018 Rupees
Commission earned from brokerage transactions with member companies and key management personnel of member companies		<u>4,181,628</u>	<u>3,242,344</u>
Expenses paid / payable to member companies		<u>241,800</u>	<u>35,338,719</u>
<i>FDIBL and others Employee Provident Fund</i>			
Employer's contribution paid	34.1	<u>364,788</u>	<u>324,594</u>

34.1 The company is part of provident fund of the group as whole according to trust deed.

Year end balances are mentioned in relevant notes.

The above transactions are at arm's length basis on commercial terms and conditions.

35 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

		2019	
		Chief Executive Officer	Director
Managerial remuneration	35.1	<u>800,000</u>	<u>-</u>

35.1 Managerial remuneration is Rs 0.1 millions starting from November 2018.

None of the employees fall under the category of executives as defined in Companies Act, 2017.

36 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.



DAWOOD EQUITIES LIMITED

	2019	2018
37 NUMBER OF EMPLOYEES		
Number of employees as at year end and average for the year	<u>11</u>	<u>10</u>

38 NON - ADJUSTING EVENT

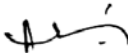
The Board of directors has recommend dividend of Nil per share i.e. Nil amounting to Rs. Nil (2018 : 2,499,650) subject to approval by the members in the Annual General Meeting of the Company. The event being non - adjusting event does not requires adjustment in the financial statements

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on September 30, 2019.

40 GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive



Director



Chief Financial Officer



DAWOOD EQUITIES LIMITED

Proxy Form

I/We, _____

of _____

Dawood Equities Limited appoint Mr./ Mrs./Ms. _____

_____ of _____

as my proxy to vote for me/us and on my / our behalf at the Annual General Meeting to be held on 25th day of October, 2019 at 8:45 a.m. and at any adjournment thereof.

As witnessed under my/our hands this _____ day of _____ 2019 _____

Signed by _____

Signature and address of the witness

Signature and address of the witness

Signature of member

Please affix
revenue
stamp



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