



**DAWOOD EQUITIES LIMITED**

**Third Quarter Report  
March 31, 2016  
( Un-Audited )**

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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**

**Company Information**

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. Rubina Khanum (Independent Director) Syed Muhammad Abbas (Non Executive Director) Mr. Saifullah (Subject to approval of KSE)
Chief Financial Officer & Company Secretary	Mr. Salman Yaqoob
Audit Committee	Mr. Asim Iftekhar Yakoob - Chairman Mr. Khalid Yousuf Ms. Rubina Khanum
HR & R Committee	Syed Muhammad Abbas Mr. Asim Iftekhar Yakoob Abdul Aziz Habib
Auditor	Haroon Zakaria & Co.
Legal Advisor	Rauf & Ghaffar Law Associates
Bankers	Bank Al Habib Limited Habib Metropolitan Bank Limited Bank Al Falah Limited United Bank Limited Burj Bank Limited MCB Bank Limited
Website	<a href="http://www.dawoodequities.com">www.dawoodequities.com</a>
Registered Head Office	1900-B Saima Trade Towers, I.I. Chundrigar Road, Karachi. Phone No. 021-32271881-1883 Fax No. 021-32275086
Registered Branch Office	Room-810, 8th Floor, KSE Building, Stock Exchange Road, Karachi. Phone No. 021-32474028 Fax No. 021-32418873  1st Floor, Chang Chamber, Saddar Bazar, Cantonment, Hyderabad. Tel: (92-22) 2783856 Fax: (92-22) 3864718
Share Registrar	F.D Registrar Services (SMC-Pvt) Ltd 1705 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi. Phone No. 021-35478192-93, 32271905 Fax. 021-32621233



DAWOOD EQUITIES LIMITED

## DIRECTORS' REPORT TO THE MEMBERS

### Dear Shareholders

On the behalf of The Directors of Dawood Equities Limited (the "Company") I am pleased to present herewith the un-audited financial statements for the nine month ended March 31, 2016.

### FINANCIAL RESULT

During the period under review the Company's net revenue increased by 39.8% as compared to last year whereas the administrative expenses increased by only 23.5%. Profit before tax rose to Rs 5.24 million as compared to Rs 4.33 million in corresponding period last year. The summary of comparative financial performance is given below:

OPERATING RESULTS	MARCH 2016 Rupees	MARCH 2015 Rupees
Revenue	16,390,100	11,720,829
Administrative Expenses	(9,769,128)	(7,910,861)
Other Operating Income	210,261	438,121
Profit before tax	5,241,600	4,339,376
Taxation	6,319,602	(469,815)
Profit after tax	11,560,902	3,869,561
Earnings per share basic and diluted	0.46	0.15

### CASUAL VACANCY

During the quarter, Syed Ijlal Haider whose appointment was pending with Pakistan Stock Exchange Limited, resigned as director whereas Mr. Saifullah was appointed as Directors subject to approval of Pakistan Stock Exchange Limited.

On behalf of the Board

**Junaid Dada**  
Chairman

Karachi: April 25, 2016



DAWOOD EQUITIES LIMITED

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT MARCH 31, 2016

		<i>(Un-audited)</i> March 31, 2016 Rupees	<i>(Audited)</i> June 30, 2015 Rupees
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property and equipments	5	324,376	282,275
Intangible assets	6	13,663,818	13,663,818
Long term investment - available for sale	7	40,434,494	40,434,494
Long term deposit		1,137,500	1,137,500
		<u>42,331,723</u>	<u>35,000,000</u>
		<b>97,891,911</b>	<b>90,518,087</b>
<b>Current Assets</b>			
Short term investments	8	29,277,048	29,257,054
Trade debts		82,994,412	75,279,045
Advances, deposits and prepayments		3,615,017	33,563,082
Other receivables		19,101,497	18,407,784
Tax refunds due from government		7,416,623	5,604,476
Cash and bank balances		5,485,408	6,119,780
		<u>147,890,004</u>	<u>168,231,221</u>
<b>Total Assets</b>		<b><u>245,781,915</u></b>	<b><u>258,749,308</u></b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Capital and Reserves</b>			
<b>Authorized Share Capital</b>			
30,000,000 Ordinary shares of Rs.10 each		<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid up capital		249,965,000	249,965,000
Reserves		<u>(15,667,532)</u>	<u>(27,228,434)</u>
		<b>234,297,468</b>	<b>222,736,566</b>
<b>Current Liabilities</b>			
Trade and other payables		11,484,447	36,012,742
<b>Contingencies</b>	9	-	-
<b>Total Equity and Liabilities</b>		<b><u>245,781,915</u></b>	<b><u>258,749,308</u></b>

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

  
Chief Executive

  
Director



DAWOOD EQUITIES LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2016**

	<i>Nine Month Ended</i>		<i>Quarter Ended</i>	
	<i>March 31, 2016</i>	<i>March 31, 2015</i>	<i>March 31, 2016</i>	<i>March 31, 2015</i>
	<i>Rupees</i>		<i>Rupees</i>	
Operating revenue	16,390,100	11,720,829	3,652,672	5,089,190
Capital gain / (loss) on disposal of investments - net	(404,964)	2,317,440	(176,627)	876,228
Profit / (loss) on remeasurement of investments carried at fair value through profit and loss	(1,273,637)	(2,311,456)	(641,710)	(2,251,742)
	14,711,498	11,726,813	2,834,334	3,713,676
Administrative expenses	(9,769,128)	(7,910,861)	(2,545,187)	(2,598,673)
	4,942,370	3,815,953	289,147	1,115,004
Other operating income	210,261	438,121	72,083	56,174
Reversal of provision	135,000	135,000	45,000	45,000
Financial charges	(46,031)	(49,697)	(9,456)	(15,987)
<b>Profit before taxation</b>	<b>5,241,600</b>	<b>4,339,376</b>	<b>396,774</b>	<b>1,200,190</b>
Taxation - net	6,319,302	(469,815)	(67,461)	(129,942)
<b>Profit after taxation</b>	<b>11,560,902</b>	<b>3,869,561</b>	<b>329,313</b>	<b>1,070,248</b>
<b>Earning per share - basic and diluted</b>	<b>0.46</b>	<b>0.15</b>	<b>0.01</b>	<b>0.04</b>

  
Chief Executive

  
Director



DAWOOD EQUITIES LIMITED

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2016**

	<i>Nine Months ended</i>		<i>Quarter Ended</i>	
	<i>March 31, 2016</i>	<i>March 31, 2015</i>	<i>March 31, 2016</i>	<i>March 31, 2015</i>
	----- Rupees -----			
Profit for the period	11,560,902	3,869,561	329,313	1,070,248
<b>Total comprehensive income</b>	<b>11,560,902</b>	<b>3,869,561</b>	<b>329,313</b>	<b>1,070,248</b>

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

  
Chief Executive

  
Director





DAWOOD EQUITIES LIMITED

**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2016**

	<i>(Un-audited)</i> <b>March 31,</b> <i>2016</i> <b>Rupees</b>	<i>(Un-audited)</i> <b>March 31,</b> <i>2015</i> <b>Rupees</b>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,241,600	4,339,376
<b>Adjustment for non cash items:</b>		
Depreciation	96,899	80,011
Other income	(210,261)	(438,121)
Dividend income	(1,725,017)	(1,441,780)
Financial charges	46,031	49,697
	<u>(1,792,348)</u>	<u>(1,750,192)</u>
	3,449,253	2,589,184
<b>Increase / (Decrease) in current assets</b>		
Trade debts	(7,715,367)	4,884,880
Deposits and prepayments	29,948,065	(579,375)
Other receivables	(693,713)	(4,305,872)
	21,538,985	(367)
<b>Increase in current liabilities</b>		
Trade and other payables	<u>(24,528,295)</u>	<u>(8,311,443)</u>
	459,943	(5,722,626)
<b>Cash flows after working capital changes</b>		
Financial charges paid	(46,031)	(49,697)
Taxes paid	<u>(2,824,568)</u>	<u>(2,580,263)</u>
	(2,870,599)	(2,629,960)
<b>Net cash generated from / (used in) operating activities</b>	<u>(2,410,655)</u>	<u>(8,352,586)</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Receipt against other income	210,261	438,121
Addition in fixed assets	(139,000)	(47,300)
Receipt against dividend income	1,725,017	1,441,780
Short term investment	(19,994)	7,025,408
<b>Net cash used in investing activities</b>	<u>1,776,283</u>	<u>8,858,009</u>
<b>Net increase / (decrease) in cash and cash equivalents (A+B)</b>	(634,372)	505,423
<b>Cash and cash equivalents at the beginning of the period</b>	<u>6,119,780</u>	<u>3,102,023</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>5,485,408</u>	<u>3,607,446</u>
<b>Cash and cash equivalents comprise of:</b>		
Cash and bank balances	<u>5,485,408</u>	<u>3,607,446</u>
	<u>5,485,408</u>	<u>3,607,446</u>

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

  
Chief Executive

  
Director



DAWOOD EQUITIES LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2016

Description	Issued, subscribed and paid up capital	Capital		Reserves		Total	Total equity
		Gain/(loss) on remeasurement of AFS investment	Share premium	Revenue			
				Unappropriated loss			
----- Rupees -----							
<b>Balance as at July 01, 2014</b>	249,965,000	3,737,648	74,973,750	(152,919,632)	(74,208,234)	175,756,766	
Comprehensive income for the period ended July - March 2015	-	-		3,869,561	3,869,561	3,869,561	
<b>Balance as at March 31, 2015</b>	<b>249,965,000</b>	<b>3,737,648</b>	<b>74,973,750</b>	<b>(149,050,071)</b>	<b>(70,338,673)</b>	<b>179,626,327</b>	
<b>Balance as at April 01, 2015</b>	249,965,000	3,737,648	74,973,750	(149,050,071)	(70,338,673)	179,626,327	
<b>Profit for the period April 2015-June 2015</b>	-	-	-	42,749,575	42,749,575	-	
Gain on re-measurement of investment available for sale at par value	-	360,664	-	-	360,664	-	
Comprehensive income for the period ended April - June 2015	-	-			43,110,239	43,110,239	
<b>Balance as at June 30, 2015</b>	<b>249,965,000</b>	<b>4,098,312</b>	<b>74,973,750</b>	<b>(106,300,496)</b>	<b>(27,228,434)</b>	<b>222,736,566</b>	
<b>Balance as at July 01, 2015</b>	249,965,000	4,098,312	74,973,750	(106,300,496)	(27,228,434)	222,736,566	
Comprehensive income for the period ended July - March 2016	-	-	-	11,560,902	11,560,902	11,560,902	
<b>Balance as at March 31, 2016</b>	<b>249,965,000</b>	<b>4,098,312</b>	<b>74,973,750</b>	<b>(94,739,594)</b>	<b>(15,667,532)</b>	<b>234,297,468</b>	

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

Chief Executive

Director



DAWOOD EQUITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED MARCH 31, 2016

### 1 NATURE AND STATUS OF BUSINESS

Dawood Equities Limited (the Company) was incorporated in Pakistan as an unquoted public limited company on May 3, 2006 under the Companies Ordinance, 1984. 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 1900-B, 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. BASIS OF PRESENTATION

#### 2.1 Statement of Compliance

This condensed interim financial report of the company for the nine months period ended March 31, 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial report do not include all of the information and disclosures required in the financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2015

#### 2.2 Functional and Presentation Currency

This condensed interim financial report has been presented in Pakistan Rupees, which is the functional currency of the Company.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report is the same as those applied in the preparation of the financial statements for the year ended June 30, 2015

Available for sale investments for which reliable estimate of market value is not available are measured at cost.

Certain standards, amendments and interpretations to the approved accounting standards are effective for accounting periods beginning on or after July 1, 2015, but are considered not to be relevant or have any significant effect on the Company's operation and are therefore not detailed in this condensed interim financial report.

### 4. ESTIMATES

The preparation of this condensed interim financial report in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.



**DAWOOD EQUITIES LIMITED**

In preparing this condensed interim financial report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June, 2015

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2015

	<i>(Un-audited)</i>	<i>(Audited)</i>
	<i>March 31,</i>	<i>June 30,</i>
	<i>2016</i>	<i>2015</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>5 PROPERTY AND EQUIPMENT</b>		
Opening net book value	<b>282,275</b>	342,779
Add: Additions	<b>139,000</b>	47,300
<b>Less: Disposals-net</b>		
Cost	-	(89,000)
Depreciation	-	89,000
	-	-
Depreciation	<b>(96,899)</b>	(107,804)
Closing net book value	<b><u>324,376</u></b>	<u>282,275</u>
<b>6 INTANGIBLE ASSETS</b>		
Trading Rights Entitlement Certificates (TREC's)	<b><u>13,663,818</u></b>	<u>13,663,818</u>
	<b><u>13,663,818</u></b>	<u>13,663,818</u>
<b>7 LONG TERM INVESTMENT</b>		
Investment in shares of Karachi Stock Exchange		
Limited - available for sale	<b>40,434,494</b>	36,336,182
Unrealized gain on remeasurement at par value	-	4,098,312
	<b><u>40,434,494</u></b>	<u>40,434,494</u>

**7.1 Investment in shares of Karachi Stock Exchange Limited**

This represents shares of Karachi Stock Exchange Limited (KSEL) acquired in pursuance of corporatization and demutualization of KSEL as a public company limited by shares. As per the arrangements the authorized and paid-up capital of KSEL 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 KSEL is equally distributed among 200 members of

1. 40% of the total shares allotted (i.e. 1,602,953 shares) are transferred in the House Account - CDC of each initial shareholder;

2. 60% of the total shares (i.e. 2,404,430 shares) have been deposited in a sub-account in Company's name under KSEL's participant ID with CDC which will remain blocked until they are divested to strategic investor(s), general public and financial institutions.

Right to receive distributions and sale proceed against 60% shares in the blocked account shall vest in the initial shareholder, provided that bonus and right shares (if any) shall be transferred to blocked account and disposed off with the blocked shares.

Right to vote against blocked shares shall be suspended till the time of sale. The shares of KSEL shall be listed within such time as the SECP may prescribe in consultation with the Board of Directors of KSEL.



**DAWOOD EQUITIES LIMITED**

In the absence of an active market of the shares of KSE and TREC, the allocation of the carrying value of the membership card of Rs. 50 million between the shares (financial asset) and TREC (an intangible asset) has been made by the company on the basis of similar ratio as between TREC and shares of KSEL in the base minimum capital requirement.

	<i>(Un-audited)</i> <b>March 31,</b> <b>2016</b> <b>Rupees</b>	<i>(Audited)</i> <b>June 30,</b> <b>2015</b> <b>Rupees</b>
<b>8 SHORT TERM INVESTMENTS</b>		
In related parties- at fair value through profit or loss	<b>1,555,405</b>	1,624,557
In related parties- available for sale at cost	<b>8,900,000</b>	12,095,000
Others- at fair value through profit or loss and key management personnel of	<b>18,821,643</b>	15,537,497
	<b>29,277,048</b>	29,257,054

**9 CONTINGENCIES & COMMITMENTS**

The status of contingencies as were reported in the financial statements for the year ended June 30, 2015 is same as follows:

- 9.1** The Company has filed a suit in the Honorable Sindh High Court Karachi against one of its corporate client against recovery of Rs.75.436 million and proceedings are in process. Currently negotiations outside court is in process and therefore no further provision during current year has been made and management believes that provision of Rs. 28.672 million is sufficient.
- 9.2** 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. The amount of Rs. 1.6 million will be recovered through Provident Fund balance of Mr. Abbas Qurban with the First Dawood Investment Bank Limited. The remaining balance will be receivable in equal monthly installment of Rs. 15,000 per month until fully recovered. The provision will be reversed in the similar pattern as recovery occurs.

**10 TRANSACTION WITH RELATED PARTIES**

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

	<i>(Un-Audited)</i> <b>Nine Month Ended</b>		<i>(Un-Audited)</i> <b>Quarter ended</b>	
	<b>March 31,</b> <b>2016</b> <b>Rupees</b>	<b>March 31,</b> <b>2015</b> <b>Rupees</b>	<b>March 31,</b> <b>2016</b> <b>Rupees</b>	<b>March 31,</b> <b>2015</b> <b>Rupees</b>
Commission earned from brokerage transactions with member companies and key management personnel of members companies	<b>1,850,411</b>	1,217,609	<b>603,441</b>	517,260
Expenses paid to member companies	<b>99,000</b>	99,000	<b>33,000</b>	33,000



**DAWOOD EQUITIES LIMITED**

**11 DATE FOR AUTHORIZATION FOR ISSUE**

The Board of Directors of the Company authorized these interim financial statements for issue on April 25, 2016.

**12 GENERAL**

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

Chief Executive

Director



**BOOK POST**  
Printed Matter

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*if undelivered, please return to:*  
**Dawood EQUITIES LIMITED**  
1900-B, Saima Trade Tower  
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