

DIRECTORS' REPORT TO THE MEMBERS

On the behalf of Board of Directors of Dawood Equities Limited (DEL), I am pleased to present herewith the unaudited financial statements for the first quarter ended September 30 2018.

FINANCIAL PERFORMANCE

The Company earned core operating revenue of Rs.4.45 million as compare to Rs.9.86 million in same period last year whereas profit after tax amounting to Rs. 5.2 million as compare to loss of Rs.9.86 million which translate into earning per share of Rs.0.21 as compared to loss per shares in the same period. The revenue has been reduced due to lower activity in shares trading resulting from the decline in index of Pakistan Stock Exchange Limited.

The summary of Financial Results is as follows:

	September 30, 2018 Rupee	September 30, 2017 Rupees
Net Revenue	4,456,408	9,868,082
Administrative Expenses	(3,777,060)	(3,804,048)
Profit / (Loss) after tax	5,204,282	(5,889,080)
Earnings per share basic and diluted	0.21	(0.24)

Junaid Dada
Chairman

Abdul Aziz Habib
Chief Executive Officer

Karachi: October 29, 2018

ڈائریکٹر کی رپورٹ

داؤد ایویوٹنس لمیٹڈ (DEL) کے ڈائریکٹر بورڈ کے ذریعہ، میں 30 ستمبر 2018 کو ختم ہونے والی پہلی سہ ماہی کے لئے غیر قانونی شدہ مالی بیانات کے ساتھ ساتھ پیش کرنے کے لئے خوش ہوں

مالیاتی کارکردگی
کمپنی نے 4.45 ملین روپے کی بنیادی آپریٹنگ آمدنی حاصل کی جبکہ گزشتہ سال اسی مدت میں 8.86 ملین روپے کا موازنہ کیا گیا جبکہ اس کے بعد منافع ٹیکس کے بعد تھا۔ 5.2 ملین روپے کے مقابلے میں 9.86 ملین روپے کی کمی کا موازنہ ہے جس میں اسی مدت میں فی حصص میں کمی کے مقابلے میں 1.2.21 روپے کا فی صد عائد کرنا ہے۔ پاکستان اسٹاک ایکسچینج لمیٹڈ کے انڈیکس میں کمی کی وجہ سے حصص کی تجارت میں کم سرگرمیوں کی وجہ سے آمدنی کم ہو گئی ہے

مالیاتی نتائج کا خلاصہ مندرجہ ذیل ہے

	September 30, 2018 Rupee	September 30, 2017 Rupees
نیٹ آمدنی	4,456,408	9,868,082
انتظامی اخراجات	(3,777,060)	(3,804,048)
ٹیکس کے بعد منافع / (نقصان)	5,204,282	(5,889,080)
فی حصہ آمدنی بنیادی اور پتلی	0.21	(0.24)

عبدالعزیز حبیب

چیف ایگزیکٹو آفیسر

جونید ڈڈا

چیئرمین

Karachi: October 29, 2018

DAWOOD EQUITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

	<i>Note</i>	<i>SEPT 30</i> <i>2018</i> <i>Rupees</i>	<i>JUN 30</i> <i>2018</i> <i>Rupees</i>
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	5	14,303,456	14,530,795
Intangible assets	6	2,500,000	2,500,000
Long term investment	7	30,770,750	37,583,322
Long term deposits		1,137,500	1,137,500
Deferred taxation		46,632,732	46,632,732
		95,344,438	102,384,349
Current Assets			
Short term investments		67,489,356	81,621,982
Trade debts		38,360,693	55,178,928
Receivable against margin finance		7,092,008	3,723,685
Trade deposits and short term prepayments		20,102,866	11,936,403
Other receivable		8,518,847	11,227,486
Tax refunds due from government		19,451,462	18,839,552
Cash and bank balances		6,918,659	18,883,066
		167,933,890	201,411,102
Total Assets		263,278,328	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		249,965,000	249,965,000
Reserves		(7,121,065)	3,564,484
Un-realized gain on re-		242,843,935	253,529,484
Non Current Liabilities			
Rental deposits		25,000	25,000
Current Liabilities			
Trade and other payables		20,409,393	50,240,966
Contingencies and Commitments			
		-	-
Total Equity and Liabilities		263,278,328	303,795,450

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

Chief Executive

Chief Financial Officer

Director

DAWOOD EQUITIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2018

	Quarter Ended	
	30-Sep 2018	30-Sep 2017
	Rupees	
Operating revenue	4,456,408	9,868,082
Capital gain / (loss) on disposal of investments - net	(631,496)	(9,189,102)
Profit / (loss) on remeasurement of investments carried at fair value through profit and loss	1,377,105	(1,036,003)
	5,202,016	(357,023)
Administrative expenses	(3,777,060)	(3,804,048)
	1,424,956	(4,161,072)
Other operating income	3,953,400	164,475
Financial charges	(18,284)	(699,605)
Profit before taxation	5,360,072	(4,696,202)
Taxation - net	(155,790)	(1,192,878)
Profit after taxation	5,204,282	(5,889,080)
Earning per share - basic and diluted	0.21	(0.24)

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

Chief Executive

Chief Financial Officer

Director

DAWOOD EQUITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2018

	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
Profit for the year	5,204,282	(5,889,080)
Other comprehensive (loss) / income measurement of investment available	(15,889,831)	(10,597,706)
Total comprehensive (loss) / income for the year	<u><u>(10,685,549)</u></u>	<u><u>(16,486,786)</u></u>

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

Chief Executive

Chief Financial Officer

Director

DAWOOD EQUITIES LIMITED
STATEMENT OF CASH FLOW
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2018

	30-Sep 2018 Rupees	30-Sep 2017 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	5,360,072	(4,696,202)
Adjustment for non cash items:		
Depreciation	262,339	178,250
Loss / (gain) on remeasurement of investment	(1,377,105)	1,036,003
Capital (gain) / loss on disposal of investment	631,496	9,189,102
Dividend income	(31,625)	(9,200)
Financial charges	18,284	699,605
	4,863,462	6,397,558
(Increase) / decrease in current assets		
Trade debts	16,818,235	(3,529,490)
Other receivables	2,708,639	(398,148)
Receivable against MF	(3,368,323)	3,242,657
Trade deposits and short term prepayments	(8,166,462)	26,282,191
	7,992,089	25,597,210
(Decrease) / increase in current liabilities		
Trade and other payables	(29,831,573)	18,273,960
	(16,976,022)	50,268,728
Taxes paid	155,790	(1,639,863)
Financial charges paid	(18,284)	(699,605)
	137,506	(2,339,469)
Net cash used in operating activities	(16,838,516)	47,929,259
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(35,000)	(578,923)
Receipt from other income	-	-
Investments - net	(1)	(49,456,923)
Dividend received	31,625	9,200
Long term investments - net	-	-
Net cash generated from investing activities	(3,376)	(50,026,646)
Net (decrease) / increase in cash and cash equivalents (A+B)	(16,841,892)	(2,097,387)
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	2,041,174	10,098,528

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

Chief Executive

Director

Chief Financial officer

DAWOOD EQUITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2018

	<i>Reserves</i>			<i>Sub-Total</i>	<i>Total Equity</i>	
	<i>Issued, subscribed and paid up capital</i>	<i>Capital</i>				<i>Revenue</i>
		<i>(Loss) / gain on remeasurement of AFS investment</i>	<i>Share premium</i>			<i>Accumulated profit</i>
----- Rupees -----						
Balance as at July 01, 2017	249,965,000	26,629,377	74,973,750	(94,325,703)	7,277,424	257,242,424
Profit for the period ended				(5,889,080)	(5,889,080)	(5,889,080)
Loss on re-measurement of investment available for sale at par value		(10,597,706)			(10,597,706)	(10,597,706)
Balance as at September 30, 2017	249,965,000	16,031,671	74,973,750	(100,214,783)	(9,209,362)	240,755,638
Balance as at October 01, 2017	249,965,000	16,031,671	74,973,750	(100,214,783)	(9,209,362)	240,755,638
Profit for the period ended October - June 2018	-	-	-	14,232,833	14,232,833	14,232,833
Loss on re-measurement of investment available for sale at par value	-	(1,458,987)	-	-	(1,458,987)	(1,458,987)
Total comprehensive income for the period					12,773,846	-
Balance as at June 30, 2018	249,965,000	14,572,684	74,973,750	(85,981,950)	3,564,484	253,529,484
Balance as at July 01, 2018	249,965,000	14,572,684	74,973,750	(85,981,950)	3,564,484	253,529,484
Profit for the period ended				5,204,282	5,204,282	5,204,282
Loss on re-measurement of investment available for sale at par value		(15,889,831)			(15,889,831)	(15,889,831)
Balance as at September 30, 2018	249,965,000	(1,317,147)	74,973,750	(80,777,668)	(7,121,065)	242,843,935

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

Chief Executive

Director

Chief Financial officer

DAWOOD EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 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 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 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 SIGNIFICANT TRANSACTIONS AND EVENT THAT AFFECTED THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards 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 period of the revision and future periods if the revision affects both current and future periods.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report is the same as those applied in the preparation of the financial statements for the year ended June 30 2018

DAWOOD EQUITIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2018 (UNAUDITED)

		(Un-audited)	(Audited)
		September 30	June 30,
		2018	2018
		Rupees	Rupees
5	PROPERTY AND EQUIPMENT		
	Opening net book value	14,530,795	14,551,898
	Add: Additions	35,000	1,037,096
	Less: Disposals-net	-	
	Depreciation	(262,340)	(1,058,199)
	Closing net book value	<u>14,303,455</u>	<u>14,530,795</u>
5.1	Following additions were made during the period		
	Computer		306,696
	Building		15,000
	Furniture		343,000
	Office equipment	35,000	279,400
	Motor vehicle		93,000
		<u>35,000</u>	<u>1,037,096</u>
6	INTANGIBLE ASSETS		
	Trading Rights Entitlement Certificates (TREC)s)	<u>2,500,000</u>	<u>2,500,000</u>
		<u>2,500,000</u>	<u>2,500,000</u>
7	LONG TERM INVESTMENT		
	Investment in shares of Pakistan Stock Exchange		

Limited - available for sale	37,583,322	49,640,015
Unrealized gain on remeasurement at par value	6,812,572	(12,056,693)
	<u>30,770,750</u>	<u>37,583,322</u>

8 SHORT TERM INVESTMENTS

Related Party

At fair value through profit & loss	126,173	3,942
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Others

available for sale at fair value	16,408,423	1,328,968
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available for sale at cost	36,781,380	36,781,380
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Others- at fair value through profit or loss	14,299,553	43,507,693
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	<u>67,489,356</u>	<u>81,621,982</u>
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9 CONTINGENCIES & COMMITMENTS

The status of contingencies as were reported in the financial statements for the year ended June 30, 2018 is same as follows:

9.1 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.

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, currently company is recovering the amount by monthly installment of Rs. 15,000 per month and reversing the provision in similar pattern.

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.

	(Un-audited) September 30 2018 Rupees	(Audited) June 30, 2018 Rupees
Commission earned from brokerage transactions with member companies and key management personnel of members companies	<u>644,618</u>	<u>3,242,344</u>
FDIBL and others Employee Provident Fund	<u>91,197</u>	<u>324,594</u>
Employer's contribution paid		
Expenses paid / payable to member companies	<u>60,000</u>	<u>35,338,719</u>

11 DATE FOR AUTHORIZATION FOR ISSUE

The Board of Directors of the Company authorized these interim financial statements for issue on October 29, 2018.

12 GENERAL

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

Chief Executive

Director

Chief Financial officer