



DAWOOD EQUITIES LIMITED

**Quarterly Report
September 30, 2020
(Un-Audited)**

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DAWOOD EQUITIES LIMITED

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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 Iftekhhar Yakoob (Independent Director)
Ms. Sobia Saif (Independent Director)
Syed Muhammad Abbas (Non executive Director)
Mr. Saifullah

Chief Financial officer & Company Secretary

Mr. Salman Yaqoob

Audit Committee

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

HR & R Committee

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

External Auditor

Reanda Haroon Zakaria & Company
Chartered Accountants

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. Chundrigar Road, Karachi.
Phone No. 021-32271881-1883
Fax No. 021-32275086

Registered Branch Office

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,
Auto Bhan Road, Latifabad No. 3, 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

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 2020.

FINANCIAL PERFORMANCE

This first quarter show extraordinary growth in revenue and profits despite significant economic difficulty amid COVID 19. Revenue witnessed an extraordinary increase to Rs. 28.7 million as compared to Rs.5.21 million in same quarter last year depicted growth of 550.8%, maintaining our increased market share of 2.5% in term of volumes.

The Net Profit of the company arrived at Rs.15.41 million which translate to earning per share of Rs.0.62 in first quarter while breakup value of share increase to Rs 10.23 per share.

The summary of Financial Results is as follows

	September 30, 2020 Rupee	September 30, 2019 Rupee
Gross Revenue	28,714,995	5,212,068
Net Revenue	19,035,871	4,008,057
Administrative Expenses	(6,401,379)	(4,474,918)
Profit / (Loss) after tax	15,413,621	(450,709)
Earnings per share basic and diluted	0.62	(0.02)

TRADING IN SHARES OF THE COMPANY BY DIRECTORS AND EXECUTIVES

During the period, the Chairman of the company reported purchase of 1,800,000 shares of the company at Rs. 2/- in physical form.

Junaid Dada
Chairman

Abdul Aziz Habib
Chief Executive Officer

Karachi: October 26, 2020



DAWOOD EQUITIES LIMITED

ڈائریکٹرز کی رپورٹ

داؤد ایکویٹیز لمیٹڈ (DEL) کے بورڈ آف ڈائریکٹرز کی جانب سے، میں 30 ستمبر 2020ء کو ختم ہونے والی پہلی سہ ماہی کے لئے غیر نظر ثانی شدہ مالی حسابات پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

مالیاتی کارکردگی

COVID-19 کے سچ نمایاں اقتصادی مشکلات کے باوجود اس سہ ماہی نے آمدنی اور منافع میں غیر معمولی نمو ظاہر کی ہے۔ کمپنی نے گزشتہ سال کی اسی سہ ماہی میں 5.21 بلین روپے کے مقابلے میں موجودہ مدت میں 28.7 بلین روپے کی آمدنی حاصل کی جو کہ 550.8% کا اضافہ ظاہر کرتی ہے، جس سے حجم کے لحاظ سے ہمارا مارکیٹ شیئر 2.5% بڑھ رہا ہے۔

کمپنی کا خالص منافع 15.41 بلین روپے پر پہنچ گیا جس کے نتیجے میں پہلی سہ ماہی میں فی حصص آمدنی 0.62 روپے رہی جبکہ شیئر کی ریکاپ ویلیو میں 10.23 روپے فی شیئر اضافہ ہوا۔ مالی نتائج کا خلاصہ حسب ذیل ہے:

30 ستمبر 2019ء	30 ستمبر 2020ء	
5,212,068	28,714,995	مجموعی آمدنی
4,008,057	19,035,871	خالص آمدنی
(4,474,918)	(6,401,379)	انتظامی اخراجات
(450,709)	15,413,621	بعد از ٹیکس منافع / نقصان
(0.02)	0.62	فی شیئر آمدنی بنیادی اور معتدل

ڈائریکٹرز اور ایگزیکٹو کی طرف سے کمپنی کے حصص میں تجارت

اس مدت کے دوران، کمپنی کے چیئرمین نے ہادی شکل میں -2/ روپے پر کمپنی کے 1,800,000 شیئرز کی خریداری کی رپورٹ دی ہے۔

عبدالعزیز حبیب
چیف ایگزیکٹو آفیسر

چنید دادا
چیئرمین



DAWOOD EQUITIES LIMITED

STATEMENT OF FINANCIAL POSITION

As at September 30, 2020

	Note	SEPT 30 2020 Rupees	JUN 30 2020 Rupees
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	5	6,868,129	6,618,593
Investment Property		5,783,925	5,861,625
Intangible assets	6	6,000,000	6,000,000
Long term investment	7	31,438,716	18,839,226
Long term deposits		1,887,500	1,887,500
Deferred taxation		38,540,258	38,540,258
		<u>90,518,527</u>	<u>77,747,201</u>
Current Assets			
Short term investments	8	19,582,890	40,715,753
Trade debts		104,230,130	80,525,673
Receivable against margin finance		7,838,151	1,178,273
Trade deposits and short term prepayments		65,542,560	11,843,484
Other receivable		2,599,306	11,602,883
Tax refunds due from government		22,646,920	19,700,909
Cash and bank balances		6,663,811	2,655,060
		<u>229,103,768</u>	<u>168,222,035</u>
		<u>319,622,295</u>	<u>245,969,236</u>
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Authorized Share Capital			
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		5,963,018	(22,050,092)
Un-realized gain on re-measurement of investment available for sale at par value			
		<u>255,928,018</u>	<u>227,914,908</u>
Non Current Liabilities			
Rental deposits		25,000	25,000
Current Liabilities			
Trade and other payables		63,669,277	18,029,328
Contingencies and Commitments			
	9	-	-
Total Equity and Liabilities		<u>319,622,295</u>	<u>245,969,236</u>


Chief Executive


Director


Chief Financial Officer



DAWOOD EQUITIES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2020

	Quarter Ended	
	30-Sep 2020	30-Sep 2019
	Rupees	
Operating revenue	28,714,995	5,212,068
Less: Commission to agents and dealers	9,679,124	1,204,011
Operating revenue	19,035,871	4,008,057
Capital gain / (loss) on disposal of investments - net	3,729,815	(616,438)
Loss on commodity trading	(11,336)	-
Profit / (loss) on remeasurement of investments carried at fair value through profit and loss	789,160	(564,104)
	23,554,846	2,827,514
Administrative expenses	(6,401,379)	(4,474,918)
	17,153,467	(1,647,404)
Financial charges	(14,860)	(16,375)
	17,138,606	
Other operating income	229,574	1,288,945
Other operating charges	(107,687)	
Profit before taxation	17,260,494	(374,834)
Taxation - net	(1,846,873)	(75,875)
Profit after taxation	15,413,621	(450,709)
Earning per share - basic and diluted	0.62	(0.02)

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

Chief Executive

Director

Chief Financial Officer



DAWOOD EQUITIES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2020**

	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
Profit for the year	15,413,621	(450,709)
Other comprehensive (loss) / income re-measurement of investment available	12,599,490	(9,714,524)
Total comprehensive (loss) / income for the year	<u>28,013,111</u>	<u>(10,165,233)</u>

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

Chief Executive

Director

Chief Financial Officer

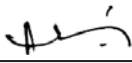


DAWOOD EQUITIES LIMITED

STATEMENT OF CASH FLOW.
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2020

	30-Sep 2020 Rupees	30-Sep 2019 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	15,413,621	(450,709)
Adjustment for non cash items:		
Depreciation	352,700	155,962
Loss / (gain) on remeasurement of investment	(789,160)	564,104
Capital (gain) / loss on disposal of investment	(3,729,815)	616,438
Loss on commodity trading	11,336	-
Dividend income	-	(55,969)
Increase in value of PMEX membership	-	(1,000,000)
Financial charges	14,860	16,375
	<u>11,273,542</u>	<u>(153,798)</u>
(Increase) / decrease in current assets		
Trade debts	(23,704,457)	(1,232,867)
Other receivables	9,003,577	7,354,711
Receivable against MF	(6,659,878)	(215,069)
Trade deposits and short term prepayments	(53,699,076)	(12,394,645)
	<u>(75,059,834)</u>	<u>(6,487,870)</u>
(Decrease) / increase in current liabilities		
Trade and other payables	45,639,950	7,358,641
	<u>(18,146,342)</u>	<u>716,973</u>
Taxes paid	(4,792,883)	(159,073)
Financial charges paid	(14,860)	(16,375)
	<u>(4,807,743)</u>	<u>(175,448)</u>
Net cash used in operating activities	<u>(22,954,086)</u>	<u>541,525</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	508,388	-
Purchase of PMEX Membership Card	-	(2,500,000)
Receipt from other income	229,574	75,876
Investments - net	26,224,875	9,675,896
Dividend received	-	55,969
Net cash generated from investing activities	<u>26,962,837</u>	<u>7,307,740</u>
Net (decrease) / increase in cash and cash equivalents (A+B)	4,008,752	7,849,265
Cash and cash equivalents at the beginning of the period	2,655,060	2,822,842
Cash and cash equivalents at the end of the period	<u>6,663,811</u>	<u>10,672,107</u>

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, 2020**

	<i>Issued, subscribed and paid up capital</i>	<i>Reserves</i>			<i>Sub-Total</i>	<i>Total Equity</i>
		<i>Capital</i>		<i>Revenue</i>		
		<i>(Loss) / gain on remeasurement of AFS investment</i>	<i>Share premium</i>	<i>Accumulated profit</i>		
<i>----- Rupees -----</i>						
Balance as at July 01, 2019	249,965,000	(12,896,239)	74,973,750	(88,002,040)	(25,924,530)	224,040,470
Profit for the period ended				(450,709)	(450,709)	(450,709)
Loss on re-measurement of investment available for sale at par value		(9,714,524)			(9,714,524)	(9,714,524)
Balance as at September 30, 2018	249,965,000	(22,610,763)	74,973,750 #	(88,452,749)	(36,089,763)	213,875,237
Balance as at October 01, 2018	249,965,000	(22,610,763)	74,973,750	(88,452,749)	(36,089,763)	213,875,237
Profit for the period ended October - June 2019	-	-	-	8,554,777	8,554,777	8,554,777
Loss on re-measurement of investment available for sale at par value	-	5,484,893	-	-	5,484,893	5,484,893
Total comprehensive income for the period					14,039,670	
Balance as at June 30, 2019	249,965,000	(17,125,870)	74,973,750 #	(79,897,972)	(22,050,093)	227,914,907
Balance as at July 01, 2019	249,965,000	(17,125,870)	74,973,750	(79,897,972)	(22,050,093)	227,914,907
Profit for the period ended				15,413,621	15,413,621	15,413,621
Loss on re-measurement of investment available for sale at par value		12,599,490			12,599,490	12,599,490
Balance as at September 30, 2019	249,965,000	(4,526,380)	74,973,750 #	(64,484,351)	5,963,018	255,928,018

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


Chief Executive


Director


Chief Financial Officer



DAWOOD EQUITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENT
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2020**

1 CORPORATE INFORMATION, OPERATIONS AND LEGAL STATUS

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

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

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

3.2 Basis of Measurement

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

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

3.3 Functional and presentation currency

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

3.4 Use of estimates and judgments

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

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

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.



DAWOOD EQUITIES LIMITED

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 2020.

	(Un-audited) September 30 2020 Rupees	(Audited) June 30, 2020 Rupees
5 PROPERTY AND EQUIPMENT		
Opening net book value	6,618,594	7,463,573
Add: Additions	508,388	94,500
Less: Disposals-net	-	-
Depreciation	(275,000)	(939,479)
Closing net book value	<u>6,851,982</u>	<u>6,618,594</u>
5.1 Following additions were made during the period		
Computer	413,388	-
Building	-	-
Furniture	40,000	40,000
Office equipment	-	-
Motor vehicle	55,000	54,500
	<u>508,388</u>	<u>94,500</u>
6 INTANGIBLE ASSETS		
UNIVERSAL MEMBERSHIP RIGHT WITH PMEX	3,500,000	3,500,000
Trading Rights Entitlement Certificates (TREC's)	2,500,000	2,500,000
	<u>6,000,000</u>	<u>6,000,000</u>
7 LONG TERM INVESTMENT		
Investment in shares of Pakistan Stock Exchange		
Limited - available for sale	18,839,226	24,738,389
Unrealized gain/(loss) on remeasurement at par value	12,599,490	(5,899,163)
	<u>31,438,716</u>	<u>18,839,226</u>
8 SHORT TERM INVESTMENTS		
At fair value - through other comprehensive income	1,698,480	16,787,890
Others - at fair value through profit & loss	17,884,410	23,927,863
	<u>19,582,890</u>	<u>40,715,753</u>



DAWOOD EQUITIES LIMITED

9 CONTINGENCIES & COMMITMENTS

The status of contingencies for the quarter ended September 30, 2020 are 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 2020 Rupees	(Audited) June 30, 2020 Rupees
Commission earned from brokerage transactions with member companies and key management personnel of members companies	<u>4,529,528</u>	<u>7,399,740</u>
FDIBL and others Employee Provident Fund	<u>95,330</u>	<u>373,788</u>
Employer's contribution paid		
Expenses paid / payable to member companies	<u>60,000</u>	<u>180,000</u>

11 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	September 30 2020 Chief Executive Officer	June 30, 2020 Chief Executive Officer
Managerial remuneration	<u>300,000</u>	<u>1,200,000</u>

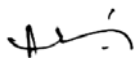
None of the employees fall under the category of executives as defined in Companies Act, 2017.

12 DATE FOR AUTHORIZATION FOR ISSUE

The Board of Directors of the Company authorized these interim financial statements for issue on October 26, 2020.

13 GENERAL

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



 Chief Executive



 Director



 Chief Financial Officer



DAWOOD EQUITIES LIMITED

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