



DAWOOD EQUITIES LIMITED

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DAWOOD EQUITIES LIMITED

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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	Abdul Aziz Habib (Chairman) Non Executive Director Mr. Abdul Qadir Sakhi (Chief Executive) Executive Director Mr. Khalid Rafique (Non Executive Director) Subjected to approval by KSE Mr. Junaid Zakaria Dada (Independent Director) Mr. Asim Iftekhar Yakoob (Independent Director) Ms. Rubina Khanum (Independent Director) Syed Muhammad Abbas (Non Executive Director) Subjected to approval by KSE
Chief Financial Officer & Company Secretary	Mr. Salman Yaqoob
Audit Committee	Mr. Junaid Zikaria Dada - Chairman Mr. Asim Iftekhar Yakoob Rubina Khanum
HR & R Committee	Syed Muhammad Abbas Junaid Zakaria Dada 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 Bank Islami Pakistan Limited Burj Bank Limited Arif Habib Bank Limited MCB Bank Limited
Website	www.dawoodequities.com
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
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 Fax. 021-32621233



DAWOOD EQUITIES LIMITED

NOTICE OF ANNUAL GENERAL MEETING (AGM-VII)

Notice is hereby given that the 8th AGM of the Dawood Equities Limited will be held on Wednesday October 23, 2013 at 8:30 a.m. at the registered office at 1900-B, Saima Trade Towers, I.I. Chundrigar Road, Karachi to transact the following business:

Ordinary Business:

1. To confirm the Minutes of the last General Meeting.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2013 together with Directors and Auditors Reports thereon.
3. To appoint the Auditors and fix their remuneration.
4. Any other Business with the permission of the Chair.

October 02, 2013
Karachi

By Order of the Board
Abdul Qadir Sakhi
Company Secretary

Notes:

1. The share transfer books of the Company shall remain closed from October 17, 2013 to October 23, 2013 (both days inclusive). Shareholders are requested to notify to our Share Registrar FD Registrar Services (SMC-Pvt.) Ltd at 1705, 17th Floor, Saima Trade Towers A, I.I.Chundrigar Road, Karachi, before the close business hours on October 16, 2013, if any change of their address immediately.
2. A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/her behalf. No person other than a member shall act as proxy. Proxy forms, in order to be effective, must be received at the Registered Office, duly stamped and signed not less than 48 hours before the meeting.
3. The CDC account/sub-account holders are requested to bring with them their Computerized National ID Cards (CNIC) along with Participant(s) ID number and their account numbers at the time of attending this meeting in order to facilitate identification of the respective shareholder(s). In respect of a corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signatures be produced at the time of meeting.



DAWOOD EQUITIES LIMITED

DIRECTOR'S REPORT

DIRECTORS' REPORT TO THE MEMBERS

On the behalf of Board of Directors of your company, I am pleased to present herewith Audited Financial Statements of Dawood Equities Limited (the "Company") for the financial year ended June 30, 2013, together with the Auditor's Report thereon.

FINANCIAL PERFORMANCE

The Company performed well during the financial year and earned a operating revenue of Rs. 7.7 million as compare to Rs.3.6 million in last year. The Company reported a before tax and after tax profit of Rs.4.98 million and Rs. 4.88 million respectively during the year as compared to loss before tax and after tax of Rs.18.12 million and Rs 18.36 million in the last year. The earnings per share are Rs. 0.2 however in the same period it was Rs. (0.73) per share. Total traded volumes in DEL during the fiscal year is 389 Million and highest volume of DEL in a day was 6.2 Million.

The current assets are Rs. 123.46 million during the year as compare to Rs. 120.35 million as of June 30, 2012, where as the current liability is Rs. 21.82 million as compare to Rs. 23.93 million as of June 30, 2012.

ECONOMIC & INDUSTRY REVIEW

Following the pattern of missed budgetary targets, fiscal year 2012-13 proved to be another difficult year for Pakistan and the businesses operating within. In contrast with the target of 4.3 percent and the precedent of 4.4 percent previous year, the GDP grew by 3.6 percent this year. As usual, the massive growth in population, which stood at 2 percent, far outweighed the GDP growth. In addition, severe energy crisis, deplorable security environment, huge circular debt, and a turbulent transition of political power to new government for most part of the year hindered growth and made operational survival a challenge. The economic environment did not prove conducive to investments which fell from 14.9 percent to 14.2 percent in 2012-13. Investment to GDP ratio substantially deteriorated and hampered growth. The Current Account deficit also fell to US\$2.1 billion for year 2012-2013, which was made possible through Coalition Support Fund.

The KSE-100 index performed well during the year 2012-2013, gaining 52 % with average daily volume of 201 mn shares. Foreign investors ended up being net buyers worth US\$ 552 million during the fiscal year. The major drive for this extraordinary performance was provided by foreign investors especially with a smooth transition within the Country's democratic process, with elections being held in a timely manner.

STATEMENT OF COMPLIANCE

Your company has implemented provisions of the Code of Corporate Governance, since listing at Karachi 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.

RELATED PARTY TRANSACTIONS

In order to comply with the requirement of listing regulations, the company presented all related party transactions before the Audit Committee and the Board for their review and approval.

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.



DAWOOD EQUITIES LIMITED

AUDIT COMMITTEE

The Audit Committee was constituted by the Board under the requirement of the Code of Corporate Governance. It comprises three directors appointed by the Board of Directors.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

As required by the Code of Corporate Governance we are pleased to report the following:

- 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 Pattern of shareholding as of June 30, 2012 along with disclosure as required under the Code of Corporate Governance is annexed.
- i) The Directors, Chief Executive Officer, CFO and Company Secretary, their spouses and minor children have not traded in the shares of the Company.
- j) Value of DEL Employees Provident Fund is Rs. 93,496/- as of June 30, 2013.

EMPHASIS OF MATTER PARAGRAPH IN AUDITORS' REPORT

We draw attention of the users of the financial statements to the note 17.1 of the financial statements which describe uncertainty related to the outcome of the suit filed by the company against its corporate client for the recovery of Rs. 75.436 million. The ultimate outcome of the matter cannot presently be determined and provision is made to the extent that management expects will be irrecoverable. Our opinion is not qualified in respect of this matter.

The Directors of your company are very optimistic about the outcome of the suit filed for recovery of Rs. 75.436 million. The legal proceeding is still not concluded, but lawyer is confident that the outcome of the case will be in favor of the company and a chance of recovery is very bright. However, 40% provision for irrecoverable debt is provided after considering the contingencies of the event.

BOARD MEETING

A statement showing attendance at Board Meeting is Annexed as Annexure-I

PATTERN OF SHARE HOLDING

A statement showing pattern of share holding is annexed as Annexure-II

CASUAL VACANCY

A casual vacancy has occurred during the year and filled up within the stipulated time frame.

FUTURE OUTLOOK

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 and also diversify its services in other market segments in order to strengthen its revenue resources.



DAWOOD EQUITIES LIMITED

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, 2014.

ACKNOWLEDGEMENT

The Board of Directors wish to record their gratitude to the valued clients, shareholders and business partners for their continued trust they have placed in the company and to record their appreciation to the employees of the Company for their commitment and dedication.

The Board is gratefully acknowledges its gratitude to the Securities & Exchange Commission of Pakistan and Karachi Stock Exchange (Guarantee) Limited for their guidance and support.

Abdul Qadir Sakhi
Chief Executive

Karachi: September 30, 2013.



DAWOOD EQUITIES LIMITED

**Pattern of Share Holding - Form "34"
Shareholders Statistics as at June 30, 2013**

Number Of Share Holders	Share Holding		Total Shares Held
	From	To	
74	1 -	100	1,697
2786	101 -	500	1,383,569
512	501 -	1,000	506,638
601	1,001 -	5,000	1,618,591
156	5,001 -	10,000	1,200,320
43	10,001 -	15,000	557,134
33	15,001 -	20,000	609,460
23	20,001 -	25,000	541,194
11	25,001 -	30,000	307,305
3	30,001 -	35,000	98,370
10	35,001 -	40,000	383,568
4	40,001 -	45,000	174,701
8	45,001 -	50,000	395,251
5	50,001 -	55,000	260,758
3	60,001 -	65,000	188,000
2	65,001 -	70,000	135,500
1	75,001 -	80,000	76,689
3	80,001 -	85,000	250,846
2	85,001 -	90,000	174,330
1	90,001 -	95,000	90,500
7	95,001 -	100,000	700,000
1	100,001 -	105,000	102,000
1	120,001 -	125,000	124,500
1	130,001 -	135,000	133,500
1	155,001	160,000	158,350
1	175,001 -	180,000	176,896
1	195,001	200,000	200,000
3	225,001	230,000	690,000
1	245,001	250,000	250,000
1	250,001 -	255,000	250,933
1	280,001 -	285,000	281,000
1	405,001 -	410,000	408,630
1	485,001	490,000	490,000
1	495,001 -	500,000	500,000
1	510,001 -	515,000	514,280



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1	550,001	555,000	551,000
1	595,001 -	600,000	600,000
1	790,001 -	795,000	792,490
1	995,001 -	1,000,000	998,000
1	2,470,001 -	2,475,000	2,475,000
1	2,495,001	2,500,000	2,499,000
1	3,145,001	3,150,000	3,150,000

4,311

25,000,000

S. No.	Categories Of Shareholders	Number Of Share Holders	Total Shares Held	Percentage
1	Individuals	4,282	16,710,879	66.84
2	Financial Institutions	3	3,834,000	15.34
3	Investment Companies	3	750,500	3.00
4	Joint Stock Companies	20	205,974	0.82
5	Modaraba	1	2,499,000	10.00
6	Insurance Companies	1	1,647	0.01
7	Mutual Fund	1	998,000	3.99
		4,311	25,000,000	100.00



DAWOOD EQUITIES LIMITED

**Details of Pattern of Share holding as Per requirements of
Code of Corporate Governance as on June 30, 2013**

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		51,153	0.23
	Haji Abdul Ghani Haji Usman (Resigned)		49,650		
	Mrs. Rubina Khannum		1,000		
	Mr. Asim Ifkikhar		500		
	Mr. Aziz Habib		1		
	Mr. Junaid Zakaria Dada		1		
	Mr. Abdul Qadir Sakhi		1		
4	Executive		Nil		
5	Public Sector Companies & Corporations			1,647	0.01
6	Banks, DFIs, NBFIs, Modarabas, Insurance Companies, Mutual Funds & Others	28		8,287,474	33.15

Shareholders holding Shares 5% or more

Total Paid up Capital	25,000,000	Shares	
		Holding	%
The Bank of Khyber		3,750,000	15.00
B.R.R. Guardian Modaraba		2,499,000	9.996
Muhammad Ayub		2,475,000	9.900



DAWOOD EQUITIES LIMITED

FINANCIAL HIGHLIGHTS

Financial Year ending June 30,	2,013	2,012	2,011	2,010	2,009	2,008
Operating Results						
Operating Revenue	7,723,326	3,615,580	4,263,149	7,547,411	20,684,580	8,890,436
Capital (Loss) / Gain on disposal investment-net	1,757,630	(72,825)	1,923,139	3,470,647	(59,315,145)	8,529,024
Loss/Gain on remeasurement of investments carried at fair value of through profit and loss	2,426,430	(1,520,861)	(996,440)	(4,733,980)	(32,083,521)	50,026,011
Administrative Expenses	7,222,355	7,281,577	10,842,782	11,091,206	36,578,362	48,737,085
Financial Charges	(54,591)	(58,827)	(43,441)	370,940	19,340,080	35,968,647
Other Operating Income	569,110	9,141,707	514,461	623,639	573,580	117,711
Other Charges	(214,282)	(21,946,809)	(44,666,936)	(40,524,648)	-	-
(Loss)/Profit before taxation	4,985,268	(18,123,612)	(49,848,850)	(45,079,077)	(126,058,948)	62,927,450
Taxation	(103,799)	(243,398)	(246,431)	(619,602)	502,519	5,480,446
(Loss)/Gain after taxation	4,881,469	(18,367,010)	(50,095,281)	(45,698,679)	(126,561,467)	57,447,004
EPS	0.20	(0.73)	(2.00)	(2.00)	(5.00)	2.00
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	250,000,000
Reserves	(88,876,211)	(93,757,680)	(75,390,670)	(25,295,389)	20,403,290	146,991,007
Share Application Money	-	-	-	-	-	-
Assets & Liabilities						
Total Assets	182,916,871	180,140,999	185,460,079	255,213,009	456,656,729	850,282,394
Current Assets	123,463,791	120,357,486	125,138,452	139,924,970	358,601,378	750,264,951
Current Liabilities	21,828,082	23,933,679	10,885,749	12,801,173	186,236,617	203,212,170



DAWOOD EQUITIES LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company: Dawood Equities Limited

Year Ended: June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of Chapter XI listing regulation of Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on the Board of Directors. At present the Board includes:

Category	Names
Executive Directors	Mr. Abdul Qadir Sakhi
Non-Executive Directors	Mr. Abdul Aziz Habib
	Mr. Muhammad Abbass
	Mr. Khalid Rafique
Independent Directors	Mr. Junaid Zakaria Dada
	Mr. Asim Iftikhar Yaqub
	Mrs. Rubina Khannum

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered tax payers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution (DFI) or a Non-Banking Finance Institution (NBFI) or, being a member of a stock exchange, has been declared as defaulter by that stock exchange.
4. Two casual vacancies have occurred during the period of which has been filled by the Board.
5. The company has developed "Code of Conduct" and appropriate steps are taken to disseminate it throughout the company along with its supporting policies and procedures.



DAWOOD EQUITIES LIMITED

6. 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.
7. All the powers of the Board have duly executed and decisions on material transactions, including appointment and determination of remuneration and terms and conditions or employment of the CEO, other executive and non-executive directors, have been taken by the Board/Shareholders.
8. 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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were appropriately recorded and circulated. The minutes of the meetings were appropriately recorded and circulated.
9. The directors at the Board are adequately trained to perform their duties and have been provided in-house presentation to acquaint them on their roles and responsibilities under the requirements of CCG. During this financial year, none of the director has attended any training program of Corporate Governance due to their busy schedule. However, Company has planned the same for the coming year.
10. The Board had approved appointment of CFO and Company Secretary and head of internal audit including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors and the Chairman of the Committee is non executive director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been framed and advised to the Committee for compliance.



DAWOOD EQUITIES LIMITED

17. The Board has formed an HR and Remuneration Committee. It comprises 3 members; all of them including Chairman are non-executive directors.
18. The Board has setup an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control program of the Institute of Chartered Accountants of Pakistan (ICAP), 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 Association of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The closed period, prior to the announcement of interim/final results and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all participants at once through stock exchange, if any.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors

Abdul Qadir Sakhi

Chief Executive Officer

Karachi

Dated : 30th September, 2013



DAWOOD EQUITIES LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **DAWOOD EQUITIES LIMITED** as at June 30, 2013 and related profit and loss account, statement of other comprehensive income, statement of cash flow and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except changes as given in notes 3.3.3 with which we concur:

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statements of comprehensive income, statement of cash flow and statement of changes in equity together with notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so



DAWOOD EQUITIES LIMITED

required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the Profit, its cash flows and changes in equity for the year then ended; and
(d) in our opinion, no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

Emphasis of matter

We draw attention of the users of the financial statements to the note 18.1 of the financial statements which describe uncertainty related to the outcome of the suit filed by the company against its corporate client for the recovery of Rs. 75.436 million. The ultimate outcome of the matter cannot presently be determined and provision is made to the extent that management expects will be irrecoverable.

Our opinion is not qualified in respect of this matter.



Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated:

Engagement Partner:
Farhan Ahmed Memon



DAWOOD EQUITIES LIMITED

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE
WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of DAWOOD EQUITIES LIMITED ("the company") to comply with the Listing Regulation No.35 of the Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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's 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.

Further, Sub - Regulation (x) of Listing Regulation No 35 notified by The Karachi Stock Exchange Limited requires the company to place before Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken 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 best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2013.

We draw attention to note 9 of the annexed Statement of Compliance which highlights that none of the directors has attended any training program of Corporate Governance.

Our conclusion is not qualified in respect of this matter.



Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Date: 30 Sep. 2013



DAWOOD EQUITIES LIMITED

BALANCE SHEET

AS AT JUNE 30, 2013

	<i>Note</i>	<i>2013 Rupees</i>	<i>2012 Rupees</i>
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	4	30,580	71,013
Intangible assets	5	21,948,818	58,575,000
Long term investment	6	36,336,182	-
Long term deposits	7	1,137,500	1,137,500
Deferred taxation	8	-	-
		59,453,080	59,783,513
Current Assets			
Short term investments	9	49,882,302	48,657,560
Trade debts	10	63,394,016	56,005,480
Loan to staff		5,000	5,000
Trade deposits and short term prepayments	11	830,454	533,803
Other receivable	12	4,611,563	2,655,089
Tax refunds due from government	13	2,961,607	2,944,377
Bank balances	14	1,778,849	9,556,177
		123,463,791	120,357,486
Total Assets		182,916,871	180,140,999
<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	15	249,965,000	249,965,000
Reserves	16	(88,876,211)	(93,757,680)
		161,088,789	156,207,320
Current Liabilities			
Trade and other payables	17	21,828,082	23,933,679
Contingencies and commitments	18	-	-
Total Equity and Liabilities		182,916,871	180,140,999

The annexed notes from 1 to 34 form an integral part of these financial statements


 Chief Executive


 Director



DAWOOD EQUITIES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2013

	<i>Note</i>	<i>2013 Rupees</i>	<i>2012 Rupees</i>
Operating revenue	19	7,723,326	3,615,580
Capital gain / (loss) on disposal of investments - net	20	1,757,630	(72,825)
Gain / (Loss) on remeasurement of investments carried at fair value through profit and loss	21	<u>2,426,430</u>	<u>(1,520,861)</u>
		11,907,386	2,021,894
Administrative expenses	22	<u>(7,222,355)</u>	<u>(7,281,577)</u>
		4,685,031	(5,259,683)
Financial charges	23	<u>(54,591)</u>	<u>(58,827)</u>
		4,630,440	(5,318,510)
Other operating income	24	569,110	9,141,707
Other operating charges	25	<u>(214,282)</u>	<u>(21,946,809)</u>
Profit / (Loss) before taxation		4,985,268	(18,123,612)
Taxation	26	<u>(103,799)</u>	<u>(243,398)</u>
Profit / (Loss) after taxation		<u>4,881,469</u>	<u>(18,367,010)</u>
Earning / (Loss) per share - Basic and diluted	27	<u>0.20</u>	<u>(0.73)</u>

The annexed notes from 1 to 34 form an integral part of these financial statements


Chief Executive


Director



DAWOOD EQUITIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2013

	<i>2013</i>	<i>2012</i>
	<i>Rupees</i>	<i>Rupees</i>
Profit / (Loss) for the year	4,881,469	(18,367,010)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	<u>4,881,469</u>	<u>(18,367,010)</u>

The annexed notes from 1 to 34 form an integral part of these financial statements

Chief Executive

Director



DAWOOD EQUITIES LIMITED

CASH FLOWS STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	<i>2013</i>	<i>2012</i>
	<i>Rupees</i>	<i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	4,985,268	(18,123,612)
Adjustment for non cash items:		
Depreciation	73,793	179,264
(Gain) / Loss on remeasurement of investment	(2,426,430)	1,520,861
Reversal of impairment	-	(6,704,436)
Capital (gain) / Loss on disposal of investment	(1,757,630)	72,825
Dividend income	(397,299)	(82,421)
Amortization on intangible assets	290,000	290,000
(Reversal) / Provision for doubtful debts	(1,462,641)	20,587,448
Gain on sale of vehicle	-	(120,150)
Provision for impairment	-	253,946
Arrived income write-off	1,241,423	648,415
Financial charges	54,591	58,827
	601,075	(1,419,033)
(Increase) / decrease in current assets		
Trade debts	(5,925,895)	(1,580,215)
Loan and advances	-	128,790
Other receivables	(1,956,474)	(1,802,174)
Trade deposits and short term prepayments	(296,651)	(37,649)
	(8,179,020)	(3,291,248)
(Decrease) in current liabilities		
Trade and other payables	(2,105,597)	13,047,930
	(2,105,597)	13,047,930
	(9,683,542)	8,337,649
Taxes paid	(121,029)	(47,032)
Financial charges paid	(54,591)	(58,827)
	(175,620)	(105,859)
Net cash (used in) / generated from operating activities	(9,859,162)	8,231,790



DAWOOD EQUITIES LIMITED

CASH FLOWS STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	<i>2013</i>	<i>2012</i>
	<i>Rupees</i>	<i>Rupees</i>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(33,360)	-
Proceeds from sale of property and equipment	-	189,000
Disposal of investments - net	1,717,895	(3,013,059)
Dividend received	397,299	82,421
Net cash generated from/(used in) investing activities	<u>2,081,834</u>	<u>(2,741,638)</u>
Net (decrease)/increase in cash and cash equivalents	(7,777,328)	5,490,152
Cash and cash equivalents at the beginning of the period	<u>9,556,177</u>	<u>4,066,025</u>
Cash and cash equivalents at the end of the period	<u>1,778,849</u>	<u>9,556,177</u>

The annexed notes from 1 to 34 form an integral part of these financial statements



 Chief Executive



 Director



DAWOOD EQUITIES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	<i>Issued, subscribed and paid up capital</i>	<i>Reserves</i>		<i>Total</i>	<i>Total Equity</i>
		<i>Capital Share premium</i>	<i>Revenue Accumulated (loss) / profit</i>		
----- Rupees -----					
Balance as at July 01, 2011	249,965,000	74,973,750	(150,364,420)	(75,390,670)	174,574,330
Total comprehensive loss for the year	-	-	(18,367,010)	(18,367,010)	(18,367,010)
Balance as at June 30, 2012	249,965,000	74,973,750	(168,731,430)	(93,757,680)	156,207,320
Total comprehensive income for the year	-	-	4,881,469	4,881,469	4,881,469
Balance as at June 30, 2013	249,965,000	74,973,750	(163,849,961)	(88,876,211)	161,088,789

The annexed notes from 1 to 34 form an integral part of these financial statements


 Chief Executive


 Director



DAWOOD EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

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 Karachi Stock Exchange (Guarantee) 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 PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except as otherwise mentioned in these financial statements. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting 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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the financial statements are described as follows: -

Property and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its property and equipment. This also includes estimating the residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipments with a corresponding affect on the depreciation charge and impairment.

Income Taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Intangible Assets

The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the amortization charge and impairment.

Investments stated at Fair Value

The Company has determined fair value of certain investments by using quotations from active market. Fair value estimates are made at a specific point of time based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgments (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

Trade and Other Receivables

The Company reviews its debtors portfolio regularly to assess amount of any provision required against such trade debtors. Provisions are made after adjustment of liquid securities available.

2.5 Standards, amendments and interpretations which became effective during the year

During the year certain amendments to Standards and new interpretations became effective however they did not have any material effect on the financial statements of the Company.

2.6 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements, other than increased disclosures in certain cases:



DAWOOD EQUITIES LIMITED

<i>Standards or interpretation</i>	<i>(effective for annual periods beginning on or after)</i>
IFRS-7 Financial Statement Disclosures (Amendment)	January 01, 2013 & January 01, 2015
IAS 1 Presentation of Financial Statements (Amendments)	January 01, 2013
IAS 27 Separate Financial Statements	January 01, 2013
<i>Standards or interpretation</i>	<i>(effective for annual periods beginning on or after)</i>
IAS 28 Investments in Associates and Joint Ventures	January 01, 2013
IAS 32 Financial Instruments: Presentation (Amendments)	January 01, 2014
IFRIC 20 Stripping cost in the production phase of surface mine.	January 01, 2013
IFRIC 21 Levies	January 01, 2014

The Company expect that the adoption of the above standards and interpretation will not have any material impact on its financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB (International Accounting Standards Board). Such improvements are generally effective for accounting periods beginning on or after January 01, 2013. The Company expect that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

<i>Standards</i>	<i>(effective for annual periods beginning on or after)</i>
IFRS 9 Financial Instruments	January 01, 2015
IFRS 10 Consolidated Financial Statements	January 01, 2013
IFRS 11 Joint Arrangements	January 01, 2013
IFRS 12 Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 Fair Value Measurement	January 01, 2013

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property and Equipment

These are initially recognized at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is calculated on straight line basis over the estimated useful life of the assets. Depreciation on additions is charged from the month in which they are available for use and on deletions up to the month of deletion. The estimated useful lives for the current and comparative periods are mentioned in note 4.



DAWOOD EQUITIES LIMITED

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace an item of property and equipment is capitalized and the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

The residual values and useful lives of assets are reviewed and adjusted, if impact on depreciation is significant. The company's estimate of residual values of property and equipment as at June 30, 2012 has not required any adjustment as its impact is considered insignificant.

Gains and losses on disposal of assets, if any, are taken to profit and loss account.

3.2 Intangible Assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

KSE Room

Office is taken as intangible because its entitlement is dependent on investment in KSE. These are not amortized due to the fact that they have indefinite useful life. Useful life can not be ascertained as it is unknown that how long member will hold the office. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, which is taken as higher of fair value less cost to sell and value in use. Where the carrying value exceeds estimated recoverable amount, it is written down to it.

Trading Rights Entitlement Certificates

Trading Rights Entitlement Certificates are measured in a manner as specified in note 3.3.3.

Software

Costs directly associated with identifiable software products that will have probable economic benefits exceeding costs beyond one year are recognized as an intangible asset. Direct costs include the purchase costs of software and other directly attributable costs of preparing the software for its intended use.

This is initially stated at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged applying straight line method over estimated useful life of the software.

3.3 Investments

All investments are initially recognized at fair value, being the cost of the consideration given including transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the profit and loss account.

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 trade date. Trade date is the date on which the Company commits to purchase or sale an asset.

The management determines the appropriate classification of the investment made by the Company in accordance with the requirements of International Accounting Standards (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of purchase.



DAWOOD EQUITIES LIMITED

The Company classifies its investments in the following categories: -

3.3.1 Financial assets 'at fair value through profit or loss - held for trading'

Financial assets that are acquired principally for the purpose of generating profit from short term fluctuations in market price, interest rate movements or are financial assets included in a portfolio in which pattern of short-term profit taking exists.

A non-derivative financial asset is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction cost are recognized in profit or loss when incurred. Investments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

3.3.2 Available for sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available for sale'.

'Available for sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these financial assets are recognized in other comprehensive income, until the available for sale financial assets are derecognized. At this time, the cumulative gain or loss previously recognized directly in other comprehensive income is reclassified from other comprehensive income to profit or loss as a reclassification adjustment.

3.3.3 Shares of Karachi Stock Exchange Limited

Membership card is surrendered by the Company in lieu of shares of KSEL and TREC. Such shares are treated as investment available for sale and valued by apportioning the value of previous membership card. Value of previous membership card is apportioned in the ratio in which base minimum capital is allocated to shares and TREC.

3.4 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loan and receivables are carried at amortized cost using the effective interest method.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade date-the date on which the Company commits to purchase or sales the assets. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the right to receive the cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownerships.

The Company assesses to each balance sheet date whether there is objective evidence that a financial asset at a group of financial assets is impaired.



DAWOOD EQUITIES LIMITED

3.5 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade and other receivables is made when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprises cash and bank balances and short term investments having maturity Upto three months net of short term borrowings which are repayable on demand.

3.7 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.8 Borrowing Cost

Borrowing costs are interest or other auxiliary costs incurred by the Company in connection with borrowing of funds and is treated as periodic cost and charged to profit and loss account.

3.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in equity or below equity, in which case it is recognized in equity or below equity respectively.

Current

Provision for taxation is determined in accordance with the provisions of Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The Company recognizes a deferred tax asset only to the extent that it is probable that future taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.10 Provisions

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



DAWOOD EQUITIES LIMITED

3.11 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization if no impairment loss had been recognized.

3.12 Financial instruments

Financial Instruments carried on the balance sheet date include investments, loans and advances, deposits and prepayments, trade debts and other receivables, accrued income on investments, cash and bank balances, short term borrowings, trade and other payables and accrued markup on short term finance.

Financial Assets

The Company classifies its financial assets in held to maturity, held for trading and loans and receivables categories. The classification depends on the purpose for which assets are acquired. Management determines the classification of its financial assets at initial recognition.

Financial Liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

3.13 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when the Company has a legally enforceable right to off-set the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

3.14 Revenue recognition

Brokerage, commission and other income are recognized as and when services have been provided.

Capital gains and losses on sale of marketable securities are recorded on the date of sale.

Dividend income on equity investments is recognized, when the right to receive the same is established.



DAWOOD EQUITIES LIMITED

Unrealized Capital gains / (losses) arising from marking investment to the market value of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account in the period in which they arise.

Income on placement of funds is recognized on accrual basis.

Income from Custody / Laga / NCSS Fees is recognized on occurrence of transactions.

3.15 Transactions with related parties

Transactions with related parties are carried out at arm's length using the methods prescribed in the Companies Ordinance, 1984.

3.16 Earnings per share

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year.

3.17 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.



DAWOOD EQUITIES LIMITED

4 PROPERTY AND EQUIPMENT

<i>Particulars</i>	<i>Owned Assets</i>				<i>Total</i>
	<i>Computers</i>	<i>Office equipment</i>	<i>Furniture & fixture</i>	<i>Motor vehicle</i>	
	----- Rupees -----				
<i>Year ended June 30, 2013</i>					
Opening net book value	-	71,013	-	-	71,013
Additions	33,360	-	-	-	33,360
Disposals					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
Net book value	-	-	-	-	-
Depreciation charge	(2,780)	(71,013)	-	-	(73,793)
Closing net book value	30,580	-	-	-	30,580
As at June 30, 2013					
Cost	1,280,587	597,687	-	-	2,351,374
Accumulated Depreciation	(1,250,007)	(597,687)	-	-	(2,320,794)
	30,580	-	-	-	30,580
<i>Year ended June 30, 2012</i>					
Opening net book value	40,578	190,549	-	88,000	319,127
Additions	-	-	-	-	-
Disposals					
Cost	-	-	(26,455)	(1,024,000)	(1,050,455)
Depreciation	-	-	26,455	955,150	981,605
	-	-	-	(68,850)	(68,850)
Depreciation charge	(40,578)	(119,536)	-	(19,150)	(179,264)
Closing net book value	-	71,013	-	-	71,013
As at June 30, 2012					
Cost	1,247,227	597,687	-	473,100	2,318,014
Accumulated Depreciation	(1,247,227)	(526,674)	-	(473,100)	(2,247,001)
	-	71,013	-	-	71,013
Depreciation rate	33%	20%	20%	20%	

5 INTANGIBLE ASSETS

	<i>Note</i>	<i>2013 Rupees</i>	<i>2012 Rupees</i>
Computer software	5.1	260,000	550,000
TREC and KSE room	5.2	21,688,818	58,025,000
		<u>21,948,818</u>	<u>58,575,000</u>



DAWOOD EQUITIES LIMITED

	<i>Note</i>	<i>2013</i> <i>Rupees</i>	<i>2012</i> <i>Rupees</i>
5.1 Computer Software			
Opening net book value		550,000	840,000
Amortization Charge		(290,000)	(290,000)
Closing net book value		260,000	550,000
As at June 30, 2013			
Cost		1,450,000	1,450,000
Accumulated amortization		(1,190,000)	(900,000)
		260,000	550,000
Rate of amortization (%)		20	20
5.2 TREC and KSE room			
Membership card	6.1	-	50,000,000
KSE room		8,025,000	8,025,000
Trading Rights Entitlement Certificates (TRECs)	5.2.1	13,663,818	-
		21,688,818	58,025,000

5.2.1 Pursuant to the promulgation of the stock exchange (Corporatisation, Demutualization and Integration) Act, 2012 (The Act), the ownership in a stock exchange has been segregated from the right to trade on the exchange. Accordingly, the company has received equity shares of KSE and a Trading Right Entitlement Certificates (TRECs) in lieu of its membership card of KSE.

	<i>Note</i>	<i>2013</i> <i>Rupees</i>	<i>2012</i> <i>Rupees</i>
6 LONG TERM INVESTMENTS			
Investment in shares of Karachi Stock Exchange Limited - available for sale	6.1	36,336,182	-

6.1 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 KSEL by issuance of 4,007,383 shares to each member in the following manner:

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.

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.



DAWOOD EQUITIES LIMITED

	<i>2013</i>	<i>2012</i>
	<i>Rupees</i>	<i>Rupees</i>
7 LONG TERM DEPOSITS		
Karachi Stock Exchange Limited	700,000	700,000
Central Depository Company Limited	137,500	137,500
National Clearing Company Pakistan Limited	300,000	300,000
	<u>1,137,500</u>	<u>1,137,500</u>

8 DEFERRED TAXATION

Relating to deductible temporary difference

Accelerated tax depreciation	(70,794)	(148,251)
Trade debts-provision for doubtful debts	(28,038,871)	(28,550,795)
Tax losses	(50,742,959)	(52,096,813)
Deferred tax asset	(78,852,624)	(80,795,859)
Deferred tax asset not recognized	78,852,624	80,795,859
	<u>-</u>	<u>-</u>

8.1 Deferred tax asset has not been recognised on the ground that uncertainty exist regarding future profits of the Company against which the asset could be utilized.

	<i>Note</i>	<i>2013</i>	<i>2012</i>
		<i>Rupees</i>	<i>Rupees</i>
9 SHORT TERM INVESTMENTS			
In related parties - at fair value through profit & loss	9.1	2,247,631	956,707
In related parties - available for sale	9.2	38,205,000	39,446,423
Others - at fair value through profit & loss	9.3	9,429,671	8,254,430
		<u>49,882,302</u>	<u>48,657,560</u>

9.1 In related parties - at fair value through profit & loss

	<i>2013</i>	<i>2012</i>		<i>2013</i>	<i>2012</i>
	<i>Number of Shares</i>			<i>Rupees</i>	<i>Rupees</i>
567,613	567,613	Dawood Capital Management Ltd.		766,278	874,124
127,805	127,805	First Dawood Investment Bank Ltd.		190,429	255,529
				<u>956,707</u>	<u>1,129,653</u>
		Gain / (Loss) on remeasurement of investments		<u>1,290,924</u>	<u>(172,946)</u>
				<u>2,247,631</u>	<u>956,707</u>



DAWOOD EQUITIES LIMITED

	<i>Note</i>	<i>2013 Rupees</i>	<i>2012 Rupees</i>
The market value of each listed security is as follows:			
Dawood Capital Management Ltd.		3.55	1.35
First Dawood Investment Bank Ltd.		1.82	1.49

9.2 In related parties - available for sale

2012 *2012*
---- *Number of Shares* ----

3,820,500	3,820,500	Dawood Family Takaful Limited	9.2.1	38,205,000	39,446,423
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9.2.1 Investment available for sale - provision for impairment

Investment at cost		38,205,000	32,741,987
Reversal of impairment	9.2.3	<u>-</u>	<u>6,704,436</u>
		38,205,000	39,446,423

9.2.2 The breakup of value of these shares based on last available audited financial statements, i.e. for the year ended December 31, 2012, of the investee Company is Rs. 6.86 (2012 : Rs.7.37) per share.

9.2.3 The impairment is reversed on account of improvement in estimated future cash flow and further impairment is not recorded because loss after tax is reduced to Rs.42,993,408 as compared to Rs.90,375,641 of last year.

	<i>Note</i>	<i>2013 Rupees</i>	<i>2012 Rupees</i>
9.3 Other investments - at fair value through profit and loss			
Ordinary Shares	9.3.1	7,990,943	7,233,365
Units of mutual funds	9.3.4	<u>1,438,728</u>	<u>1,021,065</u>
		9,429,671	8,254,430

9.3.1 Held for trading - Ordinary Shares

2013 *2012*
---- *Number of Shares* ----

2,900	2,900	Adamjee Insurance Company Limited	168,925	183,135
12,420	2,200	Arif Habib Corporation Limited	326,796	72,600
10,070	8,000	Askari Commercial Bank Limited	150,942	125,200
600	600	Attock Petroleum Limited	284,622	291,600
-	11,500	Azgard Nine Limited	-	53,423
1,171	-	Akzo Noble Pakistan Limited	118,248	-
14,500	12,000	D.G. Khan Cement Limited	685,300	482,400
10,000	-	Dost Steel Limited	54,300	-
		b/f	<u>1,789,132</u>	<u>1,208,358</u>



DAWOOD EQUITIES LIMITED

<i>2013</i>	<i>2012</i>		<i>2013</i>	<i>2012</i>
----- <i>Number of Shares</i> -----		<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
		c/f	1,789,132	1,208,358
104,475	104,475	Engro Polymer & Chemical Limited	1,029,059	1,030,424
-	4,030	Engro Corporation Limited	-	439,781
9,675	9,675	Fauji Fertilizer Bin Qasim Limited	394,934	427,611
3,025	3,025	Fauji Fertilizer Company Limited	335,926	375,047
5,000	-	Fatima Fertilizer company Limited	128,550	-
2,328	3,500	ICI Pakistan Limited	386,448	444,500
1,500	1,500	Kot Addu Power Company Limited	67,500	64,875
1,000	1,000	Lucky Cement Limited	202,282	130,700
10,000	-	Maple Leaf Cement Factory Limited	247,000	-
10,175	4,500	National Bank Limited	416,180	204,750
1,535	1,535	National Refinery Limited	355,184	527,640
6,000	11,000	Nishat Mills Limited	285,480	591,800
-	3,800	Pakistan State Oil Company Limited	-	448,941
-	175	Pakistan Oil Fields Limited	-	62,773
220	-	Aisha Steel Limited - Preference Shares received as specie dividend	-	-
174,172	174,172	Lotte Chemical Pakistan Limited	1,224,428	2,208,694
			6,862,103	8,165,895
		Gain / (Loss) on remeasurement of investments	1,128,840	(932,530)
			7,990,943	7,233,365

9.3.2 This includes securities with fair value of Rs.23.458 (2012 : Rs.6.790) million pledged with Karachi Stock Exchange Limited against trading.

<i>2013</i>	<i>2012</i>
<i>Rupees</i>	<i>Rupees</i>

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

Adamjee Insurance Company Limited	76.08	58.25
Arif Habib Corporation Limited	22.16	30.93
Askari Commercial Bank Limited	15.22	13.57
Attock Petroleum Limited	561.12	474.37
Azgard Nine Limited	-	6.40
Akzo Noble Pakistan Limited	60.13	-
D.G. Khan Cement Limited	83.69	39.38
Dost Steel Limited	4.73	-
Engro Polymer & Chemical Limited	12.16	9.85
Engro Corporation Limited	-	101.84
Fauji Fertilizer Bin Qasim Limited	37.54	40.82
Fauji Fertilizer Company Limited	107.43	111.05
Fatima Fertilizer company Limited	24.83	-
ICI Pakistan Limited	166.43	127.00
Kot Addu Power Company Limited	61.88	45.00
Maple Leaf Cement Factory Limited	21.93	-
Lucky Cement Limited	209.72	115.39



DAWOOD EQUITIES LIMITED

	<i>2013</i>	<i>2012</i>
	<i>Rupees</i>	<i>Rupees</i>
National Bank Limited	41.12	43.54
National Refinery Limited	240.58	231.39
Nishat Mills Limited	94.21	47.58
Pakistan State Oil Company Limited	-	235.84
Pakistan Oil Fields Limited	-	366.94
Lotte Chemical Pakistan Limited	7.62	7.03

9.3.4 Units of mutual funds

	<i>2013</i>		<i>2012</i>
		----	Number of Units
-		111,255	NAFA Stock Fund
129,626		-	NAFA Government Securities Liquid Fund
1,243		1,243	NAMCO Income Fund
			Gain on remeasurement of units
	1,432,063		806,084
	6,666		214,981
	1,438,728		1,021,065

9.3.5 The market value of each unit of fund is as follows:

NAFA Stock Fund	-	7.94
NAMCO Income Fund	110.70	110.82
NAFA money market Fund	10.04	-

Note

10 TRADE DEBTS

Considered good		14,591,015	5,002,283
Considered doubtful		128,914,060	132,576,897
	10.1	143,505,075	137,579,180
Provision for considered doubtful	10.2	(80,111,059)	(81,573,700)
		63,394,016	56,005,480

10.1 This includes amount of Rs.30.730 million (2012 : Rs.31.073) million receivable from individual related parties of the Company against which provision amounting to Rs.29.880 million (2012 : Rs.30.331) million has been made by the Company.

Note *2013* *2012*
Rupees *Rupees*

10.2 Provision for trade debts considered doubtful:

Opening balance		81,573,700	60,986,252
Provision made during the year	25	-	20,587,448
Provision reverse during the year	25	(1,462,641)	-
		80,111,059	81,573,700



DAWOOD EQUITIES LIMITED

	<i>Note</i>	<i>2013</i> <i>Rupees</i>	<i>2012</i> <i>Rupees</i>
11 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits		761,000	473,803
Prepayments		69,454	60,000
		830,454	533,803
12 OTHER RECEIVABLES			
<i>- Considered good</i>			
Receivable from Karachi Stock Exchange Limited		2,009,238	130,048
Receivable from NCCPL		1,281,036	1,493,435
Receivable from Dawood Money Market Fund - related party		960,016	960,016
Receivables from Dealers		360,248	71,591
Dividend Receivable		1,025	-
		4,611,563	2,655,089
13 TAX REFUNDS DUE FROM GOVERNMENT			
Opening balance		2,944,377	3,140,743
Add: Paid during the period		121,029	47,032
		3,065,406	3,187,775
Provision for taxation		(103,799)	(243,398)
		2,961,607	2,944,377
14 BANK BALANCES			
Cash at bank			
Current accounts		1,762,559	9,403,657
Saving accounts	14.1	16,290	152,520
		1,778,849	9,556,177
14.1 Saving accounts carries mark-up at the rate of 6% (2012 : 6%) per annum.			
15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
	<i>2013</i>	<i>2012</i>	
	<i>Number of Ordinary</i>		
	<i>shares of Rs.10 each</i>		
24,996,500	24,996,500	Fully paid in cash	249,965,000 249,965,000
16 RESERVES			
<i>- Capital reserve</i>			
Share premium is capital reserve and is held for utilization of purposes as stated in section 83 of the Companies Ordinance, 1984.			



DAWOOD EQUITIES LIMITED

	<i>Note</i>	<i>2013 Rupees</i>	<i>2012 Rupees</i>
17 TRADE AND OTHER PAYABLES			
Trade creditors	17.1	17,094,745	22,375,499
Accrued expenses		3,662,699	1,401,751
Withholding tax payable		1,070,638	156,429
		<u>21,828,082</u>	<u>23,933,679</u>

17.1 This includes amount of Rs.0.039 (2012 : Rs.2.232) million payable to related parties of the Company.

18 CONTINGENCIES AND COMMITMENTS

18.1 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.

18.2 The Company has also filed Civil Suit in the High Court of Sindh against an individual Customer for recovery of Rs.29,886,394. The company has already made 100% provision.

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

	<i>Note</i>	<i>2013 Rupees</i>	<i>2012 Rupees</i>
For purchase of shares		<u>34,847,069</u>	<u>23,810,618</u>
For sale of shares		<u>35,056,620</u>	<u>19,567,827</u>

19 OPERATING REVENUE

Brokerage commission	19.1	6,382,924	2,965,323
Custody / Laga / NCSS Fees		943,103	567,836
Dividend income		397,299	82,421
		<u>7,723,326</u>	<u>3,615,580</u>

19.1 Brokerage commission

Gross commission	23,833,311	9,859,514
Sales tax/ Federal excise duty	3,244,420	(1,357,340)
	20,588,891	8,502,174
Commission to agents and dealers	(14,205,967)	(5,536,852)
	<u>6,382,924</u>	<u>2,965,323</u>



DAWOOD EQUITIES LIMITED

	<i>Note</i>	<i>2013</i> <i>Rupees</i>	<i>2012</i> <i>Rupees</i>
20 CAPITAL GAIN / (LOSS) ON INVESTMENTS - NET			
Investments in related party		-	(10,515)
Investments in others		1,757,630	(62,310)
		1,757,630	(72,825)
21 GAIN / (LOSS) ON REMEASUREMENT OF INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS			
Related parties		1,290,924	(172,946)
Others		1,128,840	(1,562,896)
Units of open end mutual funds		6,666	214,981
		2,426,430	(1,520,861)
22 ADMINISTRATIVE EXPENSES			
Salaries and other benefits		2,576,484	3,360,189
Rent, rates & taxes		148,000	214,000
Repairs and maintenance		384,556	437,288
Utilities		410,087	546,062
Fees and subscription		641,803	360,598
Regulatory charges (CDC, KSE, SECP)		861,513	892,819
Pre Tax and CVT		1,369,560	584,131
Printing and stationery		211,543	208,302
Legal and professional fees		75,000	75,150
Traveling and conveyance		17,471	25,715
Entertainment		104,483	94,751
Depreciation	4	73,793	179,266
Amortization	5	290,000	290,000
Donation	22.1	-	1,000
Miscellaneous expenses		58,062	12,306
		7,222,355	7,281,577

22.1 None of the directors or their spouses have any interest in the donees of above donations.

		<i>2013</i> <i>Rupees</i>	<i>2012</i> <i>Rupees</i>
23 FINANCIAL CHARGES			
Bank charges		54,591	58,827



DAWOOD EQUITIES LIMITED

	<i>Note</i>	<i>2013</i> <i>Rupees</i>	<i>2012</i> <i>Rupees</i>
24 OTHER OPERATING INCOME			
From financial assets			
Profit on bank accounts		567,810	264,494
Reversal of impairment		-	6,704,436
From non financial assets			
Gain on sale of fixed assets		-	120,150
Liabilities written back		-	2,010,032
Miscellaneous income		1,300	42,595
		1,300	2,172,777
		569,110	9,141,707
25 OTHER OPERATING CHARGES			
Provision for bad debts	10.2	(1,462,641)	20,587,448
Accrued income write-off	10.2	1,241,423	648,415
Add: Deposits and other receivable write off		-	253,946
Auditors' remuneration	25.1	435,500	457,000
		214,282	21,946,809
25.1 Auditors' remuneration			
Statutory audit		300,000	240,000
Half yearly review		35,000	35,000
Certifications and other services		100,500	17,000
System audit		-	60,000
Internal Audit		-	105,000
		435,500	457,000
26 TAXATION			
Current	26.1	103,799	43,574
Deferred		-	199,824
		103,799	243,398

26.1 Income Tax assessment of the Company has been finalized for the tax year 2012. 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.

26.2 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 chargeable u/s 113 of Income Tax Ordinance, 2001.



DAWOOD EQUITIES LIMITED

27 EARNING / LOSS PER SHARE	<i>2013</i> <i>Rupees</i>	<i>2012</i> <i>Rupees</i>
Profit / (Loss) after taxation	4,881,469	(18,367,010)
Weighted average number of ordinary shares	24,996,500	24,996,500
Income / (Loss) per share - basic	0.20	(0.73)

Diluted earning per share has not been presented as the company did not have any convertible instruments in issue as at June 30, 2013 and June 30, 2012.

28 FINANCIAL INSTRUMENTS BY CATEGORY	<i>2013</i> <i>Rupees</i>	<i>2012</i> <i>Rupees</i>
---	------------------------------	------------------------------

FINANCIAL ASSETS

Investment at fair value through profit or loss

Long term investment	36,336,182	-
Short term investments	11,677,302	9,211,137
	48,013,484	9,211,137

Available for sale investments

Short term investment	38,205,000	39,446,423
-----------------------	-------------------	------------

Loans and receivables

Long term deposits	1,137,500	1,137,500
Trade debts	143,505,075	137,579,180
Trade deposits	761,000	473,803
Loan and advances	5,000	5,000
Other receivable	4,251,315	2,583,498
Cash and bank balances	1,778,849	9,556,177
	151,438,739	151,335,158
	237,657,223	199,992,719

FINANCIAL LIABILITIES

At fair value through profit or loss

Trade and other payables	21,828,082	23,933,679
	21,828,082	23,933,679

29 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.



DAWOOD EQUITIES LIMITED

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.237.657 million (2012 : Rs.199.993 million) the financial assets which are subject to credit risk amounted to Rs.237.657 million (2012 : Rs.199.993 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, 2013, trade debts of Rs.131.296 million (2012 : Rs.132.576 million) are overdue for more than 360 days. Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors past due upto one year do not require any impairment. Impairment allowance by way of provision for doubtful debts of Rs.1.462 million is reversed during the year as the company has recovered its overdue balance from some customers while in 2012 impairment of Rs.20.587 million is charged to profit and loss account in respect of balances due over one year.

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

	2013	2012
	Rupees	Rupees
Long term deposits	1,137,500	1,137,500
Investments- long term and short term	86,218,484	48,657,560
Trade debts	143,505,075	137,579,180
Loan and advances	5,000	5,000
Trade deposits	761,000	473,803
Other receivables	4,251,315	2,583,498
Bank balances	1,778,849	9,556,177
	237,657,223	199,992,718

The maximum exposure to credit risk for trade debts at balance sheet date amounting to Rs.121.768 (2012 : Rs.121.768) million.

Provision for impairment losses

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



DAWOOD EQUITIES LIMITED

	2013		2012	
	Gross	Impairment	Gross	Impairment
	----- Rupees -----			
Past due 1-30 days	9,331,112	-	1,578,356	-
Past due 31 days -90 days	3,206,536	-	2,937,452	-
Past due 90 days -1 year	2,053,427	-	486,476	-
More than one year	128,914,000	(80,111,059)	132,576,897	(81,573,700)
Total	143,505,075	(80,111,059)	137,579,181	(81,573,700)

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts past due upto one year do not require any provision. The Company considers Rs.48.802 million (2012 : Rs.51.003 million) as recoverable out of total over due trade debts by more than one year.

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) Liquidity Risk

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: -

	2013			
	Carrying Amount	Contractual Cash flows	Less than one year	More than one year
	----- Rupees -----			
Financial Liabilities				
Trade and other payables	21,828,082	21,828,082	21,828,082	-
	21,828,082	21,828,082	21,828,082	-

	2012			
	Carrying Amount	Contractual Cash flows	Less than one year	More than one year
	----- Rupees -----			
Financial Liabilities				
Trade and other payables	23,933,679	23,933,679	23,933,679	-
	23,933,679	23,933,679	23,933,679	-



DAWOOD EQUITIES LIMITED

c) 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.

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

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments was as follows: -

	<i>2013</i>	<i>2012</i>
	<i>Effective Interest Rate</i>	
	<i>(In Percent)</i>	
<u>Financial instruments</u>		
Fixed Rate Instruments		
Bank balance - PLS account	<u>6%</u>	<u>6%</u>

Sensitivity analysis for fixed rate instruments

As the rate is fixed therefore sensitivity analysis is not applicable.

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 2012.

	<i>2013</i>	<i>2012</i>
	<i>Rupees</i>	<i>Rupees</i>
Effect on profit		
Increase / Decrease	<u>1,078,197</u>	<u>1,057,017</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.



DAWOOD EQUITIES LIMITED

d) 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).

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	----- Rupees -----		
June 30, 2013			
Investments at fair value through Profit and loss			
- related parties	2,247,631	-	-
- others	7,990,943	1,438,728	-
Available for sale investments - related party	-	-	38,205,000
June 30, 2012			
Investments at fair value through Profit and loss			
- related parties	956,707	-	-
- others	7,233,365	1,021,065	-
Available for sale investments - related party	-	-	39,446,423

30 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: -

	<i>2013</i>	<i>2012</i>
	<i>Rupees</i>	<i>Rupees</i>
Investment transactions with Member Companies		
Shares purchased during the year	-	-
Shares sold during the year	-	32,905
	-	32,905
Commission earned from brokerage transactions with member companies and key management personnel of member companies		
	1,048,880	894,905
Expenses paid / payable to member companies		
	122,000	311,835

Year end balances are mentioned in relevant notes.

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



DAWOOD EQUITIES LIMITED

31 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including certain benefits, to the Chief Executive Officer of the Company is as follows: -

	<i>2013</i>	<i>2012</i>
	<i>Rupees</i>	<i>Rupees</i>
Managerial remuneration	-	442,513
House rent	-	261,331
Medical expenses	-	14,000
	<u>-</u>	<u>717,844</u>
Number of persons	<u>-</u>	<u>1</u>

The directors of the Company have not drawn any remuneration during the current financial year.

None of the employees fall under the category of executives as defined in Companies Ordinance, 1984.

32 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.

33 NUMBER OF EMPLOYEES

	<i>2013</i>	<i>2012</i>
Number of employees as at year end	<u>9</u>	<u>7</u>

34 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on 30th September 2013.

Chief Executive

Director



DAWOOD EQUITIES LIMITED

FORM OF PROXY

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 23rd day of October, 2013 at 8.30 a.m. and at any adjournment thereof.

As witnessed under my/our hand this _____ day of _____ 2013 _____

Signed by _____

Signature and address of the witness

Signature and address of the witness

Please affix revenue stamp

Signature of member

OLD



Affix
correct
postage

The Company Secretary
DAWOOD EQUITIES LTD.
1900-B, Saima Trade Towers,
I.I Chundrigar Road, Karachi.

OLD

BOOK POST
Printed Matter

UNDER CERTIFICATE OF POSTING

If undelivered, please return to:

DAWOOD EQUITIES LIMITED

1900-B, Saima Trade Towers

I.I Chundrigar Road,

Karachi.