



INVESTMENTS

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786 INVESTMENTS LIMITED

(FORMERLY DAWOOD CAPITAL MANAGEMENT LIMITED)

**FINANCIAL STATEMENTS
FOR THE QUARTER ENDED**

30 SEPTEMBER 2017

(Un-Audited)



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CORPORATE INFORMATION

Board of Directors	Ms. Shafqat Sultana	Chairperson
	Miss Tara Uzra Dawood	Chief Executive Officer
	Ms. Charmaine Hidayatullah	Director
	Mr. Mohammad Izqar Khan	Director
	Mr. Tahir Mehmood	Director
	Syed Farhan Abbas	Director
Chief Financial Officer & Company Secretary	Mr. Umair Manzoor	
Audit Committee	Ms. Charmaine Hidayatullah	Chairperson
	Mr. Tahir Mehmood	Member
	Syed Farhan Abbas	Member
Auditors	Haroon Zakaria & Co. Chartered Accountants	
Human Resource Committee	Mr. Muhammad Izqar Khan	Chairman
	Ms. Shafqat Sultana	Member
	Ms. Tara Uzra Dawood	Member
	Mr. Tahir Mehmood	Member
Legal Advisor	Rauf & Ghaffar Law Associates (Advocates & Consultants) Suite # 65, 5th Floor, Fareed Chamber, Abdullah Haroon Road, Saddar – Karachi, Pakistan.	
Registrars	F.D. Registrar Services (SMC-Pvt.) Ltd. Office# 1705, 17th Floor Saima Trade Tower. A, I.I. Chundrigar Road, Karachi-74000, Pakistan.	
Banker:	Habib Metropolitan Bank Limited JS Bank Limited Al Baraka Bank (Pakistan) Limited	



DIRECTORS' REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2017

On behalf of the Board of Directors of 786 Investments Limited "786 or the Company", I am pleased to present financial statements of 786 for the quarter ended September 30, 2017. Your Company continued its journey of success and is poised for growth.

Economic Outlook

GDP growth is expected to surpass 5.5% on the back of rebound, growth in industrial output given minimization of energy shortage and spillover growth from wholesale and retail segment. The headline inflation continues to remain benign clocking in at 4.4%.

The KSE - 100 index has gone down 8.93% during the period due to political uncertainty, On the international front, investors remained cautious due to continued escalation of tensions between Pyongyang and the US. While Pak-US diplomatic tensions eased as talks resumed between the two-nations with GoP showcasing its tough stance on war on terror.

The State Bank of Pakistan (SBP), in its latest monetary policy review meeting, decided to keep policy rate unchanged at 5.75% stating that it expects headline inflation to remain well below FY18 target of 6%. The external account position finally saw some signs of relief as current account deficit for Aug'17 came in at USD 550mn, a sharp decline relative to USD2Bn in previous month.

Company Performance

The Company's gross earnings during the period stood at Rs. 2.82 million as compared to profit of Rs. 2.37 million in the same period last year. Total expenses were Rs. 5.36 million as compared to Rs. 4.39 million in the same period last year. Share of Associates' loss was Rs. 10.68 million as opposed to Loss of Rs. 12.32 million in the same period last year.

Net profit of the Company stood at Rs. 13.15 million as opposed to loss of Rs. 14.23 million in the same period last year.

Acknowledgement

We express our most sincere gratitude to our shareholders and valued customers for their continued trust and patronage and our valuable 786 team for their hard work and dedication, Regulatory authorities particularly the Securities & Exchange Commission of Pakistan, Trustees and our Shariah Advisor for their continued professional guidance and support.

30 October 2017
Karachi

For and on behalf of the
Board of Directors

---SD---
Chairperson



ڈائریکٹرز رپورٹ

786 انوسٹمنٹس لمیٹڈ "786 یا کمپنی" کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر، 2017 کو ختم ہونے والی سہ ماہی پر 786 کی فنانشل اسٹیٹمنٹس آپ کی خدمت میں پیش کرتے ہوئے مجھے خوشی محسوس ہو رہی ہے۔ آپ کی کمپنی نے کامیابی کی جانب اپنا سفر جاری رکھا اور مزید ترقی کے لیے بھی تیار ہے۔

اقتصادی جائزہ

جی ڈی پی میں صحت مندی کے ساتھ 5.5% سے مزید آگے سبقت لے جانے کی ترقی متوقع ہے، توانائی کی قلت میں تقلیل کے سبب صنعتی پیداوار اور بول سیل اور ریٹیل طبقہ کی مدد سے ترقی کے پھیلاؤ میں اضافہ ہوا۔ افراط زر کی بیڈلائن کا 4.4% کے ارد گرد گھومنا جاری رہا۔

غیر یقینی سیاسی صورتحال کے باعث اس مدت کے دوران KSE-100 انڈیکس 8.93% فیصد کم ہو گیا۔ بین الاقوامی فرنٹ پر پیانگانگ اور امریکہ کے درمیان کشیدگی میں مسلسل اضافے کے سبب سرمایہ کار محتاط رہے۔ جبکہ پاک - امریکہ کے درمیان دوبارہ مذاکرات شروع ہونے پر حکومت پاکستان کا دہشتگردی کے خلاف جنگ پر اپنا سخت موقف پیش کرنے کی وجہ سے دونوں ممالک کی سفارتی کشیدگی میں کمی دیکھنے میں آئی۔

اسٹیٹ بینک آف پاکستان (ایس بی پی)، نے اپنے حالیہ مالیاتی پالیسی کے جائزہ لینے کے اجلاس میں یہ بتاتے ہوئے کہ FY18 کے لیے سرفہرست افراط زر کی توقع 6% کے ہدف سے نیچے رہے گی، پالیسی کی شرح کو 5.75% پر برقرار رکھنے کا فیصلہ کیا ہے۔ بیرونی اکاؤنٹ کی پوزیشن میں آخر کار رلیف کی کچھ علامات دیکھنے میں آئیں۔ جیسا کہ اگست 17ء کے لیے کرنٹ اکاؤنٹ ڈیفیسٹ نیز کمی کے ساتھ 550 ملین ڈالر پر آگیا جو نسبتاً پچھلے مہینے میں 2 بلین ڈالر تھا۔

کمپنی کی کارکردگی

اس مدت کے دوران کمپنی کی کل آمدنی 2.82 ملین روپے رہی جو کہ گزشتہ سال اسی مدت کے دوران 2.37 ملین روپے منافع تھی۔ کل اخراجات 5.36 ملین روپے رہے جو اس مقابلے میں گزشتہ سال کی اسی مدت کے دوران 4.39 ملین روپے تھے۔ شنیر آف ایسوسی ایٹس کا نقصان گزشتہ سال کی نسبت 10.68 ملین روپے رہا جو پچھلے سال اسی عرصے کے لیے 12.32 ملین روپے تھا۔

کمپنی کا نیٹ منافع 13.15 ملین روپے رہا جو گزشتہ سال اسی مدت کے دوران نقصان کے ساتھ اس مقابلے میں 14.23 ملین روپے تھا۔

اعتراف نامہ

ہم مخلصانہ طور پر اپنے حصص یافتگان اور قابل قدر صارفین کی مسلسل سرپرستی اور بھروسہ کرنے نیز اپنی محنت اور لگن سے کام کرنے 786 کی قابل قدر ٹیم کے، اور ریگولیٹری حکام خصوصاً سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، ٹرسٹیز اور ہمارے شریعہ ایڈوائزر کی مسلسل پیشہ ورانہ رہنمائی اور معاونت کرنے پر ان کے ہمت دل سے شکر گزار ہیں۔

---SD---

چیئر پرسن

30 October 2017
Karachi



**CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2017**

		(Unaudited) 30 September 2017	(Audited) 30 June 2017
	Note	(Rupees)	
<u>ASSETS</u>			
Non-Current Assets			
Property and Equipment	5	5,500,823	2,975,753
Long-Term Investments	6	221,648,217	247,325,994
Loans and Advances		-	834,500
Long-Term Deposits		36,300	36,300
		<u>227,185,340</u>	<u>251,172,547</u>
Current Assets			
Short-Term Investments	7	7,052,617	7,648,278
Loans and Advances		145,000	-
Short-Term Prepayments		2,688,077	1,066,865
Other Receivables	8	30,036,544	10,040,206
Taxation - Net		5,176,109	4,935,220
Cash at Bank		1,059,428	12,335,666
		<u>46,157,775</u>	<u>36,026,235</u>
Total Assets		<u><u>273,343,115</u></u>	<u><u>287,198,782</u></u>
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorised Capital			
20,000,000 Ordinary Shares of Rs. 10 Each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, Subscribed and Paid-Up Capital		149,737,500	149,737,500
General Reserves		33,630,264	33,630,264
Surplus on Revaluation of Available for Sale Investments		3,502,482	4,098,143
Unappropriated Profit		70,272,136	83,420,544
		<u>257,142,382</u>	<u>270,886,451</u>
Current Liabilities			
Trade and Other Payables	9	16,200,733	16,312,331
Contingencies and Commitments			
Total Equities and Liabilities	10	<u><u>273,343,115</u></u>	<u><u>287,198,782</u></u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For 786 Investments Limited
(Formerly Dawood Capital Management Limited)
[Management Company]

----SD----
Chief Financial Officer

----SD----
Director

----SD----
Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

		Quarter Ended 30 September	
	Note	2017	2016
		(Rupees)	
Income			
Remuneration from Funds Under Management	11	2,772,710	2,373,006
Gain on Sale of Investment		42,699	-
		2,815,409	2,373,006
Expenses			
Administrative and Operating Expenses	12	5,364,994	4,393,761
Financial Charges		205	70
		5,365,199	4,393,831
Operating Loss		(2,549,790)	(2,020,825)
Other Operating Income		137,932	134,650
Share of Associates' Loss	13	(10,677,777)	(12,319,929)
Loss Before Taxation		(13,089,635)	(14,206,104)
Taxation	14	58,773	25,076
Net Loss for the Period		(13,148,408)	(14,231,180)
Loss per Share - Basic and Diluted		(0.88)	(0.95)

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For 786 Investments Limited
(Formerly Dawood Capital Management Limited)
[Management Company]

----SD----
Chief Financial Officer

----SD----
Director

----SD----
Director



**STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

	Quarter Ended 30 September	
	2017	2016
	(Rupees)	
Net Loss for the Period	(13,148,408)	(14,231,180)
Other Comprehensive Income		
Items that will be Reclassified to Profit and Loss Account Subsequently (Deficit)/Surplus on Revaluation of Available for Sale	(595,661)	3,836,052
Total Comprehensive Loss for the Period	<u>(13,744,069)</u>	<u>(10,395,128)</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For 786 Investments Limited
(Formerly Dawood Capital Management Limited)
[Management Company]

---SD---
Chief Financial Officer

---SD---
Director

---SD---
Director



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

	Quarter Ended 30 September	
	2017	2016
	(Rupees)	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss Before Taxation	(13,089,635)	(14,206,104)
Adjustments for Items Not Involving Movement of Funds:		
Depreciation on Property and Equipment	292,648	20,010
Financial Charges	205	70
Gain on Disposal of Property and Equipment	50,000	-
Mark-Up Earned on Saving Account	(87,932)	(134,650)
Share of Associates' Loss	10,677,777	12,319,929
	10,932,698	12,205,359
Operating Cash Flows Before Working Capital Changes	(2,156,937)	(2,000,745)
(Increase)/Decrease in Current Assets		
Loans and Advances	(145,000)	19,500
Short Term Prepayments	(1,621,212)	(1,877,742)
Other Receivables	(19,996,338)	25,676,736
	(21,762,550)	23,818,494
Decrease in Current Liabilities		
Trade and Other Payables	(111,599)	(2,596,859)
	(24,031,086)	19,220,890
Income Taxes Paid/Refund - Net	(299,661)	(2,858,076)
Financial Charges Paid	(205)	(70)
Net Cash Generated (Used In)/From Operating Activities	(24,330,952)	16,362,744
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Long-Term Investments - Net	15,000,000	(2,424,817)
Proceeds from Disposal of Property and Equipment	(50,000)	-
Advance against Vehicle	834,500	-
Receipt of Mark-Up on Saving Account	87,932	134,650
Purchase of Property and Equipment	(2,817,718)	-
Net Cash Generated/(Used In) from Investing Activities	13,054,714	(2,290,167)
Net (Decrease)/Increase in Cash and Cash Equivalents	(11,276,238)	14,072,577
Cash and Cash Equivalents at Beginning of the Year	12,335,666	1,740,633
Cash and Cash Equivalents at End of the Period	1,059,428	15,813,210

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For 786 Investments Limited
(Formerly Dawood Capital Management Limited)
[Management Company]

----SD----
Chief Financial Officer

----SD----
Director

----SD----
Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

	Issued, Subscribed and Paid-Up Capital	General Reserve	(Deficit)/Surplus on Revaluation of Available for Sale Investments	Unappropriated Profit	Total
	----- Rupees -----				
Balance as at 1 July 2016	149,737,500	33,630,264	(1,119,841)	28,278,527	210,526,450
Loss for the Period	-	-	-	(14,231,180)	(14,231,180)
Other Comprehensive Income	-	-	3,836,052	-	3,836,052
Total Comprehensive Income for the Period	-	-	3,836,052	(14,231,180)	(10,395,128)
Balance as at 30 September 2016	<u>149,737,500</u>	<u>33,630,264</u>	<u>2,716,211</u>	<u>14,047,348</u>	<u>200,131,323</u>
Balance as at 1 July 2017	149,737,500	33,630,264	4,098,143	83,420,544	270,886,451
Loss for the Period	-	-	-	(13,148,408)	(13,148,408)
Other Comprehensive Income	-	-	(595,661)	-	(595,661)
Total Comprehensive Income for the Period	-	-	(595,661)	(13,148,408)	(13,744,069)
Balance as at 30 September 2017	<u>149,737,500</u>	<u>33,630,264</u>	<u>3,502,482</u>	<u>70,272,136</u>	<u>257,142,382</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For 786 Investments Limited
(Formerly Dawood Capital Management Limited)
[Management Company]

----SD----
Chief Financial Officer

----SD----
Director

----SD----
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED 30 SEPTEMBER 2017 (UNAUDITED)

1. STATUS AND NATURE OF BUSINESS

1.1 786 Investments Limited (formerly Dawood Capital Management Limited), the Company was incorporated on September 18, 1990 as a public limited Company in Pakistan, with its registered office at G3, Ground Floor BRR Tower, Hassan Ali Street, Off I. I. Chundrigar Road, Karachi 74000. The Company is listed on the Pakistan Stock Exchange Limited. During the last period, the Company has changed its name to 786 Investments Limited with effect from 20 January 2017 after completing regulatory formalities.

The Company is registered as a Non Banking Finance Company under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Company has obtained the licenses to carry out investment advisory services and asset management services under the NBFC Rules and the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

1.2 The Company has floated the following open end funds;

- Dawood Income Fund
- Dawood Islamic Fund
- First Dawood Mutual Fund

Management had applied for renewal of its license to undertake Asset Management Services and Investment Advisory Services which was pending for approval by the SECP, however subsequently to quarter ending 30 September 2017 the Management Company received license to carry out Asset Management Services and Investment Advisory Services through license no. AMCW/13/786IL/AMS/08/2017 and AMCW/14/786IL/IA/06/2017 respectively dated 19 October 2017.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim 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 Repealed Companies Ordinance, 1984, the provisions of and directives issued under the Repealed Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). Wherever the requirements of Repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of International Accounting Standard (IAS) 34: "Interim Financial Reporting". These condensed interim financial statements are unaudited. The Board of Directors of Company declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Company.

2.2 Basis of Measurement

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

2.3 Functional and Presentation Currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the method of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the company for the year ended 30 June 2017.



4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended 30 June 2017.

		(Unaudited) 30 September 2017	(Audited) 30 June 2017
	Note	-----Rupees-----	
5. PROPERTY AND EQUIPMENT			
Opening Net Book Value (NBV)		2,975,753	235,622
Addition (Cost) During the Period	5.1	<u>2,817,718</u>	<u>2,943,429</u>
		5,793,471	3,179,051
Depreciation Charged During the Period		<u>(292,648)</u>	<u>(203,298)</u>
		<u>5,500,823</u>	<u>2,975,753</u>

5.1 The following additions were made to property and equipment during the period :

Furniture & Fixtures	211,068	-
Vehicles	1,834,400	2,686,070
Office Equipment	-	9,000
Computer Equipment	<u>772,250</u>	<u>248,359</u>
	<u>2,817,718</u>	<u>2,943,429</u>

	(Unaudited) 30 September 2017	(Audited) 30 June 2017
	(Rupees)	
6. LONG-TERM INVESTMENTS		
Investments in Associates - Quoted		
First Dawood Mutual Fund (Open-End- Fund) - An Associate (Using Equity Method)		
8,384,481 (30 June 2017: 9,307,825) Fully Paid Ordinary Certificates of Rs. 10 Each Representing 72% (30 June 2017: 73.81%) Holding	183,603,367	214,839,615
Dawood Income Fund (Open-End- Fund) - An Associate (Using Equity Method)		
260,994 (30 June 2017: 260,994) Units of Rs.100/- Each Representing 7.53% (30 June 2017: 8.32%) Holding	21,143,774	20,599,305
Dawood Islamic Fund (Open-End- Fund) - An Associate (Using Equity Method)		
40,680 (30 June 2017: Nil) Units of Rs.100/- Each Representing 4.98% (30 June 2017: Nil) Holding	<u>5,014,002</u>	-
	<u>209,761,143</u>	<u>235,438,920</u>



	(Unaudited) 30 September 2017	(Audited) 30 June 2017
(Rupees)		
Available for Sale Investment - Unquoted		
Al Baraka Bank (Pakistan) Limited		
2,961 (30 June 2017: 2,961) Fully Paid Ordinary Shares of Rs. 10/- Each	24,545	27,051
Less: Impairment on Available for Sale Investments	-	(2,506)
	24,545	24,545
Dawood Family Takaful Limited - A Related Party		
2,372,500 (30 June 2017: 2,372,500) Fully Paid Ordinary Shares of Rs. 10/- Each	11,862,529	12,426,496
Less: Impairment on Available for Sale Investments	-	(563,967)
	11,862,529	11,862,529
	221,648,217	247,325,994

	Note	(Unaudited) 30 September 2017		(Audited) 30 June 2017	
		Book Value	Fair Value	Book Value	Fair Value
-----Rupees-----					
7. SHORT TERM INVESTMENTS					
Available for Sale					
Listed Shares-Related Party	7.1	3,550,135	7,052,617	3,550,135	7,648,278
Term Finance Certificate	7.2	-	-	-	-
		3,550,135	7,052,617	3,550,135	7,648,278
Surplus on Revaluation of Investment		3,502,482	-	4,098,143	-
		7,052,617	7,052,617	7,648,278	7,648,278

7.1 Listed Shares - Related Party

All shares represent fully paid ordinary shares of Rs. 10/- each, unless otherwise stated.

Number of Shares 30 September 2017	30 June 2017	Name of Companies	Note	(Unaudited) 30 September 2017		(Audited) 30 June 2017	
				Book Value	Fair Value	Book Value	Fair Value
-----Rupees-----							
		Financial services					
2,382,641	2,382,641	First Dawood Investment Bank Limited - Related Party	7.1.1	3,550,135	7,052,617	3,550,135	7,648,278
				3,550,135	7,052,617	3,550,135	7,648,278

7.1.1 As per SECP Circular 09 of 2006, 2,382,641 (30 June 2017: 2,382,641) shares of First Dawood Investment Bank Limited are held in a blocked account with CDC. The Company can only dispose these shares with prior approval from the SECP.

7.2 Term Finance Certificates - Listed

Having face value of Rs 5,000 each, unless stated otherwise

Number of Shares 30 September 2017	30 June 2017	Name of Companies	Redemption Period	Term of Redemption	Rate	(Unaudited) 30 September 2017		(Audited) 30 June 2017	
						Book Value	Fair Value	Book Value	Fair Value
-	57	Pace Pakistan Limited	2008-2017	Semi Annually	6 Months KIBOR + 2%	-	-	-	191,436
		Less: Impairment in value of investment available for sale				-	-	-	(191,436)
						-	-	-	-



7.2.1 Pace Pakistan Limited defaulted on its payment of principal and mark-up due on 21 August 2011. Consequently, the security was classified as non-performing by MUFAP on 5 September 2011 and accrual on the same was suspended. This security has been fully provided in accordance with provisioning circulars issued by the SECP and the Board's approved provisioning policy. During the period the Company has sold entire certificates for Rs. 42,699/- and recognized gain in income statement. Accordingly the provision has been adjusted against the carrying amount of the investment.

	(Unaudited) 30 September 2017	(Audited) 30 June 2017
	(Rupees)	
8. OTHER RECEIVABLES		
Remuneration due from Funds Under Management		
Dawood Income Fund - An Associate	3,030,260	2,978,217
Dawood Islamic Fund - An Associate	986,892	976,113
First Dawood Mutual Fund - An Associate	6,019,392	6,007,942
Receivable against Redemption	20,000,000	-
Accrued Mark-Up on Saving Accounts	-	77,934
	<u>30,036,544</u>	<u>10,040,206</u>

9. TRADE AND OTHER PAYABLES

Accrued Expenses	12,105,147	12,216,745
Unclaimed Dividend	998,742	998,742
Worker Welfare Fund Payable	3,096,844	3,096,844
	<u>16,200,733</u>	<u>16,312,331</u>

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

The Additional Commissioner of Income Tax (ACIT) has amended the assessment order under section 122(5A) of the Income Tax Ordinance, 2001, resulting in an additional tax of Rs. 1.005 million and Rs. 0.820 million for Tax Years 2003 and 2004 respectively. The Company has filed appeals with the Commissioner of Income Tax Appeals-II (CIT-A). The said appeals are pending for hearing. The management is confident that the appeal will be decided in favour of the Company and therefore no provision in this respect has been made in these financial statements. Appeals have been filed before Income Tax Appellate Tribunal (ITAT) for the Tax Year 2003 and 2004 against the order of CIT-A. Hearing has been fixed and ITAT has finalized the order for the Tax Year 2004, which partially allowed and partially remanded back the order to the CIT-A for passing an order. The case has been decided in favour of the Company by the Appellate Tribunal in Tax Year 2017.

10.2 Commitments

There was no commitment as at 30 September 2017

	Quarter Ended	
	30 September	
	2017	2016
	(Rupees)	

11. REMUNERATION FROM FUNDS UNDER MANAGEMENT

	Quarter Ended	
	30 September	
	2017	2016
Open-End Funds		
Dawood Income Fund - An Associate	992,505	394,164
Dawood Islamic Fund - An Associate	373,199	413,744
First Dawood Mutual Fund - An Associate	1,407,006	1,565,098
	<u>2,772,710</u>	<u>2,373,006</u>

11.1 Under the provisions of the NBFC Rules and Regulations, the management company/investment advisor of the fund is entitled to a remuneration at specified rates of the net assets value/income of the funds at the closure of business. During the year ended June 30, 2016, an amendment has been introduced in Regulation 61 of the NBFC Regulations, 2008, relating to the chargeability of remuneration of asset management companies. As per this amendment, an Asset Management Company shall be entitled to an accrued remuneration equal to an amount not exceeding two percent of average annual net assets in case of equity, balanced, asset



allocation and capital protected (dynamic asset allocation-direct exposure schemes, one and a half percent of average annual net assets in case of income, aggressive income, index, fund of funds, commodity schemes(cash settled), one percent of average annual net assets in case of money market, commodity schemes (deliverable) and capital protected schemes, that has been verified by the trustee and is paid in arrears on a monthly basis. The rates charged to each fund during the period ended September 30, 2017 and September 30, 2016 are as under:

		Quarter Ended 30 September	
		2017	2016
		Remuneration for Services Rendered as an Asset Management Company	
	Note	-----	Percentage -----
Open-End Funds			
	11.1	1.5*	1
		1.5	1.5
		2	2
11.2 The management company had charged 1% remuneration till March 31, 2017 whereas, 1.5% remuneration has been charged with effect from April 1, 2017 to Dawood Income Fund.			
		Quarter Ended 30 September	
		2017	2016
12. ADMINISTRATIVE AND OPERATING EXPENSES			
	Note		
Salaries and Allowances		3,206,324	1,907,313
Rent, Rates and Taxes		349,274	317,400
Postage and Telephones		110,068	51,859
Legal and Professional Charges		439,397	1,044,468
Printing and Stationery		72,133	22,359
Travelling and Conveyance		-	70,262
Vehicles Running		278,380	115,584
Advertisement Expense		34,000	-
Electricity		102,535	144,537
Repairs and Maintenance		110,413	192,012
Auditors' Remuneration		60,000	60,000
Entertainment		69,217	37,968
Insurance		29,906	7,964
Depreciation		292,648	20,010
Subscriptions		240,760	253,480
Directors' Fee		46,000	34,000
Commission		-	79,575
Others		85,336	34,970
		5,526,391	4,393,761
Less: Reimbursement of Fees and Expenses		(161,397)	-
		5,364,994	4,393,761
		Quarter Ended 30 September	
		2017	2016
13. SHARE OF ASSOCIATES' PROFIT/(LOSS)			
Dawood Income Fund		544,469	558,812
Dawood Islamic Fund		14,002	-
First Dawood Mutual Fund		(11,236,248)	(12,878,741)
		(10,677,777)	(12,319,929)



14. TAXATION	Quarter Ended 30 September	
	2017	2016
Current Year Tax	27,727	155,401
Prior Year Charge	31,046	-
	58,773	155,401

15. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of related group companies, directors and their close family members, senior executives, retirement benefit plans, major shareholders of the Company and funds under management. Transactions with the related parties during the period were as follows:

Relationship with the Company	Nature of Transactions	(Unaudited)	(Unaudited)
		30 September 2017	30 September 2016
Transactions with		(Rupees)	
Mutual Funds Managed by the Company	Management Fee Charged	2,772,710	2,373,006
	Sales Tax on Management Fee Charged	360,452	308,490
	Accounting and operational Charges	161,397	101,532
	Issue of 40,679 Units (2016: Nil Units)	5,000,000	-
	Redemption of 923,344 Units (2016: Nil Units)	20,000,000	-
	Conversion Cost	-	215,000
Provident Fund	Contribution	169,451	107,666
Key Management Personnel	Remuneration	1,773,900	1,316,000
Balances at Perid End		(Unaudited)	(Audited)
		30 September 2017	30 June 2017
		(Rupees)	
Units Held:			
Associated Companies/Other Related Parties	Dawood Income Fund 260,994 Units (30 June 2017: 260,994 Units)	21,143,774	20,599,305
	First Dawood Mutual Fund 8,384,481 Units (30 June 2017 : 9,307,825 Units)	183,603,367	214,839,615
	Dawood Islamic Fund 40,680 Units (30 June 2017 : Nil Units)	5,014,002	-
Shares held:			
First Dawood Investment Bank Limited			
	2,382,641 Units (30 June 2017 : 2,382,641 Units) Fully Paid Ordinary Shares of Rs. 10/- Each	7,052,617	7,648,278
Dawood Family Takaful Limited			
	2,372,500 Units (30 June 2017 : 2,372,500 Units) Fully Paid Ordinary Shares of Rs. 10/- Each	11,862,529	11,862,529

The Company has not entered into any transaction with director and senior executives other than those provided under the Company's policies and terms of employment.

16. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue in Board of Directors of the management company on 30 October 2017.

17. GENERAL

Figures have been rounded off to the nearest rupee.

For 786 Investments Limited
(Formerly Dawood Capital Management Limited)
[Management Company]

----SD----
Chief Financial Officer

----SD----
Director

----SD----
Director

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