



## **786 INVESTMENTS LIMITED**

**FINANCIAL STATEMENTS  
FOR THE NINE MONTH AND QUARTER ENDED  
31 MARCH 2018  
(UN-AUDITED)**





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## CORPORATE INFORMATION

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



## **DIRECTORS' REPORT FOR THE QUARTER ENDED MARCH 31, 2018**

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It gives me immense pleasure to present on behalf of the Board of Directors of **786 Investments Limited** "786i or the Company", I am pleased to present financial statements of 786 Investments Limited for the quarter ended March 31, 2018. Your Company continued its journey of success and is poised for growth.

### **MONEY MARKET REVIEW**

During the 9M FY18, headline inflation remained in single digit, averaging 3.25% Y/Y versus 4.94% Y/Y recorded in 9M HFY17. Meanwhile, core inflation (non-food non-energy) continued to maintain its higher trajectory and clocked in at 5.80% during the first nine months of the year as compared to 5.3% last year.

The State Bank of Pakistan (SBP) halted 3 years long monetary easing cycle and increased discount rate by 25bps in Jan'18 Monetary Policy Statement while maintaining status quo in Mar'18 on account a) contained inflation with a drop in recent core inflation, b) sustained growth momentum in output and c) time needed to gauge impact of recent policy decisions. Taking into account of these developments, average inflation for FY18 is still projected to fall within the annual target of 6%.

The SBP held twenty Treasury Bill auctions during 9M FY18. The cumulative participation witnessed were PKR 14,489 billion against the pre-announced auction target of PKR 12,875 billion while the SBP accepted an amount of PKR 10,846 billion during the period under review. That being said, acceptance in 3 months tenor represented 89% of the total accepted amount while the 6 months and 12 months were 11% and 0.38%.

The SBP conducted nine Pakistan Investment Bond (PIB) auctions during this period. The total accepted amount were PKR 54 billion against a cumulative target of PKR 700 billion in 3yr, 5yr, 10yr and 20yr tenor papers. Since August'18 onwards, all PIBs auctions were rejected due thin participation.

The SBP did not conducted any Government of Pakistan (GOP) Ijarah Sukuk auction during the period under review.

### **STOCK MARKET REVIEW**

During the period, under review the KSE 100 declined by 2.16% to 45,560.30 points in 9M FY18. However, since Jan'18 with all the political noise and pressure on FX reserves the KSE 100 index has shown an impressive return of 12.6% while foreigners net sold US\$253m during this period. On the international political front, Pakistan may be placed in the 'grey list' by FATF in June. That said, Pakistan was on this grey list over 2012-15 which did not deter economic growth or affect its financial system. During the period market capitalization reached to PKR9,371 billion and total listed companies were 559.

We expect market to continue its upward trajectory in view of the amnesty scheme announced by the Prime Minister, however it is important to keep a close eye on the political front and depletion of FX reserves which would fuel for further PKR depreciation and increase in policy rate.

### **COMPANY PERFORMANCE**

The Company's gross earnings during the period stood at PKR. 7.51 million as compared to PKR. 7.79 million in the same period last year. Total expenses were PKR. 23.34 million as compared to PKR. 14.83 million in the same period last year. Share of Associates' Profit was PKR. 7.35 million as compared to Profit of PKR. 21.04 million in the same period last year. Net loss of the Company stood at PKR. 8.62 million as opposed to profit of PKR. 13.93 million in the same period last year.

Management is in the process to ensure the compliance with all the laws applicable to the Company including Companies Act 2017, Listing rules and regulations, Non Banking Finance Companies and Notified Entities Regulations, 2008 and Non Banking Finance Companies (Establishment and Regulation) Rules, 2003.



#### **FUTURE OUTLOOK**

During the period, PKR has cumulative depreciated by almost 10% (Dec'17 and Mar'18) higher than the historical rate of 6%p.a. State Bank of Pakistan's FX reserve has fallen to US\$ 11.8 billion (2.5m of import cover) and news reports suggests that Pakistan is mulling fresh borrowing from China and most likely to enter IMF program in the 2nd Half Calendar Year.

Going forward, we believe Consumer Price Index (CPI) will increase at quicker pace in 2nd half financial year 2018 and onwards owing to the after effect of recent PKR depreciation, rising oil prices and surging fiscal deficit. Thus, we continue to expect cumulative interest rate to increase by 100-150 bps for Calendar Year 2018.

#### **ACKNOWLEDGEMENT**

We express our most sincere gratitude to our shareholders and valued customers for their continued trust and patronage and our valuable 786i 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.

**For and on behalf of the  
Board of Directors**

---SD---

**Chairperson**

April 16, 2018  
Karachi



## 786 انوسٹمنٹس لمیٹڈ ڈائریکٹرز رپورٹ

مجھے 786 انوسٹمنٹس لمیٹڈ "786i" یا کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ، 2018 کو اختتام پذیر ہونے والی سہ ماہی کے لیے 786 کی فنانشل اسٹیٹمنٹس آپ کی خدمت میں پیش کرتے ہوئے بے حد خوشی محسوس ہو رہی ہے۔ آپ کی کمپنی کامیابی کی راہ پر بدستور گامزن رہی اور مزید ترقی کے لیے بھی تیار ہے۔

### جائزہ برائے منی مارکیٹ

9M FY18 کے دوران، افراط زر کی شرح ایک ہندسے پر برقرار رہی۔ Y/Y 3.25% اوسط کے مقابلے میں 9M HFY17 میں Y/Y 4.94% ریکارڈ ہوئی۔ دریں اثنا، بنیادی افراط زر (غیر خوراک، غیر توانائی) نے اپنی اعلیٰ رفتار کو برقرار رکھتے ہوئے سال کے پہلے نو ماہ کے دوران 5.80% پر اختتام پذیر ہوا جو کہ گزشتہ سال اس مقابلے میں 5.3% تھا۔

اسٹیٹ بینک آف پاکستان (SBP) نے تین سالہ طویل مالیاتی سہولت کے سلسلہ کو روک دیا اور جنوری 18 کی مالیاتی پالیسی اسٹیٹمنٹ میں ڈسکاؤنٹ کی شرح کو 25bps سے بڑھا دیا۔ جبکہ مارچ 18 میں اکاؤنٹ پر جمود کے درجے کو برقرار رکھا۔ (الف) حالیہ بنیادی افراط زر میں کمی کے ساتھ افراط زر کی موجودگی، (ب) پیداوار میں مسلسل ترقی کی رفتار اور (ج) حالیہ پالیسی کے فیصلوں کے اثرات کا تعین کرنے کے لئے وقت کی ضرورت ہے۔ ان پیشرفتوں پر غور کرتے ہوئے FY18 کے لئے اوسط افراط زر کی شرح اب بھی سالانہ ہدف 6% تک گرنے کا امکان ہے۔

9M FY18 کے دوران SBP نے 20 ٹریڈری بل نیلامیاں منعقد کیں۔ پہلے سے اعلان کردہ نیلامی کے 12,875 بلین پاکستانی روپے کے ہدف کے مقابلے میں 14,489 بلین پاکستانی روپے کی مجموعی شرکت کا مشاہدہ کیا گیا۔ جبکہ زیر جائزہ مدت کے دوران SBP نے 10,846 بلین پاکستانی روپے کی رقم منظور کی۔ یہ کہا جا رہا ہے کہ 3 ماہ کی مدت کی منظوری کے دوران مجموعی طور پر کل منظور شدہ رقم کی 89% نمائندگی حاصل ہوئی جبکہ 6 ماہ اور 12 ماہ کے لیے 11% اور 0.38% تھی۔

SBP نے اس مدت کے دوران نو پاکستان انویسمنٹ بانڈ (PIB) کی نیلامیاں منعقد کیں۔ 3yr, 5yr, 10yr, 20yr کے ٹئور کے کاغذات میں 700 بلین پاکستانی روپے کے مجموعی ہدف کے خلاف کل منظور شدہ رقم 54 بلین پاکستانی روپے تھی۔ اگست 18 کے بعد سے تمام PIBs کی نیلامیوں کو کم شراکت کے باعث مسترد کر دیا گیا۔

زیرجائزہ مدت کے دوران SBP نے کسی بھی گورنمنٹ آف پاکستان (GOP) اجارہ سکوک کی نیلامی نہیں کی۔

### جائزہ برائے اسٹاک مارکیٹ

اس مدت کے دوران، KSE 100 جائزہ کے تحت 9M FY18 میں 2.16% سے کم ہو کر 45,560.30 پوائنٹس پر آگیا۔ تاہم، جنوری 18 سے FX ذخائر پر تمام سیاسی شور اور دباؤ کے ساتھ KSE 100 انڈیکس نے 12.6% کی شاندار واپسی دکھائی۔ جبکہ اس عرصے کے دوران غیر ملکیوں نے 253 ملین امریکی ڈالر کی نیٹ فروخت کی۔ بین الاقوامی سیاسی محاذ پر FATF کی جانب سے پاکستان کو جون میں 'grey list' میں رکھا جا سکتا ہے۔ جیسا کہ پاکستان 2012-15 کے دوران اس grey list میں موجود تھا جس نے اس کی اقتصادی ترقی کو نہیں روکا یا اس کے مالیاتی نظام کو متاثر نہیں کیا۔ اس مدت کے دوران مارکیٹ کی سرمایہ کاری 9,371 بلین پاکستانی روپے تک پہنچ گئی اور کل 559 کمپنیاں درج ہوئیں۔

وزیراعظم کی جانب سے اعلان کردہ ایمنسٹی اسکیم کے پیش نظر ہم توقع کرتے ہیں کہ مارکیٹ اپنے بڑھنے کی رفتار کو جاری رکھے گی۔ البتہ سیاسی محاذ اور FX ذخائر کی کمی پر قریبی نظر رکھنا ضروری ہے جس سے PKR کی تخفیف اور پالیسی کی شرح میں مزید اضافہ ہوگا۔

### کمپنی کی کارکردگی

اس مدت کے دوران کمپنی کی کل آمدنی 7.51 ملین پاکستانی روپے رہی جو کہ گزشتہ سال اس مقابلے میں اسی مدت کے دوران 7.79 ملین پاکستانی روپے تھی۔ کل اخراجات 23.34 ملین پاکستانی روپے رہے جو اس مقابلے میں گزشتہ سال کی اسی مدت کے دوران 14.83 ملین پاکستانی روپے تھے۔ شیئر آف ایسوسی ایٹس کا منافع گزشتہ سال کی نسبت 7.35 ملین پاکستانی روپے رہا جو کہ

پچھلے سال اسی مدت کے دوران 21.04 ملین پاکستانی روپے تھا۔ کمپنی کا نیٹ نقصان 8.62 ملین روپے رہا جو کہ گزشتہ سال اس مقابلے میں اسی مدت کے دوران مقابلے میں 13.93 ملین پاکستانی روپے تھا۔

مینجمنٹ کمپنی پر لاگو تمام قوانین جن میں 'Listing rules and regulations'، Companies Act 2017 اور Non Banking Finance Companies and Notified Entities Regulations, 2008 اور Finance Companies (Establishment and Regulation) Rules 2008 شامل ہیں، کو یقینی بنانے کے عمل میں مصروف ہے۔

### مستقبل پر نظر

دوران مدت، PKR کی مجموعی طور پر (دسمبر '17 اور مارچ '18) میں 10٪ تک تخفیف ہوئی جو کہ 6%p.a. کی تاریخی شرح سے زیادہ ہے۔ اسٹیٹ بینک آف پاکستان کے FX ذخائر 11.8 بلین امریکی ڈالر تک پہنچ گئے (درآمدات کو 2.5 ملین) اور خبروں کی رپورٹ یہ تجویز دیتی ہے کہ پاکستان چین سے نئے قرضے لینے پر غور کر رہا ہے اور اس کا کیلنڈر سال کے دوسرے نصف میں IMF پروگرام میں داخل ہونے کا امکان ہے۔

آگے بڑھتے ہوئے ہمیں یہ یقین ہے کہ حالیہ PKR کی تخفیف کے اثرات کے بعد اور بڑھتی ہوئی تیل کی قیمتوں اور مالیاتی خسارے میں اضافے کے سبب کنزیومر پرائس انڈیکس (CPI) میں مالی سال 2018 کے دوسرے نصف کے دوران اور اس کے بعد تیزی سے اضافہ ہوگا۔ اس لیے ہم کیلنڈر سال 2018 کے لئے ہم 100-150 bps تک مجموعی شرح سود کے بڑھ جانے کی توقع جاری رکھتے ہیں۔

### اظہار تشکر

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

برائے اور من جانب بورڈ  
بورڈ آف ڈائریکٹرز

---SD---

چینر پرسن

16 اپریل، 2018  
کراچی





**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)  
AS AT 31 MARCH 2018**

		<i>(Un-Audited)</i> <b>31 March, 2018</b>	<i>(Audited)</i> <b>30 June, 2017</b>
	<b>Note</b>	<b>Rupees</b>	<b>Rupees</b>
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property and Equipment	5	<b>7,884,727</b>	2,975,753
Long-Term Investments	6	<b>238,365,765</b>	247,325,994
Advance Against Non - Current Assets	7	<b>1,777,352</b>	834,500
Long-Term Deposits		<b>36,300</b>	36,300
		<b>248,064,144</b>	251,172,547
<b>Current Assets</b>			
Short-Term Investments	8	<b>4,050,490</b>	7,648,278
Loans and Advances		<b>10,000</b>	-
Prepayments		<b>1,450,433</b>	1,066,865
Other Receivables	9	<b>9,191,031</b>	10,040,206
Taxation - Net		<b>5,748,552</b>	4,935,220
Cash and Bank Balances		<b>8,700,368</b>	12,335,666
		<b>29,150,874</b>	36,026,235
<b>Total Assets</b>		<b>277,215,018</b>	287,198,782
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Share Capital and Reserves</b>			
<b>Authorized Capital</b>			
20,000,000 Ordinary Shares of Rs. 10 Each		<b>200,000,000</b>	200,000,000
Issued, Subscribed and Paid Up Capital		<b>149,737,500</b>	149,737,500
General Reserves		<b>33,630,264</b>	33,630,264
Surplus on Revaluation of Available for Sale Investments		<b>500,355</b>	4,098,143
Accumulated Profit		<b>74,799,623</b>	83,420,544
		<b>258,667,742</b>	270,886,451
<b>Current Liabilities</b>			
Trade and Other Payables	10	<b>18,547,276</b>	16,312,331
<b>Contingencies and Commitments</b>	11	<b>-</b>	-
<b>Total Equities and Liabilities</b>		<b>277,215,018</b>	287,198,782

The annexed notes from 1 to 18 form an integral part of these financial statements.

For 786 Investments Limited  
[Management Company]

---SD---  
Chief Executive Officer

---SD---  
Chief Financial Officer

---SD---  
Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE NINE MONTH AND QUARTER ENDED 31 MARCH 2018**

		<div> <div>Nine Month Ended</div> <div>31 March,</div> <div>2018</div> <div>2017</div> </div>		<div> <div>Quarter Ended</div> <div>31 March,</div> <div>2018</div> <div>2017</div> </div>	
Note		Rupees			
<b>Income</b>					
Remuneration from Funds Under Management	12	8,301,654	7,005,726	2,772,023	2,376,144
Gain on Sale of TFCs		42,699	-	-	-
Loss on Redemption of Units		(1,312,269)	-	-	-
Impairment against Investments		(1,351)	(6,215)	399	-
		7,030,733	6,999,511	2,772,422	2,376,144
<b>Expenses</b>					
Administrative and Operating Expenses	13	23,341,882	14,540,649	7,664,186	4,813,381
Financial Charges		1,026	522	256	113
Workers' Welfare Fund		-	285,892	-	285,892
		23,342,908	14,827,063	7,664,442	5,099,386
<b>Operating Loss</b>		(16,312,175)	(7,827,552)	(4,892,020)	(2,723,242)
Other Operating Income		479,203	795,388	130,929	508,998
Share of Associates' Profit	14	7,353,391	21,040,868	17,730,948	13,888,903
<b>(Loss)/Profit Before Taxation</b>		(8,479,581)	14,008,704	12,969,857	11,674,659
Taxation	15	141,340	78,011	36,286	28,851
<b>Net (Loss)/Profit for the Period</b>		(8,620,921)	13,930,693	12,933,571	11,645,808
(Loss)/Earnings per Share - Basic and Diluted		(0.58)	0.93	0.86	0.78

The annexed notes from 1 to 18 form an integral part of these financial statements.

For 786 Investments Limited  
[Management Company]

----SD-----  
Chief Executive Officer

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

----SD-----  
Director



**STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTH AND QUARTER ENDED 31 MARCH 2018**

	<i>Nine Month Ended</i>		<i>Quarter Ended</i>	
	<i>31 March,</i>		<i>31 March,</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>-----Rupees-----</i>			
Net (Loss)/Profit for the Period	<b>(8,620,921)</b>	13,930,693	<b>12,933,571</b>	11,645,808
<b>Other Comprehensive (Loss)/Income</b>				
<i>Items That Will Be Reclassified to Profit and Loss Account Subsequently</i>				
(Deficit)/Surplus on Revaluation of Available for Sale Investments	<b>(3,597,788)</b>	9,077,862	<b>47,653</b>	2,906,822
<b>Total Comprehensive (Loss)/Profit for the Period</b>	<b><u>(12,218,709)</u></b>	<b><u>23,008,555</u></b>	<b><u>12,981,224</u></b>	<b><u>14,552,630</u></b>

The annexed notes from 1 to 18 form an integral part of these financial statements.

For 786 Investments Limited  
[Management Company]

----SD----  
Chief Executive Officer

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

----SD----  
Director



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE NINE MONTH AND QUARTER ENDED 31 MARCH 2018**

	<b>Nine Month Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit Before Taxation	(8,479,581)	14,008,704
<b>Adjustments for Items Not Involving Movement of Funds:</b>		
Depreciation on Property and Equipment	1,076,076	69,344
Gain on Sale of Investment	(42,699)	-
Financial Charges	1,026	522
Gain on Disposal of Property and Equipment	(12,416)	-
Mark-Up Earned on Saving Account	(479,203)	(795,388)
Provision for Impairment	1,351	6,215
Loss on Redemption of Units	1,312,269	-
Share of Associates' Profit	(7,353,391)	(21,040,868)
	<b>(5,496,987)</b>	<b>(21,760,175)</b>
<b>Operating Cash Flows Before Working Capital Changes</b>	<b>(13,976,568)</b>	<b>(7,751,471)</b>
<b>Decrease/(Increase) in Current Assets</b>		
Loans and Advances	(10,000)	52,000
Short-Term Prepayments	(383,568)	(1,291,691)
Other Receivables	771,241	37,500,607
	<b>377,673</b>	<b>36,260,916</b>
<b>Decrease/(Increase) In Current Liabilities</b>		
Trade and Other Payables	2,234,945	(5,889,662)
	<b>(11,363,950)</b>	<b>22,619,783</b>
Income Taxes Paid - Net	(954,672)	(4,265,206)
Financial Charges Paid	(1,026)	(522)
<b>Net Cash (Used In)/Generated From Operating Activities</b>	<b>(12,319,648)</b>	<b>18,354,055</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Long-Term Investments - Net	15,000,000	(2,424,817)
Proceeds From Disposal of Property and Equipment	50,000	-
Proceeds from Sale of TFCs	42,699	-
Receipt of Mark-Up on Saving Accounts	557,137	795,388
Purchase of Property and Equipment	(6,965,486)	(322,967)
<b>Net Cash Generated From/(Used In) Investing Activities</b>	<b>8,684,350</b>	<b>(1,952,396)</b>
<b>Net Increase In Cash and Cash Equivalents</b>	<b>(3,635,298)</b>	<b>16,401,659</b>
<b>Cash and Cash Equivalents at Beginning of the Period</b>	<b>12,335,666</b>	<b>1,740,633</b>
<b>Cash and Cash Equivalents at End of the Period</b>	<b>8,700,368</b>	<b>18,142,292</b>

The annexed notes from 1 to 18 form an integral part of these financial statements.

For 786 Investments Limited  
[Management Company]

----SD----  
Chief Executive Officer

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

----SD----  
Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE NINE MONTH AND QUARTER ENDED 31 MARCH 2018**

	<i>Issued, Subscribed and Paid-Up Capital</i>	<i>General Reserve</i>	<i>(Deficit)/Surplus on Revaluation of Available for Sale</i>	<i>Accumulated Profit/(Loss)</i>	<i>Total</i>
	----- Rupees -----				
<b>Balance as at 1 July 2016</b>	149,737,500	33,630,264	(1,119,841)	28,278,528	210,526,451
Profit for the Period	-	-	-	13,930,693	13,930,693
Other Comprehensive Income - Net	-	-	9,077,862	-	9,077,862
<b>Total Comprehensive Income for the Period</b>	-	-	9,077,862	13,930,693	23,008,555
<b>Balance as at 31 March 2017</b>	149,737,500	33,630,264	7,958,021	42,209,221	233,535,006
<b>Balance as at July 1, 2017</b>	149,737,500	33,630,264	4,098,143	83,420,544	270,886,451
Loss for the Period	-	-	-	(8,620,921)	(8,620,921)
Other Comprehensive Loss - Net	-	-	(3,597,788)	-	(3,597,788)
<b>Total Comprehensive Loss for the Period</b>	-	-	(3,597,788)	(8,620,921)	(12,218,709)
<b>Balance as at 31 March 2018</b>	149,737,500	33,630,264	500,355	74,799,623	258,667,742

The annexed notes from 1 to 18 form an integral part of these financial statements.

For 786 Investments Limited  
[Management Company]

----SD-----  
Chief Executive Officer

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

----SD-----  
Director



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) AS AT 31 MARCH 2018

### 1 STATUS AND NATURE OF BUSINESS

- 1.1 786 Investments 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 Pakistan. The Company is listed on the Pakistan Stock Exchange Limited.

The Company is re-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

According to Non Banking Finance Companies and Notified Entities Regulations 2008, a Non Banking Finance Company (NBFC) or a Notified Entity (NE) is required to pay to SECP all fees prescribed under Schedule II and the license granted to the NBFC shall be valid for three years from the date of its issuance and shall be renewable upon expiry of the said period by making an application at least one month prior to the expiry. The Management Company with reference to the letter of application dated August 5, 2016, has applied for renewal of license which is renewed during the current financial period.

- 1.3 In accordance with regulation 4 of part I of Non-Banking Finance Companies and Notified Entities Regulations, 2008 an NBFC licensed by the Commission to undertake Asset Management Services and Investment Advisory Services is required to maintain equity amounting to Rs. 230 million. As at the period end the Company's equity amounted to Rs. 258.67 million.

### 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 Companies Act, 2017 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 Companies Act, 2017 the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Act, 2017, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

This condensed interim financial information is un-audited are being circulated to the shareholders as per the requirement of the NBFC regulations. The Board of Directors declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Company.

#### 2.2 Functional and Presentation Currency

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

### 3 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 ESTIMATES

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.

	<i>(Un-Audited)</i>	<i>(Audited)</i>
	<i>31 March,</i>	<i>30 June,</i>
	<i>2018</i>	<i>2017</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>

#### 5 PROPERTY AND EQUIPMENT

Opening Net Book Value (NBV)	<b>2,975,753</b>	235,622
Addition/Transfer (Cost) During the Period	5.1 <b>6,022,634</b>	2,943,429
	<b>8,998,387</b>	3,179,051
Disposal (NBV) During the Period	5.2 <b>(37,584)</b>	-
Depreciation Charged During the Period	<b>(1,076,076)</b>	(203,298)
	<b>7,884,727</b>	2,975,753

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

Furniture & Fixtures	<b>525,042</b>	-
Office Equipment	<b>542,005</b>	9,000
Vehicles	<b>4,208,400</b>	2,686,070
Computers	<b>747,187</b>	248,359
	<b>6,022,634</b>	2,943,429

5.2 Following are the net book values of fixed assets disposed during the period:

Office Equipment	<b>37,584</b>	-
------------------	---------------	---

#### 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 73.53 % (30 June 2017: 73.81%) Holding

<b>198,715,556</b>	214,839,615
--------------------	-------------

##### Dawood Income Fund (Open-End-Fund) - An Associate (Using Equity Method)

261,797 (30 June 2017: 260,994) Units of Rs. 100/- Each Representing 6.73% (30 June 2017: 8.32%)

<b>22,662,162</b>	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 4.51% (30 June 2017: Nil) Holding

<b>5,102,324</b>	-
<b>226,480,042</b>	235,438,920

	(Un-Audited) 31 March, 2018	(Audited) 30 June, 2017
Note	Rupees	Rupees

**Al Baraka Bank (Pakistan) Limited  
(formerly Burj Bank Limited)**

2,961 (30 June 2017: 2,961) Fully Paid Ordinary  
Shares of Rs. 10/- Each

Less: Impairment on Available for Sale Investments

24,545	27,051
(1,351)	(2,506)
<b>23,194</b>	<b>24,545</b>

**Dawood Family Takaful Limited - A Related Party**

2,372,500 (30 June 2017: 2,372,500) Fully Paid  
Ordinary Shares of Rs. 10/- Each

Less: Impairment on Available for Sale Investments

11,862,529	12,426,496
-	(563,967)
<b>11,862,529</b>	<b>11,862,529</b>
<b>238,365,765</b>	<b>247,325,994</b>

**7 ADVANCE AGAINST NON - CURRENT ASSETS**

Vehicle  
Intangible - Software

1,109,000	834,500
668,352	-
<b>1,777,352</b>	<b>834,500</b>

	(Un-Audited) 31 March 2018		(Audited) 30 June 2017	
	Book Value	Fair Value	Book Value	Fair Value
Note	Rupees			

**8 SHORT TERM INVESTMENTS**

**Available for Sale**

Listed Shares-Related Party 8.1  
Term Finance Certificate 8.2

3,550,135	4,050,490	3,550,135	7,648,278
-	-	-	-
<b>3,550,135</b>	<b>4,050,490</b>	<b>3,550,135</b>	<b>7,648,278</b>
500,355	-	4,098,143	-
<b>4,050,490</b>	<b>4,050,490</b>	<b>7,648,278</b>	<b>7,648,278</b>

Surplus on Revaluation of Investment

**8.1 Listed Shares - Related Party**

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

Number of Shares		Name of Company
31 March, 2018	30 June, 2017	
		<b>Financial Services</b>
2,382,641	2,382,641	First Dawood Investment Bank Limited - Related Party

(Unaudited) 31 March 2018		(Audited) 30 June 2017	
Book Value	Fair Value	Book Value	Fair Value
Rupees			
3,550,135	4,050,490	3,550,135	7,648,278
<b>3,550,135</b>	<b>4,050,490</b>	<b>3,550,135</b>	<b>7,648,278</b>





8.1.1 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 a Approval of SECP.

## 8.2 Term Finance Certificates - Listed

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

Number of Units		Name of Company	Redemption Period	Term of Redemption	Rate	(Un-Audited)	(Audited)
31 March, 2018	30 June, 2017					31 March, 2018	30 June, 2017
						----- Book 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)
						<u>-</u>	<u>-</u>

8.2.1 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.

(Un-Audited)	(Audited)
31 March, 2018	30 June, 2017
Rupees	Rupees

## 9 OTHER RECEIVABLES

### Remuneration Due From Fund Under Management

Dawood Income Fund - An Associate	2,845,447	2,978,217
Dawood Islamic Fund - An Associate	781,896	976,113
First Dawood Mutual Fund - An Associate	5,563,688	6,007,942
Accrued Mark-Up on Saving Accounts	-	77,934
	<u>9,191,031</u>	<u>10,040,206</u>

## 10 TRADE AND OTHER PAYABLES

Accrued Expenses	14,451,690	12,216,745
Unclaimed Dividend	998,742	998,742
Workers' Welfare Fund Payable	3,096,844	3,096,844
	<u>18,547,276</u>	<u>16,312,331</u>

## 11 CONTINGENCIES AND COMMITMENTS

### 11.1 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.



## 11.2 Commitments

There was no commitments during the period. (June 30, 2017 : Nil)

	<i>(Un-Audited)</i> <b>31 March,</b> <b>2018</b> <b>Rupees</b>	<i>(Un-Audited)</i> <b>31 March,</b> <b>2017</b> <b>Rupees</b>
<b>12 MANAGEMENT FEE</b>		
<b>Open-End Funds</b>		
Dawood Income Fund - An Associate	<b>3,208,732</b>	1,503,345
Dawood Islamic Fund - An Associate	<b>1,152,829</b>	1,201,148
First Dawood Mutual Fund - An Associate	<b>3,940,093</b>	4,301,233
	<b>8,301,654</b>	7,005,726

- 12.1 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 last 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 March 31, 2018 and March 31, 2017 are as under:

		<b>31 March,</b> <b>2018</b>	<b>31 March,</b> <b>2017</b>
		<b>Remuneration for Services Rendered as an Asset Management Company</b>	
	Note	<b>----- Percentage -----</b>	
<b>Open-End Funds</b>			
Dawood Income Fund - An Associate	12.3	<b>1.5*</b>	1
Dawood Islamic Fund - An Associate		<b>1.5</b>	1.5
First Dawood Mutual Fund - An Associate		<b>2</b>	2

- 12.2 SECP has approved the payment of the Management fee to 786 Investments Limited upon resuming of the operations of the Funds vide letters No. SCD/AMCW/DCML/369/2016 and SCD/AMCW/DCML/25/2016 dated March 25, 2016, July 25, 2016 and August 1, 2016.

- 12.3 The management company has charged 1% remuneration till March 31, 2017 whereas, 1.5% remuneration has been charged with effect from April 1, 2017 to Dawood Income Fund.

		(Un-Audited) 31 March, 2018 Rupees	(Un-Audited) 31 March, 2017 Rupees
<b>13 ADMINISTRATIVE AND OPERATING EXPENSES</b>	Note		
Salaries and Allowances		12,468,445	7,181,090
Rent, Rates and Taxes		1,098,444	952,200
Postage and Telephones		496,299	336,362
Legal and Professional Charges		4,485,538	2,055,987
Printing and Stationery		291,312	131,875
Travelling and Conveyance		95,386	892,379
Vehicles Running		1,019,192	393,494
Advertisement		84,400	17,500
Electricity		336,372	372,104
Repairs and Maintenance		190,416	539,998
Auditors' Remuneration		201,096	142,560
Entertainment		218,490	240,068
Insurance	13.1	195,920	28,174
Depreciation		1,076,076	69,344
Subscriptions		781,075	762,003
Newspaper and Magazines		-	3,440
Directors' Fee		145,600	103,000
Commission		69,214	116,011
Marketing Expenses		245,100	-
Others		117,360	203,060
		<b>23,615,735</b>	14,540,649
Less: Reimbursement of Fees and Expenses		<b>(273,853)</b>	-
		<b>23,341,882</b>	14,540,649
<b>13.1</b> In accordance with the requirements of Rule 9, of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Company has obtained sufficient insurance coverage from Jubilee General Insurance Company Limited against any loss that may be incurred as a result of employees' fraud or gross negligence. The insurance Company has been assigned a credit rating of AA+ by the Pakistan Credit Rating Agency Limited (PACRA).			
<b>14 SHARE OF ASSOCIATES' PROFIT</b>			
Dawood Income Fund		2,062,857	2,343,281
Dawood Islamic Fund		102,324	-
First Dawood Mutual Fund		5,188,210	18,697,587
		<b>7,353,391</b>	21,040,868
<b>15 TAXATION</b>			
Current		110,294	78,011
Prior		31,046	-
		<b>141,340</b>	78,011

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The provision for current period income tax has been made under section 113 of the Income Tax Ordinance, 2001.

#### 16 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	(Un-Audited) 31 March, 2018 Rupees	(Un-Audited) 31 March, 2017 Rupees
<b>Transactions During the Period</b>			
<b>Mutual Funds Managed by the Company</b>	Management Fee Charged	8,301,654	7,005,726
	Sales tax on Management Fee Charged	1,079,211	910,745
	Accounting and Operational Charges	273,853	445,474
	Issue of 40,679 Units (2016: Nil )	5,000,000	-
	Redemption of 923,344 Units (2017: Nil )	20,000,000	-
	Conversion Cost	-	1,336,900
	Management Fee Received	10,425,959	42,830,478
	Dawood Income Fund - Bonus Units Nil (2016: 31,914)	-	2,424,817
	First Dawood Mutual Fund - Bonus Units Nil (2016: 177,264)	-	2,469,293
<b>Other Related Party</b>			
<b>B.R.R Guardian Modaraba</b>			
Provident Fund	Contribution	635,655	107,666
Rent	Amount Charge during the Period - <b>New office</b>	998,894	-
<b>Key Management Personnel</b>	Remuneration	9,879,297	6,320,251
<b>First Dawood Investment Bank Limited</b>			
Rent	Rent Expense Charge during the Period - <b>Old Office</b>	99,550	1,194,600
<b>Dawood Family Takaful Limited</b>	Insurance Expense Charge during the Period	18,715	-
<b>Associated Companies/Other Related</b>	<b>Balances as at Period End Units Held:</b>	<b>(Un-Audited) 31 March, 2018</b>	<b>(Audited) 30 June, 2017</b>
<b>Mutual Funds Managed by the Company</b>	Dawood Income Fund 261,797 (30 June 2017: 260,994) Units	22,662,162	20,599,305
	First Dawood Mutual Fund 8,384,481 (30 June 2017: 9,307,825) Units	198,715,556	214,839,615
	Dawood Islamic Fund 40,680 (30 June 2017: Nil) Units	5,102,324	-
<b>First Dawood Investment Bank Limited</b>	2,382,641 (30 June 2017: 2,382,641) Fully Paid Ordinary Shares of Rs. 10/- Each	4,050,490	7,648,278
	Payable in Respect of Rent - <b>Old Office</b>	2,687,850	2,588,300
<b>Dawood Family Takaful Limited</b>	2,372,500 (30 June 2017: 2,372,500) Fully Paid Ordinary Shares of Rs. 10/- Each	11,862,529	11,862,529
	Prepaid Life Insurance	15,790	-
<b>B.R.R Guardian Modaraba</b>	Prepaid Rent - <b>New Office</b>	499,447	-



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.

**17 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue in Board of Directors of the management company on 16 April 2018.

**18 GENERAL**

Figures have been rounded off to the nearest rupee.

**For 786 Investments Limited  
[Management Company]**

\_\_\_\_SD\_\_\_\_  
Chief Executive Officer

\_\_\_\_SD\_\_\_\_  
Chief Financial Officer

\_\_\_\_SD\_\_\_\_  
Director

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G-3 Ground Floor, B.R.R. Tower,  
Hassan Ali Street,  
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Karachi - 74000 Pakistan



**Managed By:**  
**786 Investments Limited**

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