



INVESTMENTS

WE KNOW YOUR VALUE

786 INVESTMENTS LIMITED



DAWOOD INCOME FUND

FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
SEPTEMBER 30, 2018
(UN-AUDITED)

CONTENTS

Corporate Information	2
Directors' Report	3
ڈائریکٹرز کی رپورٹ	5
Condensed Interim Statement of Assets and Liabilities	7
Condensed Interim Income Statement	8
Condensed Interim Of Comprehensive Income	9
Condensed Interim Statement of Movement in Unitholders' Fund	10
Condensed Interim Cash Flow Statement	11
Notes to the Condensed Interim Financial Statements	12



CORPORATE INFORMATION

Management Company	786 Investments Limited G-3 Ground Floor, B.R.R. Tower, Hassan Ali Street, Off I.I. Chundrigar Road, Karachi - 74000 Pakistan Tel: (92-21) 32603751-54 Email: info@786investments.com Website: www.786investments.com	
Board of Directors	Ms. Shafqat Sultana Miss Tara Uzra Dawood Ms. Charmaine Hidayatullah Mr. Ahmed Salamn Munir Syed Shabaha Hussain Mr. Tahir Mehmood Syed Farhan Abbas	Chairperson Chief Executive Officer Director Director Director Director Director
Chief Financial Officer & Company Secretary	Mr. Talal Ismail Pasha	
Audit Committee	Syed Shabaha Hussain Mr. Tahir Mehmood Syed Farhan Abbas	Chairman Member Member
Human Resource Committee	Ms. Shafqat Sultana Miss Tara Uzra Dawood Mr. Tahir Mehmood	Chairman Member Member
Trustee:	MCB Financial Services Limited 4th Floor, Pardasi House, 2/1 R-Y old Queens Road, Karachi	
Auditors	Grant Thornton Anjum Rahman Chartered Accountants	
Human Resource Committee	Ms. Tara Uzra Dawood Ms. Shafqat Sultana Mr. Tahir Mehmood	Chairperson Member 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:	Al Baraka Bank (Pakistan) Limited JS Bank Limited BankIslami Pakistan Limited Bank Alfalah Limited	
Rating	PACRA: AA-(f)	



DIRECTORS' REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2018

It gives me immense pleasure to present on behalf of the Board of Directors of 786 Investments Limited "786 or the Company" the Management Company of **Dawood Income Fund (DIF)**, I am pleased to present financial statements for the quarter ended September 30, 2018.

Economic Outlook:

The smooth and safe transition of powers between the Governments addresses the political uncertainty. However, concerns over the economic front continues to persist on the back of rising inflation and large twin deficits that are likely to compromise the sustainability of the high real economic growth path, posing a major concern for the newly elected Government.

The balance of payments is under stress due to relatively high current account deficit (CAD) at 5.8 percent of GDP (US\$18.1 billion) in FY18. Exports, after contracting for three consecutive fiscal years, grew by 12.6 percent in FY18, but relatively stronger import growth (14.7 percent) has resulted in a higher trade deficit. Government imposed regulatory duties on a large number of imports to slowdown import growth and the exchange rate has depreciated by cumulative 18 percent. The recent monetary and fiscal measures are likely to affect Large Scale Manufacturing. SBP has projected the real GDP growth for FY19 at around 5.0%. Average CPI inflation for the IQFY19 increased to 5.60% against 3.39% in FY18. SBP has revised its inflation cast for FY19 in the range of 6.5% to 7.5% in view of (i) higher anticipated international oil prices (ii) an upward revision in domestic gas prices (iii) an increase regularity duty on imports and (iv) exchange rate depreciations. The policy interest rate was raised by 200 bps during the period under review.

The government is also now pursuing fiscal consolidation program and has further announced regulatory measures to slowdown the growing pressures on the external front. As a result, domestic demand is projected to decelerate in the coming months of FY19.

Money Market Review:

The SBP held seven Treasury bill auctions during 1QFY19. The cumulative participation witnessed were PKR 5.199bn against the pre-announced auction target of PKR 5,450bn while the SBP accepted an amount of PKR 4.556bn during the period under review. That being said, acceptance in 3 months tenor represented 99.99% of the total accepted amount while the 6 months were 0.01% while no bids were received in 12 months tenor. Further during this period SBP conducted three Pakistan Investment Bond (PIB) auctions and raised PKR 19.5bn the last cut-off yields was 9.25% for 5 years respectively. Further during this period SBP conducted one Floating Rate Bonds (FRB) auction based on spread over 6 months weighted average cut-off T.Bills. The cumulative participation witnessed were PKR 151.525bn against the auction target of PKR 150bn while the SBP accepted an amount of PKR 101.525bn with spread over 70 bps on 6m T.Bills. The SBP did not conduct any GOP Ijarah Sukuk auction during the period under review.

Fund Strategy

The Fund's priority is to keep healthy liquidity, making prudent decisions on residual debt and making risk-averse decisions on future investments. The Fund management is actively pursuing towards the settlement of the residual debt while ensuring the high unit holder protection. Ensuring steady profit while meeting any and all redemption need is the Fund's prime priority.



DAWOOD
INCOME FUND

Fund Performance

As at September 30, 2018, net assets were Rs. 376.86 million as compared to Rs. 334.72 million as at June 30, 2018. The Fund's total income during the period stands at Rs. 12.15 million as compared to income of Rs. 8.52 million. Total income increased by Rs. 3.62 million as compared to same period last year. Total expenses were Rs. 2.54 million as compared to Rs. 1.78 million in the same period last year. The Net Asset Value (NAV) of DIF per unit decreased from Rs. 88.31 to Rs. 81.65 during the period.

Acknowledgement

The Directors wish to express their gratitude to the Securities & Exchange Commission of Pakistan and other regulatory bodies for their valuable support, assistance and guidance during these times of recovery.

The Board also thanks the employees of the Asset Management Company, the Trustee for their dedication and hard work and the unit holders for their confidence in the Management.

These condensed interim financial statements are unaudited. Accordingly, the Directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the Fund.

October 18, 2018
Karachi

---SD---
Chairperson

ڈائریکٹرز کی رپورٹ

داؤد انکم فنڈ (DIF) اینجمنٹ کمپنی 786 انویسٹمنٹ لمیٹڈ (786 یاد کی کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے، 30 ستمبر 2018 کو ختم ہونے والی سرمایہ کے مالیاتی گوشوارے پیش کرتے ہوئے میں خوش محسوس کر رہا ہوں۔

اقتصادی امکانات:

حکمرانوں کے درمیان اختیارات کی ہموار اور محفوظ منتقلی سیاسی غیر یقینی کو ختم دیتی ہے۔ تاہم، اقتصادی محاذ پر بڑھتے ہوئے افراط زر اور بڑے جزوان خطرات کی بناء پر خدشات دو پیش ہیں جسے نئی حکومت کی طرف سے اعلیٰ حتمی اقتصادی ترقی کے استحکام پر سمجھوتہ کرنے اور اہم تشویش خیال کئے جانے کا امکان ہے۔

بنیاد ادا نیگیوں مالی سال 18 میں جی ڈی پی (1.1 بلین امریکی ڈالر) کی 5.8 فیصد پر نسبتاً اعلیٰ کرنٹ اکاؤنٹ خسارہ (CAD) کی وجہ سے دباؤ کے تحت ہیں۔ برآمدات، تین مسلسل مالی سالوں میں کمی کے بعد، مالی سال 18 میں 12.6 فیصد تک زیادہ ہوئیں، لیکن نسبتاً درآمد (14.7 فیصد) کی وجہ سے تجارتی خسارہ میں اضافہ ہوا ہے۔ حکومت نے درآمد کو کم کرنے کیلئے درآمدات کی بڑی تعداد پر ریگولیشنری ڈیویڈنڈ کی شرح اور زرمبادلہ کی شرح مجموعی طور پر 18 فیصد تک کم ہو گئی ہے۔ حالیہ مائیکرو اور مالیاتی اقدامات سے بڑے پیمانے کی مینوفیکچرنگ منٹاثر ہونے کے امکانات ہیں۔ ایس بی پی نے مالی سال 19 کے لئے حتمی جی ڈی پی نمو کا تخمینہ تقریباً 5.0 فیصد لگایا ہے۔

مالی سال 19 کی پہلی سرمایہ کے لئے اوسط سی بی آئی افراط زر مالی سال 18 میں 3.39 فیصد کے برعکس 5.60 فیصد تک بڑھ گیا۔ ایس بی پی نے مالی سال 19 کے لئے اپنی افراط زر قیمت کو (i) اعلیٰ متوقع بین الاقوامی تیل کی قیمتوں (ii) مقامی گیس کی قیمتوں میں دوبارہ اضافہ (iii) درآمدات پر ریگولیشنری ڈیویڈنڈ (iv) زرمبادلہ کی شرح میں کمی کے مدنظر 6.5 فیصد تا 7.5 فیصد کی رینج میں ریواز کیا ہے۔ پالیسی اثر بیسٹ رٹ زیر جائزہ مدت کے دوران bps 200 تک بڑھ گیا تھا۔

حکومت بھی اب مالی کنٹریولیشن پروگرام کی بیرونی کر رہی ہے اور بیرونی محاذ پر بڑھتے ہوئے دباؤ کو کم کرنے کے لئے مزید ریگولیشنری اقدامات کا اعلان کیا ہے۔ جس کے نتیجے میں مقامی طلب مالی سال 19 کے آئندہ مہینوں میں بڑھنے کی توقع ہے۔

منی مارکیٹ کا جائزہ:

ایس بی پی نے مالی سال 19 کی پہلی سرمایہ کے دوران سات ٹریڈری بل آکشن منعقد کرائیں۔ مجموعی شرکت کا مشاہدہ پہلے اعلان کردہ بنیادی ہدف 4,450bn روپے کے برخلاف 5,199bn روپے تھا جبکہ ایس بی پی نے زیر جائزہ مدت کے دوران 4,556bn روپے کی رقم کی منظوری دی۔ یہ کہا جا رہا ہے کہ 3 ماہ کی مدت میں تو لیت کل قابل قبول رقم کی 99.99 فیصدی نمائندگی کرتی ہے۔ جبکہ 6 ماہ کی 0.01 فیصدی جبکہ 12 ماہ کی مدت کی کوئی بڑا وصول نہیں ہوئیں۔

مزید، اس عرصے کے دوران، ایس بی پی نے تین (3) پاکستان انویسٹمنٹ بانڈ (پی آئی بی) بنیادیوں کا انعقاد کیا اور 19.5bn روپے اکٹھے کئے 5 سالوں کی پیدوار بالترتیب 9.25 فیصد تھی۔ اس کے علاوہ موجودہ مدت کے دوران، ایس بی پی نے 6 ماہ کی اوسط کٹ آف ٹی بلیز پر محیط فلوٹنگ ریٹ بانڈز (FRB) کی ایک بنیادی منعقد کی۔ مجموعی شرکت کا مشاہدہ 150bn روپے کے بنیادی ہدف کے خلاف 151.525bn روپے کیا گیا تھا جبکہ ایس بی پی نے 6 ماہی بلیز پر 70 بی بی ایس پر 101.525bn روپے رقم کی منظوری دی ہے۔

زیر جائزہ مدت کے دوران ایس بی پی نے کوئی نئی اپنی اجارہ سلک آکشن کا انعقاد نہیں کیا۔

فنڈ کی حکمت عملی

فنڈ کی ترجیح سمندر کی بی بی بی رکھنا، بنیادی قرضہ پر محتاط فیصلہ کرنا اور مستقبل کی سرمایہ کاری پر خطرات سے پاک فیصلے کرنا ہے۔ فنڈ منجمنٹ پونڈ ہولڈر کی اعلیٰ حفاظت کو یقینی بناتے ہوئے بقا بقرضہ کے تھپیہ کے نئے فعال طور پر بیرونی کرتی ہے۔ کسی اور تمام قرضہ کی واگزار کی ضرورت کو پورا کرتے ہوئے مستحکم منافع کو یقینی بنانا فنڈ کی اہم ترین ترجیح ہے۔

فنڈ کی کارکردگی

30 ستمبر 2018 کو خالص 376.86 ملین روپے تھے جو 30 جون 2018 کو 334.72 ملین روپے تھے۔ گزشتہ سال کی اسی مدت میں 8.52 ملین روپے کے مقابلے میں موجودہ مدت کے دوران فنڈ کی کل آمدن 12.15 ملین روپے پر برقرار رہی۔ کل آمدنی گزشتہ سال کی اسی مدت کے مقابلے میں 3.62 ملین روپے تک زیادہ ہوئی۔ مدت کے دوران کل اخراجات 2.54 ملین روپے ہوئے جو گزشتہ سال کی اسی مدت میں 1.78 ملین روپے تھے۔ مدت کے دوران DIF کی فی یونٹ خالص اثاثے کی قدر (NAV) 88.31 روپے سے کم ہو کر 81.65 روپے ہو گئی۔



اظہار تشکر

ڈائریکٹرز ان ریکوری کے لحاظ سے دوران قابل قدر معاونت، مدد اور رہنمائی پر سیکورٹیز اینڈ ایگزیکٹو کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کے شکر گزار ہیں۔
مینیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز، مہنگن اور صحت پر کمپنی کے ملازمین، بزنس ڈیولپمنٹ اور کمپنی میں اعتماد پر یونٹ ہولڈرز کا بھی شکر یہ ادا کرتے ہیں۔
یہ ایشیال شدہ عبوری مالیاتی گوشوارے غیر نظر ثانی شدہ ہیں۔ اس کے مطابق، مینیجمنٹ کمپنی کے ڈائریکٹرز اعلان کرتے ہیں کہ یہ ایشیال شدہ عبوری مالیاتی گوشوارے فنڈ کا حقیقی اور منصفانہ منظر پیش کرتے ہیں۔

---SD---

چیف پرنس

کراچی: 18 اکتوبر 2018ء



**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)
AS AT 30 SEPTEMBER 2018**

	Note	Un-Audited 30 September 2018 Rupees	Audited 30 June 2018 Rupees
Assets			
Bank Balances	6	31,626,166	178,611,620
Investments	7	351,104,975	161,342,284
Income and Profit Receivable		1,328,179	1,598,839
Deposits		120,569	100,000
Advance Income Tax		18,493	-
Total Assets		384,198,382	341,652,743
Liabilities			
Payable to 786 Investments Limited - Management Company	8	822,147	744,035
Payable to MCB Financial Services Limited - Trustee		55,731	56,015
Payable to Securities and Exchange Commission of Pakistan - Annual Fee		77,164	243,087
Accrued Expenses and Other Liabilities	9	5,916,887	5,515,348
Unclaimed Dividend		460,487	369,962
Total Liabilities		7,332,416	6,928,447
Net Assets		376,865,966	334,724,296
Unit Holders' Fund (As per Statement Attached)		376,865,966	334,724,296
Number of Units			
Number of Units in Issue	10	4,615,387	3,790,392
Rupees			
Net Assets Value per Unit		81.65	88.31
Contingencies and Commitments	11		

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

For 786 Investments Limited
(Management Company)

---SD---
Chief Executive Officer

---SD---
Chief Financial Officer

---SD---
Director



**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Note	Quarter Ended 30 September 2018 Rupees	Quarter Ended 30 September 2017 Rupees
Income			
Net Capital Gain on Sale of Investment		1,417	-
Income from Saving Accounts		1,700,622	3,066,367
Income from Sukuk Certificates		1,100,135	479,065
Income from Commercial Paper		323,671	
Income from Term Deposit Receipts (TDR)		311,360	-
Income from Certificates of Investments (COI)		-	132,791
Income from Government Securities		4,526,381	657,800
Reversal of Impairment in the Value of Investments Classified as Available for Sale		4,188,789	4,188,789
Total Income		12,152,375	8,524,812
Expenses			
Remuneration of 786 Investments Limited - Management Company	8.1	1,543,236	992,505
Sindh Sales Tax on Remuneration to Management Company	8.2	200,620	129,026
Accounting and Operational Charges	8.3	82,883	66,166
Remuneration to MCB Financial Services Limited - Trustee		151,250	151,178
Sindh Sales Tax on Trustee Fee		19,661	19,653
Annual Fee to Securities and Exchange Commission of Pakistan		77,164	49,625
Auditors' Remuneration		164,515	164,680
Fees and Subscription		35,413	36,585
Securities Transaction Cost		4,968	992
Financial Charges		2,885	1,487
Legal and Professional Charges		34,157	-
Provision for Sindh Workers' Welfare Fund (SWWF)	9.2	196,075	136,928
Withholding Taxes		-	-
Printing and Related Charges		31,885	35,000
Total Expenses		2,544,712	1,783,825
Net Income for the Period Before Taxation		9,607,663	6,740,987
Taxation	13	-	-
Net Income for the Period After Taxation		9,607,663	6,740,987
Allocation of Net Income for the Period:			
Income Already Paid on Units Redeemed		(1,932,527)	(18,603)
Accounting Income Available for Distribution:			
- Relating to Capital Loss		1,417	-
- Excluding Capital Loss		7,673,719	6,722,384
		7,675,136	6,722,384
Earnings per Unit	12		

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

For 786 Investments Limited
(Management Company)

---SD---
Chief Executive Officer

---SD---
Chief Financial Officer

---SD---
Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Quarter Ended 30 September 2018 Rupees	Quarter Ended 30 September 2017 Rupees
Net Income for the Period after Taxation	9,607,663	6,740,987
Other Comprehensive Income		
Items That are Or May be Reclassified Subsequently to Income Statement		
Net Unrealised Diminution in Fair Value of Investments Classified as Available for Sale	(11,708)	(107,250)
Total Comprehensive Income for the Period	<u>9,595,955</u>	<u>6,633,737</u>

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

For 786 Investments Limited
(Management Company)

---SD---
Chief Executive Officer

---SD---
Chief Financial Officer

---SD---
Director



**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	30 September 2018				30 September 2017			
	Capital Value	Undistributed Loss	Unrealised Gain on Investment	Total	Capital Value	Undistributed Loss	Unrealised Gain on Investment	Total
	----- (Rupees) -----				----- (Rupees) -----			
Net Assets at the Beginning of the Year	435,397,805	(101,341,693)	668,184	334,724,296	373,888,482	(126,408,405)	257,250	247,737,327
Issue of 2,341,093 Units (September 30, 2017: 343,323 Units)								
- Capital Value (At Net Asset Value Per Unit at the Beginning of the Period	186,882,186	-	-	186,882,186	27,710,000	-	-	27,710,000
- Element of Income	1,236,355	-	-	1,236,355	-	-	-	-
Total Proceed on Issuance of Units	188,118,541	-	-	188,118,541	27,710,000	-	-	27,710,000
Redemption of 1,516,098 Units (September 30, 2017: 17,412 Units)								
- Capital Value (At Net Asset Value Per Unit at the Beginning of the Period	(121,025,375)	-	-	(121,025,375)	(1,411,445)	-	-	(1,411,445)
- Amount Paid Out of Element of Income Relating To 'Net Income for the Period after Taxation'	-	(1,932,527)	-	(1,932,527)	-	-	-	-
- Refund/Adjustment on Units as Element of Income	(293,113)	-	-	(293,113)	-	-	-	-
Total Payment on Redemption of Units	(121,318,488)	(1,932,527)	-	(123,251,015)	(1,411,445)	-	-	(1,411,445)
Total Comprehensive Income for the Period	-	9,607,663	(11,708)	9,595,955	-	6,740,987	(107,250)	6,633,737
Distribution During the Period								
Final Distribution at the Rate of Rupee. 8.5273 per Unit for the Year Ended 30 June 2018	-	(32,321,811)	-	(32,321,811)	-	6,740,987	(107,250)	6,633,737
	-	(22,714,148)	(11,708)	(22,725,856)	-	6,740,987	(107,250)	6,633,737
Net Assets at End of the Period	502,197,858	(125,988,368)	656,476	376,865,966	400,187,037	(119,648,815)	150,000	280,688,222
Undistributed Loss Brought Forward								
- Realised		(101,341,693)	-			(126,408,405)	-	
- Unrealised		-	-			-	-	
		(101,341,693)				(126,408,405)		
Accounting Income Available for Distribution								
- Relating To Capital Gains		1,417	-			-	-	
- Excluding Capital Gains		7,673,719	-			-	-	
		7,675,136				-		
Net Income for the Period After Taxation (for Prior Years Either Income(Loss) and Where There is Loss Situation in Current Year)		-	-			6,740,987		
Distribution During the Period		(32,321,811)				-		
Undistributed Loss Carried Forward		(125,988,368)				(119,667,418)		
Undistributed Loss Carried Forward								
- Realised		(125,988,368)				(119,667,418)		
- Unrealised		-				-		
		(125,988,368)				(119,667,418)		
Net Assets Value Per Unit at Beginning of the Year				88.31				78.93
Net Assets Value Per Unit at End of the Period				81.65				81.01

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

For 786 Investments Limited
(Management Company)

---SD---
Chief Executive Officer

---SD---
Chief Financial Officer

---SD---
Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Quarter Ended 30 September 2018 Rupees	Quarter Ended 30 September 2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the Peiord before Taxation	9,607,663	6,740,987
Adjustments for Non-Cash Charges and Other Items:		
Reversal of Impairment in the Value of Investments Classified as available for sale	(4,188,789)	(4,188,789)
Provision for Sindh Workers' Welfare Fund	196,075	-
	<u>5,614,949</u>	<u>2,552,198</u>
(Increase)/Decrease in Assets		
Investments	(185,585,610)	(104,676,311)
Advance Income Tax	(18,493)	2,821,392
Deposits	(20,569)	-
Receivable against Investments	-	-
Income and Profit Receivable	270,660	237,609
	<u>(185,354,012)</u>	<u>(101,617,310)</u>
Increase/(Decrease)/Increase In Liabilities		
Payable to 786 Investments Limited - Management Company	78,112	52,043
Payable to MCB Financial Services Limited - Trustee	(284)	(1,697)
Payable to Securities and Exchange Commission of Pakistan - Annual Fee	(165,923)	(117,537)
Dividend Payable	90,525	(640,599)
Accrued Expenses and Other Liabilities	205,464	(3,860,224)
	<u>207,894</u>	<u>(4,568,014)</u>
Taxes Paid/Withheld By Counterparties	-	-
Net Cash Used In From Operating Activities	<u>(179,531,169)</u>	<u>(103,633,126)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	(32,321,811)	-
Receipts from Issuance of Units	188,118,541	27,710,000
Payments on Redemption of Units	(123,251,015)	(1,392,842)
Net Cash Generated From Financing Activities	<u>32,545,715</u>	<u>26,317,158</u>
Net Decrease in Cash and Cash Equivalents During the Period	<u>(146,985,454)</u>	<u>(77,315,968)</u>
Cash and Cash Equivalents at Beginning of the Year	178,611,620	228,144,962
Cash and Cash Equivalents at End of the Period	<u><u>31,626,166</u></u>	<u><u>150,828,994</u></u>

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

-----SD-----	For 786 Investments Limited (Management Company)	-----SD-----
Chief Executive Officer	Chief Financial Officer	Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Dawood Income Fund ('the Fund') was established under the Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 (the NBFC Rules). The Fund was established under a Trust Deed executed on 8 April 2003 between 786 Investments Limited as Management Company and Bank AL-Habib Limited (BAHL) as Trustee. In June 2011, BAHL retired and MCB Financial Services Limited (MCBFSL) was appointed as the new trustee of the Fund and the name of the Fund was also changed from "Dawood Money Market Fund" to "Dawood Income Fund". These changes, after necessary regulatory approvals, were duly incorporated in the Trust Deed of the Fund by way of First Supplemental Trust Deed. The registered office of the Management Company is situated at G3, Ground floor, BRR Tower, Hassan Ali Street, I.I Chundrigar Road, Karachi, Pakistan.
- 1.2** Titles to the assets of the Fund are held in the name of MCBFSL as the Trustee of the Fund (except for term finance certificate of New Allied Industries Limited as mentioned in note 7.2.1, which is a non-performing term finance certificate hence being unable to be transferred until final settlement which is held in the name of BAHL being the previous trustee of the Fund).
- 1.3** The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited (PSX). Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** The Fund is categorized as "income scheme" in accordance with Circular No. 7 of 2009 issued by the SECP. The principal activity of the Fund is to make investment in spread transactions and debt based securities including government securities, commercial papers and other money market instruments and placement of funds.
- 1.5** The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM3' to the Management Company and has assigned stability rating "AA-(f)" to the Fund.
- 1.6** The Management Company paid the dues of PSX on June 28, 2018 and fulfilled other conditions subsequently on July 23, 2018. On fulfillment of the conditions, PSX through its notice dated August 30, 2018 announced the shifting of name of the Management Company to Normal Counter and resumption of trading in shares of the Management Company from September 3, 2018.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

- 2.1.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the requirements of IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.1.2** This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended 30 June 2018.



2.1.3 This condensed interim financial information is unaudited are being circulated to the unit holders as per the requirement of the NBFC regulations. However, a limited scope review has been performed by the external auditors of the fund. The Board of Directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Fund.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the method of computation adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended 30 June 2018.

4 ESTIMATES AND JUDGMENTS

4.1 The preparation of condensed interim financial information 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.

4.2 In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended 30 June 2018.

5 FINANCIAL RISK MANAGEMENT

5.1 The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the annual audited financial statements of the Fund as at and for the year ended 30 June 2018.

		Un-Audited 30 September 2018 Rupees	Audited 30 June 2018 Rupees
6 BANK BALANCES	Note		
Savings accounts	6.1	31,626,166	148,611,620
Term Deposit Receipts		-	30,000,000
		31,626,166	178,611,620

6.1 Profit rates on savings accounts range from 2.61% to 7.45% (30 June 2018: 2.61% to 7%) per annum.

		Un-Audited 30 September 2018 Rupees	Audited 30 June 2018 Rupees
7 INVESTMENTS			
Available for Sale			
Listed Term Finance and Sukuk certificates	7.1	-	-
Unlisted Term Finance and Sukuk certificates	7.2	61,656,476	61,668,184
Commercial Paper	7.3	40,000,000	-
		101,656,476	61,668,184
At Fair Value through Profit or Loss			
- Held for Trading			
Government Securities	7.4	249,448,499	99,674,100
		351,104,975	161,342,284



7.1 Listed Term Finance and Sukuks Certificates - Available-for-Sale

Certificates have a face value of Rupees. 5,000 each unless stated otherwise

Investee Entities	Note	Number of Certificates			Balance as at 30 September 2018			Market Value as a Percentage of Net Assets	Market Value as a Percentage of Total Investments	
		As at 1 July 2018	Purchased during the Period	Settled during the Period	As at 30 September 2018	Cost/Carrying Value	Market Value			Appreciation/(Diminution)
		Units.....			Rupees.....					
Construction and Material Dewan Cement Company Limited*	7.1.1	30,000	-	-	30,000	92,153,358	-	-	0%	0%
30 September 2018						92,153,358	-	-		

- 7.1.1** Dewan Cement Company Limited defaulted on its payments and was classified as non-performing by MUFAP. Accordingly, the security has been fully provided in accordance with the requirements of SECP's circular No. 1 of 2009 and the Board's approved provisioning policy. The Fund has entered into a compromise agreement with Dewan Cement Limited on 09 May 2016 whereby the remaining debt will be paid in thirty one equal quarterly installments in arrears. The Fund has recognised reversal amounting to Rupees. 4.188 million on receipt basis. The Fund has suspended mark-up there against.

*These TFCs certificates are non performing and are fully provided (note: 7.1.2), therefore these are not subject to marked to market.

7.2 Unlisted Term Finance and Sukuks Certificates - Available-for-Sale

Certificates have a face value of Rupees 5,000 each unless stated otherwise

Investee Entities	Note	Number of Certificates			Balance as at 30 September 2018			Market Value as a Percentage of Net Assets	Market Value as a Percentage of Total Investments	
		As at 1 July 2018	Purchased during the Period	Disposed/Matured during the Period	As at 30 September 2018	Cost/Carrying Value	Market Value			Appreciation/(Diminution)
		Units.....			Rupees					
Unlisted Term Finance Certificates										
Cable and Electric Goods New Allied Industries Limited***	7.2.1	11,523	-	-	11,523	25,433,190	-	-	-	-
Unlisted Sukuks										
Cable and Electric Goods TPL Corporation Limited *	7.2.2	5	-	-	5	5,162,500	5,189,321	26,821	1.38%	1.48%
Real Estate and Development Eden Housing Limited***	7.2.3	2,933	-	-	2,933	2,887,171	-	-	-	-
Commercial Bank Dubai Islamic Bank Limited*	7.2.4	26	-	-	26	26,486,304	26,486,304	-	7.03%	7.54%
Fertilizers Dawood Hercules Corporation Limited **	7.2.5	300	-	-	300	30,019,380	29,980,851	(38,529)	7.96%	8.54%
30 September 2018						89,988,545	61,656,476	(11,708)		

*Each having face value of Rupees. 1,000,000 per certificate

**Each having face value of Rupees. 100,000 per certificate

***These TFCs certificates are non performing and are fully provided (note: 7.2.1 and 7.2.3), therefore these are not subject to marked to market.

- 7.2.1** New Allied Electronics Industries Limited defaulted on its payment of principal and mark-up due on 25 December 2008. Consequently, the security was classified as non-performing by MUFAP on 9 January 2009 and accrual on the same was suspended. This security has been fully provided in accordance with the provisioning circulars of SECP and the Board's approved provisioning policy. As mentioned in note 1.1, these TFCs are held in CDC Investor account of the previous Trustee and will only be transferred upon final settlement.



- 7.2.1** New Allied Electronics Industries Limited defaulted on its payment of principal and mark-up due on 25 December 2008. Consequently, the security was classified as non-performing by MUFAP on 9 January 2009 and accrual on the same was suspended. This security has been fully provided in accordance with the provisioning circulars of SECP and the Board's approved provisioning policy. As mentioned in note 1.1, these TFCs are held in CDC Investor account of the previous Trustee and will only be transferred upon final settlement.
- 7.2.2** These sukuk certificates carry profit equal to 1 year KIBOR plus 3% receivable quarterly in arrears and will mature in April 2021. The principal amount is redeemable in four six monthly installments of Rupees. 0.25 million per certificate each commencing from October 2019. These sukuk certificates are secured by hypothecation charge over the hypothecated assets of Rupees. 625 million and pledge of shares of TPL Properties Limited in favour of the Trustee of the issuer for the benefit of the certificate holders.
- 7.2.3** Eden Housing defaulted on its payment of principal and mark-up due on 21 April 2011. Consequently, the security was classified as non-performing by MUFAP on 06 May 2011 and accrual on the same was suspended. This security has been provided in accordance with the provisioning circulars of SECP and the Board's approved provisioning policy.
- 7.2.4** These Sukuk certificates carry profit equal to 6 months KIBOR plus 0.50% receivable half-yearly in arrears and will mature in July 2027.
- 7.2.5** These sukuk certificates carry profit equal to 3 month KIBOR plus 1% receivable quarterly in arrears and will mature in February 2023. The instrument is structured to redeem 60% of the Issue Amount during the first 4 years and remaining 40% in last two (2) equal semi-annual installments of 20% each. The instrument is secured against pledge of shares of Engro Corporation Limited, inclusive of 50% margin, in a designated CDC account. In the event of any sale and repurchase of security, the Trustee will have a lien over subsequent cash, which is to be deposited in a specified bank account and further, Floating or Hypothecation charge on all present and future assets of the Company inclusive of 25% margin Security.
- 7.3** Commercial Paper of K-Electric Ltd issue tenor is is a 6 months and carry profit equal to 6 month KIBOR plus 0.9% receivable on maturity on March 1, 2019.
- 7.4 Government Securities - 'At Fair Value through Profit and Loss'- Held for Trading**

Issue Date	Note	Tenor	Face Value			As at 30 September 2018	Market Value As at 30 September 2018	Market Value as a Percentage of Net Assets	Market Value as a Percentage Total Investments
			As at 1 July 2018	Purchased during the Period	Sold/Matured during the Period				
.....Rupees									
26-Apr-18		3 Months	100,000,000	-	100,000,000	-	-	-	
19-Jul-18	7.4.1	3 Months	-	200,000,000	-	200,000,000	199,558,800	53.07%	
19-Jul-18		3 Months	-	100,000,000	50,000,000	50,000,000	49,889,699	13.27%	
Total as at 30 September 2018			100,000,000	300,000,000	150,000,000	250,000,000	249,448,499		

- 7.4.1** This represents T-Bill purchased for a total amount of Rupees 245.68 million through a commercial bank and is due to mature by October 11, 2018.

7.5 Movement in Provision against Debt Securities

Note	30 September 2018		
	Listed Debt Securities	Unlisted Debt Securities	Total
.....Rupees			
Opening Balance	96,342,147	28,320,361	124,662,508
Less:			
- Reversal against Carrying Value Matured	(4,188,789)	-	(4,188,789)
Closing Balance	92,153,358	28,320,361	120,473,719



7.6 Details of Non-Compliant Investment with the Investment Criteria as Specified by the Securities and Exchange Commission of Pakistan.

In accordance with Clause (v) of the investment criteria laid down for "income scheme" in Circular no. 7 of 2009 issued by SECP, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at 30 September 2018, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance of the Circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by Mutual Fund Association of Pakistan (MUFAP) on default by respective issuer in repayment of coupon due on respective dates. The Fund holds 100% provision against such investment as enumerated below:

Type of Investment	Value before Provision	Provision Made	Value after Provision	Percentage of Net Asset	Percentage of Gross Asset
.....Rupees					
Dewan Cement Limited	TFC	92,153,358	92,153,358	-	-
New Allied Electronics Industries Limited	TFC	25,433,190	25,433,190	-	-
Eden Housing Limited	Sukuk	2,887,171	2,887,171	-	-
		<u>120,473,719</u>	<u>120,473,719</u>		

	Un-Audited 30 September 2018 Rupees	Audited 30 June 2018 Rupees
7.7 Unrealised Appreciation in Fair Value of Investments Classified as 'Available for Sale'	Note	
Fair Value of Investments	61,656,476	61,668,184
Cost of Investment	(61,000,000)	(61,000,000)
	656,476	668,184
Net Unrealised Appreciation in the Fair Value of Investments at the Beginning of the Period	(410,934)	(257,250)
	245,542	410,934

8 PAYABLE TO 786 INVESTMENTS LIMITED - MANAGEMENT COMPANY

On Account of:

Remuneration Payable	8.1	519,274	523,496
Sindh Sales Tax Payable	8.2	87,990	88,539
Accounting and Operations Charges	8.3	214,883	132,000
		822,147	744,035

8.1 Under NBFC Regulation 61, Management Company is entitled to receive a remuneration at the rate not exceeding 1.5% of the average annual net assets value of the Fund. Management Company has charged its remuneration at the rate of 1.5% per annum of the average annual net assets of the Fund. The fee is payable to Management Company on monthly basis in arrears.

8.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (30 June 2018: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

8.3 In accordance with the provisions of the NBFC Regulations as amended vide SRO 1160(1) / 2015 dated 25 November 2015, the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the scheme or actual whichever is less. However, in order to keep Total Expense Ratio (TER) within prescribed limit of 2% as disclosed in note 14, the Management Company has charged accounting and operation charges to the extent of Rupees. 82,883.



9	ACCRUED EXPENSES AND OTHER LIABILITIES	Un-Audited 30 September 2018 Rupees	Audited 30 June 2018 Rupees
	Note		
		1,797,106	1,797,106
	9.1	2,433,857	2,237,782
		886,282	659,473
		454,533	695,103
		345,109	125,884
		5,916,887	5,515,348

9.1 The Management Company has recognised SWWF charge for the period from 21 May 2015 to 30 September 2018, amounting to Rupees 2.433 million (30 June 2018: Rupees 2.238 million). Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rupee 0.53 (30 June 2018: Rupee 0.59).

10	NUMBER OF UNITS IN ISSUE	Un-Audited 30 September 2018 Numbers	Audited 30 June 2018 Numbers
	Total Outstanding as of July 01	3,790,392	3,138,834
	Issued During the Period	2,341,093	3,255,583
	Redemption During the Period	(1,516,098)	(2,604,025)
	Total Outstanding as of Period Ended	4,615,387	3,790,392

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 September 2018 (30 June 2018)

12 EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of the management determination of weighted average number of units for calculating EPU is not practicable.

13 TAXATION

13.1 The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90 percent of accounting income, the income distributed through bonus units shall not be dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance 2001.

14 TOTAL EXPENSE RATIO

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated 20 July 2016 required that Collective Investment Scheme (CIS) to disclose Total Expense Ratio (TER) in the periodic financial statements of the Fund. TER of the Fund for the period ended 30 September 2018 is 2.47% which includes 0.48% representing government levy and SECP fee. The ratio is within the maximum limit of 2% prescribed under the NBFC Regulation 2008 for a collective investment scheme categorised as Income fund.

15 TRANSACTIONS WITH CONNECTED PERSONS/OTHER RELATED PARTIES

Related parties/connected persons of the Fund include 786 Investments Limited, being Management Company, other collective investment schemes managed by the Management Company, MCB Financial Services Limited, being the Trustee of the Fund, Directors and Officers of the Management Company, other associated undertakings and unit holders holding more than 10 % units in the Fund or any of their connected person.



Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations 2008 and the Trust Deed respectively.

The transactions with related parties are in the normal course of business and at contracted rates and terms determined in accordance with market rates.

Details of transactions with related parties and balances with them at the period end are as follows:

15.1 Details of the Transactions with Connected Persons/Related Parties are as Follows:	Quarter Ended 30 September 2018 Rupees	Quarter Ended 30 September 2017 Rupees
786 Investments Limited - Management Company		
Remuneration (Including Indirect Taxes)	<u>1,743,856</u>	<u>1,121,531</u>
Accounting and Operation Charges	<u>82,883</u>	<u>66,166</u>
Issue of 405,700 Units (2017: Nil Units)	<u>32,005,723</u>	<u>-</u>
Redemption of 172,586 Units (2017: Nil Units)	<u>14,000,000</u>	<u>-</u>
MCB Financial Services Limited - Trustee		
Remuneration (Including Indirect Taxes)	<u>170,911</u>	<u>170,831</u>
BRR Investment Limited - Connected Person due to Holding More than 10%		
Issue of 135,830 Units (2017: Nil Units)	<u>9,335,625</u>	<u>-</u>
Redemption of 326,117 Units (2017: 15,028 Units)	<u>26,300,000</u>	<u>1,200,000</u>
First Dawood Investment Bank Limited Employees Contributory Provident Fund - Connected Person due to Holding More than 10%		
Issue of 37,602 Units (2017: Nil Units)	<u>1,763,630</u>	<u>-</u>
Habib Metropolitan Bank Ltd - Connected Person due to Holding More than 10%		
Issue of 491,110 Units (2017: Nil Units)	<u>40,000,000</u>	<u>-</u>
First Dawood Investment Bank Limited - Connected Person Due to Holding More than 10%		
Issue of 938,895 Units (2017: Nil Units)	<u>75,000,000</u>	<u>-</u>
Redemption of 938,895 Units (2017: Nil Units)	<u>76,621,285</u>	<u>-</u>
Directors and Executives of the Management Company		
Issue of 68,480 Units (2017: Nil Units)	<u>4,889,213</u>	<u>-</u>
Other Connected Persons/Related Parties		
Issue of 55,164 Units (2017: Nil Units)	<u>5,059,451</u>	<u>-</u>



	Un-Audited 30 September 2018 Rupees	Audited 30 June 2018 Rupees
15.2 Amounts Outstanding as at Period End are as Follows:		
786 Investments Limited - Management Company		
Remuneration Payable (Including Indirect Taxes)	<u>822,147</u>	<u>744,035</u>
Units Held 581,501 (June 2018: 348,387)	<u>47,482,038</u>	<u>30,765,592</u>
MCB Financial Services Limited - Trustee		
Remuneration Payable (Including Indirect Taxes)	<u>55,731</u>	<u>56,015</u>
BRR Investment Limited - Connected Person		
Units Held 310,967 Units (June 2018: 501,249)	<u>25,391,744</u>	<u>44,264,574</u>
First Dawood Investment Bank Limited - Employees Contributory Provident Fund - Connected Person due to Holding More than 10%		
Units Held 425,303 (June 2018: 387,701)	<u>34,727,754</u>	<u>34,336,142</u>
Habib Metropolitan Bank Ltd - Connected Person due to Holding More than 10%		
Units Held 491,110 (June 2018: NIL)	<u>40,101,169</u>	<u>-</u>
Directors and Executives of the Management Company		
Units Held 694,352 (June 2018: 625,872)	<u>56,696,729</u>	<u>55,269,897</u>
Other Connected Persons/Related Parties		
Units Held 349,356 Units (June 2018: 294,192 Units)	<u>28,526,409</u>	<u>25,979,669</u>

16 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been approved and authorized for the issue in the meeting by the Board of Directors of the Management Company held on 18 October 2018.

17 GENERAL

- 17.1 The corresponding figures have been re-arranged wherever necessary.
- 17.2 Figures have been rounded off to the nearest Rupee, unless otherwise stated.

<p>For 786 Investments Limited (Management Company)</p> <p>----SD----</p> <p>Chief Executive Officer</p>	<p>----SD----</p> <p>Chief Financial Officer</p>	<p>----SD----</p> <p>Director</p>
--	--	-----------------------------------

www.jamapunji.pk



**Be aware, Be alert,
Be safe**
Learn about investing at
www.jamapunji.pk

Key features:

- 📄 Licensed Entities Verification
- 📊 Scam meter*
- 🎮 Jamapunji games*
- 📄 Tax credit calculator*
- 👤 Company Verification
- 📄 Insurance & Investment Checklist
- 🗨️ FAQs Answered
- 📈 Stock trading simulator (based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler*
- 📄 Financial calculator
- 📧 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 📖 Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk @jamapunji_pk

*Mobile apps are also available for download for android and ios devices



BOOK POST



If undelivered, please return to:

DAWOOD INCOME FUND
G-3 Ground Floor, B.R.R. Tower,
Hassan Ali Street,
Off I.I. Chundrigar Road,
Karachi - 74000 Pakistan



Managed By:
786 Investments Limited
Trustee: MCB Financial Services Limited
G-3 Ground Floor, B.R.R. Tower, Hassan Ali Street,
Off I.I. Chundrigar Road, Karachi - 74000 Pakistan
Tel: (92-21) 32603751-54
Email: info@786investments.com
Website: www.786investments.com