



INVESTMENTS

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786 INVESTMENTS LIMITED



DAWOOD INCOME FUND

**FOR THE NINE-MONTH AND
QUARTER ENDED
31 MARCH 2019
(UN-AUDITED)**

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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 Salman Munir Syed Shabahat 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 Shabahat Hussain Mr. Tahir Mehmood Syed Farhan Abbas	Chairman Member Member
Human Resource Committee	Ms. Shafqat Sultana Miss Tara Uzra Dawood Mr. Tahir Mehmood	Chairperson 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	
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 MARCH 31, 2019

On behalf of the Board of Directors, we are pleased to present Dawood Income Fund quarterly report for the period ended March 31, 2019.

MARKET & ECONOMY REVIEW

Economic Review

The current account deficit is narrowing. After experiencing large Current Account Deficits (CAD) and foreign exchange reserves reducing over the last couple of years, the financial situation of Pakistan finally appears to be improving. Intractable imports that had become unsustainable have started responding to demand compression policy measures such as hefty PKR devaluation, hike in interest rates, levying/expanding import duties, and deep cut in public spending.

The attraction in exports is also weak. We expect them to show meaningful growth from next year onwards as exporters ramp up their capacities and re-establish relationships with clients. The Government of Pakistan (GoP) also remains focused on boosting exports and incentives have been parceled out such as exemption from gas and electricity tariff hikes. The CAD for February 2019 has clocked in at USD 356 million as compared to USD 1.6 billion per month, on average witnessed in Fiscal year 2018.

Negotiations for a bailout package with the IMF are underway and agreement is expected to be signed in May 2019. The GoP is working with the IMF to devise short to medium term framework for slashing the budget deficit through increasing revenues, rationalizing expenditure, raising utilities tariff, reducing circular debt, making exchange rate more flexible, and monetary tightening to contain underlying inflationary pressures. Entry into the IMF program would ameliorate the credibility of Pakistan in the eyes of global financial community, expecting for inflows of funds from multilateral agencies such as the World Bank & Asian Development Bank, and also facilitate access to international capital markets. Inflows from friendly countries have materialized, which have helped in SBP forex reserves increasing to USD 10.7 billion in Mar-19 from the recent low of USD 7.2 billion seen in Dec-18. Though financial assistance from friendly countries has staved off the immediate crisis situation; the urgency for structural reforms and measures to further narrow the CAD should remain the policy priority given large funding gap in the coming years.

Average CPI inflation for the 3rd Quarter Fiscal Year 2019 increased to 9.41% against 5.60% in 2nd Quarter Fiscal Year 2019. We projected it to further rise as government still has to raise utility tariffs (electricity & gas) in the coming months to reduce the subsidy burden, while petroleum products prices may also be augmented to generate additional revenues via GST, and pass-through of expected currency devaluation during the coming months. However, average inflation for Fiscal Year 2021 is projected to drop to 7% after peaking in 1st Half Fiscal Year 2020. The policy interest rate was raised by 75 bps during the period under review.

The economy has averted the immediate severe balance of payments crises and all macro-economic indicators are showing positive trends towards stabilization. The general paradigm of fiscal and monetary policies has been realigned towards exports, investment and productivity growth. In the days to come, bold steps will be put in place to facilitate both foreign and local investment and dramatically improve the ease of doing business climate in the country.

Money Market Review:

The SBP held seven Treasury bill auctions during 3rd Quarter Fiscal Year 2019. SBP accepted an amount of PKR 5,608 billion during the period under review. against the pre-announced auction target of PKR 13.80 billion, 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 399 bn the last cut-off yields was 12.23%, 12.64% and 13.15% for 3, 5 and 10 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 plus 70 basis points. The cumulative participation witnessed were PKR 68bn while the SBP accepted 7.4bn. The SBP did not conduct any GOP Ijarah Sukuk auction during the period under review.



FUND PERFORMANCE

As at March 31, 2019, net assets were PKR. 419.68 million as compared to PKR.334.72 million as at June 30, 2018. Total operating income for the nine months period was PKR. 44.71 million as compared to PKR. 36.20 million in the same period last year. Total income increased by 23.49% as compared to same period last year. Total expense was PKR. 8.66 million as compared to PKR. 9.36 million in the same period last year. Net Income for the nine months period was PKR. 36.05 as compared to PKR. 26.84 million in the same period last year. Income already paid on unit redeemed was PKR. 9.57 million. The Net Asset Value per unit was Rs. 86.07 as at March 31, 2019.

----SD----

Chief Executive Officer

----SD----

Director

April 22, 2019
Karachi

786 انویسٹمنٹ لمیٹڈ

ڈائریکٹرز کی رپورٹ

برائے 31 مارچ 2019 تک نفاذ

بورڈ آف ڈائریکٹرز کی جانب سے، میں 31 مارچ 2019 کو ختم ہونے والی نو ماہی کے لئے داؤد انویسٹمنٹ کی سرمایہ رپورٹ پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

مارکیٹ اور اقتصادی جائزہ

اقتصادی جائزہ:

کرنٹ اکاؤنٹ خسارہ میں کمی آ رہی ہے۔ گزشتہ تین سالوں سے کرنٹ اکاؤنٹ خسارہ میں بہت زیادہ اضافہ اور غیر ملکی زرمبادلہ کے ذخائر میں کمی کے بعد، پاکستان کی مالی صورت حال آخر کار بہتر ہوتی دکھائی دیتی ہے۔ انتہائی درآمدات جو تاگزیر ہو چکی تھیں نے کپریٹیشن پالیسی اقدامات کا مطالبہ شروع کر دیا ہے جیسا کہ پاکستانی روپیہ کی قدر میں بہت زیادہ کمی، سود کی شرحوں میں اضافہ، درآمدات پر عائد بڑھتی ہوئی ڈیوٹیاں اور پبلک اخراجات میں بہت زیادہ کمی۔

برآمدات میں توجہ بھی بہت کم ہے۔ ہم امید رکھتے ہیں کہ انہیں اگلے سال سے معنی خیز نمو دکھائی دے گی کیونکہ برآمد کنندگان کو اپنی اہلیتوں کو بڑھانا اور کنٹریول کے ساتھ تعلقات کو دوبارہ قائم کرنا ہے۔ حکومت پاکستان (GoP) نے بھی برآمدات کو بڑھانے پر توجہ مرکوز کی ہے اور گیس سے بجلی کی فراہمی اور بجلی کی ٹریف کی کمی جیسی اعانتوں کا اعلان کیا گیا ہے۔ فروری 2019 کے لئے CAD مالی سال 2018 میں درج اوسط پر 1.6 بلین امریکی ڈالر ماہانہ کے مقابلے 356 بلین امریکی ڈالر میں محدود رہا ہے۔

آئی ایم ایف کے ساتھ ایک تیل آؤٹ سٹیج کے لئے مذاکرات جاری ہیں اور مئی 2019 میں معاہدہ مکمل ہونے کی توقع کی جا رہی ہے۔ حکومت پاکستان آمدنی کو بڑھانے، اخراجات کو کم کرنے، پیپلیٹیز ٹریف کو بڑھانے، گروٹھی قرضہ کو کم کرنے، تبادلہ کی شرح کو مزید پگھلانا اور بنیادی افراط زر کے دباؤ کی روک تھام کے لئے ہائیرٹی پالیسی کو سخت کر کے بجٹ کے خسارہ کو کم کرنے کے لئے درمیانی درجے کے فریم ورک کو مستحکم کرنے کے لئے آئی ایم ایف کے ساتھ کام کر رہی ہے۔ آئی ایم ایف کے پروگرام میں داخلہ عالمی مالیاتی برادری کی نظر میں پاکستان کی سادھ بڑھانے کی، ملٹی لیٹرل انجینئریں جیسا کہ عالمی بینک اور ایشیائی ترقیاتی بینک سے فنڈز کے بہاؤ کی آمد متوقع اور بین الاقوامی سرمایہ کاری مارکیٹ میں بھی سہولت فراہم کرے گی۔ دوستانہ ممالک سے مالی امداد حاصل ہوگی ہے، جس نے SBP کے فاریکس ذخائر کو مارچ 2019 میں 10.7 بلین امریکی ڈالر تک بڑھانے میں مدد کی ہے جو دسمبر 2018 میں 7.2 بلین امریکی ڈالر تھے۔ اگرچہ دوستانہ ممالک سے مالی امداد نے فوری طور پر بحران کی صورت حال کو روک دیا ہے۔ CAD کو مزید محدود کرنے کے لئے فوری بنیادی اصلاحات اور اقدامات آنے والے سالوں میں پالیسی کی ترجیحات رہنے چاہئیں۔

مالی سال 2019 کی تیسری سہ ماہی کے لئے اوسط بی آئی افراف ز 4.19 فی صد تک بڑھ گیا جو مالیاتی سال 2019 کی دوسری سہ ماہی میں 5.60 فی صد تھا۔ ہمیں اس کے مزید بڑھنے کی توقع ہے کیونکہ حکومت نے سہ ماہی کو کم کرنے کے لئے آئے والے مہینوں میں پوٹنٹی ٹریف (بجلی اور گیس) بڑھا دیا ہے، جبکہ آنے والے مہینوں کے دوران بی ایس ٹی کے ذریعے اضافی ریونیو پیدا کرنے اور کرنسی کی قدر میں متوقع کمی کو پورا کرنے کے لئے پٹرولیم مصنوعات کی قیمتیں بھی بڑھائی جاسکتی ہیں۔ تاہم، مالی سال 2021 کے لئے اوسط افراط زر مالی سال 2020 کی بجلی ششماہی کے بعد 7 فی صد تک ہونے کا امکان ہے۔ زیر جائزہ مدت کے دوران پالیسی انٹریٹ ریٹ 7.5 فی بی ایس ٹی زیادہ ہوگی۔

مجموعی طور پر، معیشت نے ادائیگی کے بحرانوں کے فوری شدید توازن کو خراب کر دیا ہے اور تمام بڑے معاشی اشارے استحکام کی طرف مثبت رجحانات ظاہر کرتے ہیں۔ مالی اور مالیاتی پالیسیوں کا عام انداز برآمدات، سرمایہ کاری اور پیداواری ٹوکی طرف اشارہ کرتا ہے۔ آنے والے دنوں میں، غیر ملکی اور مقامی سرمایہ کاروں کو سہولت دینے کے لئے جرات مندانہ اقدامات کیے جائیں گے اور ملک میں کاروباری آس و ہوا ڈرامائی طور پر آسانی سے بہتر بنائی جائے گی۔

مٹی مارکیٹ کا جائزہ:

ایس بی پی نے مالی سال 19 کی تیسری سہ ماہی کے دوران سات (7) ٹریڈری بل آکشن منعقد کرائیں۔ مجموعی شرکت کا مشاہدہ پہلے اعلان کردہ ہیلای ہدف 13.80 بلین پاکستانی روپے کے برخلاف، ایس بی پی نے زیر جائزہ مدت کے دوران 5,608 بلین پاکستانی روپے کی رقم کی منظوری دی، 3 ماہ کی مدت میں قبولیت کل قابل قبول رقم کی 99.99 فی صد کی نمائندگی کرتی ہے، جبکہ 6 ماہ کی 0.01 فی صد تھی اور 12 ماہ کی مدت کی کوئی بڑز وصول نہیں ہوئیں۔

مزید، اس عرصے کے دوران، ایس بی پی نے تین (3) پاکستان انویسٹمنٹ بانڈ (پی آئی بی) نیلامیوں کا انعقاد کیا اور 399 بلین پاکستانی روپے اکٹھے کئے، 3 اور 10 سالوں کی پیداوار بائرنٹیپ 12.23 فیصد، 12.64 فیصد اور 13.15 فیصد تھی۔ اس کے علاوہ موجودہ مدت کے دوران، ایس بی پی نے 6 ماہ کی اوسط گٹ آف ٹی بلز پلس 70 فی صدس پواؤٹس پر پیچیدہ فلوئنگ ریٹ بانڈز (FRB) کی ایک نیلامی منعقد کی۔ مجموعی شرکت کا مشاہدہ 68 بلین پاکستانی روپے کیا گیا تھا جبکہ ایس بی پی نے 7.4 بلین کی منظوری دی ہے۔ زیر جائزہ مدت کے دوران ایس بی پی نے کسی GOP اجارہ سٹاک آکشن کا انعقاد نہیں کیا۔



فہر کی کارکردگی

31 مارچ 2019 کو خالص اثاثے 419.68 ملین روپے ہیں جو 30 جون 2018 کو 334.72 ملین روپے تھے۔ گزشتہ سال کی اسی مدت میں 36.20 ملین روپے کے مقابلے نو مای مدت کے لئے کل آپریٹنگ آمدنی 44.71 ملین روپے رہی۔ کل آمدنی گزشتہ سال کی اسی مدت کے مقابلے 23.49 فیصد تک زیادہ ہوئی۔ مدت کے دوران کل اخراجات 8.66 ملین روپے ہوئے جو گزشتہ سال کی اسی مدت میں 9.36 ملین روپے تھے۔ نو مای مدت کے لئے خالص آمدنی 36.05 ملین روپے ہوئی جو کہ گزشتہ سال کی اسی مدت میں 26.84 ملین روپے تھی۔ نی یونٹ موصولہ پہلے ہی ادا شدہ آمدنی 9.57 ملین روپے تھی۔ 31 مارچ 2019 کو نی یونٹ خالص اثاثے کی قدر 86.07 روپے ہوئی۔

---SD---

ڈائریکٹر

---SD---

چیف ایگزیکٹو آفیسر

کراچی، 22 اپریل 2019ء



**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)
AS AT MARCH 31, 2019**

		(Un audited) March 31 2019	(Audited) June 30 2018
		----- Rupees -----	
Assets	Note		
Balances with Banks	5	305,322,567	178,611,620
Investments	6	116,716,092	161,342,284
Accrued Income/Profit		5,363,605	1,598,839
Security Deposits		100,000	100,000
Advance Income Tax		73,763	-
Prepayments		6,857	-
Total Assets		427,582,884	341,652,743
Liabilities			
Payable to 786 Investments Limited - Management Company	7	1,105,100	744,035
Payable to MCB Financial Services Limited - Trustee	8	75,073	56,015
Annual Fee to Securities and Exchange Commission of Pakistan	9	263,092	243,087
Accrued Expenses and Other Liabilities	10	6,088,099	5,515,348
Unclaimed Dividend		369,962	369,962
Total Liabilities		7,901,326	6,928,447
Net Assets		419,681,558	334,724,296
Unit Holders' Funds		419,681,558	334,724,296
		----- Numbers -----	
Number of Units In Issue	11	4,876,017	3,790,392
		----- Rupees -----	
Net Assets Value per Unit		86.07	88.31
Contingencies and Commitments	12		

The annexed notes from 1 to 18 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 NINE MONTHS AND THREE MONTHS PERIOD ENDED MARCH 31, 2019**

Note	Nine Months Period Ended March 31		Three Months Period Ended March 31	
	2019	2018	2019	2018
Income				
Net Realized Loss on Sale of Investments Classified As Fair Value Through Profit Or Loss	(402,965)	-	-	-
Income from Saving Accounts	14,616,535	10,328,774	11,037,008	4,179,870
Income from Sukuk Certificates	5,101,030	1,792,486	2,189,923	743,513
Income from Commercial Papers	1,804,712	-	578,684	-
Income from Term Deposit Receipt (TDR)	180,904	-	-	-
Income from Certificates of Investments (COI)	-	132,791	-	-
Income from Government Securities	10,782,685	1,292,700	-	-
Other Income	58,165	88,754	-	912
Reversal of Impairment in the Value of Investments Classified As Fair Value Through Other Comprehensive Income	12,566,367	22,566,367	4,188,789	4,188,789
Total Income	44,707,433	36,201,872	17,994,404	9,113,084
Expenses				
Remuneration to 786 Investments Limited - Management Company	5,261,838	3,208,732	1,944,723	1,077,257
Sindh Sales Tax on Remuneration to the Management Company	684,037	417,136	252,814	140,043
Accounting and Operational Charges	330,790	-	129,649	-
Remuneration to the MCB Financial Services Limited- Trustee -	536,253	450,203	194,475	147,873
Sindh Sales Tax on Remuneration to the Trustee	69,716	58,526	25,282	19,223
Annual Fee to Securities & Exchange Commission of Pakistan	263,092	166,087	97,236	59,515
Auditors' Remuneration	453,411	392,631	127,237	41,530
Fees and Subscription	105,471	105,454	34,644	34,627
Securities Transactions Cost	53,357	61,995	44,538	46,349
Printing and Related Charges	52,548	113,353	17,260	37,232
Legal and Professional Charges	101,793	-	33,436	-
Provision for Sindh Workers' Welfare Fund	736,280	547,844	302,369	150,087
Withholding Taxes Written Off	-	3,828,444	-	-
Bank Charges	8,436	7,097	1,971	2,049
Total Expense	8,657,022	9,357,502	3,205,634	1,755,785
Net Income for the Period Before Taxation	36,050,411	26,844,370	14,788,770	7,357,299
Taxation	-	-	-	-
Net Income for the Period After Taxation	36,050,411	26,844,370	14,788,770	7,357,299
Allocation of Net Income for the Period				
Income Already Paid on Units Redeemed	(9,570,918)	1,697,270	-	483,160
Accounting Income Available for Distribution:				
-Relating to Capital Loss	(402,965)	-	-	-
-Excluding Capital Loss	26,882,458	25,147,100	14,788,770	6,874,139
	26,479,493	28,541,640	14,788,770	6,874,139
	36,050,411	26,844,370	14,788,770	7,357,299

The annexed notes from 1 to 18 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 NINE MONTHS AND THREE MONTHS PERIOD ENDED MARCH 31, 2019**

	Nine Months Period Ended March 31		Three Months Period Ended March 31	
	2019	2018	2019	2018
Note	----- Rupees -----			
Net Income for the Period After Taxation	36,050,411	26,844,370	14,788,770	7,357,299
<u>Other Comprehensive Income</u>				
<i>Items that Have Been or May be Reclassified Subsequently To the Income Statement</i>				
Un-Realised Gain on Revaluation of Investments Classified As Financial Assets At Fair Value Through Other Comprehensive Income- Net	6.6	405,950	(79,415)	35,987
	47,908	405,950	(79,415)	35,987
Total Comprehensive Income for the Period	<u>36,098,319</u>	<u>27,250,320</u>	<u>14,709,355</u>	<u>7,393,286</u>

The annexed notes from 1 to 18 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 NINE MONTHS PERIOD ENDED MARCH 31, 2019**

	Nine Months Period Ended	
	March 31, 2019	March 31, 2018
Note	----- Rupees -----	
Cash Flows From Operating Activities		
Net Income for the Period Before Taxation	36,050,411	26,844,370
Adjustments for:		
Reversal of Impairment in the Value of Investments Classified as fair Value through Other Comprehensive Income	(12,566,367)	(22,566,367)
Withholding Taxes Written Off	-	3,828,444
Profit/Income on Investments and Balances With Banks	(21,703,181)	(12,121,260)
Provision for Sindh Workers' Welfare Fund	736,280	547,844
Operating Profit Before Working Capital Changes	2,517,143	(3,466,969)
Decrease/(Increase) In Assets		
Deposits and Prepayments	(6,857)	(6,875)
Advance Income Tax	(73,763)	-
	<u>(80,620)</u>	<u>(6,875)</u>
Increase/(Decrease) In Liabilities		
Payable to 786 Investments Limited - Management Company	361,065	(132,770)
Payable to MCB Financial Services Limited - Trustee	19,058	158
Annual Fee to Securities and Exchange Commission of Pakistan	20,005	(1,075)
Accrued Expenses and Other Liabilities	(163,529)	(4,178,114)
	<u>236,599</u>	<u>(4,311,801)</u>
Net Proceeds from Investments	57,240,467	(16,933,633)
Refund of Advance Tax	-	3,071,382
Profit/Income Received on Investment and Balances With Banks	17,938,415	11,453,190
Net Cash Generated From Operating Activities	77,852,004	(10,194,706)
Cash Flows From Financing Activities		
Amounts Received Against Issue of Units	511,195,046	94,630,000
Payment Made Against Redemption of Units	(430,014,292)	(32,831,966)
Dividend Paid	(32,321,811)	(640,599)
Net Cash Generated From Financing Activities	48,858,943	61,157,435
Net Increase In Cash and Cash Equivalents	126,710,947	50,962,729
Cash and Cash Equivalents At Beginning of the Period	178,611,620	228,144,962
Cash and Cash Equivalents At End of the Period	305,322,567	279,107,691

The annexed notes from 1 to 18 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 NINE MONTHS PERIOD ENDED MARCH 31, 2019**

	For the Nine Months Period Ended March 31, 2019				For the Nine Months Period Ended March 31, 2018			
	Rupees				Rupees			
	Capital Value	Undistributed Income/(Loss)	Unrealised (Losses)/Gains on Investment	Total	Capital Value	Undistributed Income/(Loss)	Unrealised (Losses)/Gains on Investment	Total
Net Assets at Beginning of the Period	435,397,805	(101,341,693)	668,184	334,724,296	373,888,482	(126,408,405)	257,250	247,737,327
Issue of 6,227,810 Units (2018: 1,140,746 Units)								
- Capital Value	497,146,818	-	-	497,146,818	90,035,174	-	-	90,035,174
- Element of Income	14,048,228	-	-	14,048,228	4,594,826	-	-	4,594,826
Total Proceeds on Issuance of Units	511,195,046	-	-	511,195,046	94,630,000	-	-	94,630,000
Redemption of 5,142,185 Units (2018: 388,977 Units)								
- Capital Value	(410,484,678)	-	-	(410,484,678)	(30,700,574)	-	-	(30,700,574)
- Amount Paid Out of Element of Income Relating to Net Income for the Period After Taxation	-	(9,570,918)	-	(9,570,918)	-	(1,697,270)	-	(1,697,270)
- Refund/Adjustment on Units As Element of Income	(9,958,696)	-	-	(9,958,696)	(434,122)	-	-	(434,122)
Total Payments on Redemption of Units	(420,443,374)	(9,570,918)	-	(430,014,292)	(31,134,696)	(1,697,270)	-	(32,831,966)
Total Comprehensive Income for the Period	-	36,050,411	47,908	36,098,319	-	26,844,370	405,950	27,250,320
Distribution During the Period	-	(32,321,811)	-	(32,321,811)	-	-	-	-
	-	3,728,600	47,908	3,776,508	-	26,844,370	405,950	27,250,320
Net Assets At End of the Period	526,149,477	(107,184,011)	716,092	419,681,558	437,383,786	(101,261,305)	663,200	336,785,681
Undistributed Loss Brought Forward		(101,341,693)				(126,408,405)		
- Realised Loss		-				-		
- Unrealised Income		(101,341,693)				(126,408,405)		
Accounting Income Available for Distribution		(402,965)				-		
- Relating to Capital Gains		26,882,458				25,147,100		
- Excluding Capital Gains		26,479,493				25,147,100		
Net Income for the Period after Taxation		36,050,411				-		
Distribution during the Period		(32,321,811)				-		
Undistributed Loss Carried Forward		(107,184,011)				(101,261,305)		
Undistributed Loss Carried Forward								
- Realised Loss		(107,184,011)				(101,667,255)		
- Unrealised Income/(Loss)		-				405,950		
		(107,184,011)				(101,261,305)		
		(Rupees)				(Rupees)		
Net Assets Value per Unit at Beginning of the Period		88.31				78.93		
Net Assets Value per Unit at end of the Period		86.07				86.56		

The annexed notes from 1 to 18 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



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**

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 April 8, 2003 between 786 Investments Limited (formerly Dawood Capital Management Limited) as Management Company and Bank AL-Habib Limited (BAHL) as Trustee. In June 2011, BAHF 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. On January 20, 2017, the Management Company has changed its name to 786 Investments Limited after completing regulatory formalities. During the last year, the registered office of the Management Company was changed and now is situated at G3, Ground floor, B.R.R 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 6.2.1, which is a non-performing term finance certificate hence being unable to be transferred until final settlement which is held in the name of BAHF 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)".

2 BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the requirements of the Rules, the Regulations and the Directives issued by the SECP shall prevail.

This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund as at and for the year ended June 30, 2018. However, selected explanatory notes are included to explain events and transactions that are significant.

The condensed interim financial information are unaudited and are being circulated to the unit holders as required under Regulation 38(2)(f) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulation).

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that this condensed interim financial information give a true and fair view of the state of the Fund's affairs as at March 31, 2019.

2.2 Basis of Measurement

These condensed financial information have been prepared under the historical cost convention except that certain financial assets are measured at fair value.



2.3 Functional and Presentation Currency

These condensed financial information are presented in Pak Rupees which is the functional and presentation currency of the Fund.

3 ACCOUNTING POLICIES AND ESTIMATES

3.1 The accounting policies, basis of accounting estimates applied and method of computation adopted in the preparation of these condensed interim financial information and financial risk management objectives and policies are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2018 except for:

The Fund has adopted IFRS 9 'Financial instruments' from July 1, 2018. The Fund also adopted IFRS 15 'Revenue from contracts with customers' from July 1, 2018. A number of other new standards are effective from July 1, 2018 but they do not have a material effect on the Fund's financial information.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell on-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities. As a result of adoption of IFRS 9, the Fund has adopted consequential amendments to IAS 1 Presentation of Financial statements', which requires separate presentation in the income statement and statement of comprehensive income, profit/markup calculated using the effective interest method.

The adoption of IFRS 15 did not impact the timing or amount of dividend, profit, markup and other investment income and related assets and liabilities recognised by the fund. Accordingly, there is no impact on comparative information.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

3.1.1 Classification and Measurement of Financial Assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and



- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial Assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial Assets at Amortised Cost These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Debt Investments at FVOCI These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity Investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.1.2 Classification and Measurement of Financial Liabilities

An entity shall classify all financial liabilities as subsequently measured at amortized cost, except for those measured at fair value through profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires;

The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The adoption of IFRS 9 did not have a significant effect on the Fund's accounting policies related to financial liabilities

3.1.3 The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for the Fund's financial assets and financial liabilities as at 1 July 2018.



Financial Assets	Original Classification Under IAS 39	New Classification Under IFRS 9
Balances with Banks	Loans and Receivables	Amortised Cost At Fair Value through Other Comprehensive Income
Investments	At available for Sale At held for Trading	At Fair Value through Profit or Loss
Accrued Income/Profit	Loans and Receivables	Amortised Cost
Security Deposits	Loans and Receivables	Amortised Cost
Prepayments	Loans and Receivables	Amortised Cost
Financial Liabilities	Original Classification Under IAS 39	New classification Under IFRS 9
Payable to 786 Investments Limited - Management Company	Other Financial Liabilities	Amortised Cost
Payable to MCB Financial Services Limited - Trustee	Other Financial Liabilities	Amortised Cost
Annual fee to Securities and Exchange Commission of Pakistan	Other Financial Liabilities	Amortised Cost
Accrued Expenses and Other Liabilities	Other Financial Liabilities	Amortised Cost
Unclaimed Dividend	Other Financial Liabilities	Amortised Cost

3.1.4 Impairment of Financial Assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds.

4 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2018.

	Note	(Un audited) March 31 2018	(Audited) June 30 2018
----- Rupees -----			
5 BANK BALANCES			
- Profit and Loss Sharing (PLS) Accounts	5.1	305,322,567	148,611,620
- In Term Deposits Receipt (TDR)		-	30,000,000
		305,322,567	178,611,620

5.1 Profit rates on savings accounts range from 3% to 10.75% (30 June 2018: 2.61% to 7%) per annum.



(Un audited) (Audited)
March 31 June 30
2019 2018

6 INVESTMENTS

Note ----- Rupees -----

At Fair Value through Other Comprehensive Income

Term Finance Certificates - Listed	6.1	-	-
Term Finance And Sukuk Certificates - Unlisted	6.2	116,716,092	61,668,184
		116,716,092	61,668,184

At Fair Value through Profit or Loss

Government Securities	6.3	-	99,674,100
		116,716,092	161,342,284

Investments at Fair Value through Other Comprehensive Income

6.1 Term Finance Certificates - Listed

Note	As at July 01, 2018	Acquired during the Period	Matured/ Disposed during the Period	As at March 31, 2019	Cost/ Carrying Value	Market Value	Percentage of Net-Assets	Percentage of Investments
	-----Number of certificates-----				-----Rupees-----			
Construction and Material								
Dewan Cement Company Limited*	6.1.1	19,268	-	2,513	16,755	83,775,780	-	-
Provision Made	6.4					(83,775,780)		
						-		

6.1.1 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 May, 09 2016 whereby the remaining debt will be paid in thirty one equal quarterly installments in arrears. The Fund has recognised reversal of impairment amounting to Rupees. 12.566 million on receipt basis in current period. The Fund has suspended mark-up there against.

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

*These TFCs certificates are non-performing and are fully provided (note: 6.5), therefore; these are not subject to mark to market.

6.2 Term Finance & Sukuk Certificates - Unlisted

Note	As at July 01, 2018	Acquired during the Period	Matured/ Disposed during the Period	As at March 31, 2019	Cost/ Carrying Value	Market Value	Percentage of Net-Assets	Percentage of Investments
	-----Number of certificates-----				-----Rupees-----			
Term Finance Certificates								
Cable and Electric Goods								
New Allied Industries Limited***	6.2.1	11,523	-	-	11,523	25,433,190	-	-
Provision Held	6.4	-	-	-	-	(25,433,190)	-	-
Sukuk Certificates								
Cable and Electric Goods								
TPL Corporation Limited *	6.2.2	5	-	-	5	5,162,500	5,229,786	1%
Real Estate and Development								
Eden Housing Limited***	6.2.3	2,933	-	-	2,933	2,887,171	-	-
Provision Held	6.4	-	-	-	-	(2,887,171)	-	-
Commercial Bank								
Dubai Islamic Bank Limited*	6.2.4	26	-	-	26	26,486,304	26,486,304	6%
Fertilizers								
Dawood Hercules Corporation Limited**	6.2.5	300	-	-	300	30,019,380	30,000,002	7%
Engineering								
Agha Steel Industries Limited*	6.2.6	-	15	-	15	15,000,000	15,000,000	4%
Power Generation & Distribution								
Hub Power Company Limited	6.2.7	-	8,000	-	8,000	40,000,000	40,000,000	10%
						116,668,184	116,716,092	



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

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

***These term finance and sukuk certificates are non-performing and are fully provided (note: 6.2.1 and 6.2.3), therefore; these are not subject to mark to market.

- 6.2.1** New Allied Electronics Industries Limited defaulted on its payment of principal and mark-up due on December 25, 2008. Consequently, the security was classified as non-performing by MUFAP on January 09, 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. These TFCs are held in CDC investor account of the previous trustee and will only be transferred upon final settlement.
- 6.2.2** 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.
- 6.2.3** Eden Housing defaulted on its payment of principal and mark-up due on April 21, 2011. Consequently, the security was classified as non-performing by MUFAP on May 06, 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.
- 6.2.4** These sukuk certificates carry profit equal to 6 month KIBOR plus 0.50% receivable half-yearly in arrears and will mature in July 2027.
- 6.2.5** 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.
- 6.2.6** This is the Pakistan's 1st over the counter listed sukuk issue, priced through competitive bidding process by Agha Steel Industries Limited backed by diminishing musharaka and carry profit equal to 3 month KIBOR plus 0.8%. Pak Brunei is appointed as trustee and the issue agent of the sukuk.
- 6.2.7** These sukuk certificates carry profit equal to 3 month KIBOR plus 1% receivable quarterly in arrears and will mature in November 2019.

Investments at Fair Value through Profit and Loss

6.3 Government Securities

Issue Date	Note	Tenor	Face Value			Market Value		Market Value as a	
			As at 1 July 2018	Purchased during the Period	Sold/Matured during the Period	As at 31 March 2019	as at 31 March 2019	Market Value as a Percentage of Net Assets	Percentage of Total Investments
26-Apr-18		3 Months	100,000,000	-	100,000,000	-	-	-	-
19-Jul-18	6.3.1	3 Months	-	300,000,000	300,000,000	-	-	-	-
11-Oct-18		3 Months	-	320,000,000	320,000,000	-	-	-	-
6-Dec-18		3 Months	-	300,000,000	300,000,000	-	-	-	-
			100,000,000	920,000,000	1,020,000,000	-	-		

- 6.3.1 This represents T-Bill purchased for a total amount of Rupees. 901.61 million through a commercial bank.



6.4 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 March 31, 2019, 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 Assets	Percentage of Gross Assets
-----Rupees-----					
Dewan Cement Limited	TFC	83,775,780	83,775,780	-	-
New Allied Electronics Industries Limited	TFC	25,433,190	25,433,190	-	-
Eden Housing Limited	Sukuk	2,887,171	2,887,171	-	-
		<u>112,096,141</u>	<u>112,096,141</u>	-	-

6.5 Movement in Provision against Debt Securities

		March 31, 2019		
		-----Rupees-----		
Opening Balance	Note			
Less:				
- Reversal against Carrying Value Matured	6.1.1	96,342,147	28,320,361	124,662,508
		(12,566,367)	-	(12,566,367)
Closing Balance		<u>83,775,780</u>	<u>28,320,361</u>	<u>112,096,141</u>

6.6 Unrealised Appreciation in Fair Value of Investments Classified as Fair Value Through Other Comprehensive Income

		(Un Audited) March 31 2019	(Audited) June 30 2018
		----- Rupees -----	
Fair Value of Investments	Note	116,716,092	61,668,184
Cost/Carrying Amount of Investment		<u>(116,257,250)</u>	<u>(61,000,000)</u>
		458,842	668,184
Net Unrealised Appreciation in the Fair Value of Investments at the Beginning of the Period		<u>(410,934)</u>	<u>(257,250)</u>
		<u>47,908</u>	<u>410,934</u>

7 PAYABLE TO 786 INVESTMENTS LIMITED - MANAGEMENT COMPANY

On Account of:			
Remuneration Payable	7.1	667,104	523,496
Sindh Sales Tax Payable	7.2	107,206	88,539
Accounting and Operations Charges	7.3	330,790	132,000
		<u>1,105,100</u>	<u>744,035</u>

7.1 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.

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



7.3 In accordance with the provisions of the NBFC Regulations as amended vide SRO 1160(1)/2015 dated November 25, 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. 201,141.

	Note	(Un Audited)	(Audited)
		March 31 2019	June 30 2018
----- Rupees -----			
8 PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE			
On Account of:			
Remuneration Payable	8.1	66,435	49,573
Sindh Sales Tax Payable	8.2	8,638	6,442
		<u>75,073</u>	<u>56,015</u>

8.1 According to the provisions of the trust deed of the Fund, the trustee is entitled to monthly remuneration for services rendered to the fund as follows:

On Net Assets:

-Up to Rs. 1 Billion 0.15% on the average daily net assets or Rupees.0.6 million whichever is higher.

-Exceeding Rs. 1 Billion 0.09% on the amount exceeding Rupees. 1 billion

8.2 The Sindh Provincial Government has levied Sindh Sales tax at the rate of 13% (June 30, 2018: 13%) on trustee's remuneration.

9 ANNUAL FEE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

Represents annual fee of SECP in accordance with the NBFC Regulations, whereby the fund is required to pay SECP at the rate of 0.075% (June 30, 2018: 0.075%) per annum of the net assets of the Fund computed on a daily basis.

	Note	(Un Audited)	(Audited)
		March 31 2019	June 30 2018
----- Rupees -----			
10 ACCRUED EXPENSES AND OTHER LIABILITIES			
Federal Excise Duty on Remuneration	10.1	1,797,106	1,797,106
Provision for Sindh Workers' Welfare Fund	10.2	2,974,062	2,237,782
Accrued Expenses	10.3	581,858	659,473
Capital Gain Tax Payable		735,073	695,103
Zakat Payable and Withholding Tax		-	125,884
		<u>6,088,099</u>	<u>5,515,348</u>

10.1 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax levied by Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified. On September 4, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes.

The SHC while disposing the Constitutional Petition relating to levy of FED on mutual funds has declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 1, 2011 (i.e.the date on which Sindh Sales Tax on Services Act, 2011 came into force). In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan. Thereafter, during the pendency of the present civil petition, the Supreme Court has suspended the operation of the impugned judgement of the SHC. The matter is still pending adjudication. With effect from July 1 2016, FED on services provided or rendered on non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.



In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision made for FED for the period from June 13, 2013 till June 30, 2016 aggregating to Rupees.1.797 million (June 30, 2018: Rupees. 1.797 million) is being retained in the condensed interim financial information of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision of FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at March 31, 2019 would have been higher by Rupee 0.37 per unit (June 30, 2018: Rupee 0.47 per unit).

- 10.2** As the matter of applicability of SWWF on mutual funds is pending before Sindh Finance Ministry, however; as a matter of prudence Management Company has recognised SWWF charge for the period from May 21, 2015 to March 31, 2019. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rupee 0.61 (June 30, 2018: Rupee 0.59).

		(Un Audited) March 31 2019	(Audited) June 30 2018
10.3	Accrued Expenses		
		----- Rupees -----	
	Auditors' Remuneration Payable	338,047	438,636
	Rating Fee Payable - PACRA	197,828	113,000
	Printing and Related Expenditure Payable	32,548	96,165
	Shariah Advisor Fee Payable	11,765	11,672
	Other Payable	1,670	-
		<u>581,858</u>	<u>659,473</u>
		(Un-Audited) March 31 2019	(Audited) June 30 2018
11	NUMBER OF UNITS IN ISSUE	----- Units -----	
	Opening Units	3,790,392	3,138,834
	Issued During the Period	6,227,810	3,255,583
	Redemption During the Period	(5,142,185)	(2,604,025)
	Closing Units	<u>4,876,017</u>	<u>3,790,392</u>

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at March 31, 2019 (June 30, 2018: Nil)

13 TAXATION

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 a 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

The Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 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 March 31, 2019 is 2.47% which includes 0.50% representing government levy and SECP fee. The ratio is within the maximum limit of 2% prescribed under the NBFC Regulation 2008 for a CIS 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:

	Nine Months Period Ended	
	March 31	
	2019	2018
	----- Rupees -----	
786 Investments Limited - Management Company		
Remuneration (Including Indirect Taxes)	<u>5,945,875</u>	<u>3,625,868</u>
Accounting and Operation Charges	<u>330,790</u>	<u>-</u>
Issue of 987,385 Units (2018: Nil Units)	<u>80,505,723</u>	<u>-</u>
Redemption of 244,208 Units (2018: Nil Units)	<u>20,000,000</u>	<u>-</u>
MCB Financial Services Limited - Trustee		
Remuneration (Including Indirect Taxes)	<u>605,969</u>	<u>508,729</u>
BRR Investment Limited - Connected Person due to Group Company		
Issue of 422,359 Units (2018: 118,279 Units)	<u>33,135,625</u>	<u>10,000,000</u>
Redemption of 626,116 Units (2018: 15,028 Units)	<u>51,400,000</u>	<u>1,200,000</u>
First Dawood Investment Bank Limited -Employees Contributory Provident Fund- Employee Benefit Fund of Group Company		
Issue of 41,415 Units (2018: Nil Units)	<u>2,074,545</u>	<u>-</u>
First Dawood Investment Bank Limited - Connected Person due to Group Company		
Issue of 2,872,694 Units (2018: Nil Units)	<u>235,000,000</u>	<u>-</u>
Redemption of 2,872,694 Units (2018: Nil Units)	<u>240,662,786</u>	<u>-</u>
Directors and Executives of the Management Company		
Issue of 110,814 Units (2018: 46,374 Units)	<u>8,400,646</u>	<u>4,000,000</u>
Redemption of 132,083 Units (2018: Nil Units)	<u>10,964,546</u>	<u>-</u>
Other Connected Persons/Related Parties		
Issue of 478,287 Units (2018: 137,183 Units)	<u>39,750,133</u>	<u>11,800,000</u>



15.2 Amounts Outstanding as at Period End are as Follows:

	(Un-Audited) March 31 2019 ----- Rupees -----	(Audited) June 30 2018
786 Investments Limited - Management Company		
Remuneration Payable (Including Indirect Taxes)	<u>1,105,100</u>	<u>744,035</u>
Units Held 1,091,564 (June 30, 2018: 348,387 Units)	<u>93,951,589</u>	<u>30,765,592</u>
MCB Financial Services Limited - Trustee		
Remuneration Payable (Including Indirect Taxes)	<u>75,073</u>	<u>56,015</u>
BRR Investment Limited - Connected Person		
Units Held 297,492 Units (June 30, 2018: 501,249 Units)	<u>25,605,347</u>	<u>44,264,574</u>
First Dawood Investment Bank Limited - Employees Contributory Provident Fund - Connected Person due to Group Company		
Units Held 429,116 (June 30, 2018: 387,701 Units)	<u>36,934,280</u>	<u>34,237,336</u>
Directors and Executives of the Management Company		
Units Held 604,603 (June 30, 2018: 625,872 Units)	<u>52,038,518</u>	<u>55,269,897</u>
Other Connected Persons/Related Parties		
Units Held 787,053 Units (June 30, 2018: 294,192 Units)	<u>55,473,891</u>	<u>25,979,669</u>

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

- 16.1** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- 16.2** Fair value of underlying financial assets are determined based on requirements of Regulation 66 of Non-Banking Finance Companies and Notified Entities Regulations, 2008 and directives if any, issued by the Securities and Exchange Commission of Pakistan. The Fund has an established control framework with respect to the measurement of fair values.
- 16.3** The fair value of financial assets that are traded in active market are based on prices obtained directly from an exchange on which the investments are traded. For unlisted debt securities and debt securities listed but not traded regularly on stock exchange valued in the manner specified by Securities and Exchange Commission of Pakistan.

16.4 Fair Value Hierarchy

The Fund measures fair value using the following fair value hierarchy that reflects the significance of the input in making the measurements.

Level 1 - Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 - Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3 - Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).



16.5 The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy to which the fair value is measurement is categorized

As at March 31, 2019, the Fund held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
March 31, 2019 (Unaudited)				
Financial Assets				
At Fair Value through Other Comprehensive Income	116,716,092	-	-	116,716,092
	<u>116,716,092</u>			<u>116,716,092</u>
June 30, 2018 (Audited)				
At Fair Value through Other Comprehensive Income	61,668,184	-	-	61,668,184
At Fair Value through Profit Or Loss	99,674,100	-	-	99,674,100
	<u>161,342,284</u>			<u>161,342,284</u>

17 GENERAL

17.1 The corresponding figures have been re-arranged wherever necessary.

17.2 Figures has been rounded off to nearest rupees.

18 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 22 April, 2019.

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