



INVESTMENTS

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**786 INVESTMENTS LIMITED**

FOR THE  
QUARTER ENDED  
SEPTEMBER 30, 2019  
(UN-AUDITED)

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## CORPORATE INFORMATION

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|--|---|-------------------------|
| <b>Board of Directors</b>                              | Ms. Shafqat Sultana   | Chairperson             |
|  | Miss Tara Uzra Dawood   | Chief Executive Officer |
|  | Ms. Charmaine Hidayatullah  | Director                |
|  | Mr. Ahmed Salman Munir  | Director                |
|  | Syed Shabahat Hussain   | Director                |
|  | Mr. Tahir Mehmood   | Director                |
|  | Syed Farhan Abbas   | Director                |
| <b>Chief Financial Officer &amp; Company Secretary</b> | Mr. Talal Ismail Pasha  |                         |
| <b>Audit Committee</b>                                 | Syed Shabahat Hussain   | Chairman                |
|  | Mr. Tahir Mehmood   | Member                  |
|  | Syed Farhan Abbas   | Member                  |
| <b>Human Resource Committee</b>                        | Ms. Shafqat Sultana   | Chairperson             |
|  | Miss Tara Uzra Dawood   | Member                  |
|  | Mr. Tahir Mehmood   | Member                  |
| <b>Legal Advisor</b>                                   | Rauf & Ghaffar Law Associates (Advocates & Consultants)<br>Suite # 65, 5th Floor, Fareed Chamber,<br>Abdullah Haroon Road,<br>Saddar – Karachi, Pakistan. |                         |
| <b>Registrars</b>                                      | F.D. Registrar Services (SMC-Pvt.) Ltd.<br>Office# 1705, 17th Floor Saima Trade Tower. A,<br>I.I. Chundrigar Road, Karachi-74000, Pakistan.               |                         |
| <b>Banker:</b>   | Habib Metropolitan Bank Limited<br>JS Bank Limited<br>Al Baraka Bank (Pakistan) Limited   |                         |
| <b>Rating:</b>   | PACRA: AM3  |                         |

## DIRECTORS' REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2019

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The Board of Directors of **786 Investments Limited** "786 or the Company" is pleased to present financial statements of 786 for the quarter ended September 30, 2019.

### Economic Review:

After the official nod from the IMF board, Pakistan Government signed USD 6.6bn Extended Fund Facility agreement in Jul-19. SBP increased the policy rates by 100bps in July citing expectations of increasing trend in inflation in the near term. These measures, along with aggressive tax revenue targets, will limit twin deficits at the cost of economic growth. Pakistan's economy is showing signs of stabilization as tough measures adopted by policy makers have started bearing fruits with slowdown in Current Account deficit on the back of lower trade deficit, better FX reserves position and stable currency.

CPI for Sep-19 clocked in at 11.4% YoY under new base (up by 89bps MoM) compared to 12.55% under the old methodology. Increase in CPI was due to pick up in food inflation at 15.8% YoY mainly due to increase in perishable food prices. The Current Account Deficit (CAD) for the month of Aug-19 further trimmed to USD0.6bn taking 2MFY20 cumulative deficit to USD1.3bn (2.8% of GDP) depicting a steep decline (54%) compared to USD2.85bn (5.5% of GDP) during same period last year. Moreover, steep decline in CAD is primarily attributed to significant import compression (down 23% in 2MFY20 as per SBP) due to slow down in the economy. This was also evident from Jul-19 LSM data which showed decline of 3.28% YoY. Major sectors that reported decline include Food, Beverages & Tobacco (-7.9%), Coal & Petroleum Products (-25.1%) & Automobiles (-27.4%). On the fiscal side, FBR collected PKR375bn in September '19, taking the entire quarter's collection to PKR955bn, an improvement of 14.8% over last year and meeting 90% of the targeted revenue.

Going forward, we foresee tough economic environment to continue with sluggish business activities and inflationary pressures. The focus would remain on meeting FATF requirements, fiscal management and government compliance with the IMF quarterly targets.

### Stock Market Review:

During the first quarter of financial year 2019-20, Pakistan Stock Exchange 100 index underperformed by 5.38%. During the period under review the market remained volatile. It reached the peak of 34,896 on July 3rd 2019 then continued to go down, reaching its lower level points of 28,765 on August 16, 2019. At the start of the fiscal year the State Bank of Pakistan increased the policy rate by 100 bps in the month of July 2019 which further dampened the local investors' interest in the market. Despite slowdown in economic growth, overall corporate earnings still showed a double digit growth in FY19 and are still well positioned to continue this double digit growth in next fiscal year. During the period under review the foreigners continued their buying with net inflow of USD 23.38 million while mutual funds and insurance companies were major sellers in the market.

### Money Market Review:

During 1QFY20, headline inflation increased to double digit, averaging 11.4% Y/Y versus 5.4% Y/Y average growth in CPI recorded in the previous year. At the same time, the SBP increased the Discount Rate (DR) by 100bps to 13.75% during 1QFY20 on account of upside inflationary pressures from exchange rate depreciation and increase in inflation from the one-off impact of adjustments in utility prices and other measures in the FY20 budget.

The SBP held seven Treasury Bill auctions during 1QFY20. The cumulative participation was witnessed at PKR 8,704bn against the pre-announced auction target of PKR 6,900bn while the SBP accepted an amount of PKR 6,295bn (face value) with last cut-off yields of 13.73%, 13.84% and 13.85% for 3, 6 and 12 months maturity. That being said, participation was skewed towards the 3 and 12 months tenor papers which cumulatively represented 96% of the total accepted amount.

Furthermore, during the period SBP conducted three Pakistan Investment Bond (PIB) auctions. The cumulative participation was PKR 2,379bn against the target of PKR 300bn and total accepted amount was PKR 850bn.

with last cut-off yields of 12.95%, 12.50% and 12.25% for 3, 5 and 10 years respectively. Further during the period under review SBP conducted three Floating Rate Bonds (FRB) auction based on spread over 6 months weighted average cut-off T.Bills plus 65 basis points (last cut-off). The cumulative participation witnessed were PKR 206bn while the SBP accepted PKR133bn.

The SBP did not conducted any GOP Ijarah Sukuk auction during the period.

### **Company Performance**

The Company recorded a Loss of PKR 0.64 million as compared to loss of PKR 10.11 million during the corresponding period. The Company Income which mainly comprised of Management Fees decreased from corresponding period. Company made redemption during the period and resulted gain of PKR 0.86 million. Company made investment in PIBs and Sukuk in order to strengthen profit. Administrative and operating expenses decreased by PKR 1.77 million representing 21% decrease in administrative and operating expenses. Further Share of Associates' was turned in profit of PKR 1.74 million as compared to loss of PKR 4.40 million during the corresponding period.

### **Acknowledgement**

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

---SD---

**Chairperson**

---SD---

**Director**

October 22, 2019  
Karachi

## 786 انویسٹمنٹس لمیٹڈ ڈائریکٹرز کی رپورٹ

786 انویسٹمنٹس لمیٹڈ (786 یاد دہانی کمیٹی) کے بورڈ آف ڈائریکٹرز 30 ستمبر 2019 کو ختم ہونے والی سہ ماہی کے مالیاتی گوشوارے پیش کرتے ہوئے مختصر پیش کرتے ہیں۔

### اقتصادی جائزہ

آئی ایم ایف بورڈ کی آفیشل منظوری کے بعد، پاکستان حکومت نے جولائی 19 میں 6.6 ملین ڈالر کی توسیعی فنڈ سہولت کے معاہدے پر دستخط کیے۔ SBP نے مستقبل قریب میں افراط زر کے رجحان میں متوقع اضافے کو دیکھتے ہوئے جولائی میں پالیسی شرح میں 100 بی پی ایس کا اضافہ کر دیا۔ یہ اقدامات، بھاری ٹیکس محصولات کے دہف سمیت یہ اقدامات معاشی نمو کی قیمت پر دہرے خسارہ کا بوجھ ڈالیں گے۔ پاکستان کی معیشت متحکم ہو رہی ہے کیونکہ پالیسی سازوں کے سخت اقدامات کے باعث تجارتی خسارہ میں کمی، ایف ایکس کے ذخائر کی پوزیشن میں بہتری اور کرنسی کی قدر میں استحکام کے سبب کرنٹ اکاؤنٹ خسارہ میں کمی کے ساتھ نتائج حاصل ہونا شروع ہو گئے ہیں۔

پرانے طریقہ کار کے تحت 12.55 فیصد کے مقابلے میں ستمبر 19 کے لئے نئی بیس (89 پی ایس تک ماہانہ بنیاد پر اضافہ) کے تحت 11.4 فیصد سالانہ بنیاد پر حاصل ہوا۔ بنیادی طور پر خراب ہونے والی کھانے کی اشیاء کی قیمتوں میں اضافہ کے باعث فوڈ اینڈ لکیشن میں 15.8 فیصد سالانہ بنیاد پر اضافہ کی وجہ سے CPI میں اضافہ ہوا۔ اگست 19 کے ماہ کے لئے کرنٹ اکاؤنٹ خسارہ 0.6 ملین امریکی ڈالر تک مزید کم ہو گیا مالی سال 20 کے دو ماہ مجموعی 1.3 ملین امریکی ڈالر تک کی (جی ڈی پی کی 2.8 فیصد) گزشتہ سال کی اسی مدت کے دوران 2.85 ملین امریکی ڈالر (جی ڈی پی کی 5.5 فیصد) کے مقابلے میں (54%) نمایاں کمی ظاہر کر رہی ہے۔ مزید یہ کہ معیشت میں مست روئی کی وجہ سے CAD میں تیزی سے کمی بنیادی طور پر درآمدات میں نمایاں کمی (SBP کے مطابق مالی سال 20 میں 23% کمی) سے منسوب ہے۔ جولائی 19 کے LSM اعداد و شمار سے بھی یہ بات واضح ہوتی ہے جس میں 3.8% سالانہ بنیادوں پر کمی واقع ہوئی ہے۔ اہم شعبے جنہوں نے کمی ظاہر کی ان میں فوڈ، مشروبات اور تباکو (-7.9%)، ٹیکسٹائل اور پتھر و پتھر مصنوعات (-25.1%) اور ٹرانسپورٹ (-27.4%) شامل ہیں۔ مالی معاملات پر، ایف بی آر کو ستمبر 19 میں 375 ملین روپے حاصل ہوئے، پوری سہ ماہی میں مجموعی طور پر 955 ملین روپے حاصل ہوئے، جو پچھلے سال کے مقابلے میں 14.8 فیصد کا اضافہ اور دہف آمدنی 90 فیصد ہے۔

آگے بڑھتے ہوئے، ہم مست کاروباری سرگرمیوں اور بینکاری کا دباؤ جاری رہنے کے باعث سخت معاشی ماحول کی پیش گوئی کرتے ہیں۔ حکومت کی توجہ FATF کے تقاضوں کو پورا کرنے، مالی انتظام اور IMF کا سہ ماہی دہف حاصل کرنے پر مرکوز رہے گی۔

### اسٹاک مارکیٹ کا جائزہ:

مالی سال 2019-20 کی پہلی سہ ماہی کے دوران، پاکستان اسٹاک مارکیٹس 100 انڈیکس نے 5.38% فیصد اضافہ کر دیا۔ زبردستی کے دوران، مارکیٹ غیر متحکم رہی ہے، یہ 3 جولائی 2019 کو 34,896 پوائنٹس کی بلند ترین سطح تک پہنچنے کے بعد، مسلسل کم ہوتی چلی گئی اور 16 اگست 2019 کو 28,765 پوائنٹس کی اپنی سب سے کم سطح پر پہنچ گئی۔ مالی سال کے آغاز میں چینک دولت پاکستان نے جولائی 2019 کے مہینہ میں پالیسی شرح 100 بی پی ایس تک بڑھا دی جس نے مقامی سرمایہ کاروں کی مارکیٹ میں دلچسپی کو مزید مدھم کر دیا۔ زبردستی کے دوران غیر ملکی سرمایہ کار 23.38 ملین امریکی ڈالر کے ساتھ خالص خریدار رہے جبکہ فیڈرل ڈائریکٹرز انشورنس کمپنیاں مارکیٹ میں اہم فروخت کنندہ تھیں۔

### مقامی مارکیٹ کا جائزہ:

مالی سال 20 کی پہلی سہ ماہی کے دوران ہیڈ لائن میں افراط زر میں دو ہندسی، اوسطاً 11.4 فیصد سالانہ بنیاد پر اضافہ ہوا جبکہ گزشتہ سال میں CPI میں 5.4 فیصد سالانہ بنیاد پر اوسط نمو درج کی گئی۔ اسی اثاء میں، SBP نے مالی سال 2020 کے بجٹ میں پیٹنٹی کی قیمتوں میں ایڈجسٹمنٹ اور دیگر اقدامات کے ایک طوفان کی وجہ سے افراط زر میں اضافہ اور شرح مبادلہ کی قدر میں کمی کے باعث افراط زر کے دباؤ کی زیادتی کو مد نظر رکھتے ہوئے، ڈسکاؤنٹ شرح (DR) میں 100 بی پی ایس تک بڑھا کر 13.75% کر دی۔

ایس بی پی نے مالی سال 20 کی پہلی سہ ماہی کے دوران سات پر پڑی بل آئشن منعقد کرائیں۔ مجموعی شرکت کا مشاہدہ پہلے اعلان کردہ نیلا 6,900bn روپے کے برخلاف 8,704bn روپے تھا جبکہ ایس بی پی نے 3 ماہ، 6 ماہ اور 12 ماہ میچورٹی کی پیدوار باقیاتیب 13.73%، 13.84% اور 13.85% کی کمی کے ساتھ 6,295bn روپے (فیس دیلیو) کی رقم کی منظوری دی۔ کہا یہ جارہا ہے کہ شرکت 3 اور 12 ماہ مدت کے سہجے کے لحاظ سے کتنی جو مجموعی طور پر کل قابل قبول رقم کی 96% نمائندگی کرتی ہے۔

مزید برآں، اس عرصے کے دوران، ایس بی پی نے تین (3) پاکستان انویسٹمنٹ بانڈ (آئی بی پی) بنایا میوں کا انعقاد کیا۔ 300bn روپے کے دہف کے مقابلے میں 2,379bn روپے اکٹھے کئے 5، 3 اور 10 سالوں کی پیدوار باقیاتیب 12.95 فیصد، 12.50 فیصد اور 12.25 فیصد کی ساتھ کل قابل قبول رقم 850bn روپے تھی۔ اس کے علاوہ زبردستی کے دوران، ایس بی پی نے 6 ماہ کی اوسطاً کٹ آف کی بلز پچس 65 بیس پوائنٹس (لاسٹ کٹ آف) پر محیط فلوٹنگ ریٹ بانڈز (FRB) پر بی بی پی بنایا میاں منعقد کیں۔ مجموعی شرکت کا مشاہدہ 206bn روپے کیا گیا تھا جبکہ ایس بی پی نے 133bn روپے رقم کی منظوری دی ہے۔

زبردستی کے دوران ایس بی پی نے کوئی جی او بی اجارہ سلک آئشن کا انعقاد نہیں کیا۔

## کپنی کی کارکردگی:

گزشتہ سال کی اسی مدت میں 10.11 ملین روپے نقصان کے مقابلے موجودہ مدت میں کپنی نے 0.64 ملین روپے نقصان درج کر لیا۔ کپنی کی آمدنی جو بنیادی طور پر منجھٹ فیس پر مشتمل ہے گزشتہ مدت سے کم ہو گئی۔ کپنی نے زبرد جائزہ مدت کے دوران خلاصی کی اور نتیجتاً 086 ملین روپے حاصل ہوئے۔ کپنی نے منافع کو مضبوط بنانے کے لئے PIBs اور سکوک میں سرمایہ کاری کی ہے۔ انتظامی اور کاروباری اخراجات 1.77 ملین روپے تک کم ہوئے جو انتظامی اور کاروباری اخراجات میں 21 فیصد کی ظاہر کرتے ہیں۔ اس کے علاوہ ایسوی ایس سے شیئر گزشتہ مدت کے دوران 4.40 ملین روپے نقصان کے مقابلے 1.74 ملین روپے منافع میں تبدیل ہو گیا۔

## اظہار تشکر

منجھٹ کپنی کے بورڈ آف ڈائریکٹرز قابل قدر معاونت، مدد اور رہنمائی پر بیکوریز اینڈ ایچ پی کپنیشن آف پاکستان اور پاکستان اسٹاک ایچ پی لمیٹڈ کی انتظامیہ کے شکر گزار ہیں۔ ڈائریکٹر زعم نگن اور محنت پر کپنی کے ملازمین اور انتظامیہ کا اور کپنی میں اعتماد پر شیئر ہولڈرز کا بھی شکریہ ادا کرتے ہیں۔

ڈائریکٹر

چیف ایگزیکٹو آفیسر

کراچی: 22 اکتوبر 2019ء

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)  
AS AT SEPTEMBER 30, 2019**

|  |             | <i>Un-Audited<br/>30 September<br/>2019<br/>Rupees</i> | <i>Audited<br/>30 June<br/>2019<br/>Rupees</i> |
|--|-------------|--|--|
|  | <i>Note</i> |  |  |
| <b><u>ASSETS</u></b>   |             |  |  |
| <b>Non-Current Assets</b>  |             |  |  |
| Property and Equipment   | 5           | 5,126,590  | 5,569,923                                      |
| Intangible Asset   | 6           | 1,211,962  | 1,246,590                                      |
| Long-Term Investments  | 7           | 157,983,452  | 181,475,932                                    |
| Long-Term Deposits and Prepayments                                     |             | 911,300  | 1,036,300                                      |
|  |             | <b>165,233,304</b>                                     | <b>189,328,745</b>                             |
| <b>Current Assets</b>  |             |  |  |
| Short-Term Investments   | 8           | 22,619,690   | 10,071,630                                     |
| Loans and Advances   |             | 74,166   | 39,667   |
| Prepayments and Other Receivable                                       |             | 9,255,168  | 7,401,153                                      |
| Trade Receivable   | 9           | 2,493,906  | 2,487,149                                      |
| Accrued Markup   |             | 905,315  | 153,119  |
| Taxation - Net   |             | 4,549,632  | 5,046,837                                      |
| Cash and Bank Balance  | 10          | 12,642,396   | 4,539,920                                      |
|  |             | <b>52,540,273</b>                                      | <b>29,739,475</b>                              |
| <b>Total Assets</b>  |             | <b>217,773,577</b>                                     | <b>219,068,220</b>                             |
| <b><u>EQUITY AND LIABILITIES</u></b>                                   |             |  |  |
| <b>Share Capital and Reserves</b>                                      |             |  |  |
| <b>Authorized Capital</b>  |             |  |  |
| 20,000,000 (2018: 20,000,000) Ordinary Shares of Rs. 10 Each           |             | <b>200,000,000</b>                                     | <b>200,000,000</b>                             |
| <b>Issued, Subscribed and Paid Up Capital</b>                          |             |  |  |
| 14,973,750 (2018: 14,973,750) Ordinary Shares of Rs. 10 Each           |             | <b>149,737,500</b>                                     | <b>149,737,500</b>                             |
| General Reserves   |             | <b>33,630,264</b>                                      | <b>33,630,264</b>                              |
| Unrealized Gain /(Loss) on Revaluation of Investments                  |             |  |  |
| - At Fair Value Through Other Comprehensive Income                     |             | <b>727,672</b>   | <b>(13,777)</b>                                |
| Share of Unrealized Gain on Remeasurement of Investments in Associates |             | <b>210,748</b>   | <b>210,748</b>                                 |
| Unappropriated Profit  |             | <b>16,178,340</b>                                      | <b>16,819,862</b>                              |
|  |             | <b>200,484,524</b>                                     | <b>200,384,597</b>                             |
| <b>Current Liabilities</b>   |             |  |  |
| Trade and Other Payables   | 11          | 16,290,311   | 17,684,881                                     |
| Unclaimed Dividend   | 12          | 998,742  | 998,742  |
|  |             | <b>17,289,053</b>                                      | <b>18,683,623</b>                              |
| <b>Contingencies and Commitments</b>                                   |             |  |  |
|  | 13          |  |  |
| <b>Total Equities and Liabilities</b>                                  |             | <b>217,773,577</b>                                     | <b>219,068,220</b>                             |

The annexed notes from 1 to 19 form an integral part of these financial statements.

**For 786 Investments Limited  
(Management Company)**

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

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

----SD----  
 Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

|   |             | <b>30 September<br/>2019</b> | <b>30 September<br/>2018</b> |
|---|-------------|------------------------------|------------------------------|
|   | <b>Note</b> | <b>Rupees</b>                | <b>Rupees</b>                |
| <b>Income</b>   |             |                              |                              |
| Remuneration from Funds Under Management                | 14          | <b>2,510,502</b>             | 3,067,757                    |
| Income on Pakistan Investment Bond                      |             | <b>70,097</b>                | -                            |
| Sukuk Income  |             | <b>717,294</b>               | -                            |
| Profit on Redemption Of Units Of Associates' Investment |             | <b>859,566</b>               | -                            |
|   |             | <b>4,157,459</b>             | 3,067,757                    |
| <b>Expenses</b>   |             |                              |                              |
| Administrative and Operating Expenses                   | 15          | <b>(6,641,549)</b>           | (8,406,797)                  |
| Financial Charges                                       |             | <b>(2,460)</b>               | (2,314)                      |
|   |             | <b>(6,644,009)</b>           | (8,409,111)                  |
| <b>Operating Loss</b>                                   |             | <b>(2,486,550)</b>           | (5,341,354)                  |
| Other Operating Income                                  |             | <b>257,368</b>               | 49,221                       |
| Share of Associates' Profit/(Loss)                      | 16          | <b>1,743,426</b>             | (4,408,062)                  |
| <b>Loss Before Taxation</b>                             |             | <b>(485,756)</b>             | (9,700,195)                  |
| Taxation  | 17          | <b>(155,766)</b>             | (410,183)                    |
| <b>Net Loss for the Period</b>                          |             | <b>(641,522)</b>             | (10,110,378)                 |
| <b>Loss Per Share - Basic And Diluted</b>               |             | <b>(0.04)</b>                | <b>(0.68)</b>                |

The annexed notes from 1 to 19 form an integral part of these financial statements.

For 786 Investments Limited  
(Management Company)

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

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

----SD----  
 Director

**STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

|   | <i><b>30 September<br/>2019<br/>Rupees</b></i> | <i><b>30 September<br/>2018<br/>Rupees</b></i> |
|---|--|--|
| <b>Net Loss for the Period</b>  | <b>(641,522)</b>                               | <b>(10,110,378)</b>                            |
| <b>Other Comprehensive (Loss)/Income</b>  |  |  |
| Gain /(Loss) on Revaluation of Investments - At Fair Value - Through Other Comprehensive Income | <b>741,449</b>                                 | <b>(3,121,259)</b>                             |
| Share of Unrealized Gain From Associates' on Remeasurement of Investments                       | -  | -  |
| <b>Total Comprehensive Profit/(Loss) for the Period</b>   | <b><u>99,927</u></b>                           | <b><u>(13,231,637)</u></b>                     |

The annexed notes from 1 to 19 form an integral part of these financial statements.

---SD---  
 Chief Executive Officer

**For 786 Investments Limited**  
**(Management Company)**

---SD---  
 Chief Financial Officer

---SD---  
 Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

|   | <i>Note</i> | <b>30 September<br/>2019<br/>Rupees</b> | <b>30 September<br/>2018<br/>Rupees</b> |
|---|-------------|---|---|
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>              |             |   |   |
| Loss Before Taxation  |             | (485,756)                               | (9,700,195)                             |
| Adjustments for:  |             |   |   |
| Depreciation on Property and Equipment                      |             | 501,542                                 | 578,032                                 |
| Amortization  |             | 34,628                                  | -                                       |
| Financial Charges   |             | 2,460                                   | 2,314                                   |
| Gain on Disposal of Property and Equipment                  |             | -                                       | (5,395)                                 |
| Mark Up Earned on Saving Account                            |             | (257,368)                               | (43,826)                                |
| Profit on Redemption of Units of Associates' Investment     |             | (859,566)                               | -                                       |
| Share of (Profit)Loss from Associates'                      |             | (1,743,426)                             | 4,408,062                               |
|   |             | <u>(2,321,730)</u>                      | <u>4,939,187</u>                        |
| Operating Cash Flows Before Working Capital Changes         |             | (2,807,486)                             | (4,761,008)                             |
| (Increase)/Decrease In Current Assets                       |             |   |   |
| Loans and Advances  |             | (34,499)                                | 178,650                                 |
| Trade Receivable  |             | (6,757)                                 | (103,956)                               |
| Prepayments and Other Receivables                           |             | (1,854,015)                             | (241,957)                               |
|   |             | (1,895,271)                             | (167,263)                               |
| (Decrease)/Increase in Current Liabilities                  |             |   |   |
| Trade and Other Payables                                    |             | (1,394,570)                             | 1,187,573                               |
|   |             | (6,097,327)                             | (3,740,698)                             |
| Income Taxes Paid - Net                                     |             | 341,439                                 | (871,391)                               |
| Financial Charges Paid                                      |             | (2,460)                                 | (2,314)                                 |
| <b>Net Cash Used in Operating Activities</b>                |             | <u><b>(5,758,348)</b></u>               | <u><b>(4,614,403)</b></u>               |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>              |             |   |   |
| Investments - Net   |             | 14,288,861                              | 5,589,380                               |
| Long-Term Advances  |             | -                                       | (675,000)                               |
| Long-Term Deposits and Prepayments                          |             | 125,000                                 | -                                       |
| Proceeds From Disposal of Property & Equipment              |             | -                                       | 33,200                                  |
| Receipt of Mark Up  |             | (494,828)                               | 68,825                                  |
| Capital Expenditure Incurred                                |             | (58,209)                                | (511,420)                               |
| <b>Net Cash Generated From Investing Activities</b>         |             | <u><b>13,860,824</b></u>                | <u><b>4,504,985</b></u>                 |
| <b>Net Increase/(Decrease) In Cash and Cash Equivalents</b> |             | <b>8,102,476</b>                        | <b>(109,418)</b>                        |
| <b>Cash and Cash Equivalents At Beginning of the Year</b>   |             | <b>4,539,920</b>                        | <b>3,313,649</b>                        |
| <b>Cash and Cash Equivalents At End of the Period</b>       | 10          | <u><b>12,642,396</b></u>                | <u><b>3,204,231</b></u>                 |

The annexed notes from 1 to 19 form an integral part of these financial statements.

For 786 Investments Limited  
(Management Company)

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

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

----SD----  
 Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

|  | Share Capital | Reserves        |   |  |                       |              | Total Equity |
|--|---------------|-----------------|---|--|-----------------------|--------------|--------------|
|  |               | Capital         |   | Revenue  |                       |              |              |
|  |               | General Reserve | Unrealized  | Share of Unrealized Gain on Remeasurement of Associates' Investments | Unappropriated Profit | Subtotal     |              |
|  |               |                 | Gain/(Loss)   |  |                       |              |              |
|  |               |                 | on Measurement of Investments - At Fair Value - Through Other |  |                       |              |              |
| Issued, Subscribed and Paid-Up Capital   |               |                 |   |  |                       |              |              |
| <hr/> <hr/> <hr/>  |               |                 |   |  |                       |              |              |
| - Rupees -   |               |                 |   |  |                       |              |              |
| <hr/> <hr/> <hr/>  |               |                 |   |  |                       |              |              |
| Balance as at July 1, 2018   | 149,737,500   | 33,630,264      | 5,075,025   | -  | 57,004,385            | 95,709,674   | 245,447,174  |
| Loss for the Period  | -             | -               | -   | -  | (10,110,378)          | (10,110,378) | (10,110,378) |
| Other Comprehensive Income/(Loss)  |               |                 |   |  |                       |              |              |
| Gain on Revaluation of Investments - At fair Value - Through Other Comprehensive Income                      | -             | -               | (3,121,259)   | -  | -                     | (3,121,259)  | (3,121,259)  |
| Share of Unrealized Gain on Remeasurement of Associates' Investments   | -             | -               | -   | -  | -                     | -            | -            |
| Total Comprehensive Income/(Loss) for the Period   | -             | -               | (3,121,259)   | -  | (10,110,378)          | (13,231,637) | (13,231,637) |
| Balance as at September 30, 2018   | 149,737,500   | 33,630,264      | 1,953,766   | -  | 46,894,007            | 82,478,037   | 232,215,537  |
| <hr/>  |               |                 |   |  |                       |              |              |
| Balance as at July 1, 2019   | 149,737,500   | 33,630,264      | (13,777)  | 210,748  | 16,819,862            | 50,647,097   | 200,384,597  |
| Loss for the Period  | -             | -               | -   | -  | (641,522)             | (641,522)    | (641,522)    |
| Other Comprehensive Income/(Loss)  |               |                 |   |  |                       |              |              |
| Loss on Revaluation of Investments - At fair Value - Through Other Comprehensive Income                      | -             | -               | -   | -  | -                     | -            | -            |
| - Loss on Revaluation of Shares  |               |                 | (167,426)   |  |                       | (167,426)    | (167,426)    |
| - Gain on Revaluation of Sukuk   |               |                 | 269,745   |  |                       | 269,745      | 269,745      |
| - Gain on Revaluation of Pakistan Investment Bond  |               |                 | 639,130   |  |                       | 639,130      | 639,130      |
| Transfer to Equity on Account of Disposal of Investment - At Fair Value - Through Other Comprehensive Income | -             | -               | -   | -  | -                     | -            | -            |
| Share of Unrealized Gain on Remeasurement of Associates' Investments   | -             | -               | -   | -  | -                     | -            | -            |
| Total Comprehensive Income/(Loss) for the Period   | -             | -               | 741,449   | 210,748  | (641,522)             | 99,927       | 99,927       |
| Balance as at September 30, 2019   | 149,737,500   | 33,630,264      | 727,672   | 210,748  | 16,178,340            | 50,747,024   | 200,484,524  |

The annexed notes from 1 to 19 form an integral part of these financial statements.

**For 786 Investments Limited  
(Management Company)**

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

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

----SD-----  
 Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

### 1 STATUS AND NATURE OF BUSINESS

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

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

**1.2** The Company has floated the following open end funds;

- 786 Smart Fund (Formerly Dawood Income Fund)
- 786 Rising Star Fund (Formerly Dawood Islamic Fund)
- First Dawood Mutual Fund

During the last year the company has successfully renewed his license to carry out "Asset Management Service" dated May 28, 2019 under Rule 5 of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 amended through S.R.O 1131(1) 2007, S.R.O 271(1) 2010, S.R.O 570(1)/2012 and S.R.O 1002(1)/2015 respectively.

**1.3** In accordance with Regulation 4 of part I of Non Banking Finance Companies and Notified Entities Regulations, 2008 an NBFC licensed by the Commission to undertake Asset Management Services and Investment Advisory Services is required to maintain equity amounting to Rs. 230 Million. As at the period end the Company's equity amounted to Rs. 200.48 (June 2019 : Rs. 200.384) Million due to which license relating to Investment Advisory Services has not been renewed. The Company's financial statements for the year ended September 30, 2019 are being prepared on a going concern basis as the management has complied with the minimum equity requirement in respect of Asset Management Services and submitted the renewal fees relating to Investment Advisory services which in the opinion of the Company will be renewed. Asset Management services License is renewed successfully dated May 28, 2019 under Rule 5 of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 amended through S.R.O 1131(1) 2007, S.R.O 271(1) 2010, S.R.O 570(1)/2012 and S.R.O 1002(1)/2015 respectively.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of Compliance

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 applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the international Accounting Standard Boards (IASB) as notified under the Companies Act, 2017.
- Provision of and directives issued under the Companies Act, 2017.
- The Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (The NBFC Rules), and the Non Banking Finance Companies and Notified Entities Regulations, 2008 (The NBFC Regulations); and
- Directives issued by the SECP

Where provisions of and directives issued under the Companies Act, 2017, The NBFC Rules, The NBFC Regulations and by the SECP differ with the requirements of IFRS the provisions of and directives issued under the Companies Act, 2017, The NBFC Rules, The NBFC Regulations and SECP have been followed.

#### 2.2 Basis of Measurement

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

These condensed interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

### 2.3 Functional and Presentation Currency

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the method of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the company for the year ended 30 June 2019.

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended 30 June 2019.

|  |             | <i>Un-Audited</i><br><b>30 September</b><br><b>2019</b><br><b>Rupees</b> | <i>Audited</i><br><b>30 June</b><br><b>2019</b><br><b>Rupees</b> |
|--|-------------|--|--|
|  | <i>Note</i> |  |  |
| <b>5 PROPERTY AND EQUIPMENT</b>        |             |  |  |
| Opening Net Book Value (NBV)           |             | <b>5,569,923</b>   | 8,620,715  |
| Additions During the Period            | 5.1         | <b>58,209</b>  | 1,094,976  |
|  |             | <b>5,628,132</b>   | 9,715,691  |
| Disposal (NBV) during the Period       | 5.2         | -  | (1,805,405)  |
| Depreciation Charged during the Period |             | <b>(501,542)</b>   | (2,340,363)  |
| Closing Net Book Value (NBV)           |             | <b>5,126,590</b>   | 5,569,923  |

#### 5.1 Following additions were made to Property and equipment during the period :

|                  |               |           |
|------------------|---------------|-----------|
| Office Equipment | <b>58,209</b> | 220,304   |
| Computers        | -             | 874,672   |
|                  | <b>58,209</b> | 1,094,976 |

#### 5.2 Following is the net book value of Property and equipment disposed off during the period:

|                  |   |           |
|------------------|---|-----------|
| Office Equipment | - | -         |
| Vehicle          | - | 1,777,600 |
| Computers        | - | 27,805    |
|                  | - | 1,805,405 |

|                           |             | <i>Un-Audited</i><br><b>30 September</b><br><b>2019</b><br><b>Rupees</b> | <i>Audited</i><br><b>30 June</b><br><b>2019</b><br><b>Rupees</b> |
|---------------------------|-------------|--|--|
|                           | <i>Note</i> |  |  |
| <b>6 INTANGIBLE ASSET</b> |             |  |  |
| Computer Software         | 6.1         | <b>1,211,962</b>   | 1,246,590  |

## 6.1 Computer Software

**Opening Net Book Value**  
 Addition  
 Amortization Charge  
**Closing Net Book Value**

Cost  
 Accumulated Amortization

**Rate of Amortization**

| <b>Un-Audited</b><br><b>30 September</b><br><b>2019</b><br><b>Rupees</b> | <b>Audited</b><br><b>30 June</b><br><b>2019</b><br><b>Rupees</b> |
|--|--|
| 1,246,590  | -  |
| -  | 1,385,100  |
| <b>(34,628)</b>  | <b>(138,510)</b>   |
| <b>1,211,962</b>   | <b>1,246,590</b>   |
| 1,385,100  | 1,385,100  |
| <b>(173,138)</b>   | <b>(138,510)</b>   |
| <b>1,211,962</b>   | <b>1,246,590</b>   |
| <b>10%</b>   | <b>10%</b>   |

## 7 LONG-TERM INVESTMENTS

**Investments in Associates - Units of Mutual Funds - Equity**  
**First Dawood Mutual Fund (Open-End - Fund) - an**  
**associate (Using Equity Method)**

3,442,963 (June 30, 2019: 3,442,963) Units,  
 Representing 55.88% (June 30, 2019: 55.72%)  
 Holding.

58,981,055      59,702,020

**Dawood Income Fund (Open - End - Fund) - an**  
**associate (using equity method)**

832,200 (June 30, 2019: 1,372,100) Units,  
 Representing 17.85% (June 30, 2019: 24.67%)  
 Holding.

69,230,533      110,362,938

**786 Rising Star Fund (Formerly Dawood Islamic**  
**Fund) (Open-End- Fund) - an associate (using**

109,323 (June 30, 2019: 109,323) Units,  
 Representing 11.22% (June 30, 2019: 11.20%) Holding

|                    |                    |
|--------------------|--------------------|
| 11,581,954         | 11,410,974         |
| <b>139,793,542</b> | <b>181,475,932</b> |

**Government Securities - Pakistan Investment Bonds**  
**having Face Value of 20 Million**

7.1

18,189,910      -

**At fair value - through other comprehensive income**  
**-Shares - unquoted**

**Al Baraka Bank (Pakistan) Limited**

Nil (June 30, 2019: Nil) Shares  
 Less: Impairment  
 Less: Sale of 2,961 Shares

|   |          |
|---|----------|
| - | 22,655   |
| - | -        |
| - | (22,655) |
| - | -        |

**Dawood Family Takaful Limited - Related party**

Nil (June 30, 2019: Nil) Shares  
 Less: Impairment  
 Less: Sale of 2,372,500 Shares

|                    |                    |
|--------------------|--------------------|
| -                  | 11,710,186         |
| -                  | -                  |
| -                  | (11,710,186)       |
| -                  | -                  |
| <b>157,983,452</b> | <b>181,475,932</b> |

- 7.1 This Government securities - Pakistan Investment Bonds will mature latest by September 19, 2029 and carry interest at the rate of 12.14821%

|      | September 30, 2019 |            | June 30, 2019 |            |
|------|--------------------|------------|---------------|------------|
|      | Cost               | Fair Value | Cost          | Fair Value |
| Note | ----- Rupees ----- |            |               |            |

## 8 SHORT-TERM INVESTMENTS

### At Fair Value - Through Other Comprehensive Income

|   |     |            |            |            |            |
|---|-----|------------|------------|------------|------------|
| Listed Shares - Related Party                       | 8.1 | 1,385,910  | 1,209,183  | 1,385,910  | 1,376,609  |
| Term Finance Certificate - Unlisted                 | 8.2 | 21,136,286 | 21,410,507 | 9,189,514  | 8,695,021  |
|   |     | 22,522,196 | 22,619,690 | 10,575,424 | 10,071,630 |
| Cumulative Gain/(Loss) on Revaluation of Investment |     | 97,494     | -          | (503,794)  | -          |
|   |     | 22,619,690 | 22,619,690 | 10,071,630 | 10,071,630 |

### 8.1 Listed Shares - Related Party

| Number of Shares          |               | Name of Company                                      | Note  | September 30, 2019 |            | June 30, 2019 |            |
|---------------------------|---------------|--|-------|--------------------|------------|---------------|------------|
| Sept., 30, 2019           | June 30, 2019 |  |       | Cost               | Fair Value | Cost          | Fair Value |
| ----- Rupees -----        |               |  |       |                    |            |               |            |
|                           |               |  |       |                    |            |               |            |
| <b>Financial services</b> |               |  |       |                    |            |               |            |
| 930,141                   | 930,141       | First Dawood Investment Bank Limited - Related Party | 8.1.1 | 1,385,910          | 1,209,183  | 1,385,910     | 1,376,609  |

- 8.1.1 SECP has granted permission for unfreezing the shares of First Dawood Investment Bank Limited. Vide letter SC/NBFC-5/FDIBL-CDC/2018 dated July 31, 2018.

### 8.2 Term Finance Certificates - Unlisted

| Number of Certificates |               |                   |       | Sept., 30, 2019    |            | June 30, 2019 |            |
|------------------------|---------------|-------------------|-------|--------------------|------------|---------------|------------|
| Sept., 30, 2019        | June 30, 2019 | Name of Company   | Note  | Cost               | Fair Value | Cost          | Fair Value |
|                        |               |                   |       | ----- Rupees ----- |            |               |            |
| 5,000                  | 2,000         | Silk Bank Limited | 8.2.1 | 21,136,286         | 21,410,507 | 9,189,514     | 8,695,021  |

- 8.2.1 Term Finance Certificates are valued using rate prevailing on MUFAP (Mutual Fund Association of Pakistan) which is 85.6763% of face value at the statement of financial position date.

- 8.2.2 Term finance certificates carry profit equal to 6 month KIBOR plus 1.85% receivable half yearly in arrears and will mature in August 2025. The Instrument is structured to redeem 0.14% of the Issue Amount during the first 7 years and remaining 99.86% in last two (2) equal semi annual installments of 49.93% each. The instrument is unsecured and subordinated as to payment of Principal and Profit to all other indebtedness of the bank, including deposits.



## 9 TRADE RECEIVABLE

### Associates

|   | <i>Un-Audited<br/>30 September<br/>2019</i> | <i>Audited<br/>30 June<br/>2019</i> |
|---|---|-------------------------------------|
| <i>Note</i>   | <i>Rupees</i>                               | <i>Rupees</i>                       |
| 786 Smart Fund (Formerly Dawood Income Fund)        | 1,143,054                                   | 1,183,182                           |
| 786 Rising Star Fund (Formerly Dawood Islamic Fund) | 344,180                                     | 317,373                             |
| First Dawood Mutual Fund                            | 1,006,672                                   | 986,594                             |
|   | <b>2,493,906</b>                            | <b>2,487,149</b>                    |

## 10 CASH AND BANK BALANCE

|                  |                   |                  |
|------------------|-------------------|------------------|
| Cash in Hand     | 25,000            | 4,646            |
| Cash at Bank     |                   |                  |
| Current Accounts | 101,609           | 101,609          |
| Savings Accounts | 12,515,787        | 4,433,665        |
|                  | <b>12,617,396</b> | <b>4,535,274</b> |
|                  | <b>12,642,396</b> | <b>4,539,920</b> |

10.1 The balance in savings accounts carry profit at rates ranging from 10% to 11.25% per annum (June 2019: 4% to 8.25% per annum).

## 11 TRADE AND OTHER PAYABLES

|                                     | <i>Un-Audited<br/>30 September<br/>2019</i> | <i>Audited<br/>30 June<br/>2019</i> |
|-------------------------------------|---|-------------------------------------|
| <i>Note</i>                         | <i>Rupees</i>                               | <i>Rupees</i>                       |
| Accrued Expenses                    | 7,717,456                                   | 7,503,662                           |
| Sindh Workers' Welfare Fund Payable | 1,130,400                                   | 2,596,844                           |
| FED Payable                         | 6,513,677                                   | 6,513,677                           |
| Sales Tax Payable                   | 928,778                                     | 1,061,845                           |
| Wht Payable                         | -   | 8,853                               |
|                                     | <b>16,290,311</b>                           | <b>17,684,881</b>                   |

11.1 This includes an amount of Rs. 5.57 (June 30, 2019: Rs. 5.57) Million received from NCCPL being refund of tax amount with respect to funds under management. This amount will be disbursed to unit holders'.

11.2 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 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 Company was of the view that further levy of FED was not justified.

On 4 September 2013, a Constitutional Petition was filed in the Honorable Sindh High Court (SHC) jointly by various Asset Management Companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

The matter is still pending. With effect from 1 July 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 Company has discontinued making further provision in respect of FED on Management Services with effect from 1 July 2016. However, as a matter of abundant caution the provision made for FED for the period from 13 June 2013 till 30 June 2016 aggregating to Rupees 6.51 (June 30, 2018: Rs. 6.51) Million is being retained with a corresponding receivable from the funds of the same amount in financial statements as the matter is pending before the Supreme Court of Pakistan.

|                              |             | <i>Un-Audited</i><br><b>30 September</b><br><b>2019</b> | <i>Audited</i><br><b>30 June</b><br><b>2019</b> |
|------------------------------|-------------|---|---|
|                              | <i>Note</i> | <i>Rupees</i>   | <i>Rupees</i>                                   |
| <b>12 UNCLAIMED DIVIDEND</b> | 12.1        | <b>998,742</b>  | <b>998,742</b>                                  |

12.1 Registrar of Company has dispatched letters to shareholders for claiming dividend. Notice under section 244 of Companies Act, 2017 will be served accordingly.

### 13 CONTINGENCIES AND COMMITMENTS

#### 13.1 Contingencies

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

#### 13.2 Commitments

There was no commitment during the period (June 2019: Nil).

|   | <b>30 September</b><br><b>2019</b> | <b>30 September</b><br><b>2018</b> |
|---|------------------------------------|------------------------------------|
|   | <i>Note</i>                        | <i>Rupees</i>                      |
| <b>14 REMUNERATION FROM FUNDS UNDER MANAGEMENT</b>  |                                    |                                    |
| <b>Associates - Open - end funds</b>                |                                    |                                    |
| 786 Smart Fund (Formerly Dawood Income Fund)        | <b>1,603,072</b>                   | 1,543,236                          |
| 786 Rising Star Fund (Formerly Dawood Islamic Fund) | <b>385,748</b>                     | 407,670                            |
| First Dawood Mutual Fund                            | <b>521,682</b>                     | 1,116,851                          |
|   | <b>2,510,502</b>                   | <b>3,067,757</b>                   |

|  | <b>2019</b>                      | <b>2018</b>                   |
|--|----------------------------------|-------------------------------|
|  | <b>Remuneration for Services</b> | <b>Rendered as an Asset</b>   |
|  | <b>Management Company</b>        | <b>----- Percentage -----</b> |

#### 14.1 During the period the Company has Charged Management fee as Under;

##### Associates - Open - End Funds

|   |     |     |
|---|-----|-----|
| Dawood Income Fund                                  | 1.5 | 1.5 |
| 786 Rising Star Fund (Formerly Dawood Islamic Fund) | 1.5 | 1.5 |
| First Dawood Mutual Fund                            | 2   | 2   |

|   |             | <b>30 September<br/>2019</b> | <b>30 September<br/>2018</b> |
|---|-------------|------------------------------|------------------------------|
| <b>15 ADMINISTRATIVE AND OPERATING EXPENSES</b> | <b>Note</b> | <b>Rupees</b>                | <b>Rupees</b>                |
| Salaries and Allowances                         |             | 3,650,571                    | 5,396,748                    |
| Rent, Rates and Taxes                           |             | 374,586                      | 395,186                      |
| Postage and Telephones                          |             | 144,231                      | 70,629                       |
| Legal and Professional Charges                  |             | 276,300                      | 408,400                      |
| Printing and Stationery                         |             | 49,420                       | 86,795                       |
| Travelling and Conveyance                       |             | -                            | 37,718                       |
| Vehicles Running                                |             | 456,882                      | 523,723                      |
| Advertisement Expense                           |             | 13,500                       | 115,200                      |
| Electricity                                     |             | 259,823                      | 127,233                      |
| Repairs and Maintenance                         |             | 50,848                       | 28,980                       |
| Auditors' Remuneration                          |             | 194,708                      | 70,000                       |
| Entertainment                                   |             | 15,958                       | 162,356                      |
| Insurance                                       |             | 90,943                       | 91,365                       |
| Depreciation                                    | 5           | 501,542                      | 578,032                      |
| Amortization                                    |             | 34,628                       | -                            |
| Fee and Subscriptions                           |             | 579,426                      | 308,650                      |
| Newspapers and Periodicals                      |             | 45                           | 82                           |
| Directors' Fee                                  |             | 84,000                       | 106,000                      |
| Marketing Expenses                              |             | -                            | 39,000                       |
| Others  |             | 22,810                       | 26,460                       |
|   |             | <b>6,800,221</b>             | <b>8,572,557</b>             |
| <b>Less: Reimbursement of Fees and Expenses</b> |             | <b>(158,672)</b>             | <b>(165,760)</b>             |
|   |             | <b>6,641,549</b>             | <b>8,406,797</b>             |

#### **16 SHARE OF ASSOCIATES' (LOSS)/PROFIT**

|   |                  |                    |
|---|------------------|--------------------|
| 786 Smart Fund (Formerly Dawood Income Fund)        | 2,293,411        | 1,249,594          |
| 786 Rising Star Fund (Formerly Dawood Islamic Fund) | 170,980          | (221,021)          |
| First Dawood Mutual Fund                            | (720,965)        | (5,436,635)        |
|   | <b>1,743,426</b> | <b>(4,408,062)</b> |

#### **17 TAXATION**

|         |                |                |
|---------|----------------|----------------|
| Current | 155,766        | 410,183        |
| Prior   | -              | -              |
|         | <b>155,766</b> | <b>410,183</b> |

#### **18 TRANSACTIONS WITH RELATED PARTIES**

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

| <i>Relationship with the Company</i>                                    | <i>Nature of Transactions</i>  | <i>30 September<br/>2019<br/>Rupees</i> | <i>30 September<br/>2018<br/>Rupees</i> |
|---|--|---|---|
| <b>Transactions During the Period</b>                                   |  |   |   |
| <b>Mutual Funds managed by the Company</b>                              | Management Fee Charged   | 2,510,502                               | 3,067,757                               |
|   | Sales Tax on Management Fee  | 326,365                                 | 398,808                                 |
|   | Accounting and Operational Charges   | 158,672                                 | 165,760                                 |
|   | 786 Smart Fund (Formerly Dawood Income Fund) - Purchase of 8,878 (September 30, 2018: 405,700) Units     | 714,618                                 | 32,005,723                              |
|   | 786 Smart Fund (Formerly Dawood Income Fund) - Redemption of 548,779 (September 30, 2018: 172,586) Units | 45,000,000                              | 14,000,000                              |
|   | 786 Rising Star Fund (Formerly Dawood Islamic Fund)  |   |   |
|   | - Nil Purchase (September 30, 2018: 68,643) Units  | -                                       | 7,997,225                               |
|   | 786 Rising Star Fund (Formerly Dawood Islamic Fund) - Dividend Received During the Period                | -                                       | 15,597                                  |
|   | First Dawood Mutual Fund - Nil Purchase (September 30, 2018: 447,033) Units                              | -                                       | 10,142,222                              |
|   | First Dawood Mutual Fund - Nil Redemption (September 30, 2018: 1,801,072) Units                          | -                                       | 39,000,000                              |
|   | First Dawood Mutual Fund - Purchase of 3,000 TFCs' of Silk Bank Limited                                  | 12,937,584                              | -                                       |
| <b>Other Related Party</b>  |  |   |   |
| First Dawood Investment Bank Limited & Others Employees' Provident Fund | Provident Fund Contribution  | 218,241                                 | 317,898                                 |
| B.R.R Guardian Modaraba   | Rent Charge During the Period - <b>New office</b>  | 374,586                                 | 395,186                                 |
| Key Management Personnel  | Remuneration   | 2,106,000                               | 4,162,500                               |
| Dawood Family Takaful Limited   | Insurance Expense Charge During the Period   | 7,204                                   | 10,592                                  |
| <b>Balances at Period End</b>   |  |   |   |
| <b>parties</b>  | <b>Units Held:</b>   |   |   |
| <b>Mutual Funds Managed by the Company</b>                              | 786 Smart Fund (Formerly Dawood Income Fund) 832,200 (June 30, 2019: 1,372,100) Units                    | 69,230,533                              | 110,362,938                             |
|   | First Dawood Mutual Fund 3,442,963 (June 30, 2019: 3,442,963) Units                                      | 58,981,055                              | 59,702,020                              |
|   | 786 Rising Star Fund (Formerly Dawood Islamic Fund) 109,323 (June 30, 2019: 109,323) Units               | 11,581,954                              | 11,410,974                              |
|   | Trade Receivable   | 2,493,906                               | 2,487,149                               |
| <b>First Dawood Investment Bank Limited</b>                             | 930,141 (June 30, 2019: 930,141) shares  | 1,209,183                               | 1,376,609                               |
| <b>Dawood Family Takaful Limited</b>                                    | Prepaid Life Insurance   | 28,894                                  | -                                       |
| <b>B.R.R Guardian Modaraba</b>  | Prepaid Rent - <b>New Office</b>   | 1,248,617                               | 124,862                                 |
| <b>Dawood Equities Limited</b>  | Receivable in Respect of Disposal of Shares  | -                                       | 93,098                                  |

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

## 19 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue in Board of Directors of the Company on 22 October, 2019.

## 20 GENERAL

**20.1** In accordance with the requirement of Rule 9, of the Non-Banking Finance Companies (Establishment and regulation) Rules, 2003, the company has obtained sufficient insurance coverage from Jubilee General insurance Company Limited against any loss that against financial losses that may be incurred as a result of employee's fraud or gross negligence. The insurance company has been assigned a credit rating of AA+ by the Pakistan Credit Rating Agency limited (PACRA).

**20.2** Figures have been rounded off to the nearest rupee.

For 786 Investments Limited  
(Management Company)

-----SD-----  
\_\_\_\_\_  
Chief Executive Officer

-----SD-----  
\_\_\_\_\_  
Chief Financial Officer

-----SD-----  
\_\_\_\_\_  
Director

## BOOK POST

If undelivered, please return to:

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