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## **786 INVESTMENTS LIMITED**

**FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED**

**SEPTEMBER 30, 2018  
(UN-AUDITED)**



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## CORPORATE INFORMATION

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<b>Board of Directors</b>	Ms. Shafqat Sultana	Chairperson
	Miss Tara Uzra Dawood	Chief Executive Officer
	Ms. Charmaine Hidayatullah	Director
	Mr. Ahmed Salamn 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	Chairman
	Miss Tara Uzra Dawood	Member
	Mr. Tahir Mehmood	Member
<b>Legal Advisor</b>	Rauf & Ghaffar Law Associates (Advocates & Consultants) Suite # 65, 5th Floor, Fareed Chamber, Abdullah Haroon Road, Saddar – Karachi, Pakistan.	
<b>Registrars</b>	F.D. Registrar Services (SMC-Pvt.) Ltd. Office# 1705, 17th Floor Saima Trade Tower. A, I.I. Chundrigar Road, Karachi-74000, Pakistan.	
<b>Banker:</b>	Habib Metropolitan Bank Limited JS Bank Limited Al Baraka Bank (Pakistan) Limited	



## DIRECTORS' REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2018

On behalf of the Board of Directors of **786 Investments Limited** "786 or the Company", I am pleased to present financial statements of 786 for the quarter ended September 30, 2018. Your Company continued its journey of success and is poised for growth.

### **Economic Outlook:**

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

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

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

### **Stock Market Review:**

The outgoing first quarter of FY19 remained a volatile year for the stock market. During FY19Q1, the Pakistan Stock markets 100 index underperformed -2.18%. During the period under review, the market remained volatile, it started from 41910.90 on July 2, 2018 and reached the lowest point of 39288.48 points on July 9, 2018. It started increasing and reached its highest peak of 43556.63 points on July 30 2018, then continued to go down again and ends at 40998.59 points on September 28, 2018. During the period the foreign investors offloaded securities worth PKR 22.505 billion. which was absorbed by domestic individual investors, companies and insurance companies. This strong buying by local investors has shown the confidence of the investors in Pakistan's equity market.

### **Money Market Review:**

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

### **Company Performance**

The Company's gross earnings during the period stood at Rs. 3.11 million as compared to Rs. 2.95 million in the same period last year. Total expenses were Rs. 8.40 million as compared to Rs. 5.36 million in the same period last year. Share of Associates' loss was Rs. 4.40 million as compared to Rs. 10.68 million in the same period last year.



Net loss of the Company stood at Rs. 10.11 million as compared to Rs. 13.14 million in the same period last year.

#### **Acknowledgement**

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

---SD---

**Chairperson**

October 18, 2018  
Karachi

## 786 انویسٹمنٹ لمیٹڈ ڈائریکٹرز کی رپورٹ

786 انویسٹمنٹ لمیٹڈ (786 یاد رکھیں) کے بورڈ آف ڈائریکٹرز کی جانب سے، میں 786 گروپ کی 30 ستمبر 2018 کو ختم ہونے والی سہ ماہی کے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔ آپ کی کمپنی نے کامیابی کا سفر جاری رکھا اور ترقی کے لئے تیار ہے۔

### اقتصادی امکانات:

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

بنیاد انگلیاں مالی سال 18 میں بی ڈی پی (18.1 بلین امریکی ڈالر) کی 5.8 فیصد پر نسبتاً اعلیٰ کرنٹ اکاؤنٹ خسارہ (CAD) کی وجہ سے دباؤ کے تحت ہیں۔ برآمدات، تین مسلسل مالی سالوں میں کمی کے بعد، مالی سال 18 میں 12.6 فیصد تک زیادہ ہوئیں، لیکن نسبتاً درآمد نمو (14.7 فیصد) کی وجہ سے تجارتی خسارہ میں اضافہ ہوا ہے۔ حکومت نے درآمد کو کم کرنے کیلئے درآمدات کی بڑی تعداد پر ریگولیٹری ڈیویڈنڈ عائد کی ہیں اور زر مبادلہ کی شرح مجموعی طور پر 18 فیصد تک کم ہو گئی ہے۔ حالیہ مائٹری اور مالیاتی اقدامات سے بڑے پیمانے کی مینوفیکچرنگ متاثر ہونے کے امکانات ہیں۔ ایس بی پی نے مالی سال 19 کے لئے حتمی جی ڈی پی نمو کا تخمینہ تقریباً 5.0 فیصد لگایا ہے۔

مالی سال 19 کی پہلی سہ ماہی کے لئے اوسط بی ڈی پی آئی افراط زر مالی سال 18 میں 3.39 فیصد کے برعکس 5.60 فیصد تک بڑھ گیا۔ ایس بی پی نے مالی سال 19 کے لئے اپنی افراط زر قیمت کو (i) اعلیٰ توقع بین الاقوامی تیل کی قیمتوں (ii) مقامی گیس کی قیمتوں میں دوبارہ اضافہ (iii) درآمدات پر ریگولیٹری ڈیویڈنڈ میں اضافہ اور (iv) زر مبادلہ کی شرح میں کمی کے مد نظر 6.5 فیصد تا 7.5 فیصد کی رینج میں ریوایز کیا ہے۔ پالیسی انٹر ایسٹ رٹ زیر جائزہ مدت کے دوران 200 bps تک بڑھ گیا تھا۔

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

### اسٹاک مارکیٹ کا جائزہ:

مالی سال 19 کی پہلی سہ ماہی اسٹاک مارکیٹ کے لئے غیر مستحکم رہی ہے۔ مالی سال کی پہلی سہ ماہی کے دوران، پاکستان اسٹاک مارکیٹس 100 انڈیکس نے 2.18 فیصد کی ناقص کارکردگی کا مظاہرہ کیا۔ زیر جائزہ مدت کے دوران، مارکیٹ غیر مستحکم رہی ہے، یہ 2 جولائی 2018 کو 41910.90 پوائنٹس سے شروع ہوئی اور 9 جولائی 2018 کو 39288.48 پوائنٹس کی سب سے کم سطح پر پہنچ گئی۔ یہ 30 جولائی 2018 کو بڑھنا شروع ہوئی اور 43556.63 پوائنٹس کی بلند ترین سطح تک پہنچنے کے بعد، مسلسل کم ہوتی چلی گئی اور 28 ستمبر 2018 کو 40998.59 پوائنٹس پر بند ہوئی۔ زیر جائزہ مدت کے دوران غیر ملکی سرمایہ کاروں نے 22.505 بلین روپے مالیت کی سیکیورٹیز کی سرمایہ کاری کی، جو مقامی انفرادی سرمایہ کاروں، کمپنیوں اور انشورنس کمپنیوں کے ذریعے کی گئی۔ مقامی سرمایہ کاروں کی طرف سے یہ ہماری خریداری پاکستان کی ایکویٹی مارکیٹ میں سرمایہ کاروں کے اعتماد کو ظاہر کرتی ہے۔

### منی مارکیٹ کا جائزہ:

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

مزید اس عرصے کے دوران، ایس بی پی نے تین (3) پاکستان انویسٹمنٹ بانڈ (بی آئی بی) میلامیوں کا انعقاد کیا اور 19.5bn روپے اکٹھے کئے 5 سالوں کی پیداوار بائریٹیب 9.25 فیصد تھی۔ اس کے علاوہ موجودہ مدت کے دوران، ایس بی پی نے 6 ماہ کی اوسط کٹ آف ٹی بلز پر صحیح طور تک ریف بانڈز (FRB) کی ایک بنیادی منعقد کی۔ مجموعی شرکت کا مشاہدہ 150bn روپے کے بنیادی ہدف کے خلاف 151.525bn روپے کیا گیا تھا جبکہ ایس بی پی نے 6 ماہ ٹی بلز پر 70 بی بی ایس پر 101.525bn روپے رقم کی منظوری دی ہے۔ زیر جائزہ مدت کے دوران ایس بی پی نے کوئی بی بی او پی اجارہ سلک آکشن کا انعقاد نہیں کیا۔



### کمپنی کی کارکردگی کا جائزہ

زیر جائزہ مدت کے دوران کمپنی کی مجموعی آمدنی 3.11 ملین روپے پر برقرار رہی جو گزشتہ سال کی اسی مدت میں 2.95 ملین روپے تھی۔ کل اخراجات گزشتہ سال کی اسی مدت میں 5.36 ملین روپے کے مقابلے میں 8.40 ملین روپے تھے۔ ایسوی ایٹس کے نقصان کا حصہ (4.40) ملین روپے جو گزشتہ سال کی اسی مدت میں 10.68 ملین روپے تھا۔ کمپنی کا خالص نقصان 10.11 ملین روپے رہا جو گزشتہ سال کی اسی مدت میں 13.14 ملین روپے تھا۔

### اظہار تشکر

ہم اپنے حصص داران اور قابل قدر کام پر مسلسل اعتماد اور یقین اور اپنی قابل قدر 786 ٹیم کی سخت محنت اور لگن، ریگولیٹری اختاریہ خاص طور پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، ہسٹیز اور اپنے شریعہ ایڈوائزر کی مسلسل پیشہ ورانہ راہنمائی اور تعاون کے بہت ہی شکرگزار ہیں۔

---SD---  
چئیر پرسن

کراچی: 18 اکتوبر 2018ء



**CONDENSED INTERIM STATEMENT OF FINANCIAL INFORMATION (UNAUDITED)  
AS AT SEPTEMBER 30, 2018**

		(Un-Audited) September 30, 2018 Rupees	(Audited) June 30, 2018 Rupees
	Note		
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property and Equipment	5	8,526,299	8,620,715
Long-Term Investments	6	217,847,905	227,845,347
Long-Term Advances	7	1,343,352	668,352
Long-Term Deposits		36,300	36,300
		<b>227,753,856</b>	<b>237,170,714</b>
<b>Current Assets</b>			
Short-Term Investments	8	5,503,901	8,625,160
Loans and Advances		345,700	524,350
Short-Term Prepayments		1,067,924	825,967
Trade Receivable	9	9,022,440	8,918,484
Accrued Markup		-	24,999
Taxation - Net		5,124,101	4,662,894
Cash at Bank		3,204,231	3,313,649
		<b>24,268,297</b>	<b>26,895,503</b>
<b>Total Assets</b>		<b>252,022,153</b>	<b>264,066,217</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Share Capital and Reserves</b>			
<b>Authorised Capital</b>			
20,000,000 Ordinary Shares of Rs. 10 Each		200,000,000	200,000,000
Issued, Subscribed and Paid-Up Capital		149,737,500	149,737,500
General Reserves		33,630,264	33,630,264
Surplus on Revaluation of Available for Sale Investments		1,953,766	5,075,025
Unappropriated Profit		46,894,007	57,004,385
		<b>232,215,537</b>	<b>245,447,174</b>
<b>Current Liabilities</b>			
Trade and Other Payables	10	18,807,874	17,620,301
Unclaimed Dividend	11	998,742	998,742
<b>Contingencies and Commitments</b>	12		
<b>Total Equities and Liabilities</b>		<b>252,022,153</b>	<b>264,066,217</b>

The annexed notes from 1 to 19 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 PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

		<b>Quarter Ended September 30,</b>	
	<b>Note</b>	<b>2018 Rupees</b>	<b>2017 Rupees</b>
<b>Income</b>			
Remuneration from Funds under Management	13	3,067,757	2,772,710
Gain on Sale of TFCs		-	42,699
		<b>3,067,757</b>	<b>2,815,409</b>
<b>Expenses</b>			
Administrative and Operating Expenses	14	8,406,797	5,364,994
Financial Charges		2,314	205
		<b>8,409,111</b>	<b>5,365,199</b>
<b>Operating Loss</b>		<b>(5,341,354)</b>	<b>(2,549,790)</b>
Other Operating Income		49,221	137,932
Share of Associates' Loss	15	(4,408,062)	(10,677,777)
<b>Loss Before Taxation</b>		<b>(9,700,195)</b>	<b>(13,089,635)</b>
Taxation	16	410,183	58,773
<b>Net Loss for the Period</b>		<b>(10,110,378)</b>	<b>(13,148,408)</b>
<b>Loss per Share - Basic and Diluted</b>		<b>(0.68)</b>	<b>(0.88)</b>

The annexed notes from 1 to 19 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



**STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	<i>Quarter Ended</i>	
	<i>September 30,</i>	
	<i>2018</i>	<i>2017</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>Net Loss for the Period</b>	<b>(10,110,378)</b>	(13,148,408)
<b>Other Comprehensive Income</b>		
Deficit on Revaluation of Available for Sale Investments	<b>(3,121,259)</b>	(595,661)
<b>Total Comprehensive Loss for the Period</b>	<b><u>(13,231,637)</u></b>	<u>(13,744,069)</u>

The annexed notes from 1 to 19 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 CASH FLOWS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UN-AUDITED)**

	<i>Quarter Ended September 30,</i>	
	<i>2018</i>	<i>2017</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss Before Taxation	(9,700,195)	(13,089,635)
Adjustments for Items Not Involving Movement of Funds:		
Depreciation on Property and Equipment	578,032	292,648
Financial Charges	2,314	205
Gain on Disposal of Property and Equipment	(5,395)	50,000
Mark-Up Earned on Saving Account	(43,826)	(87,932)
Share of Loss from Associates'	4,408,062	10,677,777
	4,939,187	10,932,698
Operating Cash Flows Before Working Capital Changes	(4,761,008)	(2,156,937)
Increase in Current Assets		
Loans and Advances	178,650	(145,000)
Trade Receivable	(103,956)	(19,996,338)
Short-Term Prepayments	(241,957)	(1,621,212)
	(167,263)	(21,762,550)
Increase/(Decrease) In Current Liabilities		
Trade and Other Payables	1,187,573	(111,599)
	(3,740,698)	(24,031,086)
Income Taxes Paid/Refund - Net	(871,391)	(299,661)
Financial Charges Paid	(2,314)	(205)
Net Cash Used in from Operating Activities	(4,614,403)	(24,330,952)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Long-Term Investments - Net	5,589,380	15,000,000
Long-Term Advances	(675,000)	834,500
Procees from Disposal of TFC'S	-	-
Procees from Disposal of PPE	33,200	(50,000)
Receipt of Mark-Up on Saving Account	68,825	87,932
Purchase of Property and Equipment	(511,420)	(2,817,718)
Net Cash Generated from investing Activities	4,504,985	13,054,714
Net Decrease in Cash and Cash Equivalents	(109,418)	(11,276,238)
Cash and Cash Equivalents at Beginning of the Period	3,313,649	12,335,666
Cash and Cash Equivalents at End of the Period	3,204,231	1,059,428

The annexed notes from 1 to 19 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 CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	<i>Issued, Subscribed and Paid-Up Capital</i>	<i>General Reserve</i>	<i>Surplus on Measurement of Available for Sale Investments</i>	<i>Unappropriated Profit</i>	<i>Total</i>
	<i>----- Rupees -----</i>				
<b>Balance as at July 1, 2017</b>	149,737,500	33,630,264	4,098,143	83,420,544	270,886,451
Loss for the Peirod	-	-	-	(13,148,408)	(13,148,408)
Other Comprehensive Income	-	-	(595,661)	-	(595,661)
<b>Total Comprehensive Income for the Period</b>	-	-	(595,661)	(13,148,408)	(13,744,069)
<b>Balance as at September 30, 2017</b>	149,737,500	33,630,264	3,502,482	70,272,136	257,142,382
<b>Balance as at July 1, 2018</b>	149,737,500	33,630,264	5,075,025	57,004,385	245,447,174
Loss for the Period	-	-	-	(10,110,378)	(10,110,378)
Other Comprehensive Income	-	-	(3,121,259)	-	(3,121,259)
<b>Total Comprehensive Income for the Period</b>	-	-	(3,121,259)	(10,110,378)	(13,231,637)
<b>Balance as at Septemebr 30, 2018</b>	149,737,500	33,630,264	1,953,766	46,894,007	232,215,537

The annexed notes from 1 to 19 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 INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

### 1 STATUS AND NATURE OF BUSINESS

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

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

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

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

During the last year the company has successfully renewed his license to carry out "Asset Management Service" and "Investment Advisory Service " dated on October 19, 2017 under rule 5 of the Non-Banking Finance companies (establishment and regulation) Rules, 2003 and under 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 by June 30, 2013. As at the period end the Company's equity amounted to Rs. 232.22 (June 2018: 245.447) million. The Company's financial statements for the year ended September 30, 2018 are being prepared on a going concern basis as the management has complied with the minimum equity requirements and has successfully renewed his license on dated on October 19, 2017 under rule 5 of the Non-Banking Finance companies (establishment and regulation) Rules, 2003 and under 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.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed. These condensed interim financial statements are unaudited. The Board of Directors of Company declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Company.

#### 2.2 Basis of Measurement

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

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

## 2.3 Functional and Presentation Currency

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

## 3 SIGNIFICANT ACCOUNTING POLICIES

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

## 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 2018.

		(Un-Audited) September 30, 2018 Rupees	(Audited) June 30, 2018 Rupees
<b>5 PROPERTY AND EQUIPMENT</b>	<b>Note</b>		
Opening Net Book Value (NBV)		8,620,715	2,975,753
Addition (Cost) During the Period	5.1	511,420	7,306,934
		<u>9,132,135</u>	10,282,687
Disposal (NBV) During the Period	5.2	(27,804)	(37,584)
Depreciation Charged During the Period		<u>(578,032)</u>	(1,624,388)
		<u><u>8,526,299</u></u>	<u><u>8,620,715</u></u>
<b>5.1</b>	The following additions were made to property and equipment during the period :		
Furniture & Fixtures		-	525,042
Vehicles		-	5,331,300
Office Equipment		-	542,005
Computer Equipment		511,420	908,587
		<u>511,420</u>	<u>7,306,934</u>

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

Office Equipment	<u>(27,804)</u>	<u>(37,584)</u>
------------------	-----------------	-----------------

## 6 LONG-TERM INVESTMENTS

### Investments in Associates - Quoted

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

6,715,688 (June 30, 2018: 8,069,728) Fully Paid Ordinary Certificates of Rs. 10 each Representing 70.61% (June 30, 2018: 74.28%) Holding.

146,109,867      180,584,362

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

581,501 (June 30, 2018: 348,387) Units of Rs.100/- each Representing 10.29% (June 30, 2018: 9.19%) Holding.

47,482,038      30,765,592

	(Un-Audited) September 30, 2018 Rupees	(Audited) June 30, 2018 Rupees
<b>Dawood Islamic Fund (Open-End- Fund) - An Associate (Using Equity Method)</b>		
109,323 (June 30, 2018: 40,680) Units of Rs.100/- Each Representing 11.18% (June 30, 2018: 4.49%) Holding.	12,523,159	4,762,552
	<b>206,115,064</b>	216,112,506

**Available for Sale Investment - Unquoted**

**Al Baraka Bank (Pakistan) Limited**

2,961 (June 30, 2018: 2,961) Fully Paid  
Ordinary Shares of Rs. 10/- Each

Less: Impairment on Available for Sale Investments

22,655	24,545
-	(1,890)
<b>22,655</b>	<b>22,655</b>

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

2,372,500 (June 30, 2018: 2,372,500) Fully Paid  
Ordinary Shares of Rs. 10/- Each

Less: Impairment on Available for Sale Investments

11,710,186	11,862,529
-	(152,343)
<b>11,710,186</b>	<b>11,710,186</b>
<b>217,847,905</b>	<b>227,845,347</b>

Note	(Un-Audited) September 30, 2018 Rupees	(Audited) June 30, 2018 Rupees
------	---	---

**7 LONG-TERM ADVANCES**

Long-Term Advances against Software

1,343,352	668,352
<b>1,343,352</b>	<b>668,352</b>

**8 SHORT-TERM INVESTMENTS**

	September 30, 2018		June 30, 2018	
	Book Value	Fair Value	Book Value	Fair Value
Note	-----Rupees-----			
<b>Available for Sale</b>				
Listed Shares-Related Party	3,550,135	3,550,135	3,550,135	3,550,135
Cummulative Gain on Revaluation of Investment	-	1,953,766	-	5,075,025
	<b>3,550,135</b>	<b>5,503,901</b>	<b>3,550,135</b>	<b>8,625,160</b>

**8.1 Listed Shares - Related Party**

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

Number of Shares			September 30, 2018		June 30, 2018	
Sept., 30, 2018	June 30, 2018	Name of Companies	Book Value	Fair Value	Book Value	Fair Value
			----- Rupees -----			
Note						
Financial Services						
2,382,641	2,382,641	First Dawood Investment Bank Limited - Related Party	8.1.1	3,550,135	5,503,901	3,550,135 8,625,160
				3,550,135	5,503,901	3,550,135 8,625,160

8.1.1 SECP has granted permission for unfreezing the shares of First Dawood Investment Bank Limited.

		(Un-Audited) September 30, 2018 Rupees	(Audited) June 30, 2018 Rupees
<b>9</b>	<b>TRADE RECEIVABLE</b>		
	Dawood Income Fund - An Associate	2,619,254	2,541,141
	Dawood Islamic Fund - An Associate	833,024	801,199
	First Dawood Mutual Fund - An Associate	5,570,162	5,576,144
		<u>9,022,440</u>	<u>8,918,484</u>
<b>10</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Accrued Expenses	16,211,030	15,023,457
	Worker Welfare Fund payable	2,596,844	2,596,844
		<u>18,807,874</u>	<u>17,620,301</u>
<b>11</b>	<b>UNCLAIMED DIVIDEND</b>	998,742	998,742
11.1	According to section 244 of Companies Act, 2017 all unclaimed dividend for a period of three year shall be credit to Federal Government account after serving 90 days' notice to shareholders. No such notice is serve by the company as company is in process of identifying the shareholder and then accordingly procedure will be adopted.		
<b>12</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>12.1</b>	<b>Contingencies</b>		
12.1.1	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.		
12.1.2	The Company's tax advisor is of the view that tax under section 5A of the Income tax ordinance, 2001 is not chargeable as profits during 2017 were derived from share of profits from associate which is not real income as per judgement of Supreme Court of Pakistan.		
12.1.3	The Company has unpaid dividend amounting to Rs.0.9987 million since 1998 for which identification of registered shareholder is in process owing to the fact the amount is old and at there were no share registrar at that time.		
<b>12.2</b>	<b>Commitments</b>		
	There was no commitment during the period (June 30, 2018: Nil)		
<b>13</b>	<b>REMUNERATION FROM FUNDS UNDER MANAGEMENT</b>	(Un-Audited) September 30, 2018 Rupees	(Un-Audited) September 30, 2017 Rupees
	<b>Open-End Funds</b>		
	Dawood Income Fund - An Associate	1,543,236	992,505
	Dawood Islamic Fund - An Associate	407,670	373,199
	First Dawood Mutual Fund - An Associate	1,116,851	1,407,006
		<u>3,067,757</u>	<u>2,772,710</u>



**Remuneration for Services  
 Rendered as an Asset  
 Management Company  
 ----- Percentage -----**

**13.1 During the period, the company has charged Management fee as under;**

**Open-End Funds**

Dawood Income Fund - An Associate	1.5	1.5
Dawood Islamic Fund - An Associate	1.5	1.5
First Dawood Mutual Fund - An Associate	2	2

(Un-Audited) September 30, 2018 Rupees	(Un-Audited) September 30, 2017 Rupees
---	---

**14 ADMINISTRATIVE AND OPERATING EXPENSES**

Salaries and Allowances	5,396,748	3,206,324
Rent, Rates and Taxes	395,186	349,274
Postage and Telephones	70,629	110,068
Legal and Professional Charges	408,400	439,397
Printing and Stationery	86,795	72,133
Travelling and Conveyance	37,718	-
Vehicles Running	523,723	278,380
Advertisement Expense	115,200	34,000
Electricity	127,233	102,535
Repairs and Maintenance	28,980	110,413
Auditors' Remuneration	70,000	60,000
Entertainment	162,356	69,217
Insurance	91,365	29,906
Depreciation	578,032	292,648
Fee and Subscriptions	308,650	240,760
Newspapers and Periodicals	82	-
Directors' Fee	106,000	46,000
Marketing Expenses	39,000	-
Others	26,460	85,336
	<u>8,572,557</u>	<u>5,526,391</u>
Less: Reimbursement of Fees and Expenses	<u>(165,760)</u>	<u>(161,397)</u>
	<u>8,406,797</u>	<u>5,364,994</u>

**15 SHARE OF ASSOCIATES' (LOSS)/PROFIT**

Dawood Income Fund	1,249,594	544,469
First Dawood Mutual Fund	(5,436,635)	(11,236,248)
Dawood Islamic Fund	(221,021)	14,002
	<u>(4,408,062)</u>	<u>(10,677,777)</u>

**16 TAXATION**

Current Year Tax	410,183	27,727
Prior Year Charge	-	31,046
	<u>410,183</u>	<u>58,773</u>



## 17 TRANSACTIONS WITH RELATED PARTIES

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

		(Un-Audited) September 30, 2018 Rupees	(Un-Audited) September 30, 2017 Rupees
Relationship with the Company	Nature of Transactions		
Transactions With			
	Management Fee Charged	3,067,757	2,772,710
	Sales Tax on Management Fee Charged	398,808	360,452
	Dawood Income Fund - Issue of 405,700 Units (2017: Nil Units)	32,005,723	-
Mutual Funds managed by the Company	Dawood Income Fund - Redemption of 172,586 Units (2017: Nil Units)	14,000,000	
	Dawood Islamic Fund - Issue of 68,643 Units (2017: Nil Units)	7,997,225	5,000,000
	First Dawood Mutual Fund - Issue of 447,033 Units (2017: Nil Units)	10,142,221	-
	First Dawood Mutual Fund - Redemption of 1,801,072 Units (2017: 923,344 Units)	39,000,000	20,000,000
	Accounting and Operational Charges	165,760	161,397
B.R.R Guardian Modaraba	Amount Charge During the Period	395,186	-
First Dawood Investment Bank Limited	Rent Expense Charge During the Period - Old Office	-	99,550
Dawood Family Takaful Limited	Insurance Expense Charge During the Period	10,592	2,925
Provident Fund	Contribution	317,898	169,451
Key Management personnel	Remuneration	4,162,500	1,773,900
		(Un-Audited) September 30, 2018	(Audited) June 30, 2018
Balances at Year End			
Associated Companies/Other Related Parties	Units Held:	Rupees	Rupees
	First Dawood Mutual Fund 6,715,688 Units (June 30, 2018 : 8,069,728 Units)	146,109,867	180,584,362
	Dawood Income Fund 581,501 Units (June 30, 2018: 348,387 Units)	47,482,038	30,765,592
	Dawood Islamic Fund 109,323 Units (June 30, 2017: Nil Units)	12,523,159	4,762,552
	Shares Held:		
	First Dawood Investment Bank Limited		
	2,382,641 Units (June 30, 2018 : 2,382,641 Units) Fully Paid		
	Ordinary Shares of Rs. 10/- Each	5,503,901	8,625,160
	Payable in Respect of Rent - Old Office	-	2,687,850
	Dawood Family Takaful Limited		
	2,372,500 Units (June 30, 2018 : 2,372,500 Units) Fully Paid		
	Ordinary Shares of Rs. 10/- Each	11,710,186	11,710,186
	Prepaid Life Insurance	31,432	42,024
	B.R.R Guardian Modaraba		
	Payable in Respect of Rent - New Office	249,724	-
	Prepaid Rent - New Office	-	124,862

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.



## 18 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue in Board of Directors of the management company on **18 October 2018**.

## 19 GENERAL

**19.1** 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).

**19.2** 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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