



WE KNOW YOUR VALUE

786 INVESTMENTS LIMITED

**FOR THE
HALF YEAR ENDED
DECEMBER 31, 2019
(UN-AUDITED)**



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CORPORATE INFORMATION

Board of Directors

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

Chief Financial Officer & Company Secretary

Mr. Noman Shakir

Audit Committee

Syed Shabahat Hussain	Chairman
Mr. Tahir Mehmood	Member
Syed Farhan Abbas	Member

Human Resource Committee

Ms. Shafqat Sultana	Chairperson
Miss Tara Uzra Dawood	Member
Mr. Tahir Mehmood	Member

Legal Advisor

Rauf & Ghaffar Law Associates (Advocates & Consultants)
Suite # 65, 5th Floor, Fareed Chamber,
Abdullah Haroon Road,
Saddar – Karachi, Pakistan.

Registrars

F.D. Registrar Services (SMC-Pvt.) Ltd.
Office# 1705, 17th Floor Saima Trade Tower. A,
I.I. Chundrigar Road, Karachi-74000, Pakistan.

Banker:

Habib Metropolitan Bank Limited
JS Bank Limited
Al Baraka Bank (Pakistan) Limited

Rating:

PACRA: AM3



DIRECTORS' REPORT FOR THE HALF YEAR ENDED DECEMBER 31, 2019

It gives me immense pleasure to present on behalf of the Board of Directors of **786 Investments Limited**. ("786" or the "Company") I am pleased to present the reviewed financial statements of 786 along with the auditors reviewed report for the half year ended December 31, 2019. Your Company continued its journey of success and composed for growth.

MARKET & ECONOMY REVIEW

Economy and Money Market Review:

The first six months of FY2020 saw stability in interest charges because the State Bank of Pakistan (SBP) kept the policy price unchanged considering July 2019. SBP referred to several effective developments consisting of an extensive reduction in current account deficit, exchange rate balance, and expected slowdown in inflation to targeted degrees. The economy still faces several challenges as inflationary pressures over the last years have significantly accelerated working capital requirements for groups in surroundings of high interest rates. That is often exacerbated through slowdown in demand and Geo-Political tensions creating uncertainty.

On December 02, 2019, Moody's upgraded Pakistan's outlook from 'negative' to 'stable' and re-affirmed the B3 rating. Asian Development Bank also approved a USD 1.3 billion loan to support the domestic economy. Pakistan's status on FATF is relatively secure for now; however, a continuous fulfilment of FATF targets is a must in order to avoid any negative action. Monetary policy easing is predicted throughout remaining half of 2020 in line with slowdown in future inflation. The Government is focusing on CPEC Phase II. While the first phase emphasized energy and roads, the second phase will focus on industrialization, agriculture, and socioeconomic development, with a particular emphasis on special economic zones. Global economic outlook is also favorable for next year which can help boost exports even though stress is still evident, overall the subsequent six months are expected to remain tight as the economy undergoes the stabilization phase.

Stabilization measures pursued by the government have commenced to bear fruits because the Balance of Payment situation continues to enhance the Current Account Deficit contracted by approximately 75% on a Year on Year basis to USD 2.1 billion within the half of financial year 2019-20. Imports of products and services continued to nosedive because it compressed by 18.5% while exports of products and services increased by 4.8% within the half of fiscal year. Remittances provided a moderate buffer, increasing by 3.3% to USD 11.4 billion during the period. Foreign exchange reserves increased by a massive USD 4.1 billion during the period as Pakistan received flows from International fund (IMF) and multilateral institutions, while the outflow from Current account Deficit remained restrained.

The Gross Domestic Product growth ranged in between 2.5% to 3.5% consistent with various institutions. However, as lately, it had been expected to stay on the lower side as weak production outlook of major crops alongside a lower industrial growth arising out of weaker than expected Large Scale Manufacturing growth is predicted to require a depression on the general growth. Large Scale Manufacturing (LSM) posted a decline of roughly 5.9% within the first five months of FY20, with most of the decline emanating from cyclical sectors. Both Autos and Steel manufacturing saw demand compression of 37.7% and 13.8% respectively.

Provisional numbers of collections were also encouraging as Federal Board of Revenue collected PKR 2,080 billion within the half of the existing financial year, which was 17% higher compared to the corresponding period of the last year. Dissecting the performance in terms of domestic and international collection, the performance was even better as domestic tax income grew by 28% Year on Year. The target for primary deficit is additionally expected to be met because the Government had generated significant buffer during the primary quarter.

During the period under review, yield curve moved downwards inferable from huge interest for longer tenor securities as market participants drew comfort from adjustment gauges and foreseen viewpoint of lower inflation. Close by, interest from remote speculators at such a phenomenal scale without precedent for the first time in the local bond market brought in extra pool of liquidity pushing the yields down. Three (3) Year bonds dialed down by 221 basis points while the more drawn out tenor (10Y) bonds eased off by around 300 basis points during the first half. While, the State Bank of Pakistan (SBP) left the Policy Rate unaltered at 13.25% all-monetary policies held in the quarter, referring to the attitude toward close to term inflation be that as it may, it pledged to cut down expansion to 5-7% through the span of next 2 years.



In last month of the 1st Quarter of FY2020 Inflation at 11.4% taking the average CPI to 10.08% compared to 10.5% to the last month. KIBOR rates showed downward trend during this period whereby 3MK was down by 8bps and clocked in at 13.85%. During the month of December 2019 last month of 2nd Quarter FY2020 Inflation for the settled at 12.63% taking average CPI to 11.11% compared to 12.3% last month of the same quarter. KIBOR rates showed a downward trend during this month.

Stock Market Review:

While fiscal year 2020 had a troubling beginning during the first quarter, it forcefully bounced back during the subsequent quarter posting an astonishing return of 27% during the subsequent quarter, taking the combined return of first half to 20.2%. In the last month of 1st Quarter FY2020, benchmark KSE-100 index went up by 2,407 points to close at 32,079 points. Some major sector Oil & Gas Exploration Companies, Commercial Banks and Fertilizer were the major positive contributors to the Index performance. Major reasons behind the increase in performance of the benchmark index were the substantial decline in current account deficit, stability in the currency, significant drop in PIB yields, notable foreign flows in debt market. During the month of December 2019, last month 2nd Quarter FY2020, the benchmark KSE-100 index went up by 3.68% to close at 40,735 points. Trust within the risk assets was restored after data on the external sector brought up towards quality while currency increased in value by roughly 6% from its lows. Bond markets energized as the point of view toward expansion improved after a steady currency and perhaps as the Central Bank promised to battle inflation and get it a scope of 5-7% in next two years.

Most of the cycle had a stellar performance during the primary half as modest valuations alongside a superior medium-term growth outlook gave the driving force. The Stock Market remained volatile during the month of Jan 2020 resulting from rapidly changing geopolitical changes and unrest in domestic politics. Month started o? on a strong note only to witness a period of severe volatility due to assassination of General Solemani that led to a spike in oil prices. Domestic politics remained heated during most of the month with news-flow of power struggles among the parliamentarians dominating headlines.

Economy & Market - Future Outlook:

Strategy changes by the Central Bank will bring about macroeconomic combination consequently confining the financial development in low single digits for the present year. Universal Monetary Fund conjectures Pakistan total national output development to back off to 2.5% in FY20, in the wake of fixing strategies sought after by the Government. Mechanical development will stay quieted especially for the import-driven utilization-based divisions. Be that as it may, trade driven mechanical organizations can give some reprieve as the Government has boosted the abovementioned, while expanded force supply likewise takes out bottleneck for them. Our forecast at exceptionally preservationist suppositions is that Current Account Deficit will settle at 2.3% of Gross Domestic Product. We have expected crude oil prices at USD 70/barrel for the remaining part of the year, which are right now floating close USD 60/barrel. After signing up an International Monetary Fund program, Pakistan will have the option to back its gross finance necessities by taking advantage of global avenues. We expect foreign exchange reserves to increment to around USD 14 billion before the finish of the current financial year. With PKR adjusted to its harmony levels and current record deficiency in an economical range, PKR should now devalue ostensibly dependent on its historical average.

In any case, with a steady currency and high base impact, we expect inflation to dial down in the following year and decline to a normal of roughly 8.8%. We accept current genuine financing cost is adequate to provide food for the close term expansion.

Auditors' Report:

The Auditors in their review report on half year ended December 31, 2019 emphasis on following matter. Comments on these matters are as under:

- i. Our response to note 1.5 of the condensed financial statements is that Directors are considering several options to restore the Shortfall in Minimum equity requirement for the purpose of renewal of Investment Advisory License as prescribed under the NBFC & Notified Entities Regulation.

Company Performance Review:

The Company's gross earnings during the period stood at PKR 9.56 million as compared to PKR 4.38 million in the same period last year. Total expenses were PKR 13.74 million as compared to PKR 16.91 million in the same period last year. Share of associates shows a Profit of PKR 4.82 million as opposed to loss of PKR 19.77



million the same period last year. Net Profit for the period was PKR 2.27 million as opposed to loss of PKR 33.11 million in the same period last year.

The Company got approval from the Securities & Exchange Commission of Pakistan (SECP) through its vide letter having reference No: SCD/AMCW/786IL/153/2019, on dated December 02, 2019 for the merger of three funds.

The effective date merger was announced by the Board of Directors as December 20, 2019 and successfully executed and completed. The Merging Schemes stood merged with and into the surviving scheme 786 Smart Fund on the basis of swap ratio calculated on the basis of Net Asset values (NAV) of the Merging and the Surviving Schemes at the close of the business day on December 19, 2019 (the day immediately preceding the effective date of merger). For one unit of 786 Rising Star Fund (786RSF), 1.256 units of 786 Smart Fund (786SF) were issued, and for one unit of First Dawood Mutual Fund (FDMF) 0.2044 units of 786 Smart Fund (786SF) were issued. Assets and Liabilities of 786 Rising Star Fund (RSF) and First Dawood Mutual Fund (FDMF) have been recorded / Merged at the fair value as of the merging date.

As a result of this Merger, an appropriate number of units of 786 Smart Fund (786SF) (based on Swap ratio) were issued to those eligible persons whose names appeared in the Register of Unitholders of 786 Rising Star Fund (786RSF) and First Dawood Mutual Fund (FDMF) as at the close of business day on December 19, 2019 (the day immediately preceding the effective date of merger) without charge of any load by the Management. Upon the allotment of units of 786 Smart Fund (786SF) to the eligible persons, all units representing their holding in 786 Rising Star Fund (786RSF) and First Dawood Mutual Fund (FDMF) stood cancelled.

All formalities of merger were done with the consent of Central Depository Company of Pakistan Limited (CDC), the Trustee of 786 Rising Star Fund and First Dawood Mutual Fund, MCB Financial Services Ltd (MCFSL), the Trustee of 786 Smart Fund and Al-Hilal our Shariah advisor and SECP.

The merger effectively facilitated the benefit of economies of scale turned our losses into profits. As of now, the return from the fund is also showing an upward/increasing trend which means an increase on daily Net Asset Value (NAV).

Future Plans:

The Company is revisiting its strategy and analyzing the situation of economy and the resources available with the company. Also planned the process to significantly modify the financial and operational aspects of the company as business was facing with financial pressures last year. The company also planned to restructures its operations develop strategy to cut cost in effective way to turn around the company.

Our objective for the year is to grow Asset under Management (AUM) through formation of sales team and effective sales strategy. As of now company is maintaining only one fund which categorized into Islamic Income Fund which is the surviving fund called as 786 Smart Fund (formerly Dawood Income Fund) having AUM of PKR 550.41 million for the half year ended December 31, 2019. The Company is also concentrating to increase its market share through the use of technology.

Director

Shafqat Sultana
Chairperson



786 انیسٹیٹ لیڈر
ڈاکٹر کیمرون کی روپورث
برائے 31 دسمبر 2019ء تھیہ ششماہی

786 انواع سٹینک لہیڈ (یادی کمپنی) کے بورڈ آف ڈائریکٹریز کی جانب سے، میں 786 گروپ کی 31 دسمبر 2019ء کو ختم ہونے والی شہادتی 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۔
مارکیٹ اور اقتصادی جائزہ
اقتصادی اور منی مارکیٹ کا جائزہ:

ماں سال 2020 کے پہلی شش ماہی میں سو دو کے چار جز میں استحکام آئیا کیونکہ ایشیٹ بینک پاکستان (ایس بی بی) نے جولائی 2019 کو مد نظر رکھتے ہوئے پالیسی قیمت میں کوئی تبدیلی نہیں کی۔ ایس بی بی نے کرنٹ اکاؤنٹ خسارے میں ایک دفعہ بیان کی، شرح تباول میلنٹس، اور متوقع ڈگری تک افراط از مری متوافق ست روی کی موافقت کی متعارض موشیز بیانات کو ترجیح دی۔ محیثت کواب بھی متعدد چیلنج درپیش ہیں جیکن گذشتہ سالوں سے افراط از مری کے باقاعدے اعلیٰ شرح سود میں گروپوں کے ورکگ سرمائی کی ضروریات کو منعیاں طور پر بڑھا دیا ہے۔ یا کسر طلب میں ست روی اور جیو بیسی اس تباہے غیر قائم صورتحال پیارہ ہوئے کی وجہ سے بڑھ جاتی ہے۔

02 دسمبر، 2019 کو، مودی کے پاکستان کے نقشبندی طرز کو مخفی سے بڑھا کر "مختتم" کر دیا اور B3 کی درجہ بنی کی تو توثیق کی۔ ایشیٹ بینک نے بھی ایک میثت کی مدد کے لئے 1.3 بلین ڈالر قرض کی مخصوصی دے دی۔ فیضت پر پاکستان کی میثتی فیضت پر اسی مخصوصی کا تراہم، کسی بھی اتفاق کا روائی سے بچنے کے لئے فیضت کے ادافت کی مسلسل بخوبیں ہے۔ میثت میں افراط از مری میں ست روی کے ساتھ 2020 دوسرا شش ماہی میں بانیہی پالیسی میں نرمی کی پیش گوئی کی گئی ہے۔ حکومت ہی پیک پر توجہ دے رہی ہے۔ جہاں پہلے راستے میں تو ناتھی اور سڑکوں پر زور دیا گیا ہے، دوسرے مرحلے میں صحتی، زراعت، اور معماشی ترقی پر خصوصی توجہ دی جائے گی، جس میں خصوصی اقتصادی زونوں کی پر خصوصی زور دیا جائے گا۔ عالمی معماشی نقشبندی اگلے سال کے لئے بھی سازگار ہے جو واضح تباہے کے باوجود برآمدات کو بڑھانے میں مدد فراہم کر سکتا ہے۔ محمی طور پر اگلے چھ منیوں تک بخت رہنے کی توقع کی جا رہی ہے کیونکہ محیثت استحکام کے مرحلے سے گزرنے کی وجہ سے اگلے چھ ماہ تخت رہنے کا امکان ہے۔

حکومت کی طرف سے اٹھائے گئے سچھام کے اقدامات کے نتیجے آنا شروع ہو گئے میں کیونکہ بقا اداگنگی کی صورت حال سالانہ بنیاد پر کرنٹ اکاؤنٹ خسارے میں تقریباً 75 فیصد اضافہ کیا جو ہمیں سال 2019-2020 کی ششماہی کے اندر اندر 2.1 ملین ڈالر تک زیادہ ہوا ہے۔ مصنوعات اور خدمات کی درآمدات ناگارزگری کیوس کس میں 18.5 فیصد کی واقع ہوئی ہے جبکہ مالی سال کی ششماہی میں مصنوعات اور خدمات کی برآمدات میں 4.8 فیصد کا اضافہ ہوا ہے۔ تریاکات رئے اعتدال پسند بیرونی اپنے ایسا مدت میں 3.3 فیصد اضافہ سے 11.4 ملین امریکی ڈالر ہا۔ میں اللہو اکبر (آئی ایف) اور کشیر الحجتی اداروں کی طرف سے پاکستان وصول ہونے والے بہاؤ مدت کے دوران غیر ملکی رسمادار کے ذخیرے میں 14.1 ریاست اضافہ ہوا ہے، جبکہ کرنٹ اکاؤنٹ خسارے سے آؤٹ فلووور رہا۔

محبوبی ڈسیکل مصنوعات کی نو مغلقت اداروں کے مطابق 2.5 فیصد سے 3.5 فیصد کے درمیان ہے۔ تاہم، حال ہی میں، یہ کم ہی رہنے کی توقع کی جا رہی تھی کیونکہ تو قع سے زیادہ کپیدہ اونے والی کام صنعتی نمو کے ساتھ ساتھ بڑی فضلوں کے پیڈ او اری نقطہ نظر کی پیش گوئی کی جا رہی ہے کہ عام نو وہ کی بات ہے۔ لارج اسکیل میونسپل گرینگ (ایل ایس ایم) نے مالی سال 2020 کے پلے پانچ ماہ کے دروان تقریباً 5.9 فیصد کی درج کی، جس میں زیادہ تر کم گردشی میکرز سے ہوتی ہے۔ دونوں آٹو ز اور اسٹیل میونسپل گرینگ کی طلب میں باہت سب 37.3 فیصد اور 13.8 فیصد کی رکھنے میں آئی۔

وصولیوں کے صوبائی اعداد و شماری بھی حوصلہ افراط تھے، کیون کہ فیڈرل بورڈ آف ریپوٹو نے موجودہ مالی سال ششماہی میں 2,080 میلین پاکستانی روپے متعین کیے، جو گذشتہ سال کی اسی مدت کے مقابلہ میں 17 فیصد زیادہ تھے۔ ملکی اور انلاؤچنی میں حوصلات کے لحاظ سے کارکردگی کے پیش رکارکدی بھی بہترتی کی مکمل تامین ملکیں آمنی میں سالہ اسال 28 فیصد کا اضافہ ہوا۔ بنیادی خسارے کا باریف اور ابتوں کی امداد کے بوقوع حکومت نے اپنی تسلیم سماں کے وراء ان نہایات اضافہ حاصل کیا تھا۔

زیر جائزہ مدت کے دوران، طیل عرصے سے کیوورٹر کے لئے زیادہ انحریت سپید اور اکھنڈ ناقابل برداشت حد تک گر لیا کیونکہ مارکیٹ کے شرکاء نے ایڈجمنٹ گھر اور کم افراد از کر قریب پیش نظر، یہ یوٹ قیاس آر اینجمن سے انٹریس طرح کے غیر معمولی پیمانے پر بھلی بار، لوکل بازار مارکیٹ میں کیوورٹر کے اختلاف میں راحت محسوس کی جن کی پیڈاوار کم ہو رہی ہے۔ متن (3) سال کے بازار میں تقریباً 300 بیس پونٹس کی کمی آئی۔



جیکہ، اسٹریٹ مینیک آف پاکستان (SBP) نے سہ ماہی میں منعقدہ تمام بالیٰ پالیسیوں پر پالیسی شرح کو 13.25% پر فراز کھا۔ جس کی وجہ سے اگلے دوساروں کے عرصہ میں 5-7% مہینگی کم ہو سکتی ہے۔

ماہی سال 2020 کی پہلی سہ ماہی کے آخری میتین میں 11.4 فیصد افراط زر اوسط سی پی آئی 10.08 فیصد رہ گیا ہے جو کہ گزشتہ اسی میتین میں 10.5 فیصد تھا۔ KIBOR کی شرحوں نے اس مدت کے دوران مندرجہ کار، جان و کھلایا جاں 3 ماہ کور 8 بی بی ایس سے کم ہوا اور 13.85 فیصد پر جا پہنچا۔ ماہی سال 2020 کی دوسرا سہ ماہی کے آخری میتین دسمبر 2019 کے دوران افراط زر اسی سہ ماہی کے آخری میتین میں 12.3 فیصد کے مقابلے میں اوسط سی پی آئی کو 11.11 فیصد پر لاتے ہوئے 12.63 فیصد طے پایا۔ رواں ماہ کے دوران KIBOR کی شرحوں میں مندرجہ کار، جان و کھلایا گیا۔

اٹاک مارکیٹ کا جائزہ:

اگرچہ ماہی سال 2020 کی پہلی سہ ماہی کے دوران مشکلات کا آغاز ہو گیا تھا، اس سے اگلی سہ ماہی کے دوران اس نے جیت انگریز 27 فیصد کا ریزن درج کیا، جس سے پہلی شہماں کا مجموعی ریزن 20.2 فیصد ہو گیا۔ ماہی سال 2020 کی پہلی سہ ماہی کے آخری میتین میں، بیچ مارک کے ایس ای 100 انڈیکس کی کارکردگی میں چندراہم شعبے آئل اینڈ گیس ایک پلو بیش کپیاں، کمرش بیک اور فریٹلائز راہم بثت شرکت کا رخت۔

بیچ مارک انڈیکس کی کارکردگی میں اضافے کی اہم وجہات میں کرنٹ اکاؤنٹ خسارے میں نمایاں کمی، کرنی میں استحکام، PIB پیداوار میں نمایاں کمی، قرض مارکیٹ میں قابل ذکر غیر ملکی بہاؤ شامل تھے۔ ماہی سال 2020 کی دوسرا سہ ماہی کے آخری میتین دسمبر 2019 کے دوران، بیچ مارک کے ایس ای 100 انڈیکس 3.68 فیصد اضافے کے ساتھ 32,079 پاؤنس پر بند ہوا۔ انڈیکس کی کارکردگی میں اضافہ بھی اسی میں احتدا و بحال ہوا اور کرنی کی قدر میں کم 6 فیصد تک اضافہ ہوا۔ مشکلم کرنی کے بعد تو سعیٰ نقطہ نظر بہتر ہونے کے ساتھ باشناک رکھنے کو تقویت میں امکن ہے کہ مرکزی بیک نے افراط زر کرنے کا ارادہ کیا ہے اور اگلے دوساروں میں اسے 5-7 فیصد کا اسکوپ مل جائے۔

دریمنی مدت کی اعلیٰ نبو کے ساتھ معمولی قیتوں کے ابتدائی حصے کے دوران پیشتر سائیکل کی شاندار کارکردگی رہی۔ تیزی سے بدلتی ہوئی جھٹڑافیائی سیاسی تبدیلیوں اور ملکی سیاست میں بدانتی کے نتیجے جنوری 2020 کے میتین میں اٹاک مارکیٹ میں اتارچ چڑھا رہا۔ ایک ماہی صرف مضبوط نوٹ پر شروع ہوا تب GRC جریں سیمانی کے قتل کی وجہ سے شدید اتارچ چڑھا دیکھنے میں آیا جس کی وجہ سے تیل کی قیتوں میں اضافہ ہوا۔ ملکی سیاست پیشتر میتوں کے دوران گرم رہی جیکہ خبروں کے بھاؤ سے پاریمیہ بین کے مابین اقتدار کی کشمکش میں نمایاں سرخیاں رہیں۔

معیشت اور مارکیٹ۔۔۔ مستقبل کا نقطہ نظر:

سنبل بیک کی حکمت عملی میں تبدیلیاں معماشی اقتصادی امتحان لائیں گی جس کے نتیجے میں موجودہ سال کے لئے واحد ہندسہ میں مالی ترقی محدود رہے گی۔ حکومت کی طرف سے طے کی جانے والی حکمت عمدوں کے نتیجے میں پیوندرسل مانیٹری فیڈنے نے ماہی سال 20 میں پاکستان کی مجموعی قومی ترقی کو واپس 2.5 فیصد تک پہنچا دیا ہے۔ ملکیتیکل ترقی خاص طور پر درآمد سے چلنے والے استعمالات پر میڈیویٹ نوں کے لئے خاموش رہے گی۔ جوں جوں یہ ہو سکتا ہے، تجارت سے چلنے والی ملکیتیکل تنظیمیں کچھ فائدہ اٹھا سکتی ہیں کیونکہ حکومت نے مذکورہ بالا کو فرعی دیا ہے جیکہ اسی طرح تو سعیٰ قوت کی فراہمی بھی ان کے لئے رکاوٹ نہیں ہے۔

غیر معمولی نقطہ نظر پسند قیاس آرائیوں پر تحدی پیش گئی یہ ہے کہ کرنٹ اکاؤنٹ خسارہ مجموعی ملی مصروفات کے 2.3 فیصد پر طے ہو جائے گا۔ ہم سال کے باقی عرصہ کے لئے خام تیل کی قیمت 70 امریکی ڈالرنی یہیل کی توقع کرتے ہیں، جو ابھی 60 امریکی ڈالرنی میل کے قریب ہے۔ ہین الاؤ ای مالیٰ فنڈ پروگرام پر دستخط کرنے کے بعد، پاکستان کو عالمی موافقوں سے فائدہ اٹھاتے ہوئے اپنی مجموعی مالیٰ ضروریات کو پورا کرنے کا اختیار حاصل ہو گا۔

ہم تو قع کرتے ہیں کہ رواں مالی سال کے اختتام سے قبل زر مبادلہ کے ذخیرہ بڑھ کر 14 بیلین امریکی ڈالر ہو جائیں گے۔ معاشی حد میں پاکستانی روپیہ کو اپنی ہم آئینگ سٹریٹ اور موجودہ ریکارڈ کی کم طلاق ایڈجسٹ کرنے کے ساتھ، پاکستانی روپیہ کو اپنی تاریخی اوسط پر احصاء کرنا چاہئے۔ کسی بھی صورت میں، مستحکم کرنی اور اعلیٰ بیس اثر کے ساتھ، ہم تو قع کرتے ہیں کہ اگلے سال میں افراطی رکم ہو کر تقریباً 8 فیصد کی عام سطح پر آجائے گا۔ ہم موجودہ حقیقی مالی اعانت کو قبول کرتے ہیں کہ قریبی مدت میں توسعے کے لئے خوارک فراہم کرنے کے لئے کافی ہے۔ جیسا کہ ہو سکتا ہے، حقیقی ترسوں کے اخراجات میں اضافے کو دیکھتے ہوئے، ہم اگلے مالی سال کے آغاز میں رقم سے متعلق ہو گیا تکمیل کو ترکیب نہیں کرتے ہیں۔ افراطی رکم کے ہمارے نقطہ نظر کی روشنی میں، ہم تو قع کرتے ہیں کہ اگلے سال میں سود کی شرح 150-200 تک کم ہو جائے گی۔

حالیہ تک دوڑ کے باوجوداً بکوئی ٹیکنیکی مارکیٹ میں ابھی بھی بہت پیشکش ہے۔ بالآخر پالیسی میں جعلی کیلئہ رسال 2020 میں ایک کلیدی مظہر ہوا کیونکہ افراطی رکم سست روپی کی وجہ سے مرکزی بیانک کے لئے سود کی شرطیں کم کرنا لازمی ہو جائے گا۔

آڈیٹریکی رپورٹ

31 دسمبر، 2019 کو ختم ہونے والی ششماہی پر اپنی چائزہ رپورٹ میں آڈیٹر نے مندرجہ ذیل معاملات پر زور دیا ہے۔ ان معاملات پر تمہارے حصہ ذیل میں:

۱۔ مجموعی مالی حسابات کے نوٹ 1.3 پر ہمارا جواب یہ ہے کہ بورڈ آف ڈائریکٹر رکم ایکم ایکوئی ضروری یات کو پورا کرنے کے اختیار پر غور کر رہے ہیں۔

کمپنی کی کارکردگی

گزشتہ سال کی اسی مدت میں 4.38 بیلین روپے کے مقابلے موجودہ مدت میں کمپنی کی مجموعی آمدی 9.56 بیلین روپے رہی۔ گزشتہ سال کی اسی مدت میں 16.92 بیلین روپے کے مقابلے کل اخراجات 13.74 بیلین روپے ہوئے۔ گزشتہ سال کی اسی مدت میں 19.77 بیلین روپے نقصان کے مقابلے ایسوٹی ایٹس کے حصے نے 4.82 بیلین روپے کا منافع دکھایا ہے۔ گزشتہ سال اسی عرصہ میں 33.11 بیلین روپے نقصان کے خلاف موجودہ مدت کے لئے خاص منافع 2.27 بیلین روپے ہوا۔

کمپنی نے بکوئی ٹیکنیکی پیشکش آف پاکستان (SECP) سے اس کے مراسلہ برائے ریلفنس نمبر: SCD/AMCW/786IL/153/2019 دسمبر، 2019 کے ذریعے تین فنڈز کے اضمام کی مظہوری حاصل کی ہے:

بورڈ آف ڈائریکٹر کی طرف سے اضمام کی موثر تاریخ 20 دسمبر 2019 اعلان کی گئی تھی اور کامیابی سے سرانجام اور تکمیل پائی۔ مرچنگ اسکی میں 19 دسمبر 2019 (اضمام کی موثر تاریخ سے ایک دن پہلے) کو کاروباری دن کے اختتام پر مرجنگ اور سروائیٹنگ ایکیووں کی خاص ایجادیت (NAV) کی بنیاد پر شمار کر دہ تبادلہ تابع پرمنی سروائیٹنگ اسکیم 786 سارٹ فنڈ کے ساتھ اور میں مغم ہوئی۔ 786 رائزگ اسٹار فنڈ (786RSF) کے ایک یونٹ کے لئے 786 سارٹ فنڈ (786SF) کے 1.256 یوٹس جاری کئے گئے، اور فرست داؤن ٹیکنیکل فنڈ (FDMF) کے ایک یونٹ کے لئے 786 سارٹ فنڈ (786SF) کے 0.2044 یوٹس جاری کئے گئے۔ 786 رائزگ اسٹار فنڈ (RSF) اور فرست داؤن ٹیکنیکل فنڈ (FDMF) کے انتاہی اور واجب ادائیگیاں اضمام تاریخ کے طابق فیکر قیمت پر درج احمد کی گئیں۔

اس اضمام کے نتیجے میں، 786 رائزگ اسٹار فنڈ (786SF) کے یوٹس کی ایک مناسب تعداد (تبادلہ تابع پرمنی) ان اہل افراد کو انتظامیہ کی طرف سے کسی لوڈ کے چارج کئے بغیر جاری کی گئی جن کے نام 786 رائزگ اسٹار فنڈ (786RSF) اور فرست داؤن ٹیکنیکل فنڈ (FDMF) کے یوٹس ہولڈرز کے رجسٹر میں 19 دسمبر، 2019 کو کاروباری دن کے اختتام پر (اضمام کی موثر تاریخ سے قبل کا دن) درج تھے۔ اہل افراد کو 786 رائزگ اسٹار فنڈ (786SF) کے یوٹس کی الامتحن کے بعد، 786 رائزگ اسٹار فنڈ (786RSF) اور فرست داؤن ٹیکنیکل فنڈ (FDMF) میں ان کے ملکیت نمائندگی کرنے والے تمام یونٹ منسوب ہو گئے۔

اضمام کی تمام فارملیٹریں پیش کی گئیں اور پاکستان لمبینڈ (سی ڈی ہی)، 786 رائزگ اسٹار فنڈ اور فرست داؤن ٹیکنیکل فنڈ، ایم ہی بی فنا فنڈ سرویس لمبینڈ (MCBFSL) کے ترثی، 786 رائزگ اسٹار فنڈ اور اہل الامتحن ہمارے شرعی شیئر اور SECP کے ترثی کی رضامندی کی گئیں۔



انعام نے بڑے پیمانے پر میشوں کے فوائد کو موثر طریقے سے سہولت فراہم کی جس سے ہمارے تقاضات منافع میں بدل گئے۔ ابھی تک، فنڈ سے منافع میں بھی اضافہ/برہتہ ہوا رہا ہے جس کا مطلب ہے یوں یعنی صاف تاثر ویلیو (NAV) میں اضافہ۔

آذیز نے 31 دسمبر 2019 کو ختم ہونے والی مدت کے لئے اپنی چائزہ رپورٹ میں زور دیا ہے، جس میں انہوں نے چند معاملات پر زور دیا ہے۔ جبکوئی مالی یہادات کے نوٹ 1.5 پر ہمارا جواب یہ ہے کہ NBFC اور روپنیاں اور انھیں کے شاطر کے تحت تجویز کردہ انواع مختلف مشاورتی لائنس کی تجدید کے مقصد کے لئے کم سے کم ایک بیویتی کی ضرورت میں کی کو بحال کرنے کے لئے ڈائریکٹر متعارف آپشنز پر غور کر رہے ہیں۔

مستقبل کے مخصوصے:

کمپنی اپنی حکمت عملی پر نظر ثانی اور معیشت اور کمپنی کے ہاں دستیاب وسائل کی صورتحال کا تجویز کر رہی ہے۔ نیز کمپنی کے مالی اور آپریشنل پہلوؤں میں نمایاں ترمیم کرنے کے عمل کی منصوبہ بننی کی ہے کیونکہ پچھلے سال کاروبار کو مالی دباو کا سامنا کرنا پڑا تھا۔ کمپنی نے موڑ انداز سے لگت میں کم کی لانے کے لئے اپنی کارروائیوں کی تنظیم نو کا منصوبہ بھی تیار کیا ہے۔ سال کے لئے ہمارا مقصد سیزیٹ کے قیام اور فرودخت کی موثر حکمت عملی کے ذریعیاً ایس ائڈریشنٹ (ای یا یم) کو بڑھانا ہے۔ اب کمپنی صرف ایک فنڈ کو برقرار کر کے ہوئے ہے جس کو اسلامی اکم فنڈ کا درج دیا گیا ہے جو سروائیس نگ فنڈ ہے جسے 786 اسارت فنڈ (سائنس، راہداری اور اکم فنڈ) کہا جاتا ہے جس کے 31 دسمبر، 2019 کو ختم ہونے والی ششماہی کے لئے 550.41 ملین روپے کے AUM میں۔ کمپنی بینالوچی کے استعمال سے اپنے مارکیٹ شیئرز کو بڑھانے پر بھی اوجہ مرکوز کر رہی ہے۔

ڈائریکٹر

شفقت سلطانہ
جنیز پ سن

کراچی: 28 فروری 2020ء



**REVIEW REPORT ON REVIEW OF
INTERIM FINANCIAL INFORMATION INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF 786 INVESTMENTS LIMITED**

Introduction

We have reviewed the accompanying condensed interim statement of financial information of **786 Investment Limited** as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and the condensed interim statement of cash flows and notes to the financial statements for six-month period then ended (here-in-after referred to as the "Interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for the interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is **Farhan Ahmed Memon**.

Reanda Haroon Zakaria, BSC
Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 28 FEB 2020



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2019

	Un-Audited December 31 2019	Audited June 30 2019
	Note	Rupees
ASSETS		
Non-Current Assets		
Property and Equipment	5	4,620,247
Intangible Asset	6	1,177,335
Long-Term Investments	7	162,692,075
Long-Term Deposits and Prepayments		786,300
		<u>169,275,957</u>
		189,328,745
Current Assets		
Short-Term Investments	8	21,426,575
Loans and Advances		48,003
Prepayments and Other Receivable		8,614,430
Trade Receivable	9	2,754,359
Accrued Markup		2,832,877
Taxation - Net		4,391,562
Cash and Bank Balance	10	13,511,387
		53,579,193
		<u>222,855,150</u>
		29,739,475
Total Assets		<u>222,855,150</u>
		219,068,220
EQUITY AND LIABILITIES		
Share Capital and Reserves		
Authorized Capital		
20,000,000 (June 2019: 20,000,000) Ordinary Shares of Rs. 10 each		<u>200,000,000</u>
		<u>200,000,000</u>
Issued, Subscribed and Paid Up Capital		
14,973,750 (June 2019: 14,973,750) Ordinary Shares of Rs. 10 each	149,737,500	149,737,500
General Reserves	33,630,264	33,630,264
Unrealized Gain/(Loss) on Revaluation of Investments-At FVTOCI	1,548,106	(13,777)
Share of Unrealized Gain on Remeasurement of Investments in Associates	-	210,748
Unappropriated Profit	19,093,993	16,819,862
	<u>19,093,993</u>	<u>16,819,862</u>
	<u>204,009,863</u>	<u>200,384,597</u>
Current Liabilities		
Trade and Other Payables	11	17,846,545
Unclaimed Dividend	12	998,742
		18,845,287
		17,684,881
		998,742
		18,683,623
Contingencies and Commitments		
Total Equities and Liabilities	13	<u>222,855,150</u>
		<u>219,068,220</u>

The annexed notes from 1 to 21 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019**

	Note	<i>Half Year Ended December 31, 2019</i>		<i>Quarter Ended December 31, 2019</i>	
		Rupees	Rupees	Rupees	Rupees
Income					
Remuneration from Funds Under	14	4,898,474	6,195,819	2,387,972	3,128,062
Income on Pakistan Investment Bond		607,504	-	537,407	-
Sukuk Income		1,720,700	-	1,003,406	-
Capital Gain on Sale Of Investment		269,631	36,179	269,631	36,179
Profit/(Loss) on Redemption Of Units of Associates' Investment		2,068,124	(1,848,732)	1,208,558	(1,848,732)
		9,564,433	4,383,266	5,406,974	1,315,509
Expenses					
Administrative and Operating Expenses	15	(13,741,357)	(16,917,515)	(7,099,808)	(8,510,718)
Financial Charges		(3,958)	(452)	(1,498)	1,862
		(13,745,315)	(16,917,967)	(7,101,306)	(8,508,856)
Operating Loss		(4,180,882)	(12,534,701)	(1,694,332)	(7,193,347)
Other Operating Income	16	2,160,997	132,109	1,903,629	82,888
Share of Associates' Profit/(Loss)	17	4,826,600	(19,779,639)	3,083,174	(15,371,577)
Profit/(Loss) Before Taxation		2,806,715	(32,182,231)	3,292,471	(22,482,036)
Taxation	18	(532,584)	(929,939)	(376,818)	(519,756)
Net Profit/(Loss) for the Period		2,274,131	(33,112,170)	2,915,653	(23,001,792)
Earning/(Loss) per Share - Basic And Diluted		0.15	(2.21)	0.19	(1.54)

The annexed notes from 1 to 21 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 HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019**

	<i>Half Year Ended December 31, 2019</i>		<i>Quarter Ended December 31, 2019</i>	
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Net Profit/(Loss) for the Period	2,274,131	(33,112,170)	2,915,653	(23,001,792)
Other Comprehensive Income				
Gain/(Loss) on Revaluation of Investments -				
At FVTOCI	1,561,883	(3,628,250)	820,434	(3,032,589)
Share of Unrealized Gain From Associates' on Remeasurement of Investments	-	35,672	-	35,672
Total Comprehensive Profit/(Loss) for the Period	3,836,014	(36,704,748)	3,736,087	(25,998,709)

The annexed notes from 1 to 21 form an integral part of these financial statements.

For 786 Investments Limited
(Management Company)

---SD---
Chief Executive Officer

---SD---
Chief Financial Officer

---SD---
Director



CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Half Year Ended December 31, 2019 Rupees	2018 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) Before Taxation		2,806,715	(32,182,231)
Adjustments for:			
Depreciation on Property and Equipment		1,007,885	1,106,610
Amortization		69,255	69,255
Financial Charges		3,958	452
Gain on Disposal of Property and Equipment		-	(5,395)
Mark Up Earned on Saving Account		(644,434)	(126,714)
Capital Loss on Sale of Investment		(269,631)	(36,179)
(Profit)/Loss on Redemption of Units of Associates' Investment		(2,068,124)	1,848,732
Share of (Profit)/Loss from Associates'		(4,826,600)	19,779,639
		(6,727,691)	22,636,400
Operating Cash Flows Before Working Capital Changes		(3,920,976)	(9,545,831)
(Increase)/Decrease In Current Assets			
Loans and Advances		(8,336)	312,133
Trade Receivable		(267,210)	(1,017,758)
Prepayments and Other Receivables		(1,213,277)	144,117
		(1,488,823)	(561,508)
Increase/(Decrease) in Current Liabilities			
Trade and Other Payables		161,664	2,883,196
		(5,248,135)	(7,224,143)
Income Taxes Paid - Net		122,691	(1,153,667)
Financial Charges Paid		(3,958)	(452)
Net Cash Used in Operating Activities		(5,129,402)	(8,378,262)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Investments - Net		15,944,402	9,225,385
Long-Term Deposits and Prepayments		250,000	-
Proceeds From Disposal of Property & Equipment		-	33,200
Receipt of Mark Up		(2,035,324)	86,899
Capital Expenditure Incurred		(58,209)	(1,591,420)
Net Cash Generated From Investing Activities		14,100,869	7,754,064
Net Increase/(Decrease) in Cash and Cash Equivalents		8,971,467	(624,198)
Cash and Cash Equivalents At Beginning of the Year		4,539,920	3,313,649
Cash and Cash Equivalents At End of the Period	10	13,511,387	2,689,451

The annexed notes from 1 to 21 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 HALF YEAR ENDED DECEMBER 31, 2019**

	Share Capital		Reserves			Total Equity	
	Issued, Subscribed and Paid-Up Capital	General Reserve	Capital	Revenue	Unappropriated Profit		
			Unrealized Gain/(Loss) on Measurement of Investments - At FVTOCI	Share of Unrealized Gain on Remeasurement of Associates' Investments			
----- Rupees -----							
Balance as at July 1, 2018	149,737,500	33,630,264	5,075,025	70,843	56,933,542	95,709,674	
Loss for the Period	-	-	-	-	(33,112,170)	(33,112,170)	
Other Comprehensive Income							
Deficit on Revaluation of Investments - At FVTOCI	-	-	(3,628,250)	-		(3,628,250)	
Transfer to Equity on Account of Disposal of Investment - At FVTOCI	-	-	(1,111,860)	-	1,111,860	-	
Share of Unrealized Gain on Remeasurement of Associates' Investments	-	-	-	35,672	-	35,672	
Total Comprehensive Income/(Loss) for the Period	-	-	(4,740,110)	35,672	(32,000,310)	(36,704,748)	
Balance as at December 31, 2018	149,737,500	33,630,264	334,915	106,515	24,933,232	59,004,926	
 Balance as at July 1, 2019	 149,737,500	 33,630,264	 (13,777)	 210,748	 16,819,862	 50,647,097	
 Profit for the Period	 -	 -	 -	 210,748	 2,274,131	 2,274,131	
 Other Comprehensive Income	 -	 -	 -	 -	 -	 2,274,131	
 Loss on Revaluation of Investments - At FVTOCI	 -	 -	 9,301	 (210,748)	 -	 (201,447)	
 - Deficit on Revaluation of Shares	 -	 -	 285,813	 -	 -	 285,813	
 - Surplus on Revaluation of Sukuk	 -	 -	 1,266,769	 -	 -	 1,266,769	
 - Surplus on Revaluation of Pakistan Investment Bond	 -	 -	 -	 -	 -	 1,266,769	
 Transfer to Equity on Account of Disposal of Investment - At FVTOCI	 -	 -	 -	 -	 -	 -	
 Share of Unrealized Gain on Remeasurement of Associates' Investments	 -	 -	 -	 -	 -	 -	
 Total Comprehensive Income/(Loss) for the Period	 -	 -	 1,561,883	 (210,748)	 2,274,131	 3,625,266	
 Balance as at December 31, 2019	 149,737,500	 33,630,264	 1,548,106	 -	 19,093,993	 54,272,363	
						 204,009,863	

The annexed notes from 1 to 21 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 HALF YEAR ENDED DECEMBER 31, 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

The company has successfully renewed its 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** During the Year, the SECP vide its letter reference No: SCD/AMCW/786IL/153/2019 dated December 02, 2019 granted approval under regulation 58(1)(m) of Non -Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008) read with circular No: 20 of June 23, 2009 for the merger of 786 Rising Star Fund (786RSF), First Dawood Mutual Fund (FDMF) with and into 786 Smart Fund (786SF) Surviving scheme in terms of Scheme of Merger as approved by the Board of Directors of 786 Investments Ltd. and the Unit Holders of the respective Scheme of Merger in their General Meeting held on September 23, 2019 and October 16, 2019 respectively.
- 1.4** The Whole of the Undertaking 786 Rising Star Fund (786RSF) and First Dawood Mutual Funds (FDMF) Which Includes All Assets, Rights, Liabilities, Bank Balances, Obligations, Mandates, Undertaking, Securities, Contracts Documents, Record etc. were transferred to and vested in 786 Smart Fund (786SF) from December 20, 2019 ("Effective Date of Merger"). Accordingly, the balances as of December 19, 2019 for 786 Rising Star Fund (786RSF), First Dawood Mutual Fund (FDMF) are as follows:

<i>Description</i>	<i>786 Rising Star Fund</i>	<i>First Dawood Mutual Fund</i>
Assets	107,015,830	116,526,613
Less: Liabilities	2,042,844	8,569,389
Net Assets	104,972,986	107,957,224



The Merging Schemes stood merged with and into the surviving scheme on the basis of swap ratio calculated on the basis of Net Asset values (NAV) of the Merging and the Surviving Schemes at the close of the business day on December 19, 2019 (the day immediately preceding the effective date of merger). For one unit of 786 Rising Star Fund (786RSF), 1.256 units of 786 Smart Fund (786SF) were issued, and For one unit of First Dawood Mutual Fund (FDMF) 0.2044 units of 786 Smart Fund (786SF) were issued. Assets and Liabilities of 786 Rising Star Fund (RSF) and First Dawood Mutual Fund (FDMF) have been recorded/Merged at the fair value as of the merging date.

As a result of Merger, an appropriate number of units of 786 Smart Fund (786SF) (based on Swap ratio) were issued to those eligible persons whose names appeared in the Register of Unitholders of 786 Rising Star Fund (786RSF) and First Dawood Mutual Fund (FDMF) as at the close of business day on December 19, 2019 (the day immediately preceding the effective date of merger) without charge of any load by the Management. Upon the allotment of units of 786 Smart Fund (786SF) to the eligible persons, all units representing their holding in 786 Rising Star Fund (786RSF) and First Dawood Mutual Fund (FDMF) stood cancelled.

- 1.5 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. 204.01 (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 December 31, 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.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of International Accounting Standard (IAS) 34 : "Interim Financial Reporting". These financial statements are unaudited but have been reviewed by the external auditors of the Company.



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.

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 December 31 2019</i>	<i>Audited June 30 2019</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
5 PROPERTY AND EQUIPMENT			
<i>Opening Net Book Value (NBV)</i>		5,569,923	8,620,715
Additions During the Period	5.1	58,209	1,094,976
		<u>5,628,132</u>	<u>9,715,691</u>
Disposal (NBV) during the Period	5.2	-	(1,805,405)
Depreciation Charged during the Period		<u>(1,007,885)</u>	<u>(2,340,363)</u>
<i>Closing Net Book Value (NBV)</i>		<u>4,620,247</u>	<u>5,569,923</u>

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

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

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
	<u>-</u>	<u>1,805,405</u>



	<i>Un-Audited December 31 2019 Rupees</i>	<i>Audited June 30 2019 Rupees</i>
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6 INTANGIBLE ASSET

Computer Software	6.1	<u>1,177,335</u>	<u>1,246,590</u>
6.1 Computer Software			
Opening Net Book Value		1,246,590	-
Addition		-	1,385,100
Amortization Charge		(69,255)	(138,510)
Closing Net Book Value		<u>1,177,335</u>	<u>1,246,590</u>
Cost		1,385,100	1,385,100
Accumulated Amortization		(207,765)	(138,510)
Rate of Amortization		<u>10%</u>	<u>10%</u>

7 LONG-TERM INVESTMENTS

Investments in Associates - Units of Mutual Funds - Equity

<i>First Dawood Mutual Fund (Open-End - Fund) - an associate (Using Equity Method)</i> Nil (June 30, 2019: 3,442,963) Units, Representing 0% (June 30, 2019: 55.72%) Holding.	- 59,702,020
786 Smart Fund (Formerly Dawood Income Fund) (Open - End - Fund) - an associate (using equity method)	
1,673,191 (June 30, 2019: 1,372,100) Units, Representing 26.14% (June 30, 2019: 24.67%) Holding.	143,874,526 110,362,938

<i>786 Rising Star Fund (Formerly Dawood Islamic Fund) (Open-End- Fund) - an associate (using equity method)</i> Nil (June 30, 2019: 109,323) Units, Representing Nil (June 30, 2019: 11.20%) Holding.	- 11,410,974
143,874,526 181,475,932	

<i>Government Securities - Pakistan Investment Bonds having Face Value of 20 Million</i>	7.1 18,817,549	- -
--	-----------------------	-------------

<i>At fair value - through other comprehensive income</i> <i>-Shares - unquoted</i> <i>Al Baraka Bank (Pakistan) Limited</i> Nil (June 30, 2019: Nil) Shares Less: Impairment Less: Sale of 2,961 Shares	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> - - - - </div>	22,655 - (22,655) -
162,692,075 181,475,932		



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

	Note	December 31, 2019		June 30, 2019		
		Cost	Fair Value	Cost	Fair Value	
8 SHORT-TERM INVESTMENTS						
<i>At Fair Value - Through Other Comprehensive Income</i>						
Listed Shares - Related Party	8.1	-	-	1,385,910	1,376,609	
Term Finance Certificate - Unlisted	8.2	<u>21,136,286</u>	<u>21,426,575</u>	9,189,514	8,695,021	
Cumulative Gain/(Loss) on Revaluation of Investment		<u>21,136,286</u>	<u>21,426,575</u>	10,575,424	10,071,630	
		<u>290,289</u>	-	(503,794)	-	
		<u>21,426,575</u>	<u>21,426,575</u>	10,071,630	10,071,630	

8.1 Listed Shares - Related Party

Dec., 31, 2019	June 30, 2019	Name of Company	Note	December 31, 2019		June 30, 2019				
				Cost	Fair Value	Cost	Fair Value			
<i>Financial services</i>										
- 930,141 First Dawood Investment Bank Limited - Related Party										
			8.1.1	-	-	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.

Dec., 31, 2019	June 30, 2019	Name of Company	Note	December, 31, 2019		June 30, 2019				
				Cost	Fair Value	Cost	Fair Value			
<i>Financial</i>										
5,000 2,000 Silk Bank Limited										
			8.2.1	<u>21,136,286</u>	<u>21,426,575</u>	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.



	<i>Note</i>	<i>Un-Audited December 31 2019</i>	<i>Audited June 30 2019</i>
		<i>Rupees</i>	<i>Rupees</i>
9 TRADE RECEIVABLE			

Associates

786 Smart Fund (Formerly Dawood Income Fund)	2,754,359	1,183,182
786 Rising Star Fund (Formerly Dawood Islamic Fund)	-	317,373
First Dawood Mutual Fund	-	986,594
	2,754,359	2,487,149

10 CASH AND BANK BALANCE

Cash in Hand	25,000	4,646
Cash at Bank		
Current Accounts	101,609	101,609
Savings Accounts	13,384,778	4,433,665
	13,486,387	4,535,274
	13,511,387	4,539,920

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).

	<i>Note</i>	<i>Un-Audited December 31 2019</i>	<i>Audited June 30 2019</i>
		<i>Rupees</i>	<i>Rupees</i>
11 TRADE AND OTHER PAYABLES			
Accrued Expenses	11.1	9,270,987	7,503,662
Sindh Workers' Welfare Fund Payable		1,130,400	2,596,844
FED Payable	11.2	6,513,677	6,513,677
Sales Tax Payable		888,370	1,061,845
Wht Payable		43,111	8,853
		17,846,545	17,684,881

11.1 This includes an amount of Rs. 7.72 (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> December 31	<i>Audited</i> June 30
Note	Rupees	Rupees
12 UNCLAIMED DIVIDEND	12.1	998,742

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).

	<i>December 31</i> 2019	<i>December 31</i> 2018
	Rupees	Rupees

14 REMUNERATION FROM FUNDS UNDER MANAGEMENT

Associates - Open - end funds

786 Smart Fund (Formerly Dawood Income Fund)	3,179,684	3,317,115
786 Rising Star Fund (Formerly Dawood Islamic Fund)	727,929	819,681
First Dawood Mutual Fund	990,861	2,059,023
	4,898,474	6,195,819

2019 **2018**

Remuneration for Services

Rendered as an Asset

Management Company

----- **Percentage** -----

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

Associates - Open - End Funds

786 Smart Fund (Formerly 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



		<i>December 31,</i>	
		2019	2018
		<i>Rupees</i>	<i>Rupees</i>
15 ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries and Allowances		6,984,926	10,945,990
Rent, Rates and Taxes		749,171	769,321
Postage and Telephones		213,107	173,156
Legal and Professional Charges		1,140,405	842,000
Printing and Stationery		141,085	124,068
Travelling and Conveyance		5,000	76,338
Vehicles Running		897,584	1,057,114
Advertisement Expense		290,700	124,200
Electricity		476,237	236,118
Repairs and Maintenance		109,617	55,410
Auditors' Remuneration		387,320	176,040
Entertainment		42,203	218,559
Insurance		224,111	237,521
Depreciation	5	1,007,885	1,106,610
Amortization		69,255	69,255
Fee and Subscriptions		1,195,645	789,645
Newspapers and Periodicals		570	329
Directors' Fee		158,000	180,000
Commission		27,904	15,660
Marketing Expenses		-	39,000
Others		51,144	39,915
Less: Reimbursement of Fees and Expenses		14,171,869	17,276,249
		(430,512)	(358,734)
		13,741,357	16,917,515

16 OTHER OPERATING INCOME

Mark-Up	644,434	126,714
Other Income	1,516,563	5,395
	2,160,997	132,109

16.1 The company has received 63,000 and 1,887 shares of Drekkar Kingsway Limited and Sapphire Textile Mills limited respectively which were previously held in the Pakistan Venture Limited i.e. former name of the company in the physical form. The company has recognized investment at Fair value through profit and loss during the current year and gain on recognition as well as on disposal is recognized in statement of profit and loss account.

		<i>December 31,</i>	
		2019	2018
		<i>Rupees</i>	<i>Rupees</i>
17 SHARE OF ASSOCIATES' PROFIT/(LOSS)			
786 Smart Fund (Formerly Dawood Income Fund)		4,826,600	2,300,943
786 Rising Star Fund (Formerly Dawood Islamic Fund)		-	(1,130,176)
First Dawood Mutual Fund		-	(20,950,406)
		4,826,600	(19,779,639)



December 31,
2019 2018
Rupees Rupees

18 TAXATION

Current	532,584	1,085,046
Prior	-	(155,107)
	532,584	929,939

19 TRANSACTIONS WITH RELATED PARTIES

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

Relationship with the Company	Nature of Transactions During the Period	(Un-Audited)	
		December 31, 2019 Rupees	2018 Rupees
<i>Mutual Funds Managed by the Company</i>			
Management Fee Charged	4,898,474	6,195,819	
Sales Tax on Management Fee Charged	636,802	805,456	
Accounting and operational Charges	430,512	358,734	
786 Smart Fund Issue of 849,869 Units (December 31, 2018: 629,730 Units)	72,825,422	50,505,723	
786 Smart Fund Redemption of 548,779 Units (December 31, 2018: 172,586 Units)	45,000,000	14,000,000	
786 Smart Fund - Gain on Redemption of Units	859,566	217,714	
786 Smart Fund - Dividend Received	-	2,359,674	
786 Rising Star Fund - Issue of Nil Units (December 31, 2018: 68,643 Units)	-	7,997,225	
786 Rising Star Fund - Dividend Received	-	15,597	
786 Rising Star Fund - Conversion of 109,323 Unit due to Merger	11,779,074		
786 Rising Star Fund - Gain on Conversion of Units due to Merger	368,100	-	
First Dawood Mutual Fund Issue of Nil Units (December 31, 2018: 447,033 Units)	-	10,142,221	
First Dawood Mutual Fund Redemption of Nil Units (December 31, 2018: 2,218,422 Units)	-	47,500,000	
First Dawood Mutual Fund - Gain on Conversion of Units due to Merger/Loss on Redemption of Units	629,710	(2,066,446)	
First Dawood Mutual Fund - Conversion of 3,442,963 Unit due to Merger	60,331,730		
First Dawood Mutual Fund Dividend Received	-	359,277	
Management Fee Received	4,631,264	6,339,936	



Relationship with the Company	Nature of Transactions During the Period	(Un-Audited)	
		December 31, 2019	2018
		Rupees	Rupees
<i>Other Related Party</i>			
<i>First Dawood Investment Bank Limited & Others Employees' Provident Fund</i>			
Provident Fund Contribution	403,256	317,898	
Rent Charge during the Period - Office	749,171	769,321	
<i>Key Management Personnel</i>			
Remuneration	3,543,330	7,689,623	
Sale of 930,141 Shares of First Dawood Investment Bank Limited	1,655,541	-	
Gain on Disposal of Shares	269,631	-	
Sale of 2,372,500 Shares of Dawood Family Takaful Limited	-	12,313,275	
Gain on Disposal of Shares	-	603,089	
<i>Dawood Family Takaful Limited</i>			
Insurance Expense Charge during the Period	28,894	10,592	
<i>Dawood Equities Limited</i>			
Brokerage Commission Paid on Disposal of Shares	27,904	15,660	
Associated companies/other related parties		December 31, 2019	30 June 2019
	Balances at Period End Units Held:	Rupees	Rupees
<i>Mutual Funds Managed by the Company</i>			
786 Smart Fund (Formerly Dawood Income Fund) 1,673,191 (June 30, 2019: 1,372,100) Units	143,874,526	110,362,938	
First Dawood Mutual Fund Nil Units (June 30, 2019: 3,442,963) Units	-	59,702,020	
786 Rising Star Fund (Formerly Dawood Islamic Fund) Nil Units (June 30, 2019: 109,323) Units	-	11,410,974	
Trade Receivable	2,754,359	2,487,149	
<i>First Dawood Investment Bank Ltd.</i>			
Nil (June 30, 2019: 930,141) shares	-	1,376,609	
<i>B.R.R Guardian Modaraba</i>			
Prepaid Rent - Office	874,032	124,862	
<i>Dawood Equities Limited</i>			
Receivable in Respect of Disposal of Shares	-	93,098	

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



20 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue in Board of Directors of the Company on February 28, 2020.

21 GENERAL

21.1 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).

21.2 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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