



INVESTMENTS

WE KNOW YOUR VALUE

786 INVESTMENTS LIMITED

**FOR THE
QUARTER ENDED
SEPTEMBER 30, 2020
(UN-AUDITED)**

CONTENTS

Corporate Information	2
Directors' Report	3
ڈائریکٹرز رپورٹ	5
Condensed Interim Statement of Financial Position	6
Condensed Interim Profit and Loss Account	7
Condensed Interim Statement of Comprehensive Income	8
Condensed Interim Cash Flow Statement	9
Condensed Interim Statement of Changes in Equity	10
Condensed Interim Notes to the Financial Statements	11



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 QUARTER ENDED SEPTEMBER 30, 2020

The Board of Directors of **786 Investments Limited** "786 or the Company" is pleased to present financial statements of **786** for the quarter ended September 30, 2020.

Economic Review:

The policy decisions are taken by the government after the Covid-19 Pandemic has resulted in an improvement in the macroeconomic landscape. The country recorded another current account surplus in Aug-20 on the back of a controlled trade deficit and strong remittances growth. The current account surplus along with flows from multilateral and bilateral sources has shored up our reserves to USD 19.5 billion which has helped the local currency to depict strength. The Current Account surplus for the month of Aug-20 attains to USD 297 million, taking two months of FY21 cumulative surplus to USD 805 million compared to the current account deficit of USD 1.2 billion during the same period last year.

The improvement in CAD is primarily driven by record remittance growth and decline in trade and service deficit. The focus would remain on covid-19 numbers and the policy actions taken by the government to control the fallout from the pandemic.

Stock Market Review:

The market depicted healthy activity as average daily volume surged by a 16.4% Month on a monthly basis to 603 million shares. The decrease in the index was led by the E&P sector which contributed -348 points on the back of a decline in international oil prices. The Power Generation sector lost 169 points as KAPCO skipped its annual dividend while the Banking sector contributed -157 points due to foreign selling. On the flip side, the Fertilizer sector added 169 points as all players secured stay orders against the GIDC verdict of the Supreme Court. Fresh liquidity in the market given low-interest rates will help drive the market.

Money Market Review:

During the month of Sep-20, SBP conducted two T-bills auctions with a target of PKR 800 billion against the maturity of PKR 1,098 billion. The government accepted a cumulative PKR of 2.8 billion. The cut-off yields were 8.20%, 8.45%, 8.99%, and 10.5498% for the 3Y, 5Y, 10Y, and 20Y tenor. The government accepted PKR 217.7 billion in the PIB Floater Auction in the month through two PIB Auctions. On the Islamic Front, government-issued Fixed Government Ijara Sukuk at 8.41% and raised PKR 5.8 billion against the target of PKR 15 billion.

During Sep-20, secondary market yields of shorter duration remained flattish while yields of longer duration bonds increased by an average of 30bps due to the status quo in the monetary policy announced during the month.

Company Performance

The company recorded a profit of PKR 5.44 million during the quarter ended September 30, 2020, as compared to loss of PKR (0.641) million during the corresponding period. The company income which comprised of Management Fees decreased by 0.21 million representing an 8.29% decreased in Management Fees. But Simultaneously the Administrative and Operating Expenses decreased by PKR 1.18 million representing an 17.8% decreased in Administrative and Operating Expenses. Other income also contributed to turning around the Company losses into profit. Further Share of Associates' Shows a profit of PKR 1.63 million as compared to the profit of PKR 1.73 million during the corresponding period. Please note the increased in profit has an impact of reclassification for debt instruments which is explained in Note (17) of the Financial Statements.

The earning per Share EPS of the Company for the Quarter ended September 30, 2020, was PKR 0.36 as compared to PKR (0.04) during the corresponding period.



Acknowledgement

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

---SD---

Director

---SD---

Shafqat Sultana
Chairperson

786 انویسٹمنٹ لمیٹڈ (786 یا دی کمپنی) کے بورڈ آف ڈائریکٹرز 30 ستمبر 2020 کو ختم ہونے والی سرمایہ کے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

اقتصادی جائزہ

کوویڈ 19 وبائی بیماری کے بعد حکومت کی طرف سے کیے گئے پالیسی فیصلوں کے نتیجے میں معاشی مظہر نامے میں بہتری آئی ہے۔ ملک میں تجارتی خسارے پر کنٹرول اور ترسیلات زر کی مضبوط نمونہ کے باعث اگست 20 میں کرنٹ اکاؤنٹ سرپلس ریکارڈ کیا گیا۔ کرنٹ اکاؤنٹ سرپلس کے ساتھ ساتھ تھیرا بجٹی اور دو طرفہ ذرائع کے بہاؤ نے ہمارے ذخائر کو بڑھا کر 19.5 بلین ڈالر کر دیا ہے جس سے مقامی کرنسی کو مضبوط کرنے میں مدد ملی ہے۔ کرنٹ اکاؤنٹ سرپلس اگست 20 کے مہینے میں 297 بلین امریکی ڈالر تک پہنچ گیا ہے، ماہی سال 21 کے دو ماہ کا مجموعی سرپلس 805 بلین امریکی ڈالر ہو گیا جبکہ پچھلے سال کے اسی عرصے کے دوران یہ 1.2 بلین امریکی ڈالر کرنٹ اکاؤنٹ خسارہ تھا۔

سی اے ڈی میں بہتری بنیادی طور پر ریکارڈ ترسیلات زر کی نمو اور تجارت اور خدمات کے خسارے میں کمی کی وجہ سے ہوئی ہے۔ covid-19 کی تعداد پر توجہ مرکوز رہی اور اس وبائی بیماری سے ہونے والی خرابی کو روکنے کے لئے حکومت کی طرف سے پالیسی اقدامات اٹھائے گئے۔

اسٹاک مارکیٹ کا جائزہ:

مارکیٹ نے صحت مند سرگرمی کی عکاسی کی ہے کیونکہ اوسطاً یومیہ حجم ماہانہ بنیادوں پر 16.4 فیصد بڑھ کر 603 بلین حصص تک پہنچ گیا ہے۔ انڈیکس میں کمی ای اینڈ پی ٹی شے کے باعث ہوئی جس نے تیل کی بین الاقوامی قیمتوں میں کمی کی وجہ سے 348-پوائنٹس کا حصہ شامل کیا۔ اور جنرل اینڈ سیکلر میں 169 پوائنٹس کا نقصان ہوا کیونکہ لیکھو نے اپنا سالانہ نتائج کرک ڈیا جبکہ غیر ملکی فروخت کے باعث بینکنگ شے نے 157-پوائنٹس کا حصہ شامل کیا۔ دوسری طرف، فریٹ لیاؤز سیکلر نے 169 پوائنٹس کا اضافہ کیا کیونکہ تمام پلیٹرز نے سپریم کورٹ کے جی آئی ڈی سی فیصلے کے خلاف حکم اتنا ہی حاصل کیا۔ مارکیٹ میں دی جانے والی حالیہ لیکھو بی بی ٹی کم شرح سود مارکیٹ کو چھلانے میں معاون ثابت ہوگی۔

مٹی مارکیٹ کا جائزہ:

20 ستمبر مہینے کے دوران، اسٹیٹ بینک آف پاکستان نے دو ٹی بلز نیلامیاں منعقد کیں جس میں 1,098 بلین روپے کی بیجورٹی کے عوض 800 بلین روپے کا ہدف مقرر کیا۔ حکومت نے مجموعی 2.8 بلین روپے قبول کیے۔ 3 سال، 5 سال، 10 سال اور 20 سال کی مدت کے لئے کٹ آف پیداوار 8.20 فیصد، 8.45 فیصد، 8.99 فیصد اور 10.5498 فیصد تھی۔ حکومت نے پی آئی ٹی فلور نیلامی میں 217.7 بلین روپے کی منظوری دوئی آئی بی نیلامیوں کے ذریعے مہینے میں دی۔ اسلامی نماز پر، حکومت نے 8.44 فیصد پر قلد گورنمنٹ اجارہ سکوک جاری کیے اور 15 بلین روپے ہدف کے مقابلہ میں 5.8 بلین روپے جمع کیے۔

20 ستمبر کے دوران، ثانوی مارکیٹ میں مختصر مدت کی پیداوار خوش گوار رہی جبکہ طویل مدتی بانڈز کی پیداوار میں اوسط 30 پی پی ایل کے اضافہ ہوا جس کے باعث مہینہ میں اعلان کردہ مانیٹری پالیسی میں جمود رہا۔

کمپنی کی کارکردگی:

کمپنی نے 30 ستمبر 2020 کو ختم ہونے والی سرمایہ کے دوران 5.44 بلین روپے کا منافع درج کیا، جیسا کہ عرصے کے دوران (0.641) بلین روپے کا نقصان ہوا تھا۔ کمپنی کی آمدنی بیجمنٹ فیصلوں پر مشتمل ہے جس میں 0.21 بلین روپے کی واقع ہوئی جو بیجمنٹ فیصلوں میں 8.29 فیصد کی تاخیر کر رہے ہیں۔ لیکن اس کے ساتھ ہی ایڈمنسٹریٹو اور آپریٹنگ اخراجات میں 1.18 بلین روپے کی کمی ہوئی جو ایڈمنسٹریٹو اور آپریٹنگ اخراجات میں 17.8 فیصد کی تاخیر کر رہی ہے۔ دیگر آمدنی نے بھی کمپنی کے نقصانات کو منافع میں بدلنے میں اہم کردار ادا کیا ہے۔ اس کے علاوہ ایسوسی ایشن کا حصہ اسی عرصے کے دوران 1.73 بلین روپے منافع کے مقابلہ میں 1.63 بلین روپے کا منافع ظاہر کیا ہے۔ براہ کرم نوٹ فرمائیں کہ منافع میں اضافے سے قرضوں کے آلات کی بحالی پر اثر پڑا ہے جسے مالیاتی حسابات کے نوٹ (17) میں واضح کیا گیا ہے۔

30 ستمبر 2020 کو ختم ہونے والی سرمایہ کے مہینے کی فی حصص آمدنی اسی مدت کے دوران (0.04) روپے کے مقابلہ میں 0.36 روپے رہی۔

اظہار تشکر

بیجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز قابل قدر معاونت، مدد اور رہنمائی پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کے شکر گزار ہیں۔ ڈائریکٹرز عزم لگن اور محنت پر کمپنی کے ملازمین اور انتظامیہ کا اور کمپنی میں اعتماد پر شکر ہے بولڈرز کا بھی شکریہ ادا کرتے ہیں۔

---SD---

ڈائریکٹر

---SD---

شفقت سلطانہ
چیئر پرسن

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2020**

	<i>Un-Audited 30 September 2020</i>	<i>Audited 30 June 2020</i>	
ASSETS	Note	Rupees	Rupees
Non-Current Assets			
Property and Equipment	6	3,121,216	3,621,242
Intangible Asset	7	1,073,452	1,108,080
Long-Term Investments	8	169,918,562	169,578,338
Long-Term Deposits and Prepayments		411,300	536,300
		174,524,530	174,843,960
Current Assets			
Short-Term Investments	9	21,760,636	22,428,330
Loans and Advances		22,003	22,003
Prepayments and Other Receivable		8,481,424	7,609,372
Trade Receivable	10	2,445,787	2,308,583
Accrued Markup	11	756,782	2,804,667
Tax Refund Due from Government		6,324,972	5,819,256
Cash at Bank	12	34,627,102	12,042,370
		74,418,706	53,034,581
Total Assets		248,943,236	227,878,541
EQUITY and LIABILITIES			
Share Capital and Reserves			
Authorised Capital			
20,000,000 (2019: 20,000,000) Ordinary Shares of Rs. 10 Each		200,000,000	200,000,000
Issued, Subscribed and Paid Up Capital			
14,973,750 (2019: 14,973,750) Ordinary Shares of Rs. 10 Each		149,737,500	149,737,500
General Reserves		33,630,264	33,630,264
Surplus on Revaluation of Investments - At Fair Value			
Through Other Comprehensive Income	17	-	5,454,357
Share of Unrealised Gain on Remeasurement of Investments in Associates		236,114	236,114
Director Loan		22,000,000	-
Unappropriated Profit		25,092,449	19,644,591
		230,696,327	208,702,826
Current Liabilities			
Trade and Other Payables	13	17,248,167	18,176,973
Unclaimed Dividend	14	998,742	998,742
		18,246,909	19,175,715
Contingencies and Commitments			
Total Equities and Liabilities	15	248,943,236	227,878,541

The annexed notes from 1 to 22 form an integral part of these financial statements.

For 786 Investments Limited
(Management Company)

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

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

----SD----
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

		30 September 2020	<i>30 September 2019</i>
	Note	Rupees	<i>Rupees</i>
Income			
Remuneration from Funds Under Management	16	2,302,325	2,510,502
Income on TFC's		746,115	717,294
Gain on Redemption of Units of Associates' Investment		-	859,566
Income on Pakistan Investment Bond		533,065	70,097
		3,581,505	4,157,459
Reclassification of Surplus on Investments	17	5,454,357	-
Deficit on Revaluation of Investments - At Fair Value through Profit and Loss		(1,957,430)	-
		3,496,927	4,157,459
Expenses			
Administrative and Operating Expenses	18	(5,364,125)	(6,641,549)
Financial Charges		(96,710)	(2,460)
		(5,460,835)	(6,644,009)
Operating Profit/(Loss)		1,617,597	(2,486,550)
Other Operating Income		2,353,697	257,368
Share of Associates' Profit	19	1,632,460	1,743,426
Profit/(Loss) Before Taxation		5,603,754	(485,756)
Taxation	20	(155,896)	(155,766)
Profit/(Loss) for the Period		5,447,858	(641,522)
Earning/(Loss) Per Share - Basic and Diluted		0.36	(0.04)

The annexed notes from 1 to 22 form an integral part of these financial statements.

For 786 Investments Limited
(Management Company)

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

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

----SD----
Director



**STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

		<i>30 September 2020</i>	<i>30 September 2019</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
Profit/(Loss) for the Period		5,447,858	(641,522)
Other Comprehensive Income/(Loss)			
(Deficit)/Surplus on Revaluation of Investments - At Fair Value Through Other Comprehensive Income		-	741,449
Reclassification of Surplus on Investments	17	(5,454,357)	-
Share of Unrealised Loss/Gain From Associates on Remeasurement of Investments		-	-
Total Comprehensive (Loss)/Income for the Period		<u>(6,499)</u>	<u>99,927</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.

For 786 Investments Limited
(Management Company)

____SD____
Chief Executive Officer

____SD____
Chief Financial Officer

____SD____
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

	Share Capital		Reserves				Total
	Capital	Capital	Sub Ordinated Loan From Director Reserve	Surplus on Measurement of Investment through OCI	Share of Unrealised Gain on Remeasurement of Associates' Investments	Unappropriated Profit	
	Issued, Subscribed and Paid-Up Capital	General Reserve					
----- Rupees -----							
Balance as at July 1, 2019	149,737,500	33,630,264	-	(13,777)	210,748	16,819,862	200,384,597
Loss for the Period	-	-	-	-	-	(641,522)	(641,522)
Other Comprehensive Income/(Loss)							
Deficit on Revaluation of Investments - At Fair Value Through Other Comprehensive Income	-	-	-	908,875	-	-	908,875
Transfer to Equity on Account of Disposal of Investment - At Fair Value - Through Other Comprehensive Income	-	-	-	(167,426)	-	-	(167,426)
Share of Unrealised Gain on Remeasurement of Associates' Investments	-	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	741,449	-	(641,522)	99,927
Balance as at September 30, 2019	149,737,500	33,630,264	-	727,672	210,748	16,178,340	200,484,524
Balance as at July 1, 2020	149,737,500	33,630,264	-	5,454,357	236,114	19,644,591	208,702,826
Profit/(Loss) for the Period	-	-	-	-	-	5,447,858	5,447,858
Other Comprehensive Income/(Loss)							
Deficit on Revaluation of Investments - At Fair Value Through Other Comprehensive Income	-	-	-	-	-	-	-
Reclassification of Surplus on Investments	-	-	-	(5,454,357)	-	-	(5,454,357)
Sub Ordinated Loan From Director	-	-	22,000,000	-	-	-	22,000,000
Total Comprehensive Income for the Period	-	-	22,000,000	(5,454,357)	-	5,447,858	21,993,501
Balance as at September 30, 2020	149,737,500	33,630,264	22,000,000	-	236,114	25,092,449	230,696,327

The annexed notes from 1 to 22 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 QUARTER ENDED SEPTEMBER 30, 2020**

	30 September 2020	30 September 2019
	Rupees	Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) Before Taxation	5,603,754	(485,756)
Adjustments for Items Not Involving Movement of Funds:		
Depreciation on Property and Equipment	500,026	501,542
Amortization	34,628	34,628
Financial Charges	96,710	2,460
Gain on Disposal of Property and Equipment	-	-
Mark-Up Earned on Saving Account	(2,353,697)	(257,368)
Gain on Redemption of Units of Associates' Investment	-	(859,566)
Share of Profit From Associates'	(1,632,460)	(1,743,426)
	<u>(3,354,793)</u>	<u>(2,321,730)</u>
Operating Cash Out Flows Before Working Capital Changes	2,248,961	(2,807,486)
Increase in Current Assets		
Loans and Advances	-	(34,499)
Trade Receivable	(137,204)	(6,757)
Prepayments and Other Receivable	(872,052)	(1,854,015)
	<u>(1,009,256)</u>	<u>(1,895,271)</u>
(Decrease) in Current Liabilities		
Trade and Other Payables	(928,806)	(1,394,570)
	<u>310,899</u>	<u>(6,097,327)</u>
Income Taxes Paid - Net	-	341,439
Financial Charges Paid	(96,710)	(2,460)
Net Cash Used in Operating Activities	(447,423)	(5,758,348)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Investments - Net	(3,494,427)	14,288,861
Long-Term Deposits and Prepayments	125,000	125,000
Receipt of Mark Up on Savings Account	4,401,582	(494,828)
Capital Expenditure Incurred	-	(58,209)
Net Cash Generated From Investing Activities	1,032,155	13,860,824
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Sub Ordinated Loan From Director	22,000,000	-
Net Cash Generated From Financing Activities	22,000,000	-
Net Increase in Cash and Cash Equivalents	22,584,732	8,102,476
Cash and Cash Equivalents At Beginning of The Year	12,042,370	4,539,920
Cash and Cash Equivalents At End of the Period	34,627,102	12,642,396

The annexed notes from 1 to 22 form an integral part of these financial statements.

For 786 Investments Limited
(Management Company)

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

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

----SD----
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2020

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). Renewal of license for investment advisory services is in process as explained in Note - 1.5 and company is currently not carrying investment advisory services.

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

1.3 During the Last 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. 230.696 (June 30, 2020: Rs. 208.702) Million due to which license relating to Investment Advisory Services has not been renewed. The Company's financial statements for the period ended September 30, 2020 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 as the CEO injected further equity by way of subordinated loan. 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 EFFECTS OF COVID-19 ON THE BUSINESS OPERATIONS AND FINANCIAL CONDITIONS OF THE COMPANY.

A novel strain of coronavirus (COVID - 19) that first surfaced in China was classified as pandemic by the World Health Organization (WHO) on March 11, 2020 impacting countries globally. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of business, travel bans, quarantines, social distancing, and closure of non - essential services etc. These measures have resulted in a overall economic slowdown, disruptions to businesses and significant volatility in Pakistan Stock Exchange (PSX). However, currently, the potential impact of COVID-19 remain uncertain, including among other things on economic conditions, businesses and consumers. The company is conducting business with some modifications to employees working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOP's). The company will continue to actively monitor the situation and may take further action that alter its business operations as may be required by federal, provisional and local authorities or that are in the best interest of the employees, customers and stock holders. However management based on its assessment considered that there would be no significant impact that will adversely affect its business, results of operations and financial conditions in future periods.

3 BASIS OF PREPARATION

3.1 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.

3.2 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.

3.3 Functional and Presentation Currency

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

4 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 2020. Except the Investments are reclassified from fair value through other comprehensive income to fair value through profit and loss. (refer Note: 17)

5 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 2020.

6 PROPERTY AND EQUIPMENT

6.1 The following is the statement of property and equipment:

Description	Furniture and Fixtures	Vehicles	Office Equipment	Computers	Total
----- Rupees -----					
Period Ended September 30, 2020					
Opening net book value (NBV)	395,656	2,324,868	453,327	447,391	3,621,242
Additions (at cost)	-	-	-	-	-
Disposals					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
Net Book value	-	-	-	-	-
Depreciation charge	(18,158)	(279,669)	(65,225)	(136,974)	(500,026)
Closing net book value	377,498	2,045,199	388,102	310,417	3,121,216
Gross carrying value basis					
Cost	1,487,514	5,593,370	1,494,502	5,280,475	13,855,861
Accumulated depreciation/impairment	(1,110,016)	(3,548,171)	(1,106,400)	(4,970,058)	(10,734,645)
Net book value	377,498	2,045,199	388,102	310,417	3,121,216

<i>Description</i>	<i>Furniture and Fixtures</i>	<i>Vehicles</i>	<i>Office Equipment</i>	<i>Computers</i>	<i>Total</i>
	----- <i>Rupees</i> -----				
<i>Year Ended June 30, 2020</i>					
Opening net book value (NBV)	468,289	3,443,542	611,449	1,046,643	5,569,923
Additions (at cost)	-	-	-	58,209	58,209
	468,289	3,443,542	611,449	1,104,852	5,628,132
<i>Disposals</i>					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
<i>Net Book value</i>	-	-	-	-	-
Depreciation charge	(72,633)	(1,118,674)	(158,122)	(657,461)	(2,006,890)
<i>Closing net book value</i>	395,656	2,324,868	453,327	447,391	3,621,242
<i>Gross carrying value basis</i>					
Cost	1,487,514	5,593,370	1,494,502	5,280,475	13,855,861
Accumulated depreciation/impairment	(1,091,858)	(3,268,502)	(1,041,175)	(4,833,084)	(10,234,619)
<i>Net book value</i>	395,656	2,324,868	453,327	447,391	3,621,242
<i>Depreciation rate % per annum</i>	10	20	20	33	

7 INTANGIBLE ASSET

Computer Software

<i>Note</i>	<i>Un-Audited 30 September 2020 Rupees</i>	<i>Audited 30 June 2020 Rupees</i>
	1,073,452	1,108,080
7.1 Computer Software		
Opening Net Book Value	1,108,080	1,246,590
Addition	-	-
Amortization Charge	(34,628)	(138,510)
Closing Net Book Value	1,073,452	1,108,080
Cost	1,385,100	1,385,100
Accumulated Amortization	(311,648)	(277,020)
Closing Net Book Value	1,073,452	1,108,080
Amortization rate	10%	10%

8 LONG-TERM INVESTMENTS

Un-Audited
30 September
2020
Rupees

Audited
30 June
2020
Rupees

Investments in Associates - Units of Mutual Funds - Equity

786 Smart Fund (Formerly Dawood Income Fund) (Open - End - Fund) - an associate (Using

1,825,406 (June 30, 2020: 1,825,406) Units,
Representing 24.78% (June 30, 2020: 23.60%)
Holding.

149,491,253 147,858,793

Investment in PIB's- At Fair Value through Profit & Loss

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

8.1 **20,427,309** 21,719,545

169,918,562 **169,578,338**

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

9 SHORT TERM INVESTMENTS

Note

		<i>September 30, 2020</i>		<i>June 30, 2020</i>	
		<i>Face Value</i>	<i>Fair Value</i>	<i>Face Value</i>	<i>Fair Value</i>
		<i>----- Rupees -----</i>			
At Fair Value through OCI					
Term Finance Certificate	9.2	21,131,286	21,760,636	21,133,786	22,428,330
		21,131,286	21,760,636	21,133,786	22,428,330
Cumulative Gain on Revaluation of Investment		629,350	-	1,294,544	-
		21,760,636	21,760,636	22,428,330	22,428,330

9.1 Term Finance Certificates - Unlisted

Number of Certificates

		<i>September 30, 2020</i>		<i>June 30, 2020</i>			
<i>September 30, 2020</i>	<i>June 30, 2020</i>						
		<i>Cost</i>	<i>Fair Value</i>	<i>Cost</i>	<i>Fair Value</i>		
		<i>----- Rupees -----</i>					
Financial services							
5,000	5,000	Silk Bank Limited	9.1.1	21,131,286	21,760,636	21,133,786	22,428,330

9.1.1 Term Finance Certificates are valued using rate prevailing on MUFAP (Mutual Fund Association of Pakistan) which is 87.0948% of face value at the statement of financial position date.

9.1.2 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>Un-Audited 30 September 2020 Rupees</i>	<i>Audited 30 June 2020 Rupees</i>
10 TRADE RECEIVABLE			
786 Smart Fund (Dawood Income Fund) - An Associate		<u>2,445,787</u>	<u>2,308,583</u>
		<u>2,445,787</u>	<u>2,308,583</u>
11 ACCRUED MARKUP			
On Saving Accounts		231,657	644,940
On Term Finance Certificate (TFCs)		321,424	1,489,091
On Pakistan Investment Bond (PIBs)		203,701	670,636
		<u>756,782</u>	<u>2,804,667</u>
12 CASH AT BANK			
Cash in Hand		25,000	1,005
Cash at Bank			
Current Accounts		101,609	101,609
Saving Accounts	12.1	<u>34,500,493</u>	<u>11,939,756</u>
		<u>34,602,102</u>	<u>12,041,365</u>
		<u>34,627,102</u>	<u>12,042,370</u>
12.1 The balance in savings accounts carry profit at rates ranging from 5.5% per annum (June 2020 : 5.5% to 11.25% per annum).			
13 TRADE AND OTHER PAYABLES			
Accrued Expenses	13.1	10,597,534	9,668,859
Sindh Workers' Welfare Fund Payable		56,495	1,130,400
FED Payable	15.1.2	6,513,677	6,513,677
Sales Tax Payable		80,461	863,347
Wht Payable		-	690
		<u>17,248,167</u>	<u>18,176,973</u>
13.1 This includes an amount of Rs. 8.398 (June 30, 2020: Rs. 7.75) Million received from NCCPL being refund of tax amount with respect to funds under management. This amount will be disbursed to unit holders'.			
14 UNCLAIMED DIVIDEND			
	14.1	<u>998,742</u>	<u>998,742</u>

14.1 In compliance of sec 244 of companies Act, 2017, company is in the process of opening a separate bank account for unclaimed dividend.

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 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.

15.1.2 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, 2019: 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.

15.2 Commitments

There was no commitment during the year (2019: Nil)

16 REMUNERATION FROM FUNDS UNDER MANAGEMENT

	30 September 2020	30 September 2019
	Rupees	Rupees

Open-End Funds

786 Smart Fund (Formerly Dawood Income Fund)	2,302,325	1,603,072
786 Rising Star Fund (Formerly Dawood Islamic Fund)	-	385,748
First Dawood Mutual Fund - an associate	-	521,682
	2,302,325	2,510,502

	2020	2019
	Remuneration for services rendered as an asset management company	
	----- Percentage -----	

16.1 During the period the company has charged Management fee as under;

Associates - Open - End Funds

786 Smart Fund (Formerly Dawood Income Fund) - An Associate	1.5	1.5
786 Rising Star Fund (Formerly Dawood Islamic Fund) - An Associate	-	1.5
First Dawood Mutual Fund - An Associate	-	2

17 RECALSSIFICATION

The objective of Company's business model can best be achieved by following fair value through profit and loss instead of fair value through other comprehensive income for its investment in debt instruments. This is because Company is more concerned with fair value measurement of such instruments than cash flows. The Company therefore reclassified its investments from FVOCI to FVTPL. The impact of this has been summarized below.

		Previously Reported in OCI	Recalssified to Statement of Profit or Loss
Surplus on Revaluation of Investment in Investments From OCI to P/L		5,454,357	5,454,357
		30 September 2020	30 September 2019
18 ADMINISTRATIVE AND OPERATING EXPENSES	Note	Rupees	Rupees
Salaries and Allowances		3,017,997	3,650,571
Rent, Rates and Taxes		374,586	374,586
Postage and Telephones		62,050	144,231
Legal and Professional Charges		248,018	276,300
Printing and Stationery		38,179	49,420
Vehicles Running		13,560	456,882
Advertisement Expense		-	13,500
Electricity		108,048	259,823
Repairs and Maintenance		68,574	50,848
Auditors' Remuneration		195,000	194,708
Entertainment		7,805	15,958
Insurance		98,789	90,943
Depreciation	6	500,026	501,542
Amortization	7.1	34,628	34,628
Fee and Subscriptions		610,072	579,426
Newspapers and Periodicals		-	45
Directors' Fee		84,000	84,000
Others		56,282	22,810
		5,517,614	6,800,221
Less: Reimbursement of Fees and Expenses		(153,489)	(158,672)
		5,364,125	6,641,549

	30 September 2020	30 September 2019
	Rupees	Rupees
19 SHARE OF ASSOCIATES' (LOSS)/PROFIT		
786 Smart Fund (Formerly Dawood Income Fund)	1,632,460	2,293,411
786 Rising Star Fund (Formerly Dawood Islamic Fund)	-	170,980
First Dawood Mutual Fund	-	(720,965)
	<u>1,632,460</u>	<u>1,743,426</u>

20 TAXATION

Current Period Tax	155,896	(155,766)
	<u>155,896</u>	<u>(155,766)</u>

21 TRANSACTIONS WITH RELATED PARTIES

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

<i>Relationship with the Company</i>	<i>Nature of Transactions</i>	<i>September 30, 2020</i>	<i>September 30, 2019</i>
		<i>Rupees</i>	<i>Rupees</i>
	<i>Transactions During the year</i>		
<i>Mutual Funds managed by the Company</i>	Management Fee Charged	2,302,325	2,510,502
	Sales Tax on Management Fee	299,302	326,365
	Accounting and Operational Charges	158,672	158,672
	786 Smart Fund (formerly Dawood Income Fund) - Purchase of Nil (September 30, 2019: 8,878) Units	-	714,618
	786 Smart Fund Redemption of Nil (September 30, 2019: 548,779) Units	-	45,000,000
	First Dawood Mutual Fund - Purchase of Nil TFCs' of Silk Bank Limited (September 30, 2019: 3,000) Units	-	12,937,584
<i>Other Related Party</i>			
First Dawood Investment Bank Limited & Others Employees' Provident Fund	Provident Fund Contribution	155,997	218,241
B.R.R Guardian Modaraba	Rent Charge During the Period	374,586	374,586
Key Management Personnel	Remuneration	1,766,400	2,106,000
Dawood Family Takaful Limited	Insurance Expense Charge During the Period	12,926	7,204
	<i>Balances at Period End</i>	30-Sep-20	30-Jun-20
<i>Associated companies/other related parties</i>	<i>Units Held:</i>		
<i>Mutual Funds Managed by the Company</i>	786 Smart Fund 1,825,406 (June 30, 2020: 1,825,406) Units	149,491,253	147,858,793
	Trade Receivable	2,445,787	2,308,583
	Prepaid Life Insurance	12,926	12,996
<i>B.R.R Guardian Modaraba</i>	Payable Rent	249,724	-
	Prepaid Rent	-	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.



22 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue in Board of Directors of the management company on 29-October-2020.

23 GENERAL

23.1 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).

23.2 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:

786 Investments Limited
G-3, B.R.R. Tower,
Hassan Ali Street,
Off I.I. Chundrigar Road,
Karachi - 74000 Pakistan

www.jamapunji.pk

**Jama
Punji**
سرمایہ کاری سمجھداری کسانچہ



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

Key features:

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



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

jamapunji.pk @jamapunji_pk

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

786
INVESTMENTS
WE KNOW YOUR VALUE

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