



**INVESTMENTS**

WE KNOW YOUR VALUE



**786 INVESTMENTS LIMITED**

**FOR THE  
HALF YEAR ENDED  
DECEMBER 31, 2020  
(UN-AUDITED)**

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## CORPORATE INFORMATION

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

## DIRECTORS' REPORT

### FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

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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, 2020. Your Company continued its journey of success and composed for growth.

#### MARKET, ECONOMY & STOCK REVIEW

##### Economy & Money Market Review:

The Calendar year 2020 was once difficult for the world, as the pandemic wreaked havoc on economies and created unnecessary problems for governments. Pakistan was no longer an exception to the phenomenon as GDP growth for fiscal year 20 contracted for the first time after nearly 50 years. Nevertheless, the country was running far above the relative economies in terms of both the welfare of the economy and the population thanks to a mixture of administration and absolute luck. The local economy has seen a V-shaped recovery, strengthening normal opinions and confidence. It is expected that the target economic increase ranges will be executed smoothly.

The COVID 19 has been a hidden blessing for Pakistan's external account position, where the country is reaping the benefits of low oil charges and remittance flows. For the fifth consecutive month, the current account posted a surplus, reaching \$ 447 million in November. This brings the cumulative surplus for the first 5 months to \$ 1,640 million against a deficit of \$ 1,745 million for the remaining year of the same duration. Once again, remittances provided the largest contribution to the surplus, with a \$ 2.3 billion increase of 28% year-on-year. The financial account confirmed a significant improvement with entries of \$ 380 million in November 2020 against a net outflow of USD 585 million in October 2020.

The current account posted a surplus of USD 997 million in the first half-year compared to a deficit of USD 2.032 million in the corresponding length of the last year. The enhancement got here in major on the lower back of greater remittances which grew at a surprising charge of 25% at some stage in the period. Foreign change reserves of the central financial institution saw an amplify of USD 1.3 billion at some stage in the first half due to expanded balance of charge position.

The CPI inflation during December dropped to 7.97% YoY, from 8.35% YoY in the previous month, taking the average inflation in the first 6 months of 21 to 8.63% YoY. On a last month basis, inflation fell 0.68% in December, breaking the eight-month consecutive uptrend. The downward trend was once shown through food prices, with a significant decrease of 3.2% from the previous month. Overall inflation can be expected to decline in 1QCY21 due to the excessive fundamental effect, after which it would have to choose to rise again in 2Q. We estimate CPI to increase ~ 9.2% on average next year, minus any major fuel cost shock. With operating costs at 7%, actual fees will stay below negative and the central bank may want to raise interest rates slightly over the next half of the fiscal year.

As the financial system commenced to open up, tax collection additionally expanded and grew by 5% for the duration of the first half of the fiscal year and nearly met the preferred goal for the period. The fiscal deficit for the first 5 months of the duration clocked in at 1.8% of GDP, in contrast to 1.6% of GDP final year. The principal balance was even better at a surplus of 0.5% of GDP in contrast to ultimate year's surplus of 0.3% of GDP. The yield curve commenced to slope upward after inflation persevered to disappoint investors. The central bank additionally raised its expectation of inflation as mentioned in the minutes of MPC. It now expects it to fall in the upward range of 7-9% in contrast to in the past expectations of inflation falling in the decrease range. 3, 5, and 10 Year bonds saw an upward push of seventy four bps, 114 bps, and 129 bps respectively at some stage in the period.

**STOCK MARKET REVIEW & OUTLOOK:**

During the month of December 2020, the KSE-100 index rose by 2,687 points and closed at 43,755 points. The average daily market size was 491 million, which is 74% more based on MoM. Commercial banks, technology and communications, and cement contributed significantly to the index's performance. Foreigners were net traders with net sales totaling \$ 96 million during the month, while on the local front the most important customers were net buyers of companies, individuals and insurance companies for \$ 57 million, \$ 33 million and \$ 23 million, respectively. . Oil spending improved 9% during the month as Brent closed at \$ 51.8 / barrel. While short-term volatility cannot be controlled, we continue with a long-term high-quality outlook in the justice market. We encourage traders to increase their long-term exposure to equities at these levels.

**Auditors' Report:**

The Auditors in their review report on half-year ended December 31, 2020, concluded as under:

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

**Company Performance Review:**

The Company's gross earnings during the period stood at PKR 7.30 million as compared to PKR 10.11 million in the same period last year. Total expenses were PKR 11.47 million as compared to PKR 13.74 million in the same period last year. Share of associates shows a Profit of PKR 3.36 million as compared to PKR 4.82 million the same period last year. Net Profit for the period was PKR 4.95 million as opposed to a profit of PKR 2.82 million in the same period last year.

**Future Plans:**

786IL is building a strategy focused on times of COVID-19, and in anticipation of post COVID-19, with a focus on ease of both operations and customer access to information and our team, during periods of lockdown and with an emphasis on virtual, safer communications and elimination of paper for reasons of health and safety, as well as to be a more sustainable, purpose-driven, eco-friendly role model among asset management companies.

Our objective for the year is to grow Asset under Managements (AUM) through an effective virtual, social media driven sales strategy.

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Director

Shafqat Sultana  
Chairperson

## 786 انویسٹمنٹ لمیٹڈ

ڈائریکٹرز کی رپورٹ

برائے 31 دسمبر 2020 بختم شدہ ششماہی

786 انویسٹمنٹ لمیٹڈ (786 یا دی کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے، میں 786 گروپ کی 31 دسمبر 2020 کو ختم ہونے والی ششماہی کے مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کرتا ہوں۔ آپ کی کمپنی نے کامیابی کا سفر جاری رکھا اور ترقی کے لئے تیار ہے۔

## مارکیٹ، اقتصادی اور اشاک کا جائزہ

### اقتصادی جائزہ اور مستقبل کا نقطہ نظر:

کیلنڈر سال 2020 دنیا کے لئے مشکل ترین سالوں میں سے ایک تھا، کیونکہ وبائی بیماری نے معیشتوں کو تباہ کر دیا اور حکومتوں کے لئے غیر ضروری مسائل پیدا کر دیے تھے۔ پاکستان بھی اس رجحان سے متاثر نہیں رہا کیونکہ مالی سال 20 میں جی ڈی پی محو تقریباً 50 سال کے بعد پہلی بار ترقی کی ہوئی ہے۔ بہر حال، انتظامیہ اور مطلق خوش قسمتی کے مرکب کی بدولت ملک معیشت کی بہتری اور آبادی کے لحاظ سے نسبتاً باقی معیشتوں سے بہت آگے چل رہا ہے۔ مقامی معیشت نے وی شکل کی بحالی دیکھی ہے، جس سے عام رائے اور اعتماد کو تقویت ملی ہے۔ توقع کی جارہی ہے کہ معاشی اضافے کے اہداف آسانی سے حاصل کر لئے جائیں گے۔

کود 19، پاکستان کے بیرونی اکاؤنٹ کی پوزیشن کے لئے ایک پوشیدہ نعت ثابت ہوا ہے، جہاں ملک تیل کے کم معاوضے اور ترسیلات زر سے فائدہ اٹھا رہا ہے۔ مسلسل پانچویں مہینے میں، کرنٹ اکاؤنٹ نے سرپلس درج کرایا، جو نومبر میں 447 ملین ڈالر تک پہنچ گیا ہے۔ پہلے 5 ماہ کے دوران مجموعی سرپلس 1,640 ملین ڈالر ہو گیا ہے جبکہ گزشتہ اسی عرصے کے باقی سال کے لئے 1,745 ملین ڈالر کے خسارے میں تھا۔ ایک بار پھر ترسیلات زر نے سرپلس میں سب سے زیادہ 2.3 ملین ڈالر کی شرکت فراہم کی، جس میں سال بہ سال 28% کا اضافہ ہوا۔ مالیاتی اکاؤنٹ میں اکتوبر 2020 میں 585 ملین امریکی ڈالر کے خاص اخراج کے مقابلے میں 380 ملین ڈالر کے اندراجات کے ساتھ نمایاں بہتری کی تصدیق کی ہے۔

کرنٹ اکاؤنٹ نے پچھلے سال کی اسی مدت میں 2.032 ملین امریکی ڈالر خسارے کے مقابلے میں رواں مالی سال کی پہلی ششماہی میں 997 ملین ڈالر کا سرپلس درج کرایا ہے۔ یہ اضافہ ترسیلات زر میں اضافہ کی بدولت ہوا جو اس مدت میں چند مرحلوں پر 25 فیصد تک حیرت انگیز طور پر زیادہ حاصل ہوئیں۔ مندرجہ بالا مالیاتی ادارے کے ذریعہ ملے کے ذخائر میں چارج پوزیشن کی توسیع کے باعث پہلی ششماہی میں چند مرحلوں پر 1.3 ملین امریکی ڈالر کا اضافہ ہوا۔

دسمبر کے دوران سی بی آئی کی افراط زر گزشتہ ماہ میں 8.35% سالانہ سے کم ہو کر 7.97 فیصد سالانہ ہو گئی، جو سال 21 کے پہلے 6 ماہ میں اوسط افراط زر کی شرح کو 8.63 فیصد سالانہ تک لے جا رہی تھی۔ گزشتہ ماہ کی بنیاد پر، دسمبر میں افراط زر میں 0.68 فیصد کمی کی واقع ہوئی، جس نے لگاتار آٹھ ماہ کے اضافے کے رجحان کو توڑا ہے۔ پچھلے مہینے کے مقابلے میں 3.2 فیصد کی نمایاں کمی کے ساتھ، ایشیائے خورد و نوش کی قیمتوں میں کمی کا رجحان دیکھا گیا۔ ضرورت سے زیادہ بنیادی اثر کی وجہ سے 1QCY21 میں مجموعی طور پر افراط زر میں کمی کی توقع کی جاسکتی ہے، جس کے بعد اسے دوبارہ 2Q میں اضافے کا انتخاب کرنا پڑے گا۔ ہمارا اندازہ ہے کہ سی بی آئی اگلے سال اوسطاً 9.2- فیصد بڑھے گا، جس سے فول کی قیمتوں میں معمولی اضافہ ہوگا۔ آپریٹنگ اخراجات 7 فیصد کے ساتھ، اصل فیسیں مٹنی سے نیچے رہیں گی اور مرکزی بینک مالی سال کی اگلی ششماہی کے دوران سوڈی شرحوں میں قدر سے اضافہ کرنا چاہتا ہے۔

چونکہ مالیاتی نظام کے آغاز کے ساتھ ہی مالی سال کی پہلی ششماہی کے دوران ٹیکس وصولی میں کافی اضافہ ہوا اور یہ 5 فیصد تک بڑھ گیا اور اس مدت کے لئے ترجیحی مقصد کے قریب ترین پہنچ گیا۔ مدت کے پہلے 5 مہینوں کے لئے مالی خسارہ جی ڈی پی کے 1.8 فیصد پر آ گیا، جو کہ گزشتہ سال جی ڈی پی کے 1.6 فیصد تھا۔ اصل بیلنس مجموعی سال کے جی ڈی پی کے 0.3 فیصد سرپلس کے برعکس جی ڈی پی کے 0.5 فیصد سرپلس پر کافی بہتر تھا۔ افراط زر سرماہیکاروں کو مایوس کرنے کے بعد پیداوار کا رخ اوپر کی طرف بڑھنا شروع ہو گیا۔ مرکز کی بینک نے افراط زر میں مزید اضافہ کی توقعات کو بڑھایا جیسا کہ MPC میں بیان کیا گیا ہے۔ اب توقع کی جارہی ہے کہ افراط زر کی کمی کی ماضی کی توقعات کے برعکس میں 7-9 فیصد کی حد میں اضافہ ہوتا ہے۔ 3-5 اور 10 سال کے باغیر میں اس مدت کے کسی مرحلے پر بالترتیب 74 فی پی ایس، 114 فی پی ایس، اور 129 فی پی ایس کا اضافہ ہوا۔

## اشاک مارکیٹ کا جائزہ اور مستقبل کا نقطہ نظر:

دسمبر 2020 کے مہینے میں، کے ایس ای 1100 انڈیکس 2,687 پوائنٹس اضافے کے ساتھ 43,755 پوائنٹس پر بند ہوا۔ اوسط یومیہ مارکیٹ سائز 491 ملین تھا، جو ماہانہ بنیاد پر 74% زیادہ ہے۔ کمرشل بینک، بینک ایلوئی اور کیوبیکیشن اور سپر انڈیکس کی کارکردگی میں اہم شرکت کا سامنا ہے۔

غیر ملکی اس مہینے کے دوران مجموعی طور پر 96 ملین ڈالر کی خالص فروخت کے ساتھ خالص فروخت کنندہ تھے، جبکہ مقامی مجاز پر سب سے اہم صارف کمپنیاں، افراد اور انشورنس کمپنیاں بالترتیب 57 ملین ڈالر، 33 ملین ڈالر اور 23 ملین ڈالر کی خالص خریدار تھیں۔ اس ماہ کے دوران تیل کی کچھت میں 9 فیصد بہتری آئی کیونکہ بریٹ 51.8 / فی بیرل پر بند ہوا۔ اگرچہ قلیل مدتی اتار چڑھاؤ پر قابو نہیں پایا جاسکتا ہے، لیکن ہم جسٹس مارکیٹ میں طویل مدتی اعلیٰ معیار کے نقطہ نظر کے ساتھ کنٹرول جاری رکھتے ہیں۔ ہم تاجروں کی حوصلہ افزائی کرتے ہیں تاکہ وہ ان سطحوں پر ایکویٹی کے لئے اپنی طویل مدتی سرمایہ کاری کو بڑھائیں۔

## آڈیٹرز کی رپورٹ

31 دسمبر، 2020 کو ختم ہونے والی ششماہی پر اپنی جائزہ رپورٹ میں آڈیٹرز نے مندرجہ ذیل معاملات پر زور دیا ہے۔ ان معاملات پر تبصرے حسب ذیل ہیں:

ہمارے جائزے کی بنیاد پر، ہمارے علم میں ایسا کچھ بھی نہیں آیا ہے جس کی وجہ سے ہمیں یہ یقین ہو کہ تمام مادی معاملات میں، عبوری مالی حسابات کو عبوری مالی رپورٹنگ کے لئے پاکستان میں قابل اطلاق اکاؤنٹنگ اور رپورٹنگ معیار کے مطابق تیار نہیں کیا گیا ہے۔

## کمپنی کی کارکردگی کا جائزہ:

گزشتہ سال کی اسی مدت میں 10.11 ملین روپے کے مقابلے موجودہ مدت میں کمپنی کی مجموعی آمدنی 7.30 ملین روپے رہی۔ گزشتہ سال کی اسی مدت میں 13.74 ملین روپے کے مقابلے کی اخراجات 11.47 ملین روپے ہوئے۔ گزشتہ سال کی اسی مدت میں 4.82 ملین روپے کے مقابلے ایسوی ایٹس کے حصہ نے 3.36 ملین روپے کا منافع دکھایا ہے۔ گزشتہ سال اسی عرصہ میں 2.82 ملین روپے منافع کے مقابلے موجودہ مدت کے لئے خالص منافع 4.95 ملین روپے ہوا۔

## مستقبل کے منصوبے:

786IL کو یڈ 19 کے ادوار پر مرکوز ایک حکمت عملی تیار کر رہی ہے، اور کو یڈ 19 کے بعد کی توقعات میں، لاک ڈاؤن کے دوران، معلومات اور ہماری ٹیم اور صارف تک رسائی آسان بنانے اور ورچوئل پر زور دینے کے ساتھ، صحت اور حفاظت کی بناء پر محفوظ مواصلات اور کاغذ کے خاتمہ اور اثاثہ بیجمنٹ کمپنیوں کے مابین زیادہ پائیدار، بامقصد، ماحول دوست رول ماڈل بنانا ہے۔

سال کے لئے ہمارا مقصد ایک موثر ورچوئل، سوشل میڈیا کی وساطت سے فروخت کی موثر حکمت عملی کے ذریعہ ایسٹ انڈی بیجمنٹ (اے یو ایم) کو بڑھانا ہے۔

---SD---  
ڈائریکٹر

---SD---  
شفقت سلطانی  
چیرپرسن

**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, 2020 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 & Company**  
Chartered Accountants

**Place:** Karachi  
**Dated:**



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)  
AS AT DECEMBER 31, 2020**

	<i>Un-Audited December 31 2020</i>	<i>Audited June 30 2020</i>	<i>Audited June 30 2019</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees (Restated)</i>	<i>Rupees (Restated)</i>
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property and Equipment	6 2,656,504	3,621,242	5,569,923
Intangible Asset	7 1,038,825	1,108,080	1,246,590
Long-Term Investments	8 171,309,973	169,578,338	181,475,932
Long-Term Deposits and Prepayments	286,300	536,300	1,036,300
	<b>175,291,602</b>	<b>174,843,960</b>	<b>189,328,745</b>
<b>Current Assets</b>			
Short-Term Investments	9 22,182,782	22,428,330	10,071,630
Loans and Advances	22,003	22,003	39,667
Prepayments and Other Receivable	8,130,670	7,609,372	7,401,153
Trade Receivable - Restated	10 4,975,998	4,108,583	3,087,149
Accrued Markup	11 2,158,223	2,804,667	153,119
Tax Refund Due from Government	5,929,846	5,819,256	5,046,837
Cash at Bank	12 32,008,232	12,042,370	4,539,920
	<b>75,407,754</b>	<b>54,834,581</b>	<b>30,339,475</b>
<b>Total Assets</b>	<b>250,699,356</b>	<b>229,678,541</b>	<b>219,668,220</b>
<b><u>EQUITY and LIABILITIES</u></b>			
<b>Share Capital and Reserves</b>			
<b>Authorised Capital</b>			
20,000,000 Ordinary Shares of Rs. 10 Each	<b>200,000,000</b>	<b>200,000,000</b>	<b>200,000,000</b>
<b>Issued, Subscribed and Paid Up Capital</b>			
14,973,750 Ordinary Shares of Rs. 10 Each	<b>149,737,500</b>	<b>149,737,500</b>	<b>149,737,500</b>
General Reserves	<b>33,630,264</b>	<b>33,630,264</b>	<b>33,630,264</b>
Surplus on Revaluation of Investments - At FVTOCI	-	5,454,357	(13,777)
Share of Unrealised Gain on Remeasurement of Investments in Associates	<b>236,114</b>	<b>236,114</b>	<b>210,748</b>
Director Loan	<b>22,000,000</b>	-	-
Unappropriated Profit	<b>26,262,690</b>	<b>21,311,258</b>	<b>17,375,418</b>
	<b>231,866,568</b>	<b>210,369,493</b>	<b>200,940,153</b>
<b>Current Liabilities</b>			
Trade and Other Payables	13 17,834,046	18,310,306	17,729,325
Unclaimed Dividend	14 998,742	998,742	998,742
	<b>18,832,788</b>	<b>19,309,048</b>	<b>18,728,067</b>
<b>Contingencies and Commitments</b>			
15			
<b>Total Equities and Liabilities</b>	<b>250,699,356</b>	<b>229,678,541</b>	<b>219,668,220</b>

The annexed notes from 1 to 24 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 SIX MONTH PERIOD ENDED DECEMBER 31, 2020**

		Half Year Ended		Quarter Ended	
		December 31,		December 31,	
		2020	2019	2020	2019
Note		----- Rupees -----			
		(Restated)			
Income					
Remuneration from Funds Under Management	16	4,539,560	4,898,474	2,237,235	2,387,972
Advisory fee		555,556	555,556	277,778	-
Capital Gain on Sale of Investment		-	269,631	-	269,631
Income on TFC's		1,314,787	1,720,700	568,672	1,003,406
Gain on Redemption of Units of Associates' Investment		-	2,068,124	-	1,208,558
Income on Pakistan Investment Bond		899,227	607,504	366,162	537,407
		7,309,130	10,119,989	3,449,847	5,406,974
Reclassification of Surplus on Investments	17	5,454,357	-	-	-
Deficit on Revaluation of Investments - At FVP&L		(1,880,929)	-	76,501	-
		3,573,428	10,119,989	76,501	-
Expenses					
Administrative and Operating Expenses	18	(10,865,610)	(13,741,357)	(5,501,485)	(7,099,808)
Financial Charges		(610,784)	(3,958)	(514,074)	(1,498)
		(11,476,394)	(13,745,315)	(6,015,559)	(7,101,306)
Operating Loss		(593,836)	(3,625,326)	(2,489,211)	(1,694,332)
Other Operating Income	19	2,805,050	2,160,997	451,353	1,903,629
Share of Associates' Profit	20	3,369,516	4,826,600	1,737,056	3,083,174
Profit/(Loss) before taxation		5,580,730	3,362,271	(300,802)	3,292,471
Taxation	21	(629,298)	(532,584)	(473,402)	(376,818)
Profit/(Loss) for the Period		4,951,432	2,829,687	(774,204)	2,915,653
Earning/(Loss) Per Share - Basic and Diluted					
		0.33	0.19	(0.05)	0.19

The annexed notes from 1 to 24 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 SIX MONTH PERIOD ENDED DECEMBER 31, 2020**

	<i>Note</i>	<u><b>Half Year Ended</b></u>		<u><b>Quarter Ended</b></u>	
		<u><b>December 31,</b></u>		<u><b>December 31,</b></u>	
		<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>
		<u><b>----- Rupees -----</b></u>			
		<i>(Restated)</i>			
<b>Profit/(Loss) for the Period</b>		<b>4,951,432</b>	<b>2,829,687</b>	<b>(774,204)</b>	<b>2,915,653</b>
<b>Other Comprehensive Income/(Loss)</b>					
Surplus on Revaluation of Investments - At Fair Value Through Other Comprehensive Income		-	1,561,883	-	820,434
Reclassification of Surplus on Investments	17	<b>(5,454,357)</b>	-	-	-
<b>Total Comprehensive (Loss)/Income for the Period</b>		<u><b>(502,925)</b></u>	<u><b>4,391,570</b></u>	<u><b>(774,204)</b></u>	<u><b>3,736,087</b></u>

The annexed notes from 1 to 24 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 SIX MONTH PERIOD ENDED DECEMBER 31, 2020

	Reserves						Total
	Share Capital	Capital	Capital	Revenue			
	Issued, Subscribed and Paid-Up Capital	General Reserve	Sub Ordinated Loan From Director Reserve	Surplus on Measurement of Investment through OCI	Share of Unrealised Gain on Remeasurement of Associates' Investments	Unappropriated Profit	
<b>- Rupees -</b>							
Balance as at July 1, 2019 as previously reported	149,737,500	33,630,264	-	(13,777)	210,748	16,819,862	200,384,597
Adjustment of advisory fees	-	-	-	-	-	555,556	555,556
Balance as at July 1, 2019 - Restated	149,737,500	33,630,264	-	(13,777)	210,748	17,375,418	200,940,153
Profit for the Period- Restated	-	-	-	-	-	2,829,687	2,829,687
Other Comprehensive Income/(Loss)							
Deficit on Revaluation of Investments							
- At Fair Value Through Other Comprehensive Income	-	-	-	1,561,883	(210,748)	-	1,351,135
Total Comprehensive Income for the Period- Restated	-	-	-	1,561,883	(210,748)	2,829,687	4,180,822
Balance as at December 31, 2019-Restated	149,737,500	33,630,264	-	1,548,106	-	20,205,105	204,565,419
Balance as at June 30, 2020 as reported in audited financial statement	149,737,500	33,630,264	-	5,454,357	236,114	19,644,591	208,702,826
Impact of Investment Advisory fees	-	-	-	-	-	1,666,667	1,666,667
Balance at June 30, 2020- as Restated	149,737,500	33,630,264	-	5,454,357	236,114	21,311,258	210,369,493
Profit for the period	-	-	-	-	-	4,951,432	4,951,432
Other Comprehensive Loss							
Recalssification of Surplus on Investments				(5,454,357)		-	(5,454,357)
Sub Ordinated Loan From Director	-	-	22,000,000	-	-	-	22,000,000
Total Comprehensive Loss for the Period	-	-	22,000,000	(5,454,357)	-	4,951,432	21,497,075
Balance as at December 31, 2020	149,737,500	33,630,264	22,000,000	-	236,114	26,262,690	231,866,568

The annexed notes from 1 to 24 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 SIX MONTH PERIOD ENDED DECEMBER 31, 2020**

	<i>December 31,</i>	
	<b>2020</b>	<b>2019</b>
	<b>Rupees</b>	<b>Rupees</b>
		<i>(Restated)</i>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit Before Taxation	5,580,730	3,362,271
Adjustments for Items not Involving Movement of Funds:		
Depreciation on Property and Equipment	964,738	1,007,885
Amortization	69,255	69,255
Financial Charges	610,784	3,958
Capital Gain on Sale of Investment	-	(269,631)
Mark-Up Earned on Saving Account	(729,314)	(644,434)
Gain on Redemption of Units of Associates' Investment	-	(2,068,124)
Share of Profit From Associates'	(3,369,516)	(4,826,600)
	<b>(2,454,053)</b>	<b>(6,727,691)</b>
Operating Cash in Flows/(Out Flows Before)		
Working Capital Changes	3,126,677	(3,365,420)
Increase in Current Assets		
Loans and Advances	-	(8,336)
Trade Receivable	(867,415)	(822,766)
Prepayments and Other Receivable	(521,298)	(1,213,277)
	<b>(1,388,713)</b>	<b>(2,044,379)</b>
(Decrease) in Current Liabilities		
Trade and Other Payables	(476,260)	161,664
	<b>1,261,704</b>	<b>(5,248,135)</b>
Income Taxes Paid - Net	(739,888)	122,691
Financial Charges Paid	(610,784)	(3,958)
Net Cash Used in Operating Activities	<b>(88,968)</b>	<b>(5,129,402)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments - Net	(3,570,928)	15,944,402
Long-Term Deposits and Prepayments	250,000	250,000
Receipt of Mark Up on Savings Account	1,375,758	(2,035,324)
Capital Expenditure Incurred	-	(58,209)
Net Cash (Used in)/Generated from Investing Activities	<b>(1,945,170)</b>	<b>14,100,869</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Sub Ordinated Loan From Director	22,000,000	-
Net Cash Generated from Financing Activities	<b>22,000,000</b>	<b>-</b>
Net Increase in Cash and Cash Equivalents	19,965,862	8,971,467
Cash and Cash Equivalents at Beginning of the Year	12,042,370	4,539,920
Cash and Cash Equivalents at End of the Period	<b>32,008,232</b>	<b>13,511,387</b>

The annexed notes from 1 to 24 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 SIX MONTH PERIOD ENDED DECEMBER 31, 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).

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 year the Commission (SECP) has renewed the License for "Investment Advisory Services" vide its letter No.SCD/AMCW/786IL/2020-109 dated November 12, 2020 with effect from May 26, 2019 and valid till May 25, 2022. Licence shall further be renewable by the Commission for next three years, subject to the compliance of the NBFC Rules and the NBFC Regulations.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

#### 2.2 Basis of Measurement

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

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

#### 2.3 Functional and Presentation Currency

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

### 3 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)

#### 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 2020.

#### 5 RECITIFICATION OF ERROR

Management has made an adjustment of advisory income relating to the prior periods. Company was unable to account for the advisory income in prior periods due to the pendency of license renewal for investment advisory services by the Commission (SECP). Considering the materiality of the amount, adjustment has been made in the prior periods retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures of statement of financial position, statement of profit or loss and statement of changes in equity have been restated.

<i>The effects of adjustments are summarized below:</i>	<i>Previously Reported</i>	<i>Adjustment</i>	<i>Re-Stated</i>
	<i>----- Rupees -----</i>		
<b>Effect of Error on Financial Statements for Year Ended June 30, 2019 (Audited)</b>			
<b>Statement of Financial Position</b>			
<b>Current - Assets</b>			
Trade receivables	2,487,149	600,000	3,087,149
Trade and other payables	17,684,881	44,444	17,729,325
<b>Statement of Changes in Equity</b>			
Unappropriated Profit	16,819,862	555,556	17,375,418
<b>Statement of Profit or Loss</b>			
Income on Advisory Services	-	555,556	555,556
<b>Effect of Error on Financial Statements for the Half Year Ended December 31, 2019 (Un-Audited)</b>			
<b>Statement of Profit or Loss</b>			
Income on Advisory Services	-	555,556	555,556
<b>Effect of Error on Financial Statements for the Quarter Ended December 31, 2019 (Un-Audited)</b>			
<b>Statement of Profit or Loss</b>			
Income on Advisory Services	-	277,778	277,778
<b>Effect of Error on Financial Statements for Year Ended June 30, 2020 (Audited)</b>			
<b>Statement of Financial Position</b>			
<b>Current - Assets</b>			
Trade receivables	2,308,583	1,800,000	4,108,583
<b>Trade and Other Payables</b>			
- Sales Tax Payable 13	863,347	133,333	996,680
<b>Statement of Changes in Equity</b>			
Unappropriated Profit	19,644,591	1,666,667	21,311,258
<b>Statement of Profit or Loss</b>			
Income on Advisory Services	-	1,111,111	1,111,111

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 -----				
<b>Peiord Ended December 31, 2020</b>					
Opening Net Book Value (NBV)	395,656	2,324,868	453,327	447,391	3,621,242
Additions (at cost)	-	-	-	-	-
<b>Disposals</b>					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Net Book Value</b>	-	-	-	-	-
Depreciation Charge	(36,316)	(559,337)	(130,450)	(238,635)	(964,738)
<b>Closing Net Book Value</b>	<b>359,340</b>	<b>1,765,531</b>	<b>322,877</b>	<b>208,756</b>	<b>2,656,504</b>
<b>Gross Carrying Value Basis</b>					
Cost	1,487,514	5,593,370	1,494,502	5,280,475	13,855,861
Accumulated Depreciation/Impairment	(1,128,174)	(3,827,839)	(1,171,625)	(5,071,719)	(11,199,357)
<b>Net Book Value</b>	<b>359,340</b>	<b>1,765,531</b>	<b>322,877</b>	<b>208,756</b>	<b>2,656,504</b>
<b>Year Ended June 30, 2020</b>					
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
<b>Disposals</b>					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Net Book Value</b>	-	-	-	-	-
Depreciation Charge	(72,633)	(1,118,674)	(158,122)	(657,461)	(2,006,890)
<b>Closing Net Book Value</b>	<b>395,656</b>	<b>2,324,868</b>	<b>453,327</b>	<b>447,391</b>	<b>3,621,242</b>
<b>Gross Carrying Value Basis</b>					
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)
<b>Net Book Value</b>	<b>395,656</b>	<b>2,324,868</b>	<b>453,327</b>	<b>447,391</b>	<b>3,621,242</b>
<b>Depreciation Rate % per Annum</b>	<b>10</b>	<b>20</b>	<b>20</b>	<b>33</b>	



		<i>Un-Audited</i> <b>December 31</b> <b>2020</b> <b>Rupees</b>	<i>Audited</i> <b>June 30</b> <b>2020</b> <b>Rupees</b>
<b>7 INTANGIBLE ASSET</b>	<b>Note</b>		
Computer Software		<u><b>1,038,825</b></u>	<u>1,108,080</u>
<b>7.1 Computer Software</b>			
<b>Opening Net Book Value</b>		<b>1,108,080</b>	1,246,590
Addition		-	-
Amortization Charge		<u><b>(69,255)</b></u>	<u>(138,510)</u>
<b>Closing Net Book Value</b>		<u><b>1,038,825</b></u>	<u>1,108,080</u>
Cost		<b>1,385,100</b>	1,385,100
Accumulated Amortization		<u><b>(346,275)</b></u>	<u>(277,020)</u>
<b>Closing Net Book Value</b>		<u><b>1,038,825</b></u>	<u>1,108,080</u>
<b>Amortization Rate</b>		<u><b>10%</b></u>	<u>10%</u>

## 8 LONG-TERM INVESTMENTS

<i>Investments in Associates - Units of Mutual Funds - Equity Method</i>		<i>Un-Audited</i> <b>December 31</b> <b>2020</b> <b>Rupees</b>	<i>Audited</i> <b>June 30</b> <b>2020</b> <b>Rupees</b>
<b>786 Smart Fund (Formerly Dawood Income Fund)</b>			
<b>(Open - End - Fund) - an associate (Using Equity Method)</b>	<b>Note</b>		
1,825,406 (June 30, 2020: 1,825,406) Units, Representing 27.22% (June 30, 2020: 23.60%) Holding.		<b>151,228,309</b>	147,858,793
<b>Investment in PIB's- At Fair Value through Profit &amp; Loss</b>			
<b>Government Securities - Pakistan Investment</b>			
<b>Bonds having Face Value of 20 Million</b>	<b>8.1</b>	<u><b>20,081,664</b></u>	21,719,545
		<u><b>171,309,973</b></u>	<u>169,578,338</u>

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

		<b>December 31, 2020</b>		<b>June 30, 2020</b>	
		<b>Face Value</b>	<b>Fair Value</b>	<b>Face Value</b>	<b>Fair Value</b>
<b>9 SHORT TERM INVESTMENTS</b>	<b>Note</b>	<b>----- Rupees -----</b>			
<b>At Fair Value through OCI</b>					
Term Finance Certificate	9.2	<u><b>21,131,286</b></u>	<u><b>22,182,782</b></u>	21,133,786	22,428,330
		<b>21,131,286</b>	<b>22,182,782</b>	21,133,786	22,428,330
Cumulative Gain on Revaluation of Investment		<b>1,051,496</b>	-	1,294,544	-
		<u><b>22,182,782</b></u>	<u><b>22,182,782</b></u>	<u>22,428,330</u>	<u>22,428,330</u>

## 9.1 Term Finance Certificates - Unlisted

Number of Certificates				Decmeber 31, 2020		June 30, 2020	
Dec., 31, 2020	June 30, 2020	Name of Company	Note	Cost	Fair Value	Cost	Fair Value
				----- Rupees -----			
Financial services							
5,000	5,000	Silk Bank Limited	9.1.1	21,131,286	22,182,782	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 88.7844% 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</i>	<i>Audited</i>
		<i>December 31</i>	<i>June 30</i>
		<i>2020</i>	<i>2020</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
<b>10 TRADE RECEIVABLE</b>			
786 Smart Fund (Dawood Income Fund) - An Associate		<b>2,575,998</b>	2,308,583
Receivable on account of advisory fees	5	<b>2,400,000</b>	1,800,000
		<b>4,975,998</b>	4,108,583

## 10 TRADE RECEIVABLE

## 11 ACCRUED MARKUP

On Saving Accounts	<b>698,264</b>	644,940
On Term Finance Certificate (TFCs)	<b>890,096</b>	1,489,091
On Pakistan Investment Bond (PIBs)	<b>569,863</b>	670,636
	<b>2,158,223</b>	<b>2,804,667</b>

## 12 CASH AT BANK

<b>Cash in Hand</b>		<b>25,000</b>	1,005
<b>Cash at Bank</b>			
Current Accounts		-	101,609
Saving Accounts	12.1	<b>31,983,232</b>	11,939,756
		<b>31,983,232</b>	12,041,365
		<b>32,008,232</b>	<b>12,042,370</b>

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).

		<b>Un-Audited 31 December 2020</b>	<b>Audited 30 June 2020</b>
<b>13 TRADE AND OTHER PAYABLES</b>	<b>Note</b>	<b>Rupees</b>	<b>Rupees</b>
Accrued Expenses	13.1	<b>11,050,445</b>	9,668,859
Sindh Workers' Welfare Fund Payable		-	1,130,400
FED Payable	15.1.2	<b>6,513,677</b>	6,513,677
Sales Tax Payable		<b>269,924</b>	996,680
Wht Payable		-	690
		<b>17,834,046</b>	<b>18,310,306</b>

**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'.

		<b>Un-Audited 31 December 2020</b>	<b>Audited 30 June 2020</b>
<b>14 UNCLAIMED DIVIDEND</b>	<b>Note</b>	<b>Rupees</b>	<b>Rupees</b>
	14.1	<b>998,742</b>	998,742

**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, 2020: 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 half year ended December 31, 2020 (June 30, 2020: Nil)

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>16 REMUNERATION FROM FUNDS UNDER MANAGEMENT</b>		
<b>Open-End Funds</b>		
786 Smart Fund (Formerly Dawood Income Fund )	<b>4,539,560</b>	3,179,684
786 Rising Star Fund (Formerly Dawood Islamic Fund)	-	727,929
First Dawood Mutual Fund - an associate	-	990,861
	<b>4,539,560</b>	<b>4,898,474</b>

	<b>2020</b>	<b>2019</b>
	<b>Remuneration for services rendered as an asset management company</b>	
<b>16.1 During the period the company has charged Management fee as under;</b>	<b>----- Percentage -----</b>	

### Associates - Open - End Funds

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

## 17 RECLASSIFICATION

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 cashflows .

The Company, therefore reclassified its investments from FVOCI to FVTPL. The impact of this have been summarized below.

	<b>Previously Reported in OCI</b>	<b>Reclassified to Statement of Profit or Loss</b>
Surplus on Revaluation of Investment in Investments From OCI to P/L	<b>5,454,357</b>	<b>5,454,357</b>

## 17 RECLASSIFICATION

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.

		<b>December 31</b>	
		<b>2020</b>	<b>2019</b>
	<b>Note</b>	<b>Rupees</b>	<b>Rupees</b>
<b>18 ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries and Allowances		6,146,228	6,984,926
Rent, Rates and Taxes		749,172	749,171
Postage and Telephones		126,041	213,107
Legal and Professional Charges		451,018	1,140,405
Printing and Stationery		70,650	141,085
Vehicles Running		38,279	897,584
Advertisement Expense		47,500	290,700
Electricity		230,906	476,237
Repairs and Maintenance		107,273	109,617
Auditors' Remuneration		387,320	387,320
Entertainment		37,957	42,203
Insurance		190,253	224,111
Depreciation	6	964,738	1,007,885
Amortization	7.1	69,255	69,255
Fee and Subscriptions		1,207,709	1,195,645
Newspapers and Periodicals		-	570
Directors' Fee		158,000	158,000
Commission		-	27,904
Others		62,212	51,144
Bank Balances written off		123,737	-
		<b>11,168,248</b>	<b>14,171,869</b>
Less: Reimbursement of Fees and Expenses		<b>(302,638)</b>	<b>(430,512)</b>
		<b>10,865,610</b>	<b>13,741,357</b>

## 19 OTHER OPERATING INCOME

### Income from financial assets

Mark-up earned on saving accounts	729,314	644,434
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### Income from non - financial assets

Gain on disposal of property and equipment	-	-
Liabilities written back	2,075,736	-
Other Income	-	1,516,563
	<b>2,075,736</b>	<b>1,516,563</b>
	<b>2,805,050</b>	<b>2,160,997</b>

## 20 SHARE OF ASSOCIATES' (LOSS)/PROFIT

786 Smart Fund ( Formerly Dawood Income Fund )	<b>3,369,516</b>	<b>4,826,600</b>
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## 21 TAXATION

Current Period Tax	<b>629,298</b>	<b>532,584</b>
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## 22 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>Dec., 31, 2020 Rupees</i>	<i>Dec. 31, 2019 Rupees</i>
<b>Mutual Funds Managed by the Company</b>	<b>Transactions During the Period</b>		
	Management Fee Charged	4,539,560	4,898,474
	Sales Tax on Management Fee Charged	590,143	636,802
	Accounting and operational Charges	302,638	430,512
	786 Smart Fund Issue of Nil Units (December 31, 2019: 849,869 Units)	-	72,825,422
	786 Smart Fund Redemption of Nil Units (December 31, 2019: 548,779 Units)	-	45,000,000
	786 Smart Fund - Gain on Redemption of Units	-	859,566
	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 - Gain on Conversion of Units due to Merger / Loss on Redemption of Units	-	629,710
	First Dawood Mutual Fund - Conversion of 3,442,963 Unit due to Merger	-	60,331,730
	First Dawood Mutual Fund - Purchase of Nil TFCs' of Silk Bank Limited (December 31, 2019: 3,000) Units	-	12,937,584
	Management Fee Received	5,406,975	4,631,264
<b>Other Related Party</b>			
First Dawood Investment Bank Limited & Others Employees' Provident Fund	Provident Fund Contribution	311,994	403,256
<b>Key Management Personnel</b>			
	Remuneration	3,532,800	3,543,330
	Sale of 930,141 Shares of First Dawood Investment Bank Limited	-	1,655,541
	Gain on Disposal of Shares	-	269,631
<b>BRR Guardian Modaraba</b>	Rent Charge during the Period - office	749,172	749,171
<b>Dawood Family Takaful Limited</b>	Insurance Expense Charge during the	38,847	28,894
<b>Dawood Equities Limited</b>	Brokerage Commission Paid on Disposal of Shares	-	27,904
	<b>Balances at Period End</b>	<b>31-Dec-20</b>	<b>30-Jun-20</b>
<b>Associated companies/other related parties</b>	<b>Units Held:</b>		
<b>Mutual Funds Managed by the Company</b>	786 Smart Fund 1,825,406 (June 30, 2020: 1,825,406) Units	151,228,309	147,858,793
	Trade Receivable	4,975,998	4,108,583
<b>Dawood Family Takaful Limited</b>	Prepaid Life Insurance	-	12,996
<b>B.R.R Guardian Modaraba</b>	Payable Rent	624,310	-
	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.

**23 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorised for issue in Board of Directors of the management company on 25-Feb-2021.

**24 GENERAL**

- 24.1** 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).
- 24.2** 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

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