



INVESTMENTS

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786 INVESTMENTS LIMITED

**ANNUAL REPORT
2019**



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CORPORATE INFORMATION

Board of Directors	Ms. Shafqat Sultana Miss Tara Uzra Dawood Ms. Charmaine Hidayatullah Mr. Ahmed Salman Munir Syed Shabahat Hussain Mr. Tahir Mehmood Syed Farhan Abbas	Chairperson Chief Executive Officer Director Director Director Director Director
Chief Financial Officer & Company Secretary	Mr. Talal Ismail Pasha	
Audit Committee	Syed Shabahat Hussain Mr. Tahir Mehmood Syed Farhan Abbas	Chairman Member Member
Human Resource Committee	Ms. Shafqat Sultana Miss Tara Uzra Dawood Mr. Tahir Mehmood	Chairperson Member 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	



Mission Statement

To offer our unit holders the best possible return by expertly diversifying the Fund's investment portfolio into minimal risk and high yielding instruments and at all time to be a good corporate citizen



NOTICE OF ANNUAL GENERAL MEETING (AGM XXVIII)

Notice is hereby given that the 28th Annual General Meeting of the shareholders of the Company will be held on Saturday, October 22, 2019 at 9:00 am at the registered office at G3, Ground Floor, BRR Tower, Hassan Ali Street Off I.I. Chundrigar Road, Karachi to transact the following business:

Ordinary Business

- 1- To confirm the Minutes of the 27th Annual General Meeting.
- 2- To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2019 together with Directors and Auditors Reports thereon.
- 3- To appoint the Auditors and fix their remuneration.
- 4- Any other Business with the permission of the Chair.

By Order of the Board

October 1, 2019
Karachi

Talal Ismail Pasha
Company Secretary

Notes:

1. BOOK CLOSURE

The share transfer books of 786 Investments Ltd will remain closed from October 16, 2019 to October 22, 2019 (both days inclusive). The transfers received in order by our share registrar, FD Registrar Services (SMC-Pvt) Ltd situated at 17th floor, Saima Trade Tower A, I.I. Chundrigar Road, Karachi by the close of business on October 16, 2019 will be considered in time to attend and vote at the meeting.

2. APPOINTMENT OF PROXY

A member entitled to attend and vote at Annual General Meeting shall be entitled to appoint another member, as a proxy to attend and vote on his/her behalf. The proxies in order to be effective must be received at the registered office or share registrar of the Company not less than forty-eight (48) hours before the meeting.

3. CDC ACCOUNT HOLDERS

Any individual beneficial owner of CDC entitled to attend and vote at this Annual General Meeting must bring the CNIC or Passport along with his/her CDC account number to prove his/her identity and in case of Proxy, must enclose an attested copy of the CNIC or Passport. The representatives of Corporate members should bring the Board of Directors or Trustees resolution or power of attorney with specimen signature of the nominee at the time of the meeting. The CDC account holders will further have to follow the guidelines as laid down in Circular no. 1 dated January 26, 2000 issued by the SECP.

4. REQUEST FOR VIDEO CONFERENCE FACILITY

In pursuance to Companies Act, 2017 and Circular no. 10 of 2014 dated May 21, 2014 issued by SECP,



if the Company receives request from members holding in aggregate ten (10%) or more shareholding residing at geographical location, to participate in the meeting through video conference at least seven (7) days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. The Company will intimate members regarding venue of video conference facility at least five (5) days before the meeting along with complete information necessary to enable them to access such facility. In order to avail this facility, please submit the following information at the registered office of the Company at least seven (7) days before the date of meeting.

I/We, _____ of _____ being a member of 786 Investments Ltd, holder of _____ Ordinary Share(s) as per Register Folio no/CDC Account no. _____ hereby opt for video conference facility at _____

Signature of member

5. CIRCULATION OF ANNUAL REPORTS THROUGH CD/DVD/USD

The Securities and Exchange Commission of Pakistan vide its notification SRO 470(I)/2016 dated May 31, 2016, had allowed transmission of annual report including annual audited accounts, notice of general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. The members who wish to receive hard copy of the aforesaid documents may send to the Company's Secretary/Share Registrar, the standard request form and the Company will supply hard copies of the aforesaid document to the member on demand, free of cost, with in one week of such demand. The members who intend to receive the annual reports including the notice of meeting through e-mail are requested to provide their written consent on the standard request form annex to the annual audited report and also available on the Company website: www.786investments.com

6. UNCLAIMED DIVIDEND

Shareholders, who by any reason, could not claim their dividend or bonus share or did not collect their physical shares, are advised to contact our Share Registrar F.D. Registrar Services (SMC-Pvt.) Ltd to collect enquire about their unclaimed dividend or pending shares, if any.

Please note that in compliance with Section 244 of the Companies Act 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities and Exchange Commission of Pakistan.



FINANCIAL HIGHLIGHTS

	2019	2018	2017	2016	2015	2014
	Rupees In Million					
Authorized Capital	200.00	200.00	200.00	200.00	200.00	200.00
Paid-Up Capital	149.74	149.74	149.74	149.74	149.74	149.74
Shareholders' Equity	200.38	245.45	270.89	210.53	237.40	203.33
Total Assets	219.07	264.07	287.20	231.65	254.63	213.84
Short-Term Investment in Securities	10.07	8.63	7.65	2.43	4.29	10.38
Income From Investments	(1.35)	0.04	-	-	0.50	0.55
Management Fee	12.02	11.50	10.01	14.07	14.91	11.73
Other Income	3.74	0.56	0.67	1.56	0.26	1.44
Impairment Loss on Investment	-	(0.15)	(0.57)	(1.73)	(0.89)	(1.56)
Profit/(Loss) Before Taxation	(39.96)	(24.84)	64.81	(24.86)	33.52	26.32
Taxation	3.25	1.58	9.66	0.16	0.16	0.14
Profit/(Loss) After Taxation	(43.21)	(26.42)	55.14	(25.02)	33.36	26.18
Book Value Per Share	13.38	16.39	18.09	14.06	15.86	13.58
Earnings Per Share	(2.89)	(1.76)	3.68	(1.67)	2.23	1.75



CHAIRMAN'S REPORT

During the year, all Directors of 786 Investments Ltd performed their due role with professionalism and determination to support management in turning around the company. I wish to record my appreciation to the Board Members.

The Company has updated its two funds trust deeds and constitutive documents keeping it at competitive level of market and also changed the name of "Dawood Income Fund" to "786 Smart Fund" along with change in category from conventional Income fund to Islamic Income Fund and also changed the name of "Dawood Islamic Fund" to "786 Rising Star Fund". During the year PSX issued a notice stating that the name of 786 Investments Ltd shall be shifted to the "Normal Counter" of the Exchange and trading in its shares shall be restored with effect from Monday, September 3, 2018.

The Company is revisiting its strategy and analyzing the situation of economy and the resources available with company in order to turn around the company and reduce equity burning.

On behalf of the Company, I would like to express my gratitude to the Securities and Exchange Commission of Pakistan, the management of the Pakistan Stock Exchange Limited for their continued support and cooperation and all other stakeholders who are contributing in our success.

Shafqat Sultana
Chairperson

Date: September 23, 2019
Karachi



REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of 786 Investments Limited. ("786" or the "Company") is pleased to present the annual report and the audited financial statements of the Company for the year ended June 30, 2019.

Principle Business:

786 Investments Ltd is a public listed company incorporated in Pakistan. The Company is registered as NBFC under the NBFC Rules, 2003. The Company has obtained the license to carry out Asset Management Services and in process of obtaining license of Investment Advisory Services and under the NBFC Rules, 2003 and NBFC Regulation, 2008.

Company Performance Review:

	June 30, 2019	June 30, 2018
 Rupees.....	
Management Fees	12,017,853	11,501,109
Other Operating Income	3,743,568	556,787
Gross Revenue	2,939,351	11,946,362
Other operating charges		-
Administration and Operating Expenses	(31,962,858)	(32,457,415)
Financial Charges	(5,220)	(1,749)
Total Expenses	(31,968,078)	(32,459,164)
Share of Associates' Profit/(Loss)	(10,928,383)	(4,375,858)
Impairment Loss on Investments	-	(154,233)
(Loss)/Profit Before Taxation	(39,957,110)	(24,888,658)
(Loss)/Profit After Taxation	(43,207,504)	(26,465,600)

The Company recorded a Loss of PKR (43.20) million (PKR (26.46) million FY18) during the period ended June 30, 2019. The Company Income which mainly comprised of Management Fees increased by PKR 0.52 million representing 4.5% increase in Management Fees. Administrative and operating expenses decreased by PKR 0.49 million representing 1.5% decrease in administrative and operating expenses. Further Share of Associates' loss was PKR (10.92) million (PKR (4.37) million FY18) due to investments in units having equity exposure.

The earnings per share (EPS) of the Company for the period ended June 30, 2019 was PKR (2.89) as compared to PKR (1.77) per share as on June 30, 2018.

The Board of Directors of the Company has a responsibility to ensure that internal financial controls system of the company is adequate and is operating effectively.

The Company focused is to grow Asset Under Management (AUM). The Company is maintaining three open end funds having cumulative AUM of PKR 655 million. During the year the AUM, decreased by 4.24%. The Company is also focusing to increase its market share through use of technology.

Future Plans:

The Company is revisiting its strategy and analyzing the situation of economy and the resources available with company in order to turn around the company and reduce equity burning. The Company has updated its two funds



trust deeds and constitutive documents keeping it at competitive level of market and also changed the name of "Dawood Income Fund" to "786 Smart Fund" along with change in category from conventional Income fund to Islamic Income Fund and also changed the name of "Dawood Islamic Fund" to "786 Rising Star Fund". The Board of Directors decided to merge 786 Rising Star Fund (formerly Dawood Islamic Fund) and First Dawood Mutual Fund with and into 786 Smart Fund (formerly Dawood Income Fund) subject to consent of Central Depository Company of Pakistan Limited (CDC), the Trustee of 786 Rising Star Fund and First Dawood Mutual Fund and MCB Financial Services Ltd (MCBFSL), the Trustee of 786 Smart Fund, unit holders approvals of all three funds and SECP approval.

Economic Review:

Pakistan's economy slowed down sharply in the current fiscal year, hitting a nine-year low at 3.3 per cent and missing the 6.2 per cent target by a wide margin. The fiscal year 2018-19 witnessed a muted growth of 3.29 percent against the ambitious target of 6.2 percent. The target was based upon sectoral growth projections for agriculture, industry, and services at 3.8 percent, 7.6 percent and 6.5 percent respectively. The actual sectoral growth turned out to be 0.85 percent for agriculture, 1.4 percent for industry and 4.7 percent for services. FY19's started with challenges of decline in imports by 7.3%, decline in exports by 2.2% this helped in reducing the trade deficit by 31.7% during FY19. Major crops witnessed negative growth as production of cotton, rice and sugarcane declined by 17.5%, 3.3% and 19.4% respectively. The crops showing positive growth include wheat and maize which grew at the rate of .05% and 6.9% respectively. Meanwhile, industrial growth came in at 1.4% and service sector posted 4.71% growth. CPI inflation comes out to be 7.3%. The increase in CPI inflation is being majorly attributed because of food and beverages prices. Pakistan's fiscal deficit as % of GDP estimated to be 5%. During the period State Bank of Pakistan announced 6 monetary policies and continuous increased was witnessed during the year which starts from 7% and ended at 12.25%. The broader reasons of increased in discount rate were (i) higher recent month on month headline and core inflation outturns (ii) recent exchange rate depreciation (iii) an elevated fiscal deficit and its increased monetization, and (iv) potential adjustment in utility tariffs.

Money Market Review:

During FY19 headline inflation rose considerably to 8.9% as compared to 5.2% in FY18 due to higher government borrowing from SBP, lagged impact of exchange rate depreciations, hike in domestic fuel prices, and rising food prices. SBP expects to rise in the near term due to the one-off impact of adjustment in utilities prices and other measures in the FY2020 budget. Taking these factors into consideration, the SBP expects average inflation of 11% - 12% in FY20, higher than previously projected.

The SBP held twenty six Treasury bill auctions during FY19. The cumulative participation was witnessed at PKR23,343bn against the pre-announced auction target of PKR 20,300bn while the SBP accepted an amount of PKR18,339bn during the review period. That being said, participation in 03 months tenor represented 99.98% of the total accepted amount while the 6months were 0.02% and 12months paper were negligible % of the total accepted amount.

Furthermore, during the period SBP conducted twelve Pakistan Investment Bond (PIB) auctions. The cumulative participation were PKR 2,089bn against the target of PKR800bn and total accepted amount was PKR789bn with last cut-off yields of 13.70% , 13.80% and 13.70% for 3, 5 and 10 years respectively. Further during the period under review SBP conducted seven Floating Rate Bonds (FRB) auction based on spread over 6 months weighted average cut-off T.Bills plus 75 basis points (last cut-off). The cumulative participation witnessed were PKR 706bn while the SBP accepted PKR290bn.

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



Stock Market Review:

During the financial year 2018-19, the Pakistan Stock Market 100 Index underperformed by 19.11%. During the period under review, the market remained volatile, it reached the peak of 43,556 points on July 30 2018, then continued to go down, reaching its lowest level point of 33,167 on May 17 2019. The fiscal year 2019 started well with significant positive economic indicators, notably, a promising GDP growth, improved country perception, recognition of SMEs as the prime mover of country's economy and the continuity of the inflow of remittances by the Overseas Pakistanis. At the start of new calendar year 2019, the market gained momentum but during the close of financial years index closed at 33,902 points whereas market capitalization was PKR 6.88 trillion. The foreign investors offloaded securities worth PKR 43.61 billion during July 2018 - June 2019, which was absorbed by domestic individual investors, companies and insurance companies.

Future Outlook

Pakistan's economy received multiple jolts during the fiscal year 2019 and almost all economic indicators worsened. The economy is faced with new and bigger challenges in fiscal year 2020. The economy took off with Gross Domestic Product (GDP) being declared at a decade high level of 5.5% in fiscal 2018. The provisional growth rate for FY 2019 is estimated at 3.29%. However, government budgeted GDP for FY20 is estimated to be 2.4%. Overall import was slightly increased on YoY bases, however total export grew by 19%. Pakistan's trade balance recorded a deficit of \$ 2.6 billion in June 2019.

The water and energy crisis may further hamper economic growth in fiscal year 2020. As per international organizations, Pakistan is likely to face a major water crisis by 2025. The crisis may slow down agriculture growth.

Given the bleak economic scenario, where the country's foreign currency reserves have dropped to a critical level of less than two months import cover at \$7.3 billion on June 27, 2019. We expect more currency devaluation in FY20 and hike in key interest rate by December 2019.

Asset Management Industry Overview

The Company's Asset Under Management (AUM) as at June 30, 2019 was 655 million which was decreased by 4.24% as compared to June 30, 2018 (PKR 684 billion).

AUMs of the mutual fund industry reached at PKR 536 billion showing decrease by 8.55% in comparison with June 30, 2018 (PKR 586 billion).

AUMs of Shariah Compliant funds has been decreased by 11.38%, however, Conventional funds AUMs has also been decreased by 6.70%. Only market funds positively contributed in AUMs.

Corporate Social Responsibility and Impact on Environment

During the year, 786 Investments Ltd managed CSR activities and share the happiness of Eid-ul-Fitr among the children living in orphanage home and promoted promote community values and awareness on education of girls. The Company's business has no adverse impact on the environment and with the increased use of technology, the Company shall reduce the use of paper.

Principle Risk & Uncertainties

The Asset Management industry size shrink during the year due to deep decline in capital market performance.



Further increase in discount rate during the year also played crucial role in shrinking size of the Industry.

The Company managed open ended funds, invested in the capital markets which are influenced by the macroeconomic, and political factors which may impact the Company's performance. Increase political turmoil in the country will remain a risk because of this, Foreign and local investor may take out from the market resulting down prices and return. Currency devaluation may also impact the performance of the capital market and hence the profitability of the Company.

The Company's risk management policies and procedures ensure that risks are effectively identified, evaluated, monitored and managed. Risk management is a dynamic function and management must continuously monitor its internal risk procedures and practices in order to reduce earnings variability.

Board Evaluation

Listed Companies (Code of Corporate Governance) Regulation, 2017 require evaluation of the Board of Directors as a whole and its committees. In this regard, a comprehensive range of self evaluation survey were conducted in the Company with respect to the performance of its Board of Directors and Board Committee. Feedback from all the Board members was solicited on areas of strategic clarity & beliefs, direction of business plan and functional adequacy of its role.

Corporate Governance and Financial Reporting Framework

The Directors are pleased to state as follows:

- The financial statements, prepared by the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance except as disclosed in the statement of compliance annexed with these financial statements.
- There has been no trading during the year in the units of the Fund carried out by the Directors, Chief Executive Officer, Company Secretary and their spouses and their minor children except as disclosed in the relevant notes to the financial statement.
- There is no statutory payment on account of taxes, duties, levies and charges outstanding.



- During the year one of the Director has completed Directors Training Program, rest of the Directors will attend Director Training Program or take exemption from the Commission.
- During the year election was held and Ahmad Salman Munir was elected by the shareholder, rest of the six directors was re-elected in election of directors.

Board of Directors Meetings

During the year, five meetings were held. The attendance of each Director is as follows:

Names	No of Meetings held	No of Meetings attended	Leave granted
Ms. Shafqat Sultana	5	5	-
Ms. Tara Uzra Dawood	5	5	-
Ms. Charmaine Hidayatullah	5	4	1**
Mr. Muhammad Izqar Khan	1	-	1**
Mr. Tahir Mehmood	5	5	-
Syed Farhan Abbas	5	5	-
Syed Shabahat Hussain	5	4	-
Ahmed Salman Munir*	3	3	-

*SECP approved the appointment of Ahmed Salman Munir on September 19, 2018.

**Leave of absence was granted.

Audit Committee Meeting

During the year, four meetings were held. The attendance of each member is as follows:

Names	No of Meetings held	No of Meetings attended	Leave granted
Syed Shabahat Hussain*	4	3	1
Mr. Tahir Mehmood	4	4	-
Syed Farhan Abbas	4	4	-

The Board re-constitute the Audit committee on September 17, 2018

*Syed Shabahat Hussain joined Audit committee in replacement of Charmaine Hidayatullah.

**Leave of absence was granted.

Auditors

The present Auditor, Haroon Zakaria & Co. Chartered Accountants retire and being eligible, have offered themselves for re-appointment. The Board Audit Committee have recommended their re-appointment as statutory auditors for the year ending June 30, 2020 and the Board have endorsed the communication.

Auditors' Report

The Auditors have given their opinion on the financial statements of the Company for the year ended June 30,



2019, wherein they have given emphasis on certain matters

- Our response to note 1.3 to the financial statements is that the management has put renewal of Investment advisory license application to the commission but due to shortfall in equity requirement said license is on hold till the equity requirement for Investment advisory license is met. However, Company has received renewed license for carrying Asset Management Services from the Commission. Management is considering different strategies to meet the equity requirement.
- Our response to note 12.1 to the financial statements is that the company has made disposal of equity securities during the year, but due to market volatility Company obtained permission from SECP to dispose of remaining shares by December 2019.

Statement of Ethics and Business Practices

The Board of Directors of Company has adopted a Statement of Ethics and Business Practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations.

Dividend

Based on the above, the Board of Directors of the Company has decided not to distribute any dividend to the shareholders for the year.

Credit Rating

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of "AM3", to the Company.

Trading in shares of the Company

During the year no transaction in shares were carried out by the Directors, Chief Executive Officer, Chief Financial Officer & Company Secretary and their spouses of minor children.

Transaction with Connected Persons/Related Parties

Transactions between the Fund and its connected persons as disclosed in notes to the financial statements are carried out on an arm's length basis.

Pattern of Share Holding as on June 30, 2019

The pattern of shareholding holding as on June 30, 2019 is annexed to these financial statements.

Key Financial Highlights

Key financial highlights are summarized and annexed to these financial statements.

Staff Retirement Benefits

786 operates a provident fund scheme for all permanent employees' details are included in these financial statements.



Events after the Balance Sheet Date

There was no subsequent event after the Balance sheet date.

Acknowledgement

The Board of Directors of the Management Company is thankful to the Securities and Exchange Commission of Pakistan and the management of the Pakistan Stock Exchange Limited for their continued support and cooperation. The Directors also appreciate the efforts put in by the employees of the Company for their commitment and dedication and shareholders for their confidence in the Company.

Director

September 23 , 2019

Karachi.

Shafqat Sultana
Chairperson



مینیجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

786 انویسٹمنٹ لمیٹڈ (786 ہادی کمپنی) کے بورڈ آف ڈائریکٹرز 30 جون 2019 کو ختم ہونے والے سال کی سالانہ رپورٹ اور نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

اصل کاروبار

786 انویسٹمنٹ لمیٹڈ ایک پبلک لمیٹڈ کمپنی جو پاکستان میں قائم ہے۔ کمپنی این بی ایف سی قواعد، 2003 کے تحت این بی ایف کے طور پر رجسٹرڈ ہے۔ کمپنی نے این بی ایف سی قواعد، 2003 اور این بی ایف سی ریگولیشن، 2008 کے تحت سرمایہ کاری مشاورتی خدمات اور ایسٹ مینیجمنٹ سروسز انجام دینے کا لائسنس حاصل کر رکھا ہے۔

کمپنی کی کارکردگی کا جائزہ

30 جون 2018 (روپے)	30 جون 2019 (روپے)	
11,501,109	12,017,853	مینیجمنٹ فیس
556,787	3,743,568	دیگر آپریشنل آمدنی
11,946,362	2,939,351	مجموعی آمدنی
-	-	دیگر آپریشنل چارجز
(32,457,415)	(31,962,858)	انتظامی اور آپریشنل اخراجات
(1,749)	(5,220)	مالی چارجز
(32,459,164)	(31,968,078)	کل اخراجات
(4,375,858)	(10,928,383)	شیر آف ایسوی ایس نفع / (نقصان)
(154,233)	-	سرمایہ کاری پر ایچ آر منٹ نقصان
(24,888,658)	(39,957,110)	ٹیکس سے قبل نفع / (نقصان)
(26,465,600)	(43,207,504)	ٹیکس کے بعد نفع / (نقصان)

کمپنی نے 30 جون 2019 کو ختم ہونے والی مدت کے دوران (43.20) ملین روپے (FY 2018: 26.46) ملین روپے کا نقصان درج کرایا ہے۔ کمپنی کی آمدنی جو بنیادی طور پر مینیجمنٹ فیس پر مشتمل ہے 0.52 ملین روپے تک بڑھ گئی مینیجمنٹ فیس میں 4.5 فیصد اضافہ ظاہر کر رہی ہے۔ انتظامی اور آپریشنل اخراجات 0.49 ملین روپے تک کم ہو گئے انتظامی اور آپریشنل اخراجات میں 1.5 فیصد کمی ظاہر کر رہے ہیں۔ ایکٹوٹی ایسیڈ ٹور کے پورٹ فولیو میں سرمایہ کاری کی بدولت ایسوی ایس کے نقصان کا حصہ (10.92) ملین روپے (FY 18: 4.37) ملین روپے تھا۔

30 جون 2019 کو ختم ہونے والی مدت کے لئے کمپنی کی فی شیئر آمدنی (ای بی ایس) (2.89) روپے فی شیئر تھی جو 30 جون 2018 کو (1.77) روپے فی شیئر تھی۔

کمپنی کے ڈائریکٹرز کی یہ ذمہ داری ہے کہ اس بات کو یقینی بنائیں کہ کمپنی کا داخلی مالی کنٹرول سسٹم کافی اور موثر طریقے سے کام کر رہا ہے۔

کمپنی اپنے ایسٹ انڈر مینیجمنٹ (AUM) بڑھانے پر توجہ مرکوز کر رہی ہے۔ کمپنی 655 ملین روپے کی مجموعی AUM تین اوپن انڈ فنڈز زیر قرار رکھے ہوئے ہے۔ سال کے دوران، AUM میں 4.24 فیصد کمی ہوئی۔ کمپنی ٹیکنالوجی کا استعمال کر کے اپنا مارکیٹ کا حصہ بڑھانے پر توجہ مرکوز کر رہی ہے۔

مستقبل کے منصوبے

کمپنی اپنی حکمت عملی پر نظر ثانی کر رہی ہے اور کمپنی کی طرف متوجہ ہونے اور ایکٹیوٹی بزنس کو کم کرنے کے لئے معیشت کی صورتحال اور کمپنی کے ہاں دستیاب وسائل کا تجزیہ کر رہی ہے۔ کمپنی نے مارکیٹ کی مسابقتی سطح پر توجہ دینے اور اپنے دو فنڈز سٹریٹجی اور مرہبہ دستاویزات کو اپ ڈیٹ کیا ہے اور روایتی انکم فنڈ سے اسلاک انکم فنڈ کی کمیٹیگری میں تبدیلی کے ساتھ "داؤد انکم فنڈ" کا نام تبدیل کر کے "786 سمارٹ فنڈ" رکھ لیا ہے اور "داؤد اسلاک فنڈ" کا نام بھی تبدیل کر کے "786 رازنگ اسٹار فنڈ" کر دیا ہے۔ بورڈ آف ڈائریکٹرز فیصلہ کیا ہے کہ 786 Rising Star Fund (formerly First Dawood Mutual Fund اور Dawood Islamic Fund) اور First Dawood Mutual Fund (formerly Dawood Income Fund) کو 786 Smart Fund میں



ضم کر دیا جائے اور منظوری لی جائے (CDC) Central Depository Company of Pakistan Limited، برٹشی 786 Rising Star Fund اور First Dawood Mutual Fund اور MCB Financial Services Ltd (MCBFSL) برٹشی 786 Smart Fund، تینوں فنڈز کے پونڈ ہولڈرز سے منظوری اور SECP سے منظوری لی جائے۔

اقتصادی جائزہ

رواں مالی سال میں پاکستان کی معیشت تیزی سے سست ہو گئی، جو نو سال کی کم ترین سطح 3.3 فیصد پر پہنچ گیا اور 6.2 فیصد کا ہدف ہماری فرق سے کھو گیا۔ مالی سال 2018-19 میں 6.2 فیصد کے حوصلہ مند ہدف کے مقابلہ میں 3.29 فیصد کی معمولی نمو دیکھنے میں آئی۔ اس کا ہدف زراعت، صنعت، اور خدمات کے لئے بالترتیب 3.8 فیصد، 7.6 فیصد اور 6.5 فیصد کے سیکٹرل ترقیاتی تخمینوں پر مبنی تھا۔ اصل سیکٹرل نمو زراعت کے لئے 0.85 فیصد، صنعت کے لئے 1.4 فیصد اور خدمات کے لئے 4.7 فیصد رہی۔ مالی سال 19 کا آغاز درآمدات میں 7.3 فیصد کمی، برآمدات میں 2.2 فیصد کمی کے چیلنجوں سے ہوا جس سے مالی سال 19 کے دوران تجارتی خسارے میں 31.7 فیصد کمی میں مدد ملی۔ بڑی فصلوں میں منفی نمو دیکھنے میں آئی جب کہ کپاس، چاول اور گنے کی پیداوار میں بالترتیب 17.5 فیصد، 3.3 فیصد اور 19.4 فیصد کمی واقع ہوئی ہے۔ مثبت نمو ظاہر کرنے والی فصلوں میں گندم اور کئی شامل ہیں جو بالترتیب 0.5 فیصد اور 6.9 فیصد کی شرح سے بڑھ گئیں۔ دریں اثنا، صنعتی نمو 1.4 فیصد اور خدمات کے شعبے نے 4.71 فیصد نمو رج کرائی۔ سی پی آئی افراط زر 7.3 فیصد رہا ہے۔ خوراک اور مشروبات کی قیمتوں کو سی پی آئی افراط زر میں اضافے کا سب سے بڑا سبب قرار دیا جا رہا ہے۔ پاکستان کا مالی خسارہ سی ڈی پی کے 5 فیصد ہونے کا تخمینہ لگایا گیا ہے۔ اس مدت کے دوران اسٹیٹ بینک آف پاکستان نے 6 ماہی پالیسیوں کا اعلان کیا اور اس سال کے دوران مسلسل اضافہ دیکھا گیا جو 7 فیصد سے شروع اور 12.25 فیصد پر ختم ہوا۔ ڈسکاؤنٹ ریٹ میں اضافے کی بڑی وجوہات (i) حالیہ مہینہ پیمینہ کی ہیلڈ لائن اور افراط زر کی بنیادی شرح میں اضافہ (ii) حالیہ زرمبادلہ کی شرح میں کمی (iii) بلند مالی خسارہ اور اس سے بڑھتی ہوئی رقم اور (iv) پینلٹی کے زخموں میں تکثیر جیشنٹ۔

منفی مارکیٹ کا جائزہ:

اسٹیٹ بینک سے حکومت کے طرف سے ہماری قرض لینے، زرمبادلہ کی شرح میں کمی کے اثرات، گریبلے ایندھن کی قیمتوں میں اضافے اور ایشیائی خورد و نوش کی قیمتوں میں اضافے کی وجہ سے مالی سال 19 کے دوران ہیڈ لائن میں افراط زر میں 8.9 فیصد کا نمایاں اضافہ ہوا جب کہ مالی سال 18 میں یہ 5.2 فیصد تھا۔ مالی سال 2020 کے بجٹ میں پینلٹی کی قیمتوں میں ایڈجسٹمنٹ اور دیگر اقدامات کے ایک طرف اثر کی وجہ سے اسٹیٹ بینک کا مستقبل قریب میں اضافے کی توقع ہے۔ ان عوامل کو مد نظر رکھتے ہوئے، اسٹیٹ بینک کو مالی سال 20 میں افراط زر کی اوسط شرح 12% - 11% ہونے کی توقع ہے، جو گزشتہ توقع سے کہیں زیادہ ہے۔

ایس بی پی نے مالی سال 19 کے دوران چھ پریشانیوں میں آکشن منفقہ کرائیں۔ مجموعی شرکت کا مشاہدہ پہلے اعلان کردہ بنیادی ہدف 20,300bn روپے کے برخلاف 23,343bn روپے تھا جبکہ ایس بی پی نے زیر جائزہ مدت کے دوران 18,339bn روپے کی رقم کی منظوری دی۔ یہ کہا جا رہا ہے کہ 3 ماہ کی مدت میں قبولیت کھل قابل قبول رقم کی 99.98 فیصد کی نمائندگی کرتی ہے۔ جبکہ 6 ماہ کی 0.02 فیصد اور 12 ماہ کی برائے نام فیصد تھی۔

مزید، اس عرصے کے دوران، ایس بی پی نے بارہ (12) پاکستان انویسٹمنٹ بانڈ (پی آئی بی) نیا ایسٹیاں کا انعقاد کیا اور 800bn روپے کے ہدف کے مقابلے میں 2,089bn روپے اکٹھے کئے 5.3 اور 10 سالوں کی پیداوار بالترتیب 13.70 فیصد، 13.80 فیصد اور 13.70 فیصد کے ساتھ کھل قابل قبول رقم 789bn روپے تھی۔ اس کے علاوہ زیر جائزہ مدت کے دوران، ایس بی پی نے 6 ماہ کی اوسط کٹ آف ٹی بلز پلس 75 پوائنٹس پوائنٹس (لاست کٹ آف) پر محیطا غولنگ ریٹ بانڈز (FRB) پر مبنی سات نیا ایسٹیاں منفقہ کیں۔ مجموعی شمولیت کا مشاہدہ 706bn روپے کیا گیا تھا جبکہ ایس بی پی نے 290bn روپے رقم کی منظوری دی ہے۔

زیر جائزہ مدت کے دوران ایس بی پی نے کوئی جی او پی اجارہ سلگ آکشن کا انعقاد نہیں کیا۔

اسٹاک مارکیٹ کا جائزہ:

مالی سال 2018-19 کے دوران، پاکستان اسٹاک مارکیٹس 100 انڈیکس نے 19.11 - فیصد اہتر کار کردگی کا مظاہرہ کیا۔ زیر جائزہ مدت کے دوران، مارکیٹ غیر مستحکم رہی ہے، یہ 30 جولائی 2018 کو 43,556 پوائنٹس کی بلند ترین سطح تک پہنچنے کے بعد، مسلسل کم ہوتی چلی گئی اور 17 مئی 2019 کو 33,167 پوائنٹس کی اپنی سب سے کم سطح پر پہنچ گئی۔ مالی سال 2019 کا آغاز نمایاں مثبت اقتصادی اشاروں، قابل ذکر سی ڈی پی نمو، بہتر ملک کے تصور، SME کی پہچان کے ساتھ آغاز ہوا کیونکہ ملک کی معیشت کی پرامن محرکات اور اور سیز پاکستانیوں کی طرف سے تریل زر جاری ہو گیا۔ نئے کیلنڈر سال 2019 کے شروع میں ہی، مارکیٹ نے رفتار پکڑ لی لیکن مالی سال کے اختتام کے دوران انڈیکس 33,902 پوائنٹس پر بند ہوا جبکہ مارکیٹ کی سرمایہ کاری 6.88 ٹریلین روپے تھی۔ جولائی 2018 - جون 2019 کے دوران غیر ملکی سرمایہ کاروں نے 43.61 بلین روپے مالیت کی سیکورٹیز کی سرمایہ کاری کی، جو مقامی انفرادی سرمایہ کاروں، کمپنیوں اور انشورنس کمپنیوں کے ذریعے کی گئی۔

مستقبل کا نقطہ نظر:

مالیاتی سال 2019 کے دوران پاکستانی معیشت کو بہت ہی مشکلات پیش آئیں اور تقریباً تمام معاشی اشارے بدترین تھے۔ مالیاتی سال 2020 میں معیشت کو نئے اور بڑے چیلنجوں کا سامنا ہے۔ مالی سال 2018 میں معیشت واپائی کی بلند ترین سطح پر 5.5 فیصد مجموعی مقامی مصنوعات (جی ڈی پی) کا اعلان کیا گیا۔ مالی سال 2019 کے لئے پروڈیکٹس نمونہ تخمینہ 3.29 فیصد لگایا گیا ہے۔ تاہم، مالی سال 2020 کے لئے حکومت نے جی ڈی پی نمونہ تخمینہ 2.4 فی صد تک لگایا ہے۔ سال بہ سال مجموعی درآمدات میں معمولی اضافہ ہوا، تاہم کل برآمدات 19 فی صد تک بہتر ہوئی۔ پاکستان کا تجارتی توازن جون 2019 میں 2.6 بلین ڈالر کا خسارہ درج کیا گیا۔

پانی اور بجلی کا بحران مالی سال 2020 میں معاشی ترقی کو مزید نقصان پہنچا سکتا ہے۔ بین الاقوامی تنظیموں کے مطابق پاکستان کو 2025 تک پانی کے بحران کا سامنا کرنا پڑ سکتا ہے۔ بحران اس مالی سال میں زراعت کی ترقی کو مست کر سکتا ہے۔

غیر معمولی اقتصادی صورتحال کو دیکھتے ہوئے، جہاں 27 جون 2019 کو ملک کے غیر ملکی زرمبادلہ کے ذخائر دو ماہ سے کم عرصہ میں درآمد کے لحاظ سے 7.3 بلین ڈالر کی کم سے کم سطح پر پہنچ گئے۔ ہمیں مالی سال 2020 میں کرنسی کی قدر مزید کم اور دسمبر 2019 تک کلیدی شرح سود میں تیزی سے اضافہ ہونے کی توقع ہے۔

ایسٹ پیمنٹ انڈسٹری کا جائزہ

30 جون 2019 کو کمپنی کے ایسٹ انڈسٹریٹس (AUM) کی مالیت 655 ملین تھی جو 30 جون 2018 (684 ملین روپے) کے مقابلے میں 4.24 فی صد کم ہو گئی۔

میوہل فنڈ انڈسٹری کا AUMs 30 جون 2018 (586 ملین روپے) کے مقابلے میں 536 ملین روپے تک پہنچ گیا جو 8.55 فی صد کی کمی کا باعث بنا ہے۔

شرعیہ کھیلٹ فنڈز AUMs 11.38 فی صد تک کم ہو گیا، تاہم، روایتی فنڈز کا AUMs بھی 6.70 فی صد تک کم ہو گیا۔ فنڈ مارکیٹ فنڈز نے AUMs میں مثبت حصہ ڈالا۔

کارپوریٹ سماجی ذمہ داری اور ماحول پر اثرات:

سال کے دوران، 786 انویسٹمنٹ لمیٹڈ نے CSR سرگرمیاں منظم کیں اور جیم خانہ میں رہنے والے بچوں کے درمیان عید الفطر کی خوشیاں بانٹیں اور کمیونٹی کی اقدار اور لڑکیوں کی تعلیم پر آگہنی کو فروغ دیا۔ کمپنی کے کاروبار کا ماحول پر کوئی منفی اثر نہیں ہے اور ریگنٹا لوبی کے زیادہ سے زیادہ استعمال کے ساتھ، کمپنی کا فنڈ کے استعمال کو کم کرے گی۔

اصل خطرہ اور بے یقینی

ایسٹ پیمنٹ انڈسٹری کا ساٹھ سال کے دوران کمپنیل مارکیٹ کارکردگی میں گہری کمی کی وجہ سے سکتا گیا۔ سال کے دوران ڈاکومنٹ شرح میں مزید اضافہ نے انڈسٹری کے ساٹھ کے سکتا اہم کردار ادا کیا۔ کمپنی نے کمپنیل مارکیٹوں میں اوپن انڈ ڈنڈ کی سرمایہ کاری کا انتظام کیا ہے جو مانگیر و اکناک سے متاثر ہوئے ہیں اور سیاسی عناصر جو کمپنی کی کارکردگی کو متاثر کر سکتے ہیں۔ ملک میں سیاسی کشمکش میں اضافہ ایک خطرہ ہے گا اس کی وجہ سے غیر ملکی اور مقامی سرمایہ کار مارکیٹ سے باہر جاسکتے ہیں جس کے نتیجے میں قیمتوں اور منافع میں کمی آسکتی ہے۔ کرنسی کی قدر میں کمی بھی کمپنیل مارکیٹ کی کارکردگی اور کمپنی کی منافع یا پانی کو متاثر کر سکتی ہیں۔

کمپنی کی رسک مینجمنٹ پالیسیاں اور پروسیجرز یقینی بناتے ہیں کہ رسک کی موثر طریقہ سے شناخت، تشخیص، نگرانی اور انتظام کیا گیا ہے۔ رسک مینجمنٹ ایک متحرک فنکشن ہے اور مینجمنٹ آمدنی میں تغیر کو کم کرنے کے لئے اپنے داخلی رسک پروسیجرز اور عوامل کی مسلسل نگرانی لازمی بناتی ہے۔

بورڈ کی تفصیلات

لینڈ پیمنٹ (کارپوریٹ گورننس کا ضابطہ) ریگولیشن، 2017 کے تحت تمام بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تفصیلات ضروری ہوتی ہے۔ اس سلسلے میں، کمپنی کے بورڈ آف ڈائریکٹرز اور بورڈ کمیٹی کی کارکردگی کا جائزہ لینے کے لئے کمپنی میں اولیو اینشن سروے کی ایک وسیع رینج منعقد کی گئی تھی۔ بورڈ کے تمام اراکان کے تاثرات اسٹریٹجک وضاحت اور عقائد، کاروباری منصوبہ کی سمت اور اس کے کردار کی فعال کفایت کے شعبوں رتلی پیش تھے۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ کا دائرہ کار

ڈائریکٹرز بخوشی بیان کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات، اس کے امور آپریٹنگ کے نتائج، نقدی بہاؤ اور ایکٹیوٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور آئٹمنڈ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے اور کسی انحراف کا واضح انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گولڈ کسٹرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے سوائے جن کا مالی گوشواروں کے ساتھ منسلک تفصیلی بیان میں انکشاف کیا گیا۔
- فنڈ کے اینٹ میں کسی ڈائریکٹر، چیف ایگزیکٹو آفیسر، کمپنی سیکرٹری اور ان کے زوج اور ان کے باقی بچوں کی طرف سے سال کے دوران کوئی تجارت نہیں کی گئی سوائے جن کا مالی گوشواروں سے متعلق نوٹس میں انکشاف کیا گیا۔
- میکسر، ڈی بی ٹی، لیوین اور بٹا چارجز کی مد میں کوئی قانونی ادائیگی نہیں ہے۔
- ایک ڈائریکٹر نے ڈائریکٹرز میٹنگ پر وگراہم عمل کر لیا ہے، باقی ڈائریکٹرز ڈائریکٹرز میٹنگ پر وگراہم میں شرکت کریں گے یا کمیشن سے ایگزیکٹو حاصل کر لیں گے۔
- سال کے دوران، انتخابات ہوئے اور حصص داران نے احمد سلمان منیر کو منتخب کیا، باقی چھ ڈائریکٹرز کا دوبارہ انتخاب ڈائریکٹرز کے انتخاب میں کیا گیا۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران، پانچ اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے:

نام	منعقدہ اجلاسوں کی تعداد	تعداد حاضری اجلاس	تفصیل
محترمہ شفقت سلطانہ	5	5	-
محترمہ تارہ عزم راداد	5	5	-
محترمہ چارمان ہدایت اللہ	5	4	1**
جناب محمد اذکار خان	1	-	1**
جناب طاہر محمود	5	5	-
سید فرحان عباس	5	5	-
سید شاہت حسین	5	4	-
احمد سلمان منیر*	3	3	-



*SECP نے 19 ستمبر 2018 کو احمد سلمان منیر کی تقرری کی منظوری دی۔

** غیر حاضری کی پیمائی دی گئی۔

آڈٹ کمیٹی کا اجلاس

سال کے دوران، چار اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے:

نام	منعقدہ اجلاسوں کی تعداد	تعداد حاضری اجلاس	تعطیل
جناب سید شہابت حسین*	4	3	1
جناب طاہر محمود	4	4	-
سید فرحان عباس	4	4	-

بورڈ نے 17 ستمبر 2018 کو آڈٹ کمیٹی کی دوبارہ تشکیل کی۔

* سید شہابت حسین چار ماہین ہدایت اللہ کی جگہ آڈٹ کمیٹی میں شامل ہوئے۔

** غیر حاضری کی پیمائی دی گئی۔

آڈیٹرز

موجودہ آڈیٹرز، ہارون زکریا اینڈ کمپنی ریٹائر ہو گئے اور اہلیت کی بنیاد پر خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2020 کو ختم ہونے والے سال کے لئے قانونی آڈیٹرز کی حیثیت سے تقرری کی سفارش کی ہے اور بورڈ نے اس کی منظوری دے دی ہے۔

آڈیٹرز کی رپورٹ

آڈیٹرز نے 30 جون 2019 کو ختم ہونے والے سال کے لئے کمیٹی کے مالی گوشواروں پر اپنی رائے دی ہے، جس میں انہوں نے چند معاملات پر زور دیا ہے۔

• مالیاتی گوشواروں کے نوٹ 1.3 پر ہمارا جواب یہ ہے کہ انتظامیہ نے کمیشن کو انویسٹمنٹ ایڈوائزرز کی آڈٹ کی تجویز کی درخواست دی ہے لیکن ایکویٹی ریکورڈز میں کمی کے سبب کہا گیا ہے کہ جب تک انویسٹمنٹ ایڈوائزرز کی آڈٹ کی ایکویٹی ریکورڈز پوری نہیں ہوتیں اس وقت تک آڈٹس زیر التوا رہے گا۔ تاہم، کمیٹی کو کمیشن سے ایسٹ جمنٹ سرورسز جاری رکھنے کے آڈٹس کی تجویز وصول ہو گئی ہے۔ ایکویٹی ریکورڈز کو پورا کرنے کے لئے انتظامیہ مختلف حکمت عملیوں پر غور کر رہی ہے۔

• مالیاتی گوشواروں کے نوٹ 12.1 پر ہمارا جواب یہ ہے کہ کمیٹی نے سال کے دوران ایکویٹی کیے ریٹیز کا ڈسپیوٹل کیا ہے، لیکن مارکیٹ میں اتار چڑھاؤ کی وجہ سے کمیٹی نے SECP سے اجازت لی ہے۔ دسمبر 2019 تک بٹا یہ شیئر بیچنے کی۔

اخلاقیات اور کاروباری طریقوں کا بیان

کمیٹی کے بورڈ آف ڈائریکٹرز نے اخلاقیات اور کاروباری طریقوں پر عمل کیا ہے۔ تمام ملازمین کو اس بیان بارے میں مطلع کیا گیا ہے اور کاروباری قواعد و ضوابط کے سلسلے میں ان اصولوں پر عمل کرنا ضروری قرار دیا گیا ہے۔



ڈیویڈنڈ

مذکورہ بالا کی بنیاد پر، کمپنی کے بورڈ آف ڈائریکٹرز نے سال کے لئے شیئرز ہولڈرز کو کوئی ڈیویڈنڈ تقسیم نہ کرنے کا فیصلہ کیا ہے۔

کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کو "AM3" کی ایسٹ بیچر ریٹنگ تفویض کی ہے۔

کمپنی کے حصص میں تجارت

سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر اور کمپنی سیکرٹری، ان کے زوج اور باقی بچوں کی طرف سے حصص کی کوئی تجارت نہیں کی گئی ہے۔

منسلک افراد / متعلقہ پارٹیوں کے ساتھ لین دین

فنز اور اس سے متعلقہ افراد کے درمیان لین دین جیسا کہ مالی گوشواروں میں انکشاف کیا گیا، قابل رسائی بنیاد پر کیا جاتا ہے۔

30 جون 2019 کو پونٹ ہولڈنگ کا نمونہ

30 جون 2019 کو پونٹ ہولڈرز کا نمونہ ان مالی گوشواروں سے منسلک کر دیا گیا ہے۔

اہم مالیاتی جھلکیاں

کلیدی مالیاتی جھلکیوں کا خلاصہ ان مالیاتی گوشواروں کے ساتھ منسلک کر دیا گیا ہے۔

اسٹاف گورنرانٹ منٹ کے فوائد

786 تمام مستقل ملازمین کے لئے ایک پرائیڈنٹ فنڈ اسکیم چلا رہی ہے جس کی تفصیلات ان مالیاتی گوشواروں میں شامل ہے۔

بعد از پبلنٹس شیٹ واقعات

پبلنٹس شیٹ کی تاریخ کے بعد، کوئی واقعہ رونما نہیں ہوا ہے۔

اظہار تشکر

مٹہنٹ 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 شیئرز ہولڈرز کا بھی شکر یہ ادا کرتے ہیں۔

شفقت سلطانہ
چیئر پرسن

ڈائریکٹر

کراچی، 23 ستمبر 2019ء

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF 786 INVESTMENTS LIMITED**

Review Report on the Statement of Compliance contained in listed companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **786 Investments Limited** for the year ended June 30, 2019 in accordance with the requirement of regulation 40 of the Regulation.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulation require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the Related party transaction by the board of directors upon recommendations of the Audit committee. We have not carried out procedures to assess and determine the company's process for identification of the related party and that whether the related party transactions were undertaken at arm's length price or not.



Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the note reference where it is stated in the Statement of Compliance:

<i>Note Reference</i>	<i>Description</i>
4	We draw attention to note 12.1 to the financial statements which provide details regarding the equity portfolio maintained by the Company for which SECP has required the company to submit time bound action plan for the disposal of such equity portfolio so as to meet the requirements of NBFC regulations. The company has submitted its plan mentioning the disposal will occur by December 31, 2019.
10	Chief Financial Officer of the Company also holds the office of the Company Secretary. However, the Company is in process of seeking relief from SECP in respect of prohibition on simultaneous holding of both positions.



Hayat Zakaria B.Li
Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Date: 23 SEP 2019



**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR
THE YEAR ENDED JUNE 30, 2018.**

The Company has complied with the requirement of the Regulation in the following manner:

1. The total number of directors are seven (7) as per the following:
 - a) Male: 04
 - b) Female: 03
2. The Composition of board is as follows:

Category	Names	Designation
Independent Directors	Ms. Shafqat Sultana Ms. Charmaine Hidayatullah Syed Shabhat Hussain Mr. Ahmed Salman Munir	Chairperson Director Director Director
Executive Director	Ms. Tara Uzra Dawood	Chief Executive Officer
Non-Executive Director	Syed Farhan Abbas Mr. Tahir Mehmood	Director Director

3. The Directors have confirmed that none of them is serving as a director in more than five listed companies, including 786 Investments Ltd (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Management Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a Vision/Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirement of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. Ms. Charmaine Hidayatullah, Independent Director attended the directors' training program during the year. The Company ensure that at least half of the Board of Directors comply the requirement of Director Training Program by June 30, 2020 as per new Listed Companies (Code of Corporate Governance) Regulation, 2019.



10. The Board has approved appointment of Chief Financial Officer and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirement of the Regulations. The Chief financial Officer and the company secretary is the same person and the management decided to seek relaxation for segregation of the position for one year.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed following committees comprising of members given below:

Category	Names	Committees	Designation
Independent Directors Non-Executive Director Non-Executive Director	Syed Shabahat Hussain Syed Farhan Abbas Mr. Tahir Mehmood	Audit Committee	Chairman Audit Committee Member Member
Independent Directors Executive Director Non-Executive Director	Ms. Shafqat Sultana Ms. Tara Uzra Dawood Mr. Tahir Mehmood	Human Resource & Remuneration Committee	Chairperson HR&RC Member Member

13. The terms of reference of the aforesaid committees have committee have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
 Audit Committee : 04 meeting were held during the FY 2018-2019
 HR & Remuneration Committee: 01 meeting were held during the FY 2018-2019
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountant (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulation or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulation have been complied with.

Shafqat Sultana
Chairperson

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF 786 INVESTMENTS LIMITED
REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**

Opinion

We have audited the annexed financial statements of **786 Investments Limited** which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter(s)

- (i) We draw attention to **note 1.3** to the financial statements explaining Shortfall in Minimum equity requirement for the purpose of renewal of Investment Advisory License.
- (ii) We further draw attention to **note 12.1** to the financial statements which provide details regarding the equity portfolio maintained by the Company for which SECP has required the company to submit time bound action plan for the disposal of such equity portfolio so as to meet the requirements of NBFC regulations. The company has submitted its plan mentioning the disposal will occur by December 31, 2019.

Our opinion is not qualified in respect of above matters.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

<i>S. No.</i>	<i>Key audit matter(s)</i>	<i>How the matter was addressed in our audit</i>
1)	<p>First time adoption IFRS 9 – Financial Instruments</p> <p>As referred to in note 4.1.2 to the financial statements, the Company has adopted IFRS 9 with effect from 01 July, 2018.</p> <p>We have considered the first time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.</p>	<p>1) We obtained necessary information from management for completeness of disclosures and evaluate the appropriateness of such information by cross checking it with relevant audit evidences.</p> <p>2) Evaluating the treatment of Equity instruments classified as At fair value - through Other Comprehensive income in accordance with the requirements of IFRS 9</p>
2)	<p>Transactions with the related parties</p> <p>As referred in note 8 and 32 to the financial statements, 786 Investments Limited is the Fund Manager of First Dawood Mutual Fund, 786 Rising Star Fund (Formerly Dawood Islamic Fund) and Dawood Income Fund.</p> <p>With the above related parties transactions are undertaken in the normal course of business, the fee charged mechanism adopted which involves the determination of profit margins to be included in the management fee on a daily basis, may potentially impact the operating results of the Company in a significant manner.</p> <p>Further, As referred in note 32 Disposal of Shares of Dawood Family Takaful Limited and Al Baraka Bank Pakistan Limited to the Chief Executive of the Company</p>	<p>Our key audit procedures with respect to related party sales transactions with First Dawood Mutual Fund included:</p> <p>1) Examination of the service agreement which sets out the terms and conditions of such transactions and also fee mechanism to be followed for the same</p> <p>2) Obtaining confirmation from FDMF for transactions and balance, approval of the said agreement and pricing policies by the Board of Directors of the respective Funds and compliance with the relevant requirements of the companies Act 2017 and Code of Corporate Governance with respect to such related party transactions.</p>

<i>S. No.</i>	<i>Key audit matter(s)</i>	<i>How the matter was addressed in our audit</i>
	<p>We have Considered these to be a key audit matters due to their materiality, nature and significance in terms of judgments involved.</p>	<p>3) We also evaluated the appropriateness of the disclosures of such related party transactions in accordance with the requirements of the applicable financial reporting standards. In doing so, we considered the adequacy and relevance of the information disclosed in the financial statements to comply with the requirements of “IAS 24 – Related Party Disclosure.</p> <p>4) Obtained Board approval, Approval from SECP and bank receipts in respect of Disposal of shares of Dawood Family Takaful Limited and Al Baraka Bank Pakistan Limited</p>
3)	<p><i>Valuation of Investments</i></p> <p>The value of investment comprising long and short term is Rs. 191.55 Million as at June 30, 2019 (2018: Rs. 236.47 Million) held by the company at the year end is considered to be a key audit matter due to significance of amount and use of judgement in assessing impairment.</p> <p>Refer to note 4.6 and 4.7 for the accounting policy on investments and details of the investments are disclosed in note 8 and 12.</p>	<p>Test of detail are performed on investments held by the company including inspecting source documents and evaluating quoted market rates and fair values where applicable.</p> <p>Further valuation of investment has been substantiated in accordance with appropriate and relevant accounting standards.</p>

Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The Other Information comprises the information included in the Company’s Annual Report does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss ,the statement of other comprehensive income , the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

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



Reanda Haroon Zakaria & Co.
Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 23 SEP 2019



**STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019**

	<i>Note</i>	<i>2019 Rupees</i>	<i>2018 Rupees</i>
<u>ASSETS</u>			
Non-Current Assets			
Property and Equipment	6	5,569,923	8,620,715
Intangible Asset	7	1,246,590	-
Long-Term Investments	8	181,475,932	227,845,347
Long-Term Advances	9	-	668,352
Long-Term Deposits and Prepayments	10	1,036,300	36,300
Deferred Tax Asset	11	-	-
		189,328,745	237,170,714
Current Assets			
Short-Term Investments	12	10,071,630	8,625,160
Loans and Advances	13	39,667	524,350
Prepayments and Other Receivable	14	7,401,153	7,339,646
Trade Receivable	15	2,487,149	2,404,804
Accrued Markup	16	153,119	24,999
Taxation - Net	17	5,046,837	4,654,124
Cash and Bank Balance	18	4,539,920	3,313,649
		29,739,475	26,886,732
Total Assets		219,068,220	264,057,446
<u>EQUITY AND LIABILITIES</u>			
Share Capital and Reserves			
Authorized Capital			
20,000,000 (2018: 20,000,000) Ordinary Shares of Rs. 10 Each		200,000,000	200,000,000
Issued, Subscribed and Paid Up Capital			
14,973,750 (2018: 14,973,750) Ordinary Shares of Rs. 10 Each	19	149,737,500	149,737,500
General Reserves		33,630,264	33,630,264
Unrealized (Loss)/Gain on Revaluation of Investments			
- At Fair Value Through Other Comprehensive Income		(13,777)	5,075,025
Share of Unrealized Gain on Remeasurement of Investments in Associates		210,748	70,843
Unappropriated Profit		16,819,862	56,933,541
		200,384,597	245,447,173
Current Liabilities			
Trade and Other Payables	20	17,684,881	17,611,531
Unclaimed Dividend	21	998,742	998,742
		18,683,623	18,610,273
Contingencies and Commitments			
Total Equities and Liabilities	22	219,068,220	264,057,446

The annexed notes from 1 to 39 form an integral part of these financial statements.

786 Investments Limited
(Management Company)

Chief Financial Officer

Director

Chief Executive Officer



**STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Note</i>	<i>2019 Rupees</i>	<i>2018 Rupees</i>
Income			
Remuneration from Funds Under Management	23	12,017,853	11,501,109
Capital (Loss)/Gain on Sale Of Investment		(1,349,926)	42,699
Loss on Redemption Of Units Of Associates' Investment		(11,472,144)	-
Impairment against Investments		-	(154,233)
		<u>(804,217)</u>	<u>11,389,575</u>
Expenses			
Administrative and Operating Expenses	24	(31,962,858)	(32,457,415)
Financial Charges	25	(5,220)	(1,749)
		<u>(31,968,078)</u>	<u>(32,459,164)</u>
Operating Loss		<u>(32,772,295)</u>	<u>(21,069,589)</u>
Other Operating Income	26	3,743,568	556,787
Share of Associates' Loss	27	(10,928,383)	(4,375,856)
Loss Before Taxation		<u>(39,957,110)</u>	<u>(24,888,658)</u>
Taxation	28	(3,250,394)	(1,576,942)
Net Loss for the Year		<u><u>(43,207,504)</u></u>	<u><u>(26,465,600)</u></u>
Loss Per Share - Basic And Diluted	29	<u><u>(2.89)</u></u>	<u><u>(1.77)</u></u>

The annexed notes from 1 to 39 form an integral part of these financial statements.

786 Investments Limited
(Management Company)

Chief Financial Officer

Director

Chief Executive Officer



**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
Net Loss for the Year	(43,207,504)	(26,465,600)
Other Comprehensive (Loss)/Income		
(Loss)/Gain on Revaluation of Investments - At Fair Value - Through Other Comprehensive Income	(1,994,977)	976,882
Share of Unrealized Gain From Associates' on Remeasurement of Investments	139,905	49,440
Total Comprehensive Loss for the Year	<u>(45,062,576)</u>	<u>(25,439,278)</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.

786 Investments Limited
(Management Company)

Chief Financial Officer

Director

Chief Executive Officer



**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

	<i>Note</i>	<i>2019 Rupees</i>	<i>2018 Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Loss Before Taxation		(39,957,110)	(24,888,658)
Adjustments for:			
Depreciation on Property and Equipment		2,340,363	1,624,388
Amortization		138,510	-
Impairment Against Long-Term Investments		-	154,233
Financial Charges		5,220	1,749
Gain on Disposal of Property and Equipment		(702,795)	(12,416)
Mark Up Earned on Saving Account		(352,923)	(544,371)
Capital Loss/(Gain) on Sale of Investment		1,349,926	(42,699)
Loss on Redemption of Units of Associates' Investment		11,472,144	-
Share of Loss from Associates'		10,928,383	4,375,856
		25,178,828	5,556,740
Operating Cash Flows Before Working Capital Changes		(14,778,282)	(19,331,918)
(Increase)/Decrease In Current Assets			
Loans and Advances		484,683	(524,350)
Trade Receivable		(82,345)	1,043,788
Prepayments and Other Receivables		(61,507)	240,898
		340,831	760,336
Increase/(Decrease) in Current Liabilities			
Trade and Other Payables		73,350	2,306,712
		(14,364,101)	(16,264,870)
Income Taxes Paid - Net		(3,643,107)	(1,304,617)
Financial Charges Paid		(5,220)	(1,749)
Net Cash Used in Operating Activities		(18,012,428)	(17,571,236)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Investments - Net		19,317,420	15,000,000
Long-Term Advances		-	166,148
Long-Term Deposits and Prepayments		(1,000,000)	-
Proceeds From Disposal of Tfc's		-	42,699
Proceeds From Disposal of Property & Equipment		2,508,200	50,000
Receipt of Mark Up on Savings Account		224,803	597,306
Capital Expenditure Incurred		(1,811,724)	(7,306,934)
Net Cash Generated From Investing Activities		19,238,699	8,549,219
Net Increase/(Decrease) In Cash and Cash Equivalents		1,226,271	(9,022,017)
Cash and Cash Equivalents At Beginning of the Year		3,313,649	12,335,666
Cash and Cash Equivalents At End of the Year	35	4,539,920	3,313,649

The annexed notes from 1 to 39 form an integral part of these financial statements.

786 Investments Limited
(Management Company)

Chief Financial Officer

Director

Chief Executive Officer



**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019**

	Share Capital	Reserves				Subtotal	Total Equity	
		Capital	Revenue					
	Issued, Subscribed and Paid-Up Capital	General Reserve	Unrealized Gain/(Loss) on Measurement of Investments - At Fair Value - Through Other Comprehensive Income	Share of Unrealized Gain on Remeasurement of Associates' Investments	Unappropriated Profit			
Note ----- Rupees -----								
Balance as at July 1, 2017	36.2	149,737,500	33,630,264	4,098,143	21,403	83,399,141	121,148,951	270,886,451
Loss for the Year								
Other Comprehensive Income/(Loss)								
Gain on Revaluation of Investments - At fair Value - Through Other Comprehensive Income		-	-	976,882	-	-	976,882	976,882
Share of Unrealized Gain on Remeasurement of Associates' Investments	36.1	-	-	-	49,440	-	49,440	49,440
Total Comprehensive Income/(Loss) for the Year		-	-	976,882	49,440	(26,465,600)	(25,439,278)	(25,439,278)
Balance as at June 30, 2018		149,737,500	33,630,264	5,075,025	70,843	56,933,541	95,709,673	245,447,173
Loss for the Year								
Other Comprehensive Income/(Loss)								
Loss on Revaluation of Investments - At fair Value - Through Other Comprehensive Income		-	-	(1,994,977)	-	-	(1,994,977)	(1,994,977)
Transfer to Equity on Account of Disposal of Investment - At Fair Value - Through Other Comprehensive Income		-	-	(3,093,825)	-	3,093,825	-	-
Share of Unrealized Gain on Remeasurement of Associates' Investments		-	-	-	139,905	-	139,905	139,905
Total Comprehensive Income/(Loss) for the Year		-	-	(5,088,802)	139,905	(40,113,679)	(45,062,576)	(45,062,576)
Balance as at June 30, 2019		149,737,500	33,630,264	(13,777)	210,748	16,819,862	50,647,097	200,384,597

The annexed notes from 1 to 39 form an integral part of these financial statements.

**786 Investments Limited
(Management Company)**

Chief Financial Officer

Director

Chief Executive Officer



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

1 STATUS AND NATURE OF BUSINESS

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

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

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

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

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

- 1.3 In accordance with Regulation 4 of part I of Non Banking Finance Companies and Notified Entities Regulations, 2008 an NBFC licensed by the Commission to undertake Asset Management Services and Investment Advisory Services is required to maintain equity amounting to Rs. 230 Million. As at the year end the Company's equity amounted to Rs. 200.38 (2017: Rs. 245.45) Million due to which license relating to Investment Advisory Services has not been renewed. The Company's financial statements for the year ended June 30, 2019 are being prepared on a going concern basis as the management has complied with the minimum equity requirement in respect of Asset Management Services and submitted the renewal fees relating to Investment Advisory services which in the opinion of the Company will be renewed. Asset Management services License is renewed successfully dated May 28, 2019 under Rule 5 of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 amended through S.R.O 1131(1) 2007, S.R.O 271(1) 2010, S.R.O 570(1)/2012 and S.R.O 1002(1)/2015 respectively.

2 SIGNIFICANT TRANSACTIONS AND EVENT THAT AFFECTED THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

- (i) Long term investment of the company decreased by 20.86% approximately, mainly owing to disposal of shares of Dawood Family Takaful Limited and Al Baraka Bank (Pakistan) Limited.
- (ii) The Company has incurred loss in percentage of 149.36% on its share of associates' due to adverse Stock Market Performance.

3 BASIS OF PREPARATION

3.1 Statement of Compliance

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

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

3.3 Functional and Presentation Currency

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



3.4 New or Amendments/interpretations to existing standards, interpretation and forth coming requirements:

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July, 2018 other than those disclosed in note 4.1 are considered not to be relevant or do not have any significant effect on the company's financial statements and are therefore not stated in these financial statements.

3.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July, 2019:

- 3.5.1** IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC - 15 'Operating Leases - Incentives' and SIC - 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on - balance sheet lease accounting model for lessees. A lessee recognizes a right - of - use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low - value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management is in the process of analyzing the potential impacts on adoption of this standard.
- 3.5.2** IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January, 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.
- 3.5.3** Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortized cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortized cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.
- 3.5.4** Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as Long Term Interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.
- 3.5.5** Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.
- 3.5.6** Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- 3.5.7** Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- 3.5.8** On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

3.5.9 Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.



The above amendments are effective from annual periods beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the significant accounting policies consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

4.1 Changes in Significant Accounting Policies

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period/year ending on or after 30 June 2019 respectively.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

4.1.1 IFRS 15 'Revenue from Contracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company. Therefore, adoption of IFRS 15 at 01 July 2018, did not have an effect on the financial statements of the Company as remuneration from funds under management is recognized on origination of invoice to Funds when the related services are rendered.

4.1.2 IFRS 9 'Financial Instruments'

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies if any, resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

i Classification and Measurement of Financial Assets and Financial Liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.



The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

The accounting policies that apply to financial assets are stated in note 4.5 to the financial statements.

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 30 June 2018 and 01 July 2017.

<i>As at 30 June 2018</i>	<i>Original classification under IAS 39</i>	<i>New Classification Under IFRS 9</i>	<i>Original Carrying Amount Rupees</i>	<i>New Carrying Amount Rupees</i>
First Dawood Investment Bank Limited - Shares	Available for Sale	At Fair Value - Through Other Comprehensive Income	8,625,160	8,625,160
Loans and Advances	Loans and Receivables	Amortized Cost	524,350	524,350
Long-Term Deposits	Loans and Receivables	Amortized Cost	36,300	36,300
Trade Receivable	Loans and Receivables	Amortized Cost	2,404,804	2,404,804
Accrued Markup	Loans and Receivables	Amortized Cost	24,999	24,999
Cash and Bank Balance	Loans and Receivables	Amortized Cost	3,313,649	3,313,649
Total			14,929,262	14,929,262

<i>As at 01 July 2017</i>	<i>Original classification under IAS 39</i>	<i>New Classification under IFRS 9</i>	<i>Original Carrying Amount Rupees</i>	<i>New Carrying Amount Rupees</i>
First Dawood Investment Bank Limited - Shares	Available for Sale	At Fair Value - Through Other Comprehensive Income	7,648,278	7,648,278
Long-Term Deposits	Loans and Receivables	Amortized Cost	36,300	36,300
Trade Receivable	Loans and Receivables	Amortized Cost	3,448,593	3,448,593
Accrued Markup	Loans and Receivables	Amortized Cost	77,934	77,934
Cash and Bank Balance	Loans and Receivables	Amortized Cost	12,335,666	12,335,666
Total			23,546,771	23,546,771

ii Classification and Measurement of Financial Assets and Financial Liabilities

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company's experience of collection history and no historical loss rates/bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and/or financial performance of the Company.

Loss allowance on debt securities are measured at 12 months expected credit losses as those are determined to have low credit risk at the reporting date. Since there is no loss given default, therefore no credit loss is expected on these securities. Loss allowance on other securities and bank balances is also measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances.

4.2 Property and Equipment

4.2.1 Owned

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of fixed assets when that cost is incurred. Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Depreciation is charged to statement of profit or loss over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 7 to the financial statements.



Depreciation on additions is charged from the month in which the assets are put to use while no depreciation is charged in the month in which the assets are disposed off.

The carrying amounts are reviewed at each statement of financial position date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount.

An item of fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

The residual values and useful lives of assets are reviewed at each financial year end and adjusted, if appropriate.

Gains and losses on disposals, if any, are included in the statement of profit or loss.

4.3 Intangible Assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

4.3.1 Computer Software

This is initially stated at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged applying straight line method over estimated useful life of the Computer Software.

4.4 Impairment of non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized in the statement of profit or loss.

4.5 Financial Assets

Initial Measurement

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition

Subsequent Measurement

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest/markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss
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Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.
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Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest/markup or dividend income, are recognized in statement profit or loss.
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Financial assets measured at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest/markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.
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4.6 Investments

- Investments in TFCs are classified as at fair value - through other comprehensive income and are initially measured at cost being the fair value at the time of acquisition. Transaction costs directly attributable to the acquisition are included in the carrying amount. Subsequently these investments are measured at rates prevailing on the MUFAP (Mutual fund Association of Pakistan) changes in the value are recognized in other comprehensive income and will be available for reclassification to statement of profit or loss when the TFCs are disposed.
- Investment in Shares are classified as fair value through - other comprehensive income and is initially measured at cost being the fair value at the time of acquisition and subsequently is measured at fair value determined using the market value at each reporting date. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

4.7 Investments in Associates - Equity Method

Entities in which the Company has significant influence but not control and which are neither its subsidiaries nor joint ventures are associates and are accounted for by using the equity method of accounting.

These investments are initially recognized at cost and thereafter, the carrying amount is increased or decreased to recognize the Company's share of profit or loss of associates. Share of post acquisition profit and loss of associates is accounted for in the Company's profit and loss account. Distribution received from investee reduces the carrying amount of investment.

The changes in the associate's equity which have not been recognized in the associates' profit or loss account, are recognized directly in the equity of the Company.

4.8 Securities Under Repurchase/Resale Agreements

Securities purchased under a corresponding commitment to resell at a specified future date (reverse-repo) are recorded as receivables against carry-over transactions at fair value of the consideration given. Securities sold under a simultaneous commitment to repurchase at a specified future date (repo) are recognized in the statement of financial position as investments and the counterpart liability is shown as payable against carry over transactions. All carry over transactions are accounted for on settlement date basis.

4.9 Trade Debts and Other Receivables

Trade debts and other receivables are recognized and carried at original invoiced amount. When a trade debt is uncollectible, it is written off and charge to statement of profit or loss. Subsequent recoveries of amounts previously written off are credited to the statement of profit or loss.

4.10 Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalent consist of cash in hand and bank balances.

4.11 Impairment of Financial Assets

The Company recognizes loss allowances for ECLs in respect of financial assets measured at amortized cost

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.12 De-Recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership



4.13 Financial Liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

4.14 Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously

4.15 Related Party Transactions and Transfer Pricing

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at arm's length prices which are determined in accordance with the methods prescribed in the Companies Act, 2017.

4.16 Employee Retirement Benefits-Defined Contribution Plan

The Company operates recognized provident fund scheme for all its eligible employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 10 percent of basic salary.

4.17 Borrowing/Debt

Borrowings/debt is recognized initially at fair value, net of transaction costs incurred. These are subsequently measured at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of borrowings/debt under the effective interest method. Markup/profit on borrowings/debt is calculated using the effective interest method and is recognized in the statement of profit or loss.

4.18 Trade and Other Payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.19 Proposed Dividend and Transfer Between Reserves

Dividends declared and transfer between reserves, except appropriations which are required by the law, made subsequent to the statement of financial position date are considered as non adjusting events and are recognized in the financial statements in the year in which such dividends are declared or transfers between reserves are made.

4.20 Foreign Currency Transactions

Transactions denominated in foreign currencies are accounted for in Pakistani Rupee (rupee) at the foreign exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the foreign exchange rates approximating those prevailing at the statement of financial position date. Exchange differences are taken to the statement of profit or loss.

4.21 Revenue Recognition

Remuneration for investment advisory and asset management services are recognized on accrual basis.

Commission income is recognized on accrual basis.

Gains and losses on sale of marketable securities are recognized on the date of sale.

Dividend income is recorded when the right to receive the dividend is established. Return on securities other than shares is recognized on accrual basis.

Return on bank deposits are recognized on accrual basis. Other income is recognized as and when earned.

4.22 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, if it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

4.23 Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.



4.24 Taxation

Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into consideration available tax credits, rebates and tax losses, if any. However, for income covered under final tax regime, taxation is based on applicable tax rules under such regime. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed/finalized during the year.

Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary timing differences arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

4.25 Earning per Share

The Company presents basic and diluted earnings/loss per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary share holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- a) Recognition of taxation and deferred taxation;
- b) Determining the useful lives of operating fixed assets;
- c) Classification of investments; and
- d) Impairment of financial assets.

6 PROPERTY AND EQUIPMENT

6.1 The Following is the Statement of Property and Equipment:

Description	Note	Furniture and Fixtures	Vehicles	Office Equipment & Communication Devices	Computers	Total
Year Ended June 30, 2019						
Opening Net Book Value (NBV)		540,922	6,703,416	523,567	852,810	8,620,715
Additions (At Cost)		-	-	220,304	874,672	1,094,976
		540,922	6,703,416	743,871	1,727,482	9,715,691
Disposals	6.1.1					
Cost		-	2,424,000	-	41,500	2,465,500
Depreciation		-	(646,400)	-	(13,695)	(660,095)
Net Book value		-	1,777,600	-	27,805	1,805,405
Depreciation Charge		(72,633)	(1,482,274)	(132,422)	(653,034)	(2,340,363)
Closing Net Book Value		468,289	3,443,542	611,449	1,046,643	5,569,923
Gross Carrying Value Basis						
Cost		1,487,514	5,593,370	1,494,502	5,222,266	13,797,652
Accumulated Depreciation/Impairment		(1,019,225)	(2,149,828)	(883,053)	(4,175,623)	(8,227,729)
Net Book Value		468,289	3,443,542	611,449	1,046,643	5,569,923



Description	Note	Furniture and Fixtures	Vehicles	Office Equipment & Communication Devices	Computers	Total
<i>Year Ended June 30, 2018</i>						
<i>Net Carrying Value Basis</i>						
Opening Net Book Value (NBV)		73,490	2,575,415	70,599	256,249	2,975,753
Additions (At Cost)		525,042	5,331,300	542,005	908,587	7,306,934
		598,532	7,906,715	612,604	1,164,836	10,282,687
<i>Disposals</i>						
Cost		-	-	182,435	-	182,435
Depreciation		-	-	(144,851)	-	(144,851)
Net Book Value		-	-	37,584	-	37,584
Depreciation Charge		(57,610)	(1,203,299)	(51,453)	(312,026)	(1,624,388)
Closing Net Book Value		540,922	6,703,416	523,567	852,810	8,620,715
<i>Gross Carrying Value Basis</i>						
Cost		1,487,514	8,017,370	1,274,198	4,389,094	15,168,176
Accumulated Depreciation/Impairment		(946,592)	(1,313,954)	(750,631)	(3,536,284)	(6,547,461)
Net Book Value		540,922	6,703,416	523,567	852,810	8,620,715
<i>Depreciation Rate % per Annum</i>						
		10	20	20	33	

6.1.1 Detail of the Assets Disposed off During the Year.

Particulars	Original Cost	Accumulated Depreciation	Book Value	Sale Proceed	Gain on Disposal	Mode of Disposal	Purchaser	Relationship with Purchaser
<i>Vehicle</i>								
- Honda Civic	2,424,000	646,400	1,777,600	2,475,000	697,400	Market Value	Fateh Ijaz	Third Party
<i>Computer Equipment</i>								
- Laptop	41,500	13,695	27,805	33,200	5,395	Insurance Claim	Jubilee Insurance	Insurer
Total	2,465,500	660,095	1,805,405	2,508,200	702,795			

	Note	2019 Rupees	2018 Rupees
7 INTANGIBLE ASSET			
Computer Software	7.1	1,246,590	-
7.1 Computer Software			
<i>Opening Net Book Value</i>		-	-
Addition		1,385,100	-
Amortization Charge		(138,510)	-
Closing Net Book Value		1,246,590	-
<i>As at June 30, 2019</i>			
Cost		1,385,100	-
Accumulated Amortization		(138,510)	-
		1,246,590	-
<i>Rate of Amortization</i>		10%	-



8 LONG-TERM INVESTMENTS	<i>Note</i>	<i>2019 Rupees</i>	<i>2018 Rupees</i>
<i>Investments in Associates - Units of Mutual Funds - Equity Method</i>			
<i>First Dawood Mutual Fund (Open-End - Fund) - an associate (Using Equity Method)</i>			
3,442,964 (June 30, 2018: 8,069,728) Units, Representing 55.72% (June 30, 2018: 74.28%) Holding.	8.1	59,702,020	180,584,362
<i>Dawood Income Fund (Open - End - Fund) - an associate (using equity method)</i>			
1,372,100 (June 30, 2018: 348,387) Units, Representing 24.67% (June 30, 2018: 9.19%) Holding.	8.2	110,362,938	30,765,592
<i>786 Rising Star Fund (Formerly Dawood Islamic Fund) (Open-End- Fund) - an associate (using equity method)</i>			
109,323 (June 30, 2018: 40,680) Units, Representing 11.20% (June 30, 2018: 4.49%) Holding.	8.3	11,410,974	4,762,552
		181,475,932	216,112,506
<i>At fair value - through other comprehensive income - Shares - unquoted</i>			
<i>Al Baraka Bank (Pakistan) Limited</i>			
Nil (June 30, 2018: 2,961) Shares		22,655	24,545
Less: Impairment		-	(1,890)
Less: Sale of 2,961 Shares	8.4	(22,655)	-
		-	22,655
<i>Dawood Family Takaful Limited - Related party</i>			
Nil (June 30, 2018: 2,372,500) Shares		11,710,186	11,862,529
Less: Impairment		-	(152,343)
Less: Sale of 2,372,500 Shares	8.4	(11,710,186)	-
		-	11,710,186
		181,475,932	227,845,347

8.1 The abridged audited financial information of First Dawood Mutual Fund (the Fund) based on the audited financial statements as at June 30, 2019 is as follows:

Associate's Statement of Assets and Liabilities

Total Assets	116,323,882	253,136,872
Total Liabilities	9,176,709	10,020,187
Net Assets	107,147,173	243,116,685

Number of Units in Issue

6,179,086	10,864,101
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Units Held as at June 30

3,442,964	8,069,728
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Net Assets Value per Unit

17.34	22.38
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Share Of Company's Net Assets

59,702,020	180,584,362
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Associate's Income Statement

(Loss)/Income	(36,689,597)	2,046,419
Expenses	(6,199,964)	(8,842,581)
Net Loss Before Taxation	(42,889,561)	(6,796,162)
Taxation	-	-
Net Loss After Taxation	(42,889,561)	(6,796,162)

8.1.1 The First Dawood Mutual fund has been classified as an associate owing to holding in excess of Twenty percent in the investee.



8.2 The abridged audited financial information of Dawood Income Fund (the Fund) based on audited financial statements as at June 30, 2019 is as follows:

	2019 Rupees	2018 Rupees
<i>Associate's Statement of Assets and Liabilities</i>		
Total Assets	454,559,584	341,652,743
Total Liabilities	8,867,811	6,928,447
Net Assets	445,691,773	334,724,296
<i>Number of Units In Issue</i>		
	5,541,116	3,790,392
<i>Units Held as at June 30</i>		
	1,372,100	348,387
<i>Net Assets Value per Unit</i>		
	80.43	88.31
<i>Share of Company's Net Assets</i>		
	110,362,938	30,765,592
<i>Associate's Income Statement</i>		
Income	62,022,773	47,010,220
Expenses	(11,590,373)	(11,899,517)
Net Income Before Taxation	50,432,400	35,110,703
Taxation	-	-
Net Income After Taxation	50,432,400	35,110,703

8.2.1 The Dawood Income Fund has been classified as an associate owing to holding in excess of Twenty percent (June 30, 2018: Despite the fact that the Company holds less than twenty percent holding in the Fund for the reason that the Company is also an investment advisor of the fund by virtue of which it participates in the financial and operating policies of the Fund and hence has significant influence over its investee).

8.3 The abridged audited financial information of 786 Rising Star Fund (Formerly Dawood Islamic Fund) (the Fund) based on audited financial statements as at June 30, 2019 is as follows:

	2019 Rupees	2018 Rupees
<i>Associate's Statement of Assets and Liabilities</i>		
Total Assets	105,027,591	109,611,116
Total Liabilities	3,107,401	3,457,932
Net Assets	101,920,190	106,153,184
<i>Number of Units in Issue</i>		
	976,448	906,713
<i>Units Held as at June 30</i>		
	109,323	40,680
<i>Net Assets Value per Unit</i>		
	104.38	117.07
<i>Share of Company's Net Assets</i>		
	11,410,974	4,762,552
<i>Associate's Income Statement</i>		
Loss	(7,869,666)	(7,091,191)
Expenses	(4,128,519)	(11,818,370)
Net Loss Before Taxation	(11,998,185)	(18,909,561)
Taxation	-	-
Net Income After Taxation	(11,998,185)	(18,909,561)

8.3.1 The 786 Rising Star Fund (Formerly Dawood Islamic Fund) has been classified as an associate Despite the fact that the Company holds less than twenty percent Holding in the Fund for the reason that the Company is also an investment advisor of the fund by virtue of which it participates in the financial and operating policies of the Fund and hence has significant influence over its investee.

8.4 SECP has granted approval for Disposal of shares of Dawood Family Takaful Limited and Al Baraka Bank (Pakistan) Limited vide letter SCD/AMC/786IL/42/2018 dated July 31, 2018.



8.4.1 During the year shares of Dawood Family Takaful Limited and Al Baraka Bank (Pakistan) Limited are disposed to the Chief Executive Officer of the Company for Rs. 12,313,275 i.e. 5.19 per share and Rs. 23,777 i.e. 8.03 per share respectively.

	<i>Note</i>	<i>2019 Rupees</i>	<i>2018 Rupees</i>
9 LONG-TERM ADVANCES			
Against Software		-	668,352
10 LONG-TERM DEPOSITS AND PREPAYMENTS			
<i>Deposits</i>			
With CDC		25,000	25,000
Against Utilities		11,300	11,300
		36,300	36,300
<i>Prepayments</i>			
License Renewal Fee	10.1	1,500,000	500,000
Current Portion Shown Under Current Assets	14	(500,000)	(500,000)
		1,000,000	-
		1,036,300	36,300

10.1 This represents fee paid in respect of renewal of licenses of Asset Management Services (AMC) and Investment Advisory Services (IAS) till June 2022.

11 DEFERRED TAX ASSET

(Taxable)/Deductible Temporary Differences due to:

Relating To Taxable Temporary Differences

 Accelerated Tax Depreciation - (49,547)

Relating To Deductible Temporary Differences

 Accelerated Accounting Depreciation 50,282 -

 Carried Forward Assessed Tax Losses 16,913,722 12,238,902

 Unabsorbed Tax Depreciation & Amortization 1,063,196 607,794

 Unrecognized Deferred Tax Asset 11.1 (18,027,200) (12,797,149)

- -

11.1 Deferred tax asset has not been recognized on the ground that sufficient taxable profits are not expected in foreseeable future against which the asset could be utilized.

<i>Note</i>	<i>June 30, 2019</i>		<i>June 30, 2018</i>	
	<i>Cost</i>	<i>Fair Value</i>	<i>Cost</i>	<i>Fair Value</i>
	----- Rupees -----			

12 SHORT-TERM INVESTMENTS

At Fair Value - Through Other Comprehensive Income

 Listed Shares - Related Party 12.1 1,385,910 1,376,609 3,550,135 8,625,160

 Term Finance Certificate - Unlisted 12.2 9,189,514 8,695,021 - -

10,575,424 10,071,630 3,550,135 8,625,160

Cumulative (Loss)/Gain on Revaluation of Investment (503,794) - 5,075,025 -

10,071,630 10,071,630 8,625,160 8,625,160



12.1 Listed Shares - Related Party

<i>Number of Shares</i>		<i>Name of Company</i>	<i>Note</i>	<i>June 30, 2019</i>		<i>June 30, 2018</i>	
<i>June 30, 2019</i>	<i>June 30, 2018</i>			<i>Cost</i>	<i>Fair Value</i>	<i>Cost</i>	<i>Fair Value</i>
----- Rupees -----							
930,141	2,382,641	<i>Financial services</i> First Dawood Investment Bank Limited - Related Party	12.1.1	1,385,910	1,376,609	3,550,135	8,625,160

12.1.1 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.

12.2 Term Finance Certificates - Unlisted

<i>Number of Certificates</i>		<i>Name of Company</i>	<i>Note</i>	<i>June 30, 2019</i>		<i>June 30, 2018</i>	
<i>June 30, 2019</i>	<i>June 30, 2018</i>			<i>Cost</i>	<i>Fair Value</i>	<i>Cost</i>	<i>Fair Value</i>
----- Rupees -----							
2,000	-	<i>Financial services</i> Silk Bank Limited	12.2.1	9,189,514	8,695,021	-	-

12.2.1 Term Finance Certificates are valued using rate prevailing on MUFAP (Mutual Fund Association of Pakistan) which is 86.9763% of face value at the statement of financial position date.

12.2.2 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.

13 LOANS AND ADVANCES

	<i>Note</i>	<i>2019</i>	<i>2018</i>
		<i>Rupees</i>	<i>Rupees</i>
<i>Unsecured - Considered Good</i>			
Advance against Salary	13.1	39,667	524,350

13.1 Advance against Salary

<i>Name of the Employee</i>	<i>Terms of the Loans</i>	<i>Security</i>	<i>Purpose</i>	<i>Maximum Aggregate Amount Outstanding at any Time with Reference to Month End Balances</i>		<i>Provision</i>	<i>Written Off</i>
				<i>2019</i>	<i>2018</i>		
				<i>Rupees</i>	<i>Rupees</i>		
Talal Ismail Pasha	Monthly Installment Basis and Interest Free	Unsecured	Family Commitment	30,000	45,000	-	-
Tauqir Shamshad	Monthly Installment Basis and Interest Free	Unsecured	Family Commitment	295,500	443,250	-	-
Kamran Rafique	Monthly Installment Basis and Interest Free	Unsecured	Family Commitment	66,500	85,500	-	-
Muhammad Abbas	Monthly Installment Basis and Interest Free	Unsecured	Family Commitment	137,200	98,000	-	-
Muhammad Naveed	Monthly Installment Basis and Interest Free	Unsecured	Family Commitment	28,000	70,000	-	-



	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
14 PREPAYMENTS AND OTHER RECEIVABLE			
<i>Prepayments</i>			
Insurance		169,514	201,105
Rent		124,862	124,862
Current portion of License Renewal Fee	10	500,000	500,000
		<u>794,376</u>	<u>825,967</u>
<i>Other receivable</i>			
Federal excise duty	14.1	6,513,679	6,513,679
Dawood Equities Limited - Related party	14.2	93,098	-
		<u>6,606,777</u>	<u>6,513,679</u>
		<u>7,401,153</u>	<u>7,339,646</u>

14.1 This represents amount receivable from funds in lieu of Federal Excise Duty the break up of which is as follows:

<i>Associates</i>			
Dawood Income Fund		1,797,106	1,797,106
786 Rising Star Fund (Formerly Dawood Islamic Fund)		475,723	475,723
First Dawood Mutual Fund		4,240,850	4,240,850
	20.3	<u>6,513,679</u>	<u>6,513,679</u>

14.1.1 The Maximum amount outstanding at any time during the year with reference to month end balances from the funds is Rs. 6.51 (2018: Rs. 6.51) Million.

14.2 This represents amount receivable from Dawood equities Limited on account of disposal of shares of First Dawood Investment Bank Limited which has been received subsequent to the year end.

14.2.1 The Maximum amount outstanding at any time during the year with reference to month end balance is Rs. 0.093 (2018: Rs. Nil) Million.

	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
15 TRADE RECEIVABLE			
<i>Associates</i>			
Dawood Income Fund		1,183,182	744,033
786 Rising Star Fund (Formerly Dawood Islamic Fund)		317,373	325,476
First Dawood Mutual Fund		986,594	1,335,295
	15.1	<u>2,487,149</u>	<u>2,404,804</u>

15.1 Aging Analysis of Trade Receivables

	<i>2019</i>		<i>2018</i>	
	<i>Gross</i>	<i>Impairment</i>	<i>Gross</i>	<i>Impairment</i>
----- Rupees -----				
<i>Balance Outstanding</i>				
Past due 1 - 60 days	1,170,835	-	1,257,936	-
Past due 61 - 90 days	56,579	-	30,620	-
Past due 91 - 180 days	190,608	-	91,572	-
Past due 181 - 365 days	358,738	-	314,287	-
More than 365 days	710,389	-	710,389	-
	<u>2,487,149</u>	<u>-</u>	<u>2,404,804</u>	<u>-</u>

15.2 Maximum aggregate amount outstanding at any time during the year with reference to month end balances from each fund is as follows:



	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
Associates			
Dawood Income Fund		2,715,344	3,127,600
786 Rising Star Fund (Formerly Dawood Islamic Fund)		833,024	1,080,062
First Dawood Mutual Fund		5,590,862	6,097,148
16 ACCRUED MARKUP			
On Aavings Accounts		<u>153,119</u>	<u>24,999</u>
17 TAXATION - NET			
Opening		4,654,124	4,926,450
Tax Paid during the Year		3,643,107	1,304,616
Prior year tax adjustment		155,107	(501,746)
Provision for the Year		<u>(3,405,501)</u>	<u>(1,075,196)</u>
Closing		<u>5,046,837</u>	<u>4,654,124</u>
18 CASH AND BANK BALANCE			
Cash in Hand		4,646	-
Cash at Bank			
Current Accounts		101,609	107,551
Savings Accounts	18.1	4,433,665	3,206,098
		<u>4,535,274</u>	<u>3,313,649</u>
		<u>4,539,920</u>	<u>3,313,649</u>

18.1 The balance in savings accounts carry profit at rates ranging from 4% to 8.25% per annum (2018: 4% to 5.75% per annum).

19 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

<i>2019</i>	<i>2018</i>		<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
<i>No. of Shares</i>				
10,000,000	10,000,000	Ordinary shares of Rs. 10/- each issued as fully paid in cash	100,000,000	100,000,000
4,973,750	4,973,750	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	49,737,500	49,737,500
<u>14,973,750</u>	<u>14,973,750</u>		<u>149,737,500</u>	<u>149,737,500</u>

19.1 The following shares are held by the Related Parties with whom the Company has entered into transactions or has arrangements in place.

<i>Name of Related Party</i>	<i>2019</i>	<i>2018</i>
	----- <i>No. of Shares</i> -----	
First Dawood Investment Bank Limited	<u>2,246,070</u>	<u>2,246,070</u>
BRR Guardian Modaraba	<u>1,935,505</u>	<u>1,935,505</u>
Tara Uzra Dawood - Chief Executive Officer	<u>1,768,458</u>	<u>1,768,458</u>



	<i>Note</i>	2019 <i>Rupees</i>	2018 <i>Rupees</i>
20 TRADE AND OTHER PAYABLES			
Accrued Expenses	20.1	7,503,662	7,206,007
Sindh Workers' Welfare Fund Payable	20.2	2,596,844	2,596,844
Fed Payable	20.3	6,513,677	6,513,677
Sales Tax Payable		1,061,845	1,193,863
Wht Payable		8,853	101,140
		<u>17,684,881</u>	<u>17,611,531</u>

20.1 This includes an amount of Rs. 5.57 (June 30, 2018: Rs. 2.97) Million received from NCCPL being refund of tax amount with respect to funds under management. This amount will be disbursed to unit holders'.

20.2 Subsequent to the year end the Company made payments amounting to Rs. 1.47 Million to the SRB in respect of Sindh Workers' Welfare Fund.

20.3 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>Note</i>	2019 <i>Rupees</i>	2018 <i>Rupees</i>
21 UNCLAIMED DIVIDEND			
	21.1	<u>998,742</u>	<u>998,742</u>

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

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 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.

22.2 Commitments

There was no commitment during the year (2018: Nil)

	<i>Note</i>	2019 <i>Rupees</i>	2018 <i>Rupees</i>

23 REMUNERATION FROM FUNDS UNDER MANAGEMENT

Associates - Open - end funds

Dawood Income Fund		8,021,088	5,366,088
786 Rising Star Fund (Formerly Dawood Islamic Fund)		1,804,276	1,771,720
First Dawood Mutual Fund		3,754,810	5,858,445
	23.1	<u>13,580,174</u>	<u>12,996,253</u>
Less: Sales Tax on Remuneration		<u>(1,562,321)</u>	<u>(1,495,144)</u>
		<u>12,017,853</u>	<u>11,501,109</u>



		2019	2018
		<i>Remuneration for Services Rendered as an Asset Management Company</i>	
		----- Percentage -----	
23.1	<i>During the year the Company has Charged Management fee as Under;</i>		
	<i>Associates - Open - End Funds</i>		
	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
24	ADMINISTRATIVE AND OPERATING EXPENSES	2019	2018
		<i>Note</i>	<i>Rupees</i>
			<i>Rupees</i>
	Salaries and Allowances	24.1	19,996,502
	Rent, Rates and Taxes		17,973,481
	Postage and Telephones		1,538,641
	Legal and Professional Charges		1,544,050
	Printing and Stationery		304,700
	Travelling and Conveyance		577,299
	Vehicles Running		174,665
	Advertisement Expense		464,895
	Electricity		117,873
	Repairs and Maintenance		240,994
	Auditors' Remuneration	24.2	1,953,817
	Entertainment		1,492,622
	Insurance		128,700
	Depreciation		84,400
	Amortization	24.2	496,949
	Fee and Subscriptions		505,582
	Newspapers and Periodicals		121,083
	Directors' Fee		220,206
	Commission		629,640
	Marketing Expenses		282,014
	Others		264,398
			300,104
		6	2,340,363
		7.1	138,510
			-
			1,957,396
			329
			100
			348,000
			191,600
			43,575
			74,567
			39,000
			561,937
			80,589
			125,845
			32,688,670
			32,953,055
	Less: Reimbursement of Fees and Expenses	24.3	(725,812)
			(495,640)
			31,962,858
			32,457,415
24.1	This includes amount of Rs. 1.18 (2018: Rs. 1) Million relating to Staff Retirement Benefits.		
24.2	Auditors' Remuneration	2019	2018
		<i>Rupees</i>	<i>Rupees</i>
	Annual Audit	280,000	280,000
	Certification Fee	111,000	95,000
	Half Yearly Review	145,000	145,000
	Out of Pocket Expenses	47,000	47,313
	Sales Tax	46,640	45,385
		629,640	612,698
24.3	In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I)/2015 dated November 25, 2015, the Management Company of the Fund is entitled for reimbursement of fees and expenses incurred by the Management Company in relation to registrar services, accounting, operation and valuation services related to Fund maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. Accordingly, Company has charged accounting and operational charges to the Fund at the rate of 0.1% per annum of the average annual net assets of the Fund. The breakup in respect of each fund is as follows:		



	<i>Note</i>	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
24.3.1 Reimbursement of Fees and Expenses Breakup:			
<i>Associates</i>			
Dawood Income Fund		453,221	132,000
786 Rising Star Fund (Formerly Dawood Islamic Fund)		106,450	104,522
First Dawood Mutual Fund		166,141	259,118
		<u>725,812</u>	<u>495,640</u>
25 FINANCIAL CHARGES			
Bank Charges		<u>5,220</u>	<u>1,749</u>
26 OTHER OPERATING INCOME			
<i>Income from financial assets</i>			
Markup Earned on savings Accounts		352,923	544,371
<i>Income from Non - Financial Assets</i>			
Gain on Disposal of Property and Equipment		702,795	12,416
Liabilities Written Back		2,687,850	-
		<u>3,390,645</u>	<u>12,416</u>
		<u>3,743,568</u>	<u>556,787</u>
27 SHARE OF ASSOCIATES' (LOSS)/PROFIT			
Dawood Income Fund		7,694,130	2,626,282
786 Rising Star Fund (Formerly Dawood Islamic Fund)		(1,356,263)	(246,885)
First Dawood Mutual Fund		(17,266,250)	(6,755,253)
		<u>(10,928,383)</u>	<u>(4,375,856)</u>
28 TAXATION			
Current	28.1	3,405,501	1,075,196
Prior		(155,107)	501,746
		<u>3,250,394</u>	<u>1,576,942</u>

28.1 Numerical reconciliation between the average effective tax rate and the applicable tax rate has not been presented in these financial statements due to available tax losses brought forward from tax years 2014, 2016, 2017 and 2018. The provision for current year income tax has been made under Minimum Tax section 153(1)(b) of the Income Tax Ordinance, 2001.

Deferred tax asset amounting to Rs.18,027,200 (2018: Rs. 12,797,149) has not been recognised in these financial statements as the Company is of the view that it is not probable that sufficient taxable profits will be available in the foreseeable future against which deductible temporary differences, unused tax losses and unused tax credits can be utilised. The accumulated tax losses, unabsorbed depreciation and amortization as at June 30, 2019 amounting to Rs. 61,989,373 (2018: Rs. 42,822,320).

28.2 Management has provided sufficient tax provision in financial statements in accordance with income tax ordinance, 2001. Following is the comparison of tax provision as per accounts vis a vis tax assessment for last three years:

	<i>Deemed</i> <i>Assessment</i> <i>Rupees</i>	<i>Provision</i> <i>Rupees</i>
Tax year 2018	920,089	1,075,196
Tax year 2017	5,506,417	4,805,585
Tax year 2016	155,402	155,401



	<i>2019</i>	<i>2018</i>
	<i>Rupees</i>	<i>Rupees</i>
29 LOSS PER SHARE		
<i>- Basic and Diluted</i>		
Net Loss for the Year	<u>(43,207,503)</u>	<u>(26,465,600)</u>
Weighted Average Number of Ordinary Shares	<u>14,973,750</u>	<u>14,973,750</u>
Loss per Share - Basic	<u>(2.89)</u>	<u>(1.77)</u>

There is no dilutive effect on the basic loss per share of the company.

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	<i>2019</i>			<i>2018</i>		
	<i>Chief</i>	<i>Directors</i>	<i>Executives</i>	<i>Chief</i>	<i>Directors</i>	<i>Executives</i>
	<i>Executive</i>			<i>Executive</i>		
	<i>Rupees</i>			<i>Rupees</i>		
Managerial Remuneration	4,416,000	-	4,088,333	4,416,000	-	2,213,602
House Rent	1,766,400	-	1,635,333	1,766,400	-	885,441
Bonus	-	-	-	552,000	-	-
Medical	5,130	-	44,285	19,700	-	14,309
Utilities	441,600	-	408,833	441,600	-	221,360
Provident Fund	441,600	-	408,833	441,600	-	221,358
E.O.B.I	5,760	-	11,520	5,760	-	5,760
Meeting Fee	-	348,000	-	-	191,600	-
	<u>7,076,490</u>	<u>348,000</u>	<u>6,597,138</u>	<u>7,643,060</u>	<u>191,600</u>	<u>3,561,830</u>
Number of Persons	<u>1</u>	<u>6</u>	<u>2</u>	<u>1</u>	<u>6</u>	<u>1</u>

30.1 The Chief Executive and Executives have also been provided company maintained cars.

30.2 Executive means an employee other than Director and Chief Executive Officer, whose basic salary exceeds Rs. 1,200,000 in a financial year.

	<i>2019</i>	<i>2018</i>
	<i>Rupees</i>	<i>Rupees</i>
31 DISCLOSURE RELATING TO PROVIDENT FUND		
Size of the Fund	148,864,984	139,095,148
Cost of Investments Made	28,054,010	27,000,000
Percentage of Investments Made	92.73%	96.83%
Fair Value of Investments	138,035,078	134,680,792

Breakup of Investments (Rupees)

Investments in

Defence Saving Certificates'	37,101,096	33,501,644
Term Finance Certificates'	22,233,573	13,771,524
Sukuks'	7,536,692	18,712,212
Listed Securities	21,761,709	20,908,766
Unlisted Securities	-	741,000
Mutual Funds	<u>49,402,007</u>	<u>47,045,646</u>
	<u>138,035,078</u>	<u>134,680,792</u>



Breakup of Investments (Percentage)

**% age of investment
as size of the fund**

Investments in

Defence Saving Certificates'	26.88%	24.87%
Term Finance Certificates'	16.11%	10.23%
Sukuks'	5.46%	13.89%
Listed Securities	15.77%	15.52%
Unlisted Securities	0.00%	0.55%
Mutual Funds	35.79%	34.93%
	100.00%	100.00%

The Provident Fund (the Fund) is maintained for its permanent employees and the employees of its associated companies/undertakings. Accordingly, the information is based upon the latest unaudited financial statements of the Fund as at June 30, 2019 and audited financial statements as at June 30, 2018. As per Trustees, Investments out of Provident Fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the Rules formulated for this purpose.

32 TRANSACTIONS WITH RELATED PARTIES

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

<i>Relationship with the Company</i>	<i>Nature of Transactions</i>	<i>2019 Rupees</i>	<i>2018 Rupees</i>
	Transactions During the year		
Mutual Funds managed by the Company	Management Fee Charged	12,017,853	11,501,109
	Sales Tax on Management Fee	1,562,321	1,495,146
	Accounting and Operational Charges	725,812	495,640
	Dawood Income Fund - Purchase of 1,267,921 (June 30, 2018: 87,394) Units	100,865,359	7,500,000
	Dawood Income Fund - Redemption of 244,208 (June 30, 2018: Nil) Units	20,000,000	-
	Dawood Income Fund - Dividend Received During the Year (June 30, 2018: Nil)	9,505,854	-
	786 Rising Star Fund (Formerly Dawood Islamic Fund) - Purchase of 68,643 (June 30, 2018: 40,680) Units	7,997,225	5,000,000
	786 Rising Star Fund (Formerly Dawood Islamic Fund) - Dividend Received During the Year (June 30, 2018: Nil)	15,597	-
	First Dawood Mutual Fund - Purchase of 447,033 (June 30, 2018: Nil) Units	10,142,222	-
	First Dawood Mutual Fund - Redemption of 5,073,797 (June 30, 2018: 1,238,098) Units	101,500,000	27,500,000
	First Dawood Mutual Fund - Dividend Received During the Year (June 30, 2018: Nil)	359,277	-
	First Dawood Mutual Fund - Purchase of 2,000 TFCs' of Silk Bank Limited	9,189,514	-
Other Related Party			
First Dawood Investment Bank Limited & Others	Provident Fund Contribution	1,184,229	937,786
Employees' Provident Fund	Rent Charge During the Year - <i>New office</i>	1,498,341	1,373,479
B.R.R Guardian Modaraba	Remuneration	13,673,628	11,204,890
Key Management Personnel	Sale of 2,372,500 Shares of Dawood Family Takaful Limited	12,313,275	-
	Sale of 2,961 Shares of Al Baraka Bank (Pakistan) Limited	23,777	-
First Dawood Investment Bank Limited	Rent Expense Charge During the Year - <i>Old Office</i>	-	99,550
Dawood Family Takaful Limited	Insurance Expense Charge During the Year	44,349	34,504
Dawood Equities Limited	Brokerage Commission Paid on Disposal of Shares	43,575	74,567
	Balances at Year End		



<i>Relationship with the Company</i>	<i>Nature of Transactions</i>	<i>2019 Rupees</i>	<i>2018 Rupees</i>
<i>Associated companies/other related parties</i>	<i>Units Held:</i>		
<i>Mutual Funds Managed by the Company</i>	Dawood Income Fund 1,372,100 (June 30, 2018: 348,387) Units	110,362,938	30,765,592
	First Dawood Mutual Fund 3,442,964 (June 30, 2018: 8,069,728) Units	59,702,020	180,584,362
	786 Rising Star Fund (Formerly Dawood Islamic Fund)		
	109,323 (June 30, 2018: 40,680) Units	11,410,974	4,762,552
	Trade Receivable	2,487,149	2,404,804
<i>First Dawood Investment Bank Limited</i>	930,141 (June 30, 2018: 2,382,641) shares	1,376,609	8,625,160
	Payable in Respect of Rent - <i>Old Office</i>	-	2,687,850
<i>Dawood Family Takaful Limited</i>	Nil (June 30, 2018: 2,372,500) Shares	-	11,710,186
	Prepaid Life Insurance	-	42,024
<i>B.R.R Guardian Modaraba</i>	Prepaid Rent - <i>New Office</i>	124,862	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 director and senior executives other than those provided under the Company's policies and terms of employment.

33 FINANCIAL RISK MANAGEMENT POLICIES

The Company is exposed to a variety of financial risks: market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk and credit risk that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

33.1 Market Risk

Market risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

33.1.1 Foreign Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

33.1.2 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company has diversified its investments and has major portion of its investments based on floating interest rate for which the finance function is responsible to manage the risk by measuring the mismatch of interest rate sensitivity gap of financial assets and liabilities.

Interest rate sensitivity position as at the date of statement of financial position of financial instruments is based on the earlier of the contractual repricing or maturity date.

33.1.3 Price Risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.



As at June 30, 2019, the fair values of marketable securities exposed to price risk are as follows:

	2019	2018
	Rupees	Rupees
Shares of First Dawood Investment Bank Limited	<u>1,376,609</u>	<u>8,625,160</u>

The Company manages the above market risks through diversification of investment portfolio in accordance with the internal risk management policies.

33.2 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company attempts to control credit risk by entering into transactions with diverse credit worthy counter parties by monitoring credit exposure.

The Maximum Exposure to Credit Risk as at June 30, 2019 is as Follows: -

<i>Description</i>	<i>June 30, 2019</i>		<i>June 30, 2018</i>	
	<i>Carrying amount</i>	<i>Maximum Exposure</i>	<i>Carrying amount</i>	<i>Maximum Exposure</i>
	----- Rupees -----			
Long-Term Investments	181,475,932	-	227,845,347	227,845,347
Long-Term Advances	-	-	668,352	668,352
Long-Term Deposits	1,036,300	1,036,300	36,300	36,300
Short-Term Investments	10,071,630	10,071,630	8,625,160	8,625,160
Trade Receivable	2,487,149	2,487,149	2,404,804	2,404,804
Accrued Markup	153,119	153,119	24,999	24,999
Cash at Bank	4,535,274	4,535,274	3,313,649	3,313,649
	<u>199,759,404</u>	<u>18,283,472</u>	<u>242,918,611</u>	<u>242,918,611</u>

The Company kept its funds with banks having strong credit ratings. Currently the funds are kept with banks having rating of A1+ to AA+.

33.2.1 Financial Instruments by Category

	2019	2018
	Rupees	Rupees
Financial assets		
<i>Investment in associates' - Equity Method</i>		
Long-Term Investments	181,475,932	216,112,506
<i>At fair value through - Other comprehensive income</i>		
Long-Term Investments	-	11,732,841
Short-Term Investments - Equity	1,376,609	8,625,160
Short-Term Investments - TFCs	8,695,021	-
<i>At Amortized Cost</i>		
Long-Term Advances	-	668,352
Long-Term Deposits and Prepayments	1,036,300	36,300
Trade Receivable	2,487,149	2,404,804
Accrued Markup	153,119	24,999
Cash and Bank Balance	4,539,920	3,313,649
	<u>199,764,050</u>	<u>242,918,611</u>
Financial Liabilities		
<i>At Amortized Cost</i>		
Trade and Other Payables	7,503,662	7,206,007

33.3 Liquidity Risk

Liquidity risk is the risk that the Company may encounter difficulty in raising funds to meet its obligations and commitments associated with financial instruments. The Company is not materially exposed to the liquidity risk as all obligations/commitments of the Company are short term in nature and restricted to the extent of available liquidity and all assets of the Company are readily disposable in the market.



The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

	<i>On Demand</i>	<i>Not Later Than One Month</i>	<i>Up to Three Months</i>	<i>More Than Three Months and Up to One Year</i>	<i>More Than One Year</i>	<i>Total</i>
----- Rupees -----						
<i>As at June 30, 2019</i>						
Trade and Other Payable	7,503,662	-	-	-	-	7,503,662
<i>As at June 30, 2018</i>						
Trade and Other Payable	7,206,007	-	-	-	-	7,206,007

33.4 Capital Risk Management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure the Company may adjust the amount of dividend, return on capital to shareholders or issue new shares. Currently the Company has an equity of 200.385 Million against the minimum equity requirement of Rs. 200 Million set by the Securities and Exchange Commission of Pakistan for the Non Banking Finance Company providing Asset Management Services for the year ended June 30, 2019.

34 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of financial position date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analyzed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	<i>June 30, 2019</i>			<i>June 30, 2018</i>		
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
----- Rupees -----						
Short-Term Investment - Listed Shares	1,376,609	-	-	8,625,160	-	-
Long-Term Investment - Units	181,475,932	-	-	216,112,506	-	-
Long-Term Investment - Unquoted Shares	-	-	-	-	11,732,841	-
Short-Term Investment - Unlisted Tfcs	-	8,695,021	-	-	-	-
	182,852,541	8,695,021	-	224,737,666	11,732,841	-

Valuation Techniques

For Level 2 the Company values the investment using rates mentioned on MUFAP (June 30, 2018: at breakup value which approximates the fair value of the investment).



Transfers during the Period

During the year ended June 30, 2019 there were no transfers into or out of Level 3.

	<i>2019</i>	<i>2018</i>
	<i>Rupees</i>	<i>Rupees</i>
35 CASH AND CASH EQUIVALENTS		
Cash and Bank Balance	<u>4,539,920</u>	<u>3,313,649</u>

36 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. Reclassifications made during the year include the followings.

36.1 From	To	Rupees
Trade Receivable	Other Receivable	6,513,677
Share of Associates' Loss	Share of Unrealized Gain on Remeasurement of Investments in Associates	49,440
Taxation - Net	Sales Tax Payable	8,771

For the Year Ended June 30, 2018

36.2 From	To	Rupees
Unappropriated Profit	Share of Unrealized Gain on Remeasurement of Investments in Associates	21,403

37 NUMBER OF EMPLOYEES

The number of employees as at year end was 12 (2018: 14) and average number of employees during the year was 14 (2018: 12).

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in Board of Directors of the Company on 23 September 2019.

39 GENERAL

39.1 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).

39.2 Figures have been rounded off to the nearest rupee.

**786 Investments Limited
(Management Company)**

Chief Financial Officer

Director

Chief Executive Officer



**Details of Pattern of Holdings (Units)
As at June 30, 2019**

Number Of Shareholders	Shareholding		Total Shares Held
	From	To	
150	1	100	3,708
138	101	500	31,438
152	501	1000	113,220
77	1001	5000	181,342
22	5001	10000	152,843
4	10001	15000	46,407
4	15001	20000	70,850
1	20001	25000	25,000
2	25001	30000	57,824
2	30001	35000	66,500
1	45001	50000	50,000
1	60001	65000	60,690
1	75001	80000	75,500
1	95001	100000	100,000
3	115001	120000	352,779
1	235001	240000	240,000
1	290001	295000	293,716
3	345001	350000	1,050,000
1	390001	395000	392,452
1	395001	400000	400,000
1	445001	450000	450,000
1	645001	650000	648,845
1	805001	810000	807,000
1	1375001	1380000	1,376,006
1	1495001	1500000	1,500,000
1	1935001	1940000	1,935,505
2	2245001	2250000	4,492,125
574			14,973,750

Categories of Share Holders As on June 30, 2019

Categories Of Shareholders	Number Of Shareholders	Total Shares Held	Percentage %
Individuals	552	7,007,242	46.80
Joint Stock Companies	11	665,829	4.45
Financial Institutions	5	4,494,805	30.02
Investment Companies	2	549	0.00
Modarabas	1	1,935,505	12.93
Others	3	869,820	5.81
	574	14,973,750	100.00



Additional Information as at June 30, 2019

S. No.	Categories of Share holders	Numbers	Shares Held	% Age
1	Associated Companies	3	6,427,630	42.93
	B.R.R. Guardian Modaraba		1,935,505	
	First Dawood Investment Bank Limited		2,246,070	
	The Bank of Khyber		2,246,055	
2	NIT & ICP	2	1,024	0.01
	Investment Corporation of Pakistan		500	
	IDBP (ICP UNIT)		524	
3	Directors, CEO their Spouses and Minor Children	7	1,783,774	11.91
	Miss Tara Uzra Dawood		1,768,458	
	Mrs. Shafqat Sultana		2,816	
	Ms. Charmaine Hidayat Ullah		2,500	
	Mr. Ahmed Salman Munir		2,500	
	Syed Shababat Hussain		2,500	
	Mr. Tahir Mehmood		2,500	
	Mr. Farhan Abbas		2,500	
4	Banks, DFIs, NBFIs, Insurance Companies, Takaful, Modarabas and Pension Funds	17	1,537,854	10.27
5	General Public	545	5,223,468	34.88
	Total	574	14,973,750	100.00

Shareholders holding ten percent or more shares in the Company

First Dawood Investment Bank Limited	2,246,070	15.00
The Bank of Khyber	2,246,055	15.00
Asif Jamil Malik	1,950,000	13.02
B.R.R. Guardian Modaraba	1,935,505	12.93
Miss Tara Uzra Dawood	1,768,458	11.81



FORM OF PROXY
28th Annual GENERAL MEETING

I/We _____ of _____ (full address)

being a member of 786 Investments Limited Folio # _____ do hereby appoint

Mr./Ms _____ Folio # _____

of _____ (full address) (or failing him)

Mr./Ms _____ Folio# _____

of _____ (full address)

being another member of the Company as my/our proxy to attend and vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on October 22, 2019 at 9:00 hours and to every adjournment thereof.

And witness my/our hand/seal this _____ day of _____ 2019, signed by the said

_____ in the presence of

Mr./Ms. _____

of _____ (full address)

REVENUE
STAMP
Rs. 5/-

Signature of Witness

Signature(s) and or Seal

Important Notes :

1. The share transfer books of the Company will remain closed from October 16, 2019 to October 22, 2019 (both days inclusive).
2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/her.
3. An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of the Power or Authority, in order to be valid, must be deposited at the Registered office of the Company, 48 hours before the meeting and must be duly stamped, signed and witnessed.
4. If more than one instrument of proxy appointing more than one person is deposited with the Company, all such instruments of proxy shall be rendered invalid.
5. This signature on the Instrument of Proxy must conform to the specimen signature recorded with the Company.
6. CDC account holders will in addition have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for attending the meeting

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