



**INVESTMENTS**

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**786 INVESTMENTS LIMITED**

(FORMERLY DAWOOD CAPITAL MANAGEMENT LIMITED)



**DAWOOD INCOME FUND**

**FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED**

**30 SEPTEMBER 2017**

**(Un-Audited)**



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## CORPORATE INFORMATION

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<b>Management Company</b>	G-3 Ground Floor, B.R.R. Tower, Hassan Ali Street, Off I.I. Chundrigar Road, Karachi - 74000 Pakistan Tel: (92-21) 32603751-54 Email: dcm@cdawood.com Website: www.786investments.com	
<b>Board of Directors</b>	Ms. Shafqat Sultana Miss Tara Uzra Dawood Ms. Charmaine Hidayatullah Mr. Mohammad Izqar khan Mr. Tahir Mehmood Syed Farhan Abbas	Chairperson Chief Executive Officer Director Director Director Director
<b>Chief Financial Officer &amp; Company Secretary</b>	Mr. Umair Manzoor	
<b>Audit Committee</b>	Ms. Charmaine Hidayatullah Mr. Tahir Mehmood Syed Farhan Abbas	Chairperson Member Member
<b>Trustee:</b>	MCB Financial Services Limited 4th Floor, Pardasi House, 2/1 R-Y old Queens Road, Karachi	
<b>Auditors</b>	Riaz Ahmad & Co. Chartered Accountants	
<b>Human Resource Committee</b>	Mr. Muhammad Izqar Khan Ms. Shafqat Sultana Ms. Tara Uzra Dawood Mr. Tahir Mehmood	Chairman Member Member Member
<b>Legal Advisor</b>	Rauf & Ghaffar Law Associates (Advocates & Consultants) Suite # 65, 5th Floor, Fareed Chamber, Abdullah Haroon Road, Saddar – Karachi, Pakistan.	
<b>Registrars</b>	F.D. Registrar Services (SMC-Pvt.) Ltd. Office# 1705, 17th Floor Saima Trade Tower. A, I.I. Chundrigar Road, Karachi-74000, Pakistan.	
<b>Banker:</b>	Al Baraka Bank (Pakistan) Limited JS Bank Limited Bank Alfalah Limited	



**DIRECTORS' REPORT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

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It gives me immense pleasure to present on behalf of the Board of Directors of **786 Investments Limited** "786 or the Company" the Management Company of **Dawood Income Fund (DIF)**, I am pleased to present financial statements for the quarter ended September 30, 2017.

**Economic Outlook**

GDP growth is expected to surpass 5.5% on the back of rebound, growth in industrial output given minimization of energy shortage and spillover growth from wholesale and retail segment. The headline inflation continues to remain benign clocking in at 4.4%.

The State Bank of Pakistan (SBP), in its latest monetary policy review meeting, decided to keep policy rate unchanged at 5.75% stating that it expects headline inflation to remain well below FY18 target of 6%. The external account position finally saw some signs of relief as current account deficit for Aug'17 came in at USD 550mn, a sharp decline relative to USD2Bn in previous month.

**Fund Strategy**

The Fund's priority is to keep healthy liquidity, making prudent decisions on residual debt and making risk-averse decisions on future investments. The Fund management is actively pursuing towards the settlement of the residual debt while ensuring the high unit holder protection. Ensuring steady profit while meeting any and all redemption need is the Fund's prime priority.

**Fund Performance**

As at September 31, 2017, net assets were Rs. 280.69 million as compared to Rs. 247.74 million as at June 30, 2017. The Fund's total income during the period stands at Rs. 8.52 million as opposed to income of Rs. 5.85 million. Total income increased by Rs. 2.67 million as compared to same period last year. Total expenses were Rs. 1.78 million as compared to Rs. 0.81 million in the same period last year. The Net Asset Value (NAV) of DIF per unit increased from Rs. 78.93 to Rs. 81.01 during the period.

**Acknowledgement**

The Directors wish to express their gratitude to the Securities & Exchange Commission of Pakistan and other regulatory bodies for their valuable support, assistance and guidance during these times of recovery.

The Board also thanks the employees of the Asset Management Company, the Trustee for their dedication and hard work and the unit holders for their confidence in the Management.

These condensed interim financial statements are unaudited. Accordingly, the Directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the Fund.

30 October 2017  
Karachi

For and on behalf of the  
Board of Directors

----SD----  
Chairperson

## داؤد انکم فنڈ کے ڈائریکٹرز کی رپورٹ

مجھے 786 انوسٹمنٹس لمیٹڈ "786 یا کمپنی" کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر، 2017 کو ختم ہونے والی سہ ماہی پر داؤد انکم فنڈ (DIF) کی فنانشل اسٹیٹمنٹس آپ کی خدمت میں پیش کرتے ہوئے بے حد مسرت محسوس ہو رہی ہے۔

### اقتصادی جائزہ

جی ڈی پی میں صحت مندی کے ساتھ 5.5% سے مزید آگے سبقت لے جانے کی ترقی متوقع ہے، توانائی کی قلت میں تغلیل کے سبب صنعتی پیداوار اور بول سیل اور ریٹیل طبقہ کی مدد سے ترقی کے پھیلاؤ میں اضافہ ہوا۔ افراط زر کی بیڈلائن کا 4.4% کے ارد گرد گھومنا جاری رہا۔

اسٹیٹ بینک آف پاکستان (ایس بی پی)، نے اپنے حالیہ مالیاتی پالیسی کے جائزہ لینے کے اجلاس میں یہ بتاتے ہوئے کہ FY18 کے لیے سرفہرست افراط زر کی توقع 6% کے ہدف سے نیچے رہے گی، پالیسی کی شرح کو 5.75% پر برقرار رکھنے کا فیصلہ کیا ہے بیرونی اکاؤنٹ کی پوزیشن میں آخر کار رلیف کی کچھ علامات دیکھنے میں آئیں۔ جیسا کہ اگست 17 کے لیے کرنٹ اکاؤنٹ ڈیفیسٹ تیز کمی کے ساتھ 550 ملین ڈالر پر آگیا جو نسبتاً پچھلے مہینے میں 2 بلین ڈالر تھا۔

### حکمت عملی برائے فنڈ

فنڈ کی ترجیح صحت مند لیکویڈٹی کو برقرار رکھنا ہے، بقایا قرضوں کے لیے دانشمندانہ فیصلہ سازی اور مستقبل کی سرمایہ کاری پر رسک سے بچتے ہوئے فیصلے کرنا ہے۔ فنڈ مینجمنٹ اعلیٰ یونٹ ہولڈرز کے تحفظ کو یقینی بناتے ہوئے بقایا قرضوں کی سیٹلمینٹ کے لئے فعال طور پر آگے بڑھ رہی ہے۔ فنڈ کی اولین ترجیح مستحکم منافع کو یقینی بناتے ہوئے اور کسی بھی یا تمام ریڈیمپشن (redemption) کی ضرورت کو پورا کرنا ہے۔

### فنڈ کی کارکردگی

30 ستمبر، 2017 تک نیٹ اثاثہ جات 280.69 ملین روپے رہے جو اس کے مقابلے میں 30 جون 2016 کو 247.74 ملین روپے تھے۔ اس مدت کے دوران فنڈ کی کل آمدنی 8.52 ملین روپے رہی جو گزشتہ سال اسی مدت کے دوران 5.85 ملین روپے تھی۔ کل آمدنی میں گزشتہ سال کے مقابلے میں اسی مدت کے دوران 2.67 ملین روپے کا اضافہ ہوا۔ اس سال کے دوران کل اخراجات 1.78 ملین روپے ہوئے جو گزشتہ سال اسی عرصے کے دوران 0.81 ملین روپے تھے۔ اس مدت کے دوران DIF کی نیٹ ایسیٹ ویلیو (NAV) میں 78.93 روپے سے بڑھ کر 81.01 روپے فی یونٹ کا اضافہ ہوا۔

### اعتراف نامہ

ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کو ریکوری کے دوران قابل قدر حمایت، تعاون اور رہنمائی کرنے پر ان کے شکر گزار ہیں۔

بورڈ ایسیٹ مینجمنٹ کمپنی کے ٹرسٹی اور ملازمین کی سخت محنت اور لگن کے ساتھ کام کرنے اور یونٹ ہولڈرز کا مینجمنٹ پر مکمل اعتماد کرنے کے لئے بھی شکر یہ ادا کرتا ہے۔

یہ کنڈیشنڈ انٹرم فنانشل اسٹیٹمنٹس غیر آڈٹ شدہ ہیں۔ لہذا ڈائریکٹرز مینجمنٹ کمپنی یہ اعلان کرتے ہیں کہ یہ کنڈیشنڈ انٹرم فنانشل اسٹیٹمنٹس فنڈ کی ایک حقیقی اور منصفانہ عکاسی کرتی ہیں۔

---SD---

چینر پرسن

30 October 2017  
Karachi



**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT 30 SEPTEMBER, 2017**

	<i>Note</i>	<b>(Unaudited) 30 September 2017</b>	(Audited) 30 June 2017
<b>(Rupees)</b>			
<b>Assets</b>			
Balances with Banks	4	<b>150,828,994</b>	228,144,962
Investments	5	<b>130,515,100</b>	21,757,250
Income Receivable		<b>1,162,711</b>	1,420,888
Deposits and Prepayments		<b>120,568</b>	100,000
Advances Income Tax		<b>4,078,434</b>	6,899,826
<b>Total Assets</b>		<b>286,705,807</b>	258,322,926
<b>Liabilities</b>			
Payable to 786 Investments Limited - Management Company		<b>3,030,260</b>	2,978,217
Payable to MCB Financial Services Limited (MCBFSL) - Trustee		<b>65,041</b>	66,738
Payable to the Securities and Exchange Commission of Pakistan		<b>49,625</b>	167,162
Accrued Expenses and Other Liabilities	6	<b>2,559,940</b>	6,420,164
Dividend Payable		<b>312,719</b>	953,318
<b>Total Liabilities</b>		<b>6,017,585</b>	10,585,599
<b>Net Assets</b>		<b>280,688,222</b>	247,737,327
<b>Contingencies and Commitments</b>	8		
<b>Unit Holders' Funds (as per statement attached)</b>		<b>280,688,222</b>	247,737,327
<b>Number of Units in Issue</b>		<b>3,464,745</b>	3,138,834
<b>Net Asset Value per Unit</b>		<b>81.01</b>	78.93

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For 786 Investments Limited  
(Formerly Dawood Capital Management Limited)  
[Management Company]

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

----SD----  
Director

----SD----  
Director



**CONDENSED INTERIM INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

		<b>Quarter Ended 30 September</b>	
	<i>Note</i>	<b>2017</b>	<b>2016</b>
		<b>(Rupees)</b>	
<b>Income</b>			
Mark-Up/Interest Income	9	<b>4,336,023</b>	1,667,739
Reversal of Impairment on Investments Classified as Available for Sale - Net		<b>4,188,789</b>	4,188,789
<b>Total Income</b>		<b>8,524,812</b>	5,856,528
<b>Expenses</b>			
Remuneration to 786 Investments Limited - Management Company		<b>992,505</b>	394,164
Sindh Sales Tax on Management Fee		<b>129,026</b>	51,241
Remuneration to MCB Financial Services Limited (MCBFSL) - Trustee		<b>151,178</b>	150,933
Sindh Sales Tax on Trustee Fee		<b>19,653</b>	19,621
Annual Fee to Securities and Exchange Commission of Pakistan (SECP)		<b>49,625</b>	29,562
Accounting and Operations Charges		<b>66,166</b>	-
Auditors' Remuneration		<b>164,680</b>	121,716
Fees and Subscription		<b>36,585</b>	11,000
Securities Transaction Cost		<b>992</b>	1,077
Sindh Workers' Welfare Fund		<b>136,928</b>	-
Printing Charges		<b>35,000</b>	25,000
Bank Charges		<b>1,487</b>	397
<b>Total Expenses</b>		<b>1,783,825</b>	804,711
Element of Loss and Capital Losses Included in Prices of Units Issued Less Those in Units Redeemed - Net		-	(600,718)
<b>Net Income for the Quarter Before Taxation</b>		<b>6,740,987</b>	4,451,099
Taxation	7	-	-
<b>Net Income for the Quarter After Taxation</b>		<b>6,740,987</b>	4,451,099
Other Comprehensive Loss for the Quarter		<b>(107,250)</b>	-
<b>Total Comprehensive Income for the Quarter</b>		<b>6,633,737</b>	4,451,099
<b>Allocation of Net Income for the Quarter:</b>			
Income Already Paid on Units Redeemed		<b>(18,603)</b>	-
Accounting Income Available for Distribution Carried to Distribution Account:			
-Relating to Capital Gains		-	-
-Excluding Capital Gains		<b>6,722,384</b>	4,451,099
		<b>6,722,384</b>	4,451,099

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For 786 Investments Limited  
(Formerly Dawood Capital Management Limited)  
[Management Company]

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

----SD----  
Director

----SD----  
Director





**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND  
FOR THE QUARTER ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

	<b>Quarter Ended 30 September</b>	
	2017	2016
	(Rupees)	
Net Assets at Beginning of the Quarter	247,737,327	155,983,488
Issuance of 343,323 Units (September 30, 2016: 51,110 Units)	27,710,000	4,000,000
Issuance of Units for Re-Investment of Cash Dividend: Nil (September 30, 2016: 226,057 Units)	-	17,175,662
Redemption of 17,412 Units (September 30, 2016: 422,217 Units)	(1,392,842)	(32,797,655)
	26,317,158	(11,621,993)
Element of Loss and Capital Losses Included in Prices of Units Issued Less Those in Units Redeemed - Net		600,718
Income already Paid on Units Redeemed	18,603	-
Total Comprehensive Income for the Quarter Less Income Already Paid on Units Redeemed	6,722,384	4,451,099
Distribution	-	-
Net Income for the Quarter Less Distribution	6,722,384	4,451,099
Net unrealized Diminution in Fair Value of Investments Classified as Available-for-Sale	(107,250)	-
Net Assets at End of the Quarter	280,688,222	149,413,312
<b>Distribution for the Quarter</b>		
Undistributed Income Brought Forward		
- Realised	(126,408,405)	(134,534,544)
- Unrealised	-	-
	(126,408,405)	(134,534,544)
Accounting Income Available for Distribution		
- Relating to Capital Gains	-	-
- Excluding Capital Gains	6,722,384	4,451,099
	6,722,384	4,451,099
Distribution	-	-
Undistributed Income Carried Forward	(119,686,021)	(130,083,444)
Undistributed Income Carried Forward		
- Realised	(119,686,021)	(130,083,444)
- Unrealised	-	-
	(119,686,021)	(130,083,444)
	(Rupees)	
Net Asset Value per Unit as at Beginning of the Quarter	78.93	75.98
Net Asset Value per Unit as at End of the Quarter	81.01	78.32

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For 786 Investments Limited  
(Formerly Dawood Capital Management Limited)  
[Management Company]

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

----SD----  
Director

----SD----  
Director



**CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE QUARTER ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

	<b>Quarter Ended 30 September</b>	
<i>Note</i>	<b>2017</b>	<b>2016</b>
	<b>(Rupees)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income for the Quarter Before Taxation	<b>6,740,987</b>	4,451,099
<b>Adjustments for</b>		
Element of Loss and Capital Losses Included in Prices of Units Issued Less Those in Units Redeemed - Net	-	600,718
Reversal of Impairment on Investments Classified as Available for Sale - Net	<b>(4,188,789)</b>	<b>(4,188,789)</b>
	<b>2,552,198</b>	863,028
<b>(Increase)/Decrease in Assets</b>		
Investments	<b>(104,676,311)</b>	(28,811,211)
Income Receivable	<b>258,177</b>	365,819
Deposits and Prepayments	<b>(20,568)</b>	(33,000)
Advances Income Tax	<b>2,821,392</b>	(157,252)
	<b>(101,617,310)</b>	(28,635,644)
<b>(Decrease)/Increase in Liabilities</b>		
Payable to 786 Investments Limited - Management Company	<b>52,043</b>	(344,744)
Payable to MCB Financial Services Limited (MCBFSL) - Trustee	<b>(1,697)</b>	(328)
Payable to Securities and Exchange Commission of Pakistan (SECP)	<b>(117,537)</b>	29,562
Dividend Payable	<b>(640,599)</b>	(31,927,051)
Accrued Expenses and Other Liabilities	<b>(3,860,224)</b>	70,886
	<b>(4,568,014)</b>	(32,171,674)
<b>Net Cash Generated Used in Operating Activities</b>	<b>(103,633,126)</b>	(59,944,290)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against Issuance of Units	<b>27,710,000</b>	4,000,000
Receipts against Re-Investment of Cash Dividend	-	17,175,662
Payments against Redemption of Units	<b>(1,392,842)</b>	(32,797,655)
<b>Net Cash Generated/(Used in) from Financing Activities</b>	<b>26,317,158</b>	(11,621,993)
Net Decrease in Cash and Cash Equivalents during the Quarter	<b>(77,315,968)</b>	(71,566,283)
Cash and Cash Equivalents at Beginning of the Quarter	<b>228,144,962</b>	189,555,170
Cash and Cash Equivalents at End of the Quarter	<b>150,828,994</b>	117,988,887

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

For 786 Investments Limited  
(Formerly Dawood Capital Management Limited)  
[Management Company]

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

----SD----  
Director

----SD----  
Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Dawood Income Fund (the Fund) was established under a Trust Deed executed on 8 April 2013 between 786 Investments Limited (formerly Dawood Capital Management Limited) as Management Company and Bank AL-Habib Limited (BAHL) as Trustee. In June 2011, BAHB retired and MCB Financial Services Limited (MCBFSL) was appointed as the new trustee of the Fund and the name of the Fund was also changed from "Dawood Money Market Fund" to "Dawood Income Fund". These changes, after necessary regulatory approvals, were duly incorporated in the Trust Deed of the Fund by way of First Supplemental Trust Deed. Titles to the assets of the Fund are held in the name of MCBFSL as the Trustee of the Fund (except for term finance certificate of New Allied Industries Limited as mentioned in note 5.2.1, which is a non-performing term finance certificate hence being unable to be transferred until final settlement which is held in the name of BAHB being the previous trustee of the Fund).

During the last year, the Management Company has changed its name to 786 Investments Limited with effect from 20 January 2017 after completing regulatory formalities. During the period, the registered office of the Management Company was changed and now is situated at G3, Ground floor, BRR Tower, Hassan Ali Street, I.I Chundrigarh Road, Karachi, Pakistan.

The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Fund is categorized as "income scheme" in accordance with Circular No. 7 of 2009 issued by the Securities and Exchange Commission of Pakistan (SECP). The principal activity of the Fund is to make investment in spread transactions and debt based securities including Government securities, Commercial Papers and other money market instruments and placement of funds.

- 1.2** Asset Manager Rating (AMR) of Management Company was 'AM3-' and that of Fund is A-(f) rated by Pakistan Credit Rating (PACRA) before suspension of the Fund. Currently management has entered into engagement with PACRA, for the assignment of fresh rating of the Fund.
- 1.3** Due to the suspension of the Fund from 22 March 2013 to 22 January 2015, the Management Company was not able to comply with various requirements of the NBFC Rules, NBFC Regulations and other regulatory requirements. SECP vide its letter SCD/AMCW/DCML/151/2015 dated 5 November 2015 advised the Management Company to submit documents/information showing Board of Directors approved commitment along with timelines to comply with regulatory non-compliances. The Board of Directors of the Management Company is fully committed to comply with the regulatory requirements. Further, during the last year, an onsite inspection was carried out by the Specialized Companies Division - Supervision and Enforcement Department of the Securities and Exchange Commission of Pakistan concerning the operations and management of the Funds by the Management Company as per the NBFC Rules 2003, the NBFC Regulations, 2008 and its Constitutive Documents. The inspection report identified certain non-compliances with applicable regulations which mainly pertain to financial management systems, compliance and risk management system, updation of policies and procedures, investment committee, investment function, fund management and internal controls and procedures. Management considers that owing to suspension of the Fund such compliances could not be made in timely manner. However, the Management Company is fully committed to ensure compliance with such Regulations in due course.
- 1.4** Management had applied for renewal of its license to undertake Asset Management Services and Investment Advisory Services which was pending for approval by the SECP, however subsequently to quarter ending 30 September 2017 the Management Company received license to carry out Asset Management Services and Investment Advisory Services through license no. AMCW/13/786IL/AMS/08/2017 and AMCW/14/786IL/IA/06/2017 respectively dated 19 October 2017.

**2. BASIS OF PREPARATION**

**2.1 Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the



repealed Companies Ordinance, 1984, the requirements of the Trust Deed, the Nonbanking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations, 2008) and directives issued by the SECP. Wherever, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, 2008 and the said directives differ with the requirements of these standards, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations, 2008 and the said directives shall prevail.

**2.1.2** This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended 30 June 2017.

**2.1.3** This condensed interim financial information is unaudited are being circulated to the unitholders as per the requirement as per the NBFC regulation. The Board of Directors of Management Company declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Fund.

**2.4 Basis of Measurement**

These financial statements have been prepared under the historical cost convention except that certain financial assets are measured at fair value.

**2.5 Functional and Presentation Currency**

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund and has been rounded off to nearest rupee.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements of the Fund for the year ended June 30, 2017 except for change in accounting policy for recognition of Element of income/(loss) and capital gains/(losses) included in the prices of units issued less those in units redeemed (Element of Income).

In view of the amendments made in the NBFC Regulations vide SRO 756(I)/2017 the accounting policy for the recognition of Element of Income has been changed from July 1, 2017 with prospective effect. Previously the Element of Income was recognized in the income statement to the extent that it represented income earned during the year, the unrealized appreciation/(diminution) during the year on 'available for sale' securities was included in the Distribution Statement. Due to changes in the NBFC Regulations, Element of Income is now a transaction of capital nature and the receipt and payment of element of income will now be recognized directly in to the Unit Holders' Fund.

The preparation of the condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. In preparing the condensed interim financial information, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2017. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

The Companies Act, 2017 was enacted on 30 May 2017 and is applicable with immediate effect. The Securities and Exchange Commission of Pakistan through press release and vide circular no. 23 of 2017 dated 04 October 2017 in continuation of circular no. 17 of 2017 dated 20 July 2017 has decided that all the companies whose financial year, including quarterly and other interim period, closes on or before 31 December 2017, shall prepare their financial statements, including interim financial statements, in accordance with the provisions of the repealed Companies Ordinance, 1984.

<b>4. BALANCES WITH BANKS</b>	<i>Note</i>	<b>(Unaudited) 30-Sep-17</b>	<b>(Audited) 30-Jun-17</b>
		<b>(Rupees)</b>	
Balances with Banks			
- PLS Savings Account	4.1	<b>150,828,994</b>	228,144,962
		<b><u>150,828,994</u></b>	<u>228,144,962</u>



4.1 Profit rates on the savings accounts range from 3.25% to 6% (June 2017: 3.5% to 6%) per annum.

5. INVESTMENTS	Note	(Unaudited)	(Audited)
		30-Sep-17	30-Jun-17
		(Rupees)	
<b>Available for Sale</b>			
Listed Term Finance and Sukuk Certificates	5.1	-	-
Unlisted Term Finance and Sukuk Certificates	5.2	31,150,000	5,257,250
		<b>31,150,000</b>	<b>5,257,250</b>
<b>At Fair Value through Profit and Loss<sup>1</sup>- Held for Trading</b>			
Government Securities	5.3	99,365,100	-
<b>Loans and Receivables</b>			
Certificates of Investment	5.4	-	16,500,000
		<b>130,515,100</b>	<b>21,757,250</b>

5.1 Listed Term Finance And Sukuks Certificates - Available-For-Sale

Certificates have a face value of Rs. 5,000 each unless stated otherwise

Note	Number of Certificates			As at 30 September 2017	Balance as at 30 September 2017			Market Value as a Percentage of Net Assets	Market Value as a Percentage of Total Investments	
	As at 1 July 2017	Purchased During the Period	Disposed/ Matured/ Settled During the Period		Cost/ Carrying Value	Market Value/ Carrying Cost	Appreciation/(Diminution)			
----- (Rupees) -----										
Financial Services										
Invest Capital Investment										
Bank Limited	5.1.1	4,000	-	-	4,000	20,000,000	-	-	0%	0%
Construction and Material										
Dewan Cement Company Limited	5.1.2	30,000	-	-	30,000	108,908,514	-	-	0%	0%
<b>30 September 2017</b>					<b>128,908,514</b>	-	-			
30 June 2017					133,097,303	-	-			

5.1.1 Invest Capital Investment Bank Limited (ICIBL) defaulted on its payment of principal and mark up due on 18 September 2010. The security was classified as non-performing by MUFAP on 17 May 2012 and accrual of income on the same was suspended. This security was fully provided in accordance with the provisioning circulars of SECP and the Board's approved 'provisioning policy.

5.1.2 Dewan Cement Company Limited defaulted on its payments and was classified as non-performing by MUFAP. Accordingly, the security has been fully provided in accordance with the requirements of SECP's circular No. 1 of 2009 and the Board's approved provisioning policy. The Fund has entered into a compromise agreement with Dewan Cement Limited whereby the remaining debt will be paid in thirty one equal quarterly instalments in arrears. The Fund has recognised reversal amounting to Rs. 4.189 million on receipt basis. The Fund has suspended mark-up there against.



**5.2 Unlisted Term Finance and Sukuks Certificates - Available-for-Sale**

Certificates have a face value of Rs 5,000 each unless stated otherwise

Note	Number of Certificates			As at 30 September 2017	Balance as at 30 September 2017			Market Value as a Percentage of Net Assets	Market Value as a Percentage of Total Investments	
	As at 1 July 2017	Purchased During the Period	Disposed/ Matured/ Settled During the Period		Cost/ Carrying Value	Market Value/ Carrying Cost	Appreciation / (Diminution)			
					(Rupees)					
<b>Unlisted Term Finance Certificates</b>										
Commercial Bank										
Dubai Islamic Bank Limited	5.2.1	-	26	-	26	26,000,000	26,000,000	-	9%	20%
Cable and Electric Goods										
New Allied Industries Limited	5.2.2	11,523	-	-	11,523	25,433,190	-	-	0%	0%
<b>Unlisted Sukuks</b>										
Cable and Electric Goods										
TPL Trakker Limited*	5.2.3	5	-	-	5	5,000,000	5,150,000	150,000	2%	4%
Real Estate and Development										
Eden Housing Limited	5.2.4	2,933	-	-	2,933	2,887,171	-	-	0%	0%
<b>30 September 2017</b>					<b>59,320,361</b>	<b>31,150,000</b>	<b>150,000</b>			
30 June 2017					33,320,361	5,257,250	-			

\*Each having face value of Rs. 1,000,000 per certificate

**5.2.1** These Sukuk certificates carry profit equal to 6 months KIBOR plus 0.50% receivable half-yearly in arrears and will mature in July 2027.

**5.2.2** New Allied Electronics Industries Limited defaulted on its payment of principal and mark-up due on 25 December 2008. Consequently, the security was classified as non-performing by MUFAP on 9 January 2009 and accrual on the same was suspended. This security has been fully provided in accordance with the provisioning circulars of SECP and the Board's approved provisioning policy. As mentioned in note 1.1, these TFCs are held in CDC Investor account of the previous Trustee and will only be transferred upon final settlement.

**5.2.3** These Sukuk certificates carry profit equal to 1 year KIBOR plus 3% receivable quarterly in arrears and will mature in April 2021. The principal amount is redeemable in four six monthly instalments of Rs. 0.25 million per certificate each commencing from October 2019. These Sukuk certificates are secured by hypothecation charge over the hypothecated assets of Rs. 625 million and pledge of shares of TPL Properties Limited in favour of the Trustee of the issuer for the benefit of the certificate holders.

**5.2.4** Eden Housing defaulted on its payment of principal and mark-up due on 21 April 2011. Consequently, the security was classified as non-performing by MUFAP on 06 May 2011 and accrual on the same was suspended. This security has been provided in accordance with the provisioning circulars of SECP and the Board's approved provisioning policy.

**5.3 Government Securities - 'At Fair Value through Profit and Loss'- Held for Trading**

Issue Date	Tenor	Face Value				Market Value as at June 30 September 2017	Market Value as a Percentage of Net Assets	Market Value as a Percentage of Total Investments	
		As at 1 July 2017	Purchased During the Period	Sold/Matured During the Period	As at 30 September 2017				
		(Rupees)				%			
17-Aug-17	3 Months	-	100,000,000	-	100,000,000	99,365,100	35%	76%	
Total As At 30 September 2017					-	100,000,000	99,365,100	35%	76%
Carrying Value before fair value adjustment as at 30 September 2017						99,369,788			



5.4 Certificates of Investment - Loans and Receivables

	Balance as at 30 September 2017					Percentage of Net Assets	Percentage of Total Investment
	As at 1 July 2017	Purchased During the Period	Matured/ Settled	As at 30 September 2017	Provision as at 30 September 2017		
	----- (Rupees) -----						
Orix Leasing Limited	16,500,000	-	16,500,000	-	-	0%	0%
	<u>16,500,000</u>	<u>-</u>	<u>16,500,000</u>	<u>-</u>	<u>-</u>		

5.5 Movement in Provision against Debt Securities

	Note	30 September 2017		
		Listed Debt Securities	Unlisted Debt Securities	Total
		----- (Rupees) -----		
Opening Balance		<u>133,097,303</u>	<u>28,320,361</u>	<u>161,417,664</u>
Less: Reversal of Provision				
- Reversal against Carrying Value Matured	5.1.2	<u>(4,188,789)</u>	<u>-</u>	<u>(4,188,789)</u>
Closing Balance		<u>128,908,514</u>	<u>28,320,361</u>	<u>157,228,875</u>

5.6 Details of Non-Compliant Investment with the Investment Criteria as Specified by the Securities and Exchange Commission of Pakistan

In accordance with Clause (v) of the investment criteria laid down for "income scheme" in Circular no. 7 of 2009 issued by SECP, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at 30 June 2017, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance of the Circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by respective issuer in repayment of coupon due on respective dates. The Fund holds 100% provision against such investment as enumerated below:

	Type of Investment	Value before Provision	Provision Made	Value after Provision	Percentage of Net Asset	Percentage of Gross
		----- (Rupees) -----				
Invest Capital Investment Bank Limited	TFC	20,000,000	20,000,000	-	-	-
Dewan Cement Limited	TFC	108,908,514	108,908,514	-	-	-
New Allied Electronics Industries Limited	TFC	25,433,190	25,433,190	-	-	-
Eden Housing Limited	Sukuk	2,887,171	2,887,171	-	-	-
		<u>157,228,875</u>	<u>157,228,875</u>			

5.7 Unrealised Appreciation in Fair Value of Investments Classified as 'Available for Sale'	Note	(Unaudited)	(Audited)
		30-Sep-17	30-Jun-17
		----- (Rupees) -----	
Fair Value of Investments		<u>31,150,000</u>	5,257,250
Cost of Investment		<u>(31,000,000)</u>	(5,000,000)
Net Unrealised Appreciation in the Fair Value of Investments at the End of the Year		<u>150,000</u>	<u>257,250</u>

6. ACCRUED EXPENSES AND OTHER LIABILITIES

Sindh Workers' Welfare Fund	6.1	<u>1,658,166</u>	1,521,238
Accrued Expenses		<u>464,624</u>	561,801
Other Liabilities		<u>238</u>	557,425
Withholding Tax and Zakat Payable		<u>436,912</u>	3,779,700
		<u>2,559,940</u>	<u>6,420,164</u>



6.1 The Management Company has recognised SWWF charge for the period from 21 May 2015 to 30 September 2017, amounting to Rs. 1.658 million (June 30, 2017: Rs. 1.521 million). Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Re. 0.48 (June 30, 2017: Re. 0.49).

## 7. TAXATION

7.1 The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90 percent of accounting income, the income distributed through bonus units shall not be dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance 2001.

## 8. CONTINGENCIES AND COMMITMENTS

There were no commitments as at 30 September 2017.

## 9. MARK-UP/INTEREST INCOME

	(Unaudited) 30 September 2017	(Unaudited) 30 September 2016
	(Rupees)	
Return on:		
- Profit from Bank Balances	3,066,367	126,015
-Term Finance and Sukuks Certificates	479,065	1,316,488
-Certificates of Investments (COI)	132,791	225,236
-Government Securities	657,800	-
	<u>4,336,023</u>	<u>1,667,739</u>

## 10. EARNINGS PER UNIT

Earnings per unit (EPU) has not been disclosed as in the opinion of the management determination of weighted average number of units for calculating earnings per unit is not practicable.

## 11. TRANSACTIONS WITH CONNECTED PERSONS/OTHER RELATED PARTIES

Related parties/connected persons of the Fund include 786 Investments Limited (formerly Dawood Capital Management Limited), being Management Company, other collective investment schemes managed by the Management Company, MCB Financial Services Limited, being the Trustee of the Fund, Directors and Officers of the Management Company, other associated undertakings and unit holders holding more than 10 % units in the Fund or any of their connected person.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations 2008 and the Trust Deed respectively.

The transactions with related parties are in the normal course of business and at contracted rates.

Details of transactions with related parties and balances with them at the period end are as follows:

	(Unaudited) 30 September 2017	(Unaudited) 30 September 2016
	(Rupees)	
11.1 Details of the Transactions with Connected Persons/Related Parties are as Follows:		
<b>786 Investments Limited (formerly Dawood Capital Management Limited) - Management Company</b>		
Remuneration (Including Indirect Taxes)	<u>1,121,531</u>	<u>445,405</u>
Accounting and Operation Charges	<u>66,166</u>	<u>-</u>
<b>MCB Financial Services Limited - Trustee</b>		
Remuneration (Including Indirect Taxes)	<u>170,831</u>	<u>170,554</u>





(Unaudited) (Audited)  
**30 September** **30 June**  
**2017** **2017**  
**(Rupees)**

**786 Investments Limited (formerly Dawood Capital Management Limited) - Management Company**

Issue of Nil Units (June 2017: 53,393 Units)

- 4,120,060

**Directors and Executives of the Management Company**

Issue of Nil Units (June 2017: 334,366 Units)

- 27,484,506

Redemption of Nil Units (June 2017: 12,339 Units)

- 1,061,027

**Dawood Global Foundation**

Issue of Nil Units (June 2017: 184,856 Units)

- 15,000,000

Redemption of Nil Units (June 2017: 184,856 Units)

- 16,286,691

**BRR Investment Limited**

Issue of Nil Units (June 2017: 454,772 Units)

- 36,906,202

Redemption of 15,028 Units (June 2017: 38,135 Units)

1,200,000 3,280,000

**First Dawood Investment Bank Limited - Employees' Contributory Provident Fund**

Issue of Nil Units (June 2017: 60,033 Units)

- 4,633,210

**F. Villiers**

Issue of Nil Units (June 2017: 287,089 Units)

- 24,608,137

**Other Connected Persons/Related Parties**

Issue of Nil Units (June 2017: 555 Units)

- 42,844

**11.2 Amounts Outstanding as at Period End are as Follows:**

**786 Investments Limited (formerly Dawood Capital Management Limited) - Management Company**

Remuneration Payable

3,030,260 2,978,217

Units Held 260,994 (June 2017: 260,994)

21,143,774 20,599,305

**MCB Financial Services Limited - Trustee**

Remuneration Payable

65,041 66,738

**First Dawood Investment Bank Limited - Employees' Contributory Provident Fund**

Units Held 228,437 (June 2017: 228,437)

18,506,281 18,029,729

**BRR Investment Limited**

Units Held 401,609 Units (June 2017: 416,637)

32,535,427 32,883,712

**F. Villiers**

Units Held 530,648 (June 2017: 530,648)

42,989,252 41,882,244

**Directors and Executives of the Management Company**

Units Held 717,872 (June 2017: 395,845)

58,156,687 56,659,106

**Other Connected Persons/Related Parties**

Units Held 2,371 Units (June 2017: 2,371 Units)

192,076 187,130



**12. CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. The effect of rearrangement/reclassification is not considered to be material.

**13. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 30 October, 2017.

For 786 Investments Limited  
(Formerly Dawood Capital Management Limited)  
[Management Company]

\_\_\_\_SD\_\_\_\_  
Chief Financial Officer

\_\_\_\_SD\_\_\_\_  
Director

\_\_\_\_SD\_\_\_\_  
Director

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**Managed By:**  
**786 Investments Limited**  
**(Formerly Dawood Capital Management Ltd.)**  
**Trustee: MCB Financial Services Limited**  
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