



**INVESTMENTS**

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**786 INVESTMENTS LIMITED**



**FIRST DAWOOD MUTUAL FUND**

**FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED**

**30 SEPTEMBER 2018  
(Un-Audited)**



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## CORPORATE INFORMATION

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<b>Management Company</b>	786 Investments Limited 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: info@786investments.com Website: www.786investments.com	
<b>Board of Directors</b>	Ms. Shafqat Sultana Miss Tara Uzra Dawood Ms. Charmaine Hidayatullah Mr. Ahmed Salamn Munir Syed Shabahat Hussain Mr. Tahir Mehmood Syed Farhan Abbas	Chairperson Chief Executive Officer Director Director Director Director Director
<b>Chief Financial Officer &amp; Company Secretary</b>	Mr. Talal Ismail Pasha	
<b>Audit Committee</b>	Syed Shabahat Hussain Mr. Tahir Mehmood Syed Farhan Abbas	Chairman Member Member
<b>Human Resource Committee</b>	Ms. Shafqat Sultana Miss Tara Uzra Dawood Mr. Tahir Mehmood	Chairman Member Member
<b>Trustee:</b>	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S. Main Shahra-e-Faisal, Karachi-74400 Ph: (92-21) 111-111-500 Fax: (92-21) 34326020-23	
<b>Auditors</b>	Riaz Ahmad & Co. Chartered Accountants	
<b>Legal Advisor</b>	Rauf & Ghaffar Law Associates (Advocates & Consultants) Suite # 65, 5th Floor, Fareed Chamber, Abdullah Haroon Road, Saddar – Karachi, Pakistan.	
<b>Registrars</b>	F.D. Registrar Services (SMC-Pvt.) Ltd. Office# 1705, 17th Floor Saima Trade Tower. A, I.I. Chundrigar Road, Karachi-74000, Pakistan.	
<b>Banker:</b>	Habib Metropolitan Bank Limited Al Baraka Bank (Pakistan) Limited BankIslami Pakistan Limited MCB Bank Limited	
<b>Rating:</b>	PACRA: 5 Star	

## DIRECTORS' REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2018

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 **First Dawood Mutual Fund**, I am pleased to present financial statements for the quarter ended September 30, 2018.

### **Economic Outlook:**

The smooth and safe transition of powers between the Governments addresses the political uncertainty. However, concerns over the economic front continues to persist on the back of rising inflation and large twin deficits that are likely to compromise the sustainability of the high real economic growth path, posing a major concern for the newly elected Government.

The balance of payments is under stress due to relatively high current account deficit (CAD) at 5.8 percent of GDP (US\$18.1 billion) in FY18. Exports, after contracting for three consecutive fiscal years, grew by 12.6 percent in FY18, but relatively stronger import growth (14.7 percent) has resulted in a higher trade deficit. Government imposed regulatory duties on a large number of imports to slowdown import growth and the exchange rate has depreciated by cumulative 18 percent. The recent monetary and fiscal measures are likely to affect Large Scale Manufacturing. SBP has projected the real GDP growth for FY19 at around 5.0%.

Average CPI inflation for the IQFY19 increased to 5.60% against 3.39% in FY18. SBP has revised its inflation cast for FY19 in the range of 6.5% to 7.5% in view of (i) higher anticipated international oil prices (ii) an upward revision in domestic gas prices (iii) an increase regularity duty on imports and (iv) exchange rate depreciations. The policy interest rate was raised by 200 bps during the period under review.

The government is also now pursuing fiscal consolidation program and has further announced regulatory measures to slowdown the growing pressures on the external front. As a result, domestic demand is projected to decelerate in the coming months of FY19.

### **Stock Market Review:**

The outgoing first quarter of FY19 remained a volatile year for the stock market. During FY19Q1, the Pakistan Stock markets 100 index underperformed -2.18%. During the period under review, the market remained volatile, it started from 41910.90 on July 2, 2018 and reached the lowest point of 39288.48 points on July 9, 2018. It started increasing and reached its highest peak of 43556.63 points on July 30 2018, then continued to go down again and ends at 40998.59 points on September 28,2018. During the period the foreign investors offloaded securities worth PKR 22.505 billion. which was absorbed by domestic individual investors, companies and insurance companies. This strong buying by local investors has shown the confidence of the investors in Pakistan's equity market.

### **Money Market Review:**

The SBP held seven Treasury bill auctions during 1QFY19. The cumulative participation witnessed were PKR 5.199bn against the pre-announced auction target of PKR 5,450bn while the SBP accepted an amount of PKR 4.556bn during the period under review. That being said, acceptance in 3 months tenor represented 99.99% of the total accepted amount while the 6 months were 0.01% while no bids were received in 12 months tenor. Further during this period SBP conducted three Pakistan Investment Bond (PIB) auctions and raised PKR 19.5bn the last cut-off yields was 9.25% for 5 years respectively. Further during this period SBP conducted one Floating Rate Bonds (FRB) auction based on spread over 6 months weighted average cut-off T.Bills. The cumulative participation witnessed were PKR 151.525bn against the auction target of PKR 150bn while the SBP accepted an amount of PKR 101.525bn with spread over 70 bps on 6m T.Bills. The SBP did not conduct any GOP Ijarah Sukuk auction during the period under review.

### **Fund Strategy:**

The investment strategy devised for the Fund seeks to provide investors with balanced exposure to stocks, debt securities and government securities. The Fund's strategy aims to not only preserve investors' capital but also to maximize the value of their investments while providing a stable stream of income.



The portfolio management team selects investments using various analytical disciplines such as top-down fundamental research and quantitative screens in the light of the country's macroeconomic indicators. In particular, the team seeks to include in its portfolios fundamentally strong sectors and companies, while dynamically rebalancing portfolios to benefit from predicted macro-economic trends. Investments are diversified across a mix of sectors and investors are offered an optimized risk/return profile.

**Fund Performance:**

As at September 30, 2018, net assets were Rs. 206.93 million as compared to Rs. 243.12 million as at June 30, 2018. Total Fund's operating loss for the period was Rs. 4.85 million as compared to loss of Rs. 12.73 million. Total Income decreased due to the unrealized diminution in value of investments by Rs. 7.96 million. Total expenses during the year were Rs. 1.98 million as compared to Rs. 2.36 million in the same period last year. The net loss for the quarter was Rs.6.83 million, as compared to net loss of Rs. 15.10 million. The Net Asset Value per unit was Rs. 21.76 as at September 30, 2018.

**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.

---SD---

Chairperson

October 18, 2018  
Karachi

## ڈائریکٹرز کی رپورٹ

فرسٹ داؤد ویو چل فنڈ (FDMF) مینجمنٹ کمپنی 786 انویسٹمنٹ لمیٹڈ (786 یادی کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے، 30 ستمبر 2018 کو ختم ہونے والی سہ ماہی کے مالیاتی گوشوارے پیش کرتے ہوئے میں خوشی محسوس کر رہا ہوں۔

### اقتصادی امکانات:

حکمرانوں کے درمیان اختیار کی ہموار اور محفوظ منتقلی سیاسی غیر یقینی کو جنم دیتی ہے۔ تاہم، اقتصادی محاذ پر بڑھتے ہوئے افراط زر اور بڑے جزوان خطرات کی بناء پر خدشات درپیش ہیں جسے نئی حکومت کی طرف سے اعلیٰ حقیقی اقتصادی ترقی کے استحکام پر سمجھوتہ کرنے اور اہم توشیئیں خیال کئے جانے کا امکان ہے۔

بقایا ادائیگیاں مالی سال 18 میں جی ڈی پی (18.1 بلین امریکی ڈالر) کی 5.8 فیصد پر نسبتاً اعلیٰ کرنٹ اکاؤنٹ خسارہ (CAD) کی وجہ سے دباؤ کے تحت ہیں۔ برآمدات، تین مسلسل مالی سالوں میں کمی کے بعد، مالی سال 18 میں 12.6 فیصد تک زیادہ ہوئیں، لیکن نسبتاً درآمد نمو (14.7 فیصد) کی وجہ سے تجارتی خسارہ میں اضافہ ہوا ہے۔ حکومت نے درآمد نمو کو کم کرنے کیلئے درآمدات کی بڑی تعداد پر ریگولیٹری ڈیویڈنڈ عائد کی ہیں اور زرمبادلہ کی شرح مجموعی طور پر 18 فیصد تک کم ہو گئی ہے۔ حالیہ مانیٹری اور مالیاتی اقدامات سے بڑے پیمانے کی مینوفیکچرنگ متاثر ہونے کے امکانات ہیں۔ ایس بی پی نے مالی سال 19 کے لئے حقیقی جی ڈی پی نمو کا تخمینہ تقریباً 5.0 فیصد لگایا ہے۔

مالی سال 19 کی پہلی سہ ماہی کے لئے اوسطی پی آئی افراط زر مالی سال 18 میں 3.39 فیصد کے برعکس 5.60 فیصد تک بڑھ گیا۔ ایس بی پی نے مالی سال 19 کے لئے اپنی افراط زر قیمت کو (i) اعلیٰ متنوع بین الاقوامی تیل کی قیمتوں (ii) مقامی گیس کی قیمتوں میں دوبارہ اضافہ (iii) درآمدات پر ریگولیٹری ڈیویڈنڈ میں اضافہ اور (iv) زرمبادلہ کی شرح میں کمی کے مد نظر 6.5 فیصد تا 7.5 فیصد کی رینج میں ریواز کیا ہے۔ پالیسی انٹریسٹ رٹ زیر جائزہ مدت کے دوران 200 bps تک بڑھ گیا تھا۔

حکومت بھی اب مالی کنسولیدیشن پروگرام کی پیروی کر رہی ہے اور بیرونی محاذ پر بڑھتے ہوئے دباؤ کو کم کرنے کے لئے مزید ریگولیٹری اقدامات کا اعلان کیا ہے۔ جس کے نتیجے میں مقامی طلب مالی سال 19 کے آئندہ مہینوں میں بڑھنے کی توقع ہے۔

### اسٹاک مارکیٹ کا جائزہ:

مالی سال 19 کی پہلی سہ ماہی اسٹاک مارکیٹ کے لئے غیر مستحکم رہی ہے۔ مالی سال کی پہلی سہ ماہی کے دوران، پاکستان اسٹاک مارکیٹس 100 انڈیکس نے 2.18 فیصد کی ناقص کارکردگی کا مظاہرہ کیا۔ زیر جائزہ مدت کے دوران، مارکیٹ غیر مستحکم رہی ہے، یہ 2 جولائی 2018 کو 41910.90 پوائنٹس سے شروع ہوئی اور 9 جولائی 2018 کو 39288.48 پوائنٹس کی سب سے کم سطح پر پہنچ گئی۔ یہ 30 جولائی 2018 کو بڑھنا شروع ہوئی اور 43556.63 پوائنٹس کی بلند ترین سطح تک پہنچنے کے بعد، مسلسل کم ہوتی چلی گئی اور 28 ستمبر 2018 کو 40998.59 پوائنٹس پر بند ہوئی۔ زیر جائزہ مدت کے دوران غیر ملکی سرمایہ کاروں نے 22.505 بلین روپے مالیت کی سیکورٹیز کی سرمایہ کاری کی، جو مقامی انفرادی سرمایہ کاروں، کمپنیوں اور انشورنس کمپنیوں کے ذریعے کی گئی۔ مقامی سرمایہ کاروں کی طرف سے یہ بھاری خریداری پاکستان کی ایکویٹی مارکیٹ میں سرمایہ کاروں کے اعتماد کو ظاہر کرتی ہے۔

### منی مارکیٹ کا جائزہ:

ایس بی پی نے مالی سال 19 کی پہلی سہ ماہی کے دوران سات ٹریڈری بل آکشن منعقد کرائیں۔ مجموعی شرکت کا مشاہدہ پہلے اعلان کردہ نیلامی ہدف 5,450bn روپے کے برخلاف 5,199bn روپے تھا جبکہ ایس بی پی نے زیر جائزہ مدت کے دوران 4,556bn روپے کی رقم کی منظوری دی۔ یہ کہا جا رہا ہے کہ 3 ماہ کی مدت میں قبولیت کل قابل قبول رقم کی 99.99 فیصد کی نمائندگی کرتی ہے۔ جبکہ 6 ماہ کی 0.01 فیصد تھی جبکہ 12 ماہ کی مدت کی کوئی بڑ ز وصول نہیں ہوئیں۔

مزید، اس عرصے کے دوران، ایس بی پی نے تین (3) پاکستان انویسٹمنٹ بانڈ (پی آئی بی) نیلامیوں کا انعقاد کیا اور 19.5bn روپے اکٹھے کئے 5 سالوں کی پیداوار ہائریٹیڈ 9.25 فیصد تھی۔ اس کے علاوہ موجودہ مدت کے دوران، ایس بی پی نے 6 ماہ کی اوسط کٹ آف ٹی بلز پر محیط فلوئنگ ریٹ بانڈز (FRB) کی ایک نیلامی منعقد کی۔ مجموعی شرکت کا مشاہدہ 150bn روپے کے نیلامی ہدف کے خلاف 151.525bn روپے کیا گیا تھا جبکہ ایس بی پی نے 6 ماہ کی بلز پر 70 بی بی ایس پر 101.525bn روپے رقم کی منظوری دی ہے۔

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

## فنڈ کی حکمت عملی

سرمایہ کاری کی حکمت عملی اسٹاک، قرض سیکورٹیز اور گورنمنٹ سیکورٹیز، موزوں مواقع کے ساتھ سرمایہ کاروں کو فنڈ فراہم کرنے کی کوشش کرتی ہے۔ فنڈ کی حکمت عملی کا مقصد سرمایہ کاروں کے سرمایہ کو صرف محفوظ بنانا نہیں بلکہ آمدنی کا ایک مستحکم بہاؤ فراہم کرتے ہوئے ان کے سرمایہ کی قدر کو زیادہ سے زیادہ کرنا ہے۔

پورٹ فولیو مینجمنٹ ٹیم ملک کے میکرو اشاروں کی روشنی میں ٹاپ ڈاؤن بنیادی تحقیق اور مقدراری اسکریٹوں جیسے مختلف تجزیاتی ڈسپلنز کا استعمال کرتے ہوئے سرمایہ کاری کا انتخاب کرتی ہے۔ خاص طور پر، ٹیم متوقع اقتصادی رجحانات سے فائدہ حاصل کرنے کے لئے پورٹ فولیو کو متحرک طور پر دوبارہ متوازن کرتے ہوئے بنیادی طور پر مضبوط شعبوں اور کمپنیوں کو اپنی پورٹ فولیو میں شامل کرنے کی کوشش کرتی ہے۔ سرمایہ کاری شعبوں میں اختلافات ہیں اور سرمایہ کاروں کو ایک بہتر خطرہ/ریٹرن پروفائل کی پیشکش کی جاتی ہے۔

## فنڈ کی کارکردگی

30 ستمبر 2018 کو خالص اثاثے 206.93 ملین روپے تھے جو 30 جون 2018 کو 243.12 ملین روپے تھے۔ گزشتہ سال کی اسی مدت میں 12.73 ملین روپے کے نقصان کے مقابلے موجودہ مدت کے دوران فنڈ کا کل آپریٹنگ نقصان 4.85 ملین روپے تھا۔ کل آمدنی سرمایہ کاری کی قدر میں 7.96 ملین روپے تک غیر محسوس کمی کی وجہ سے کم ہوئی۔ مدت کے دوران کل اخراجات 1.98 ملین روپے ہوئے جو گزشتہ سال کی اسی مدت میں 2.36 ملین روپے تھے۔ سہ ماہی کا خالص نقصان 6.83 ملین روپے ہوا، جبکہ گزشتہ سال کی اسی مدت میں خالص نقصان 15.10 ملین روپے تھا۔ 30 ستمبر 2018 کے مطابق فی یونٹ خالص اثاثے کی قدر (NAV) 21.76 روپے تھی۔

## اظہار تشکر

ڈائریکٹرز ان ریکوری کے لحاظ سے دوران قابل قدر معاونت، مدد اور رہنمائی پر سیکورٹیز اینڈ اینڈ ایچجی کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کے شکر گزار ہیں۔ مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز، مہنگن اور محنت پر کمپنی کے ملازمین، ٹرسٹیز اور کمپنی میں اعتماد پر یونٹ ہولڈرز کا بھی شکریہ ادا کرتے ہیں۔ یہ ایشتمال شدہ عبوری مالیاتی گوشوارے غیر نظر ثانی شدہ ہیں۔ اس کے مطابق، مینجمنٹ کمپنی کے ڈائریکٹرز اعلان کرتے ہیں کہ یہ ایشتمال شدہ عبوری مالیاتی گوشوارے فنڈ کا حقیقی اور منصفانہ منظر پیش کرتے ہیں۔

---SD---

چیئر پرسن

کراچی: 18 اکتوبر 2018ء

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)  
 AS AT 30 SEPTEMBER 2018**

		(Unaudited) 30 September 2018 Rupees	(Audited) 30 June 2018 Rupees
<b>Assets</b>			
Bank Balances	6	25,768,998	32,823,960
Investments	7	185,374,520	213,262,337
Deposits		3,550,000	3,550,000
Dividends and Other Receivable		2,439,967	3,500,575
Advance Income Tax		-	-
<b>Total Assets</b>		<b>217,133,485</b>	<b>253,136,872</b>
<b>Liabilities</b>			
Payable to 786 Investments Limited - Management Company	8	1,331,426	1,335,294
Payable to Central Depository Company of Pakistan Limited - Trustee		65,054	65,022
Payable to Securities and Exchange Commission of Pakistan - Annual Fee		47,391	220,433
Accrued Expenses and Other Liabilities	9	8,244,527	7,952,998
Dividend Payable		-	-
Unclaimed Dividend		518,189	446,440
<b>Total Liabilities</b>		<b>10,206,587</b>	<b>10,020,187</b>
<b>Net Assets</b>		<b>206,926,898</b>	<b>243,116,685</b>
<b>Unit Holders' Fund (As per Statement Attached)</b>		<b>206,926,898</b>	<b>243,116,685</b>
		<b>Number of Units</b>	
<b>Number of Units In Issue</b>	10	<b>9,511,035</b>	<b>10,864,101</b>
		<b>Rupees</b>	
<b>Net Assets Value per Unit</b>		<b>21.76</b>	<b>22.38</b>
<b>Contingencies and Commitments</b>	11		

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For 786 Investments Limited  
 [Management Company]

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

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

----SD----  
 Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	Note	Quarter Ended 30 September 2018 Rupees	Quarter Ended 30 September 2017 Rupees
<b>Income</b>		<b>Rupees</b>	<b>Rupees</b>
Income from Bank Balances		419,641	871,455
Income from Term Deposit Receipt		-	-
Income from Sukuk and Term Finance Certificates		1,192,785	537,068
Income from Government Securities		-	-
Dividend Income		738,863	590,300
Capital Gain on Sale of Investments		761,200	(643,160)
Other Income		1,563	-
		<b>3,114,052</b>	<b>1,355,663</b>
Net Unrealised (Diminution)/Appreciation in Fair Value of Investments Classified As 'At Fair Value Through Profit or Loss'		<b>(7,964,363)</b>	<b>(14,088,953)</b>
<b>Total Income</b>		<b>(4,850,311)</b>	<b>(12,733,290)</b>
<b>Expenses</b>			
Remuneration to 786 Investments Limited - Management Company	8.1	1,116,851	1,407,006
Sindh Sales Tax on Remuneration to Management Company	8.2	145,191	182,907
Accounting and Operation Charges	8.3	55,700	70,350
Remuneration to Central Depository Company Pakistan Limited - Trustee		176,456	176,438
Sindh Sales Tax on Trustee Fee		22,939	22,937
Annual Fee to Securities and Exchange Commission of Pakistan		47,391	59,799
Auditors' Remuneration		192,655	198,085
Fees and Subscription		149,280	21,140
Securities' Transaction Cost		36,109	177,990
Bank Charges		6,394	648
Printing Charges		35,174	51,039
<b>Total Expenses</b>		<b>1,984,140</b>	<b>2,368,339</b>
<b>Net (Loss)/Income from Operating Activities</b>		<b>(6,834,451)</b>	<b>(15,101,629)</b>
Net Element of Income and Capital Gains Included in Prices of Units Issued Less Those in Units Redeemed		-	-
<b>Net (Loss)/Income for the Period before Taxation</b>		<b>(6,834,451)</b>	<b>(15,101,629)</b>
Taxation	13	-	-
<b>Net (Loss)/Income for the Year after Taxation</b>		<b>(6,834,451)</b>	<b>(15,101,629)</b>
<b>Allocation of Net Loss for the Period</b>			
Income Already Paid on Units Redeemed		(1,401)	
Accounting Loss Available for Distribution			
- Relating to Capital Loss		(7,203,163)	
- Excluding Capital Gain		367,311	
		<b>(6,835,852)</b>	
<b>Earnings Per Unit</b>	12		

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For 786 Investments Limited  
[Management Company]

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

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

----SD----  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
 FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	<b>Quarter Ended 30 September 2018 Rupees</b>	<b>Quarter Ended 30 September 2017 Rupees</b>
Net (Loss)/Income for the Period after Taxation	<b>(6,834,451)</b>	<b>(15,101,629)</b>
<b>Other Comprehensive Income</b>		
Items That are or May be Reclassified Subsequently to Income Statement		
Net Unrealised (Diminution)/Appreciation in Fair Value of Investments Classified as Available for Sale	-	-
<b>Total Comprehensive (Loss)/Income for the Period</b>	<b><u>(6,834,451)</u></b>	<b><u>(15,101,629)</u></b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For 786 Investments Limited  
 [Management Company]

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

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

----SD----  
 Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	30 September 2018			30 September 2017		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
	----- Rupees -----			----- Rupees -----		
<b>Net Assets at the Beginning of the Year</b>	50,428,298	192,688,387	243,116,685	305,635,310	121,654,040	427,289,350
Issue of 449,949 Units (2017: 1,629,072 Units)						
- Capital Value (At Net Asset Value per Unit at The Beginning of the Period)	9,714,901	-	9,714,901			
- Element of Income	490,290	-	490,290			
Total Proceed on Issuance of Units	10,205,191	-	10,205,191	29,218,328	165,264	29,383,592
Redemption of 1,803,015 Units (2017: 14,879,571 Units)						
- Capital Value (At Net Asset Value per Unit at The Beginning of the Period)	(38,730,441)	-	(38,730,441)			
- Amount Paid Out of Element of Income Relating To 'Net Income for the Period after Taxation'	-	(1,401)	(1,401)			
- Refund/Adjustment on Units As Element of Income	(311,505)	-	(311,505)			
Total Payment on Redemption of Units	(39,041,946)	(1,401)	(39,043,348)	(245,810,537)	6,641,130	(239,169,407)
Element of (Income)/Loss and Capital (Gains)/Losses Included in Prices of Units Issued Less Those in Units Redeemed - Net				-	(6,806,394)	(6,806,394)
Total Comprehensive (Loss)/Income for the Period	-	(6,834,451)	(6,834,451)	-	(15,101,629)	(15,101,629)
<b>Distributions</b>						
Final Distribution at the Rate of Rupee 0.0476 Per Unit for the Year Ended 30 June 2018	-	(517,180)	(517,180)		260,000	260,000
Final Distribution at the Rate of Rupees 1.1173 Per Unit for the Year Ended 30 June 2017					(13,696,492)	(13,696,492)
Final Distribution at the Rate of Rupee 0.01 Per Unit for the Year Ended 30 June 2016	-	-	-	-	(260,000)	(260,000)
Final Distribution at the Rate of Rupee 0.1218 Per Unit for the Year Ended 30 June 2015	-	-	-	-	(3,150,842)	(3,150,842)
Final Distribution at the Rate of Rupee 0.232 Per Unit for the Year Ended 30 June 2014	-	-	-	-	(5,999,448)	(5,999,448)
	-	(517,180)	(517,180)	-	(22,846,782)	(22,846,782)
<b>Net Assets at End of the Period</b>	<b>21,591,543</b>	<b>185,335,355</b>	<b>206,926,898</b>	<b>89,043,101</b>	<b>83,705,629</b>	<b>172,748,730</b>
Undistributed Income Brought Forward						
- Realized		207,126,742			121,512,395	
- Unrealised		(14,438,355)			141,645	
		192,688,387			121,654,040	
Accounting Income Available for Distribution						
- Relating to Capital Loss		(7,203,163)			-	
- Excluding Capital Gains		367,311			-	
		(6,835,852)			-	
Net (Loss)/Income for the Year After Taxation (for Prior Periods Either Income/Loss and Where There is Loss Situation in Current Period)		-			(15,101,629)	
Distributions During the Period		(517,180)			(22,846,782)	
Undistributed Income Carried Forward		<u>185,335,355</u>			<u>83,705,629</u>	
Undistributed Income Carried Forward						
- Realised		193,299,718			97,652,937	
- Unrealised		(7,964,363)			(13,947,308)	
		<u>185,335,355</u>			<u>83,705,629</u>	
Net Assets Value per Unit at Beginning of the Year			<u>22.38</u>			<u>16.52</u>
Net Assets Value per Unit at End of the Period			<u>21.76</u>			<u>23.08</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

**For 786 Investments Limited  
[Management Company]**

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

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

----SD----  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
 FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	<b>Quarter Ended 30 September 2018 Rupees</b>	<b>Quarter Ended 30 September 2017 Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (Loss)/Income for the Year Before Taxation	(6,834,451)	(15,101,629)
<b>Adjustments for Non-Cash Charges and Other Items:</b>		
Capital Gain on Sale of Investments	(761,200)	643,160
Unrealised Diminution/(Appreciation) in Fair Value of Investments Classified As 'At Fair Value Through Profit Or Loss' - Net	7,964,363	14,088,953
Net Element of Income and Capital Gain Included in Prices of Units Issued Less Those in Units Redeemed	-	-
Reversal of Provision for Workers' Welfare Fund - Federal	-	-
Withholding Taxes	-	-
	<b>368,712</b>	<b>(369,516)</b>
<b>Decrease/(Increase) in Assets</b>		
Investments	<b>20,684,654</b>	(28,311,596)
Deposits	-	-
Advance Income Tax	-	71,822
Dividends and Other Receivable	<b>1,060,608</b>	(623,706)
	<b>21,745,262</b>	<b>(28,863,480)</b>
<b>Increase/(Decrease) in Liabilities</b>		
Payable to 786 Investment Limited - Management Company	<b>(3,868)</b>	11,450
Payable to Central Depository Company of Pakistan Limited - Trustee	32	(67,186)
Annual Fee Payable to Securities and Exchange Commission of Pakistan	<b>(173,042)</b>	(187,591)
Payable against Redemption of Units	-	20,000,000
Dividend Payable	-	(2,491,056)
Accrued Expenses and Other Liabilities	<b>291,529</b>	(2,030,223)
	<b>114,651</b>	<b>15,235,394</b>
Taxes Paid/Withheld By Counterparties	-	-
<b>Net Cash Used in Operating Activities</b>	<b>22,228,625</b>	<b>(13,997,602)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend Paid	<b>(445,430)</b>	-
Receipts from Issuance of Units	<b>10,205,191</b>	-
Payments on Redemption of Units	<b>(39,043,348)</b>	(20,921,877)
<b>Net Cash Used in Financing Activities</b>	<b>(29,283,587)</b>	(20,921,877)
Net Decrease in Cash and Cash Equivalents During the Period	<b>(7,054,962)</b>	<b>(34,919,479)</b>
Cash and Cash Equivalents At Beginning of the Year	<b>32,823,960</b>	104,074,858
<b>Cash and Cash Equivalents At End of the Period</b>	<b>25,768,998</b>	<b>69,155,379</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For 786 Investments Limited  
 [Management Company]

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

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

----SD----  
 Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
 FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

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

- 1.1** First Dawood Mutual Fund ('the Fund') was established under the Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 (the NBFC Rules). Formation of the Fund as closed end fund was authorized by the Securities and Exchange Commission of Pakistan (SECP) on 28 January 2005. It was established under Trust Deed dated 08 December 2004 executed between 786 Investments Limited (formerly Dawood Capital Management Limited) as the Management Company, and Central Depository Company of Pakistan Limited (CDC), as the Trustee, duly approved by the SECP. During the last year, the Management Company has changed its name to 786 Investments Limited with effect from 20 January 2017 after completing regulatory requirements. During the current year, the registered office of the Management Company was changed and now situated at G3, Ground floor, BRR Tower, Hassan Ali Street, I.I Chundrigar Road, Karachi, Pakistan.

SECP vide its letter SCD/AMCW/FDMF/337/2016 dated 10 March 2016 approved the conversion of the Close-end fund into an Open-end scheme effective from 7 April 2013 under the regulation 65 of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) by virtue of a scheme of conversion of the Fund under a supplemental Trust Deed executed between 786 Investments Limited as Management Company and CDC as Trustee after being approved by the SECP on 3 June 2016 in accordance with the provisions of NBFC Regulations.

- 1.2** Units of the Fund are offered for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering them to the Fund. The Fund is in the process of delisting as Closed-end fund and listing as an Open-end fund on Pakistan Stock Exchange Limited (PSX).
- 1.3** The Fund is categorized as a "Balanced Scheme" approved by the Board of Directors of the Management Company as per Circular 7 of 2009 issued by the SECP. The policy of the Fund is to invest in a mix of traded securities covering debt, equity and money market transactions.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

- 1.4** The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM3' to the Management Company and has assigned performance ranking of "5 star" to the Fund.
- 1.5** The Management Company paid the dues of PSX on June 28, 2018 and fulfilled other conditions subsequently on July 23, 2018. On fulfillment of the conditions, PSX through its notice dated August 30, 2018 announced the shifting of name of the Management Company to Normal Counter and resumption of trading in shares of the Management Company from September 3, 2018.

**2 BASIS OF PREPARATION**

**2.1 Statement of Compliance**

- 2.1.1** These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
  - Provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984; and
  - Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the requirements of IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

**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 2018.

**2.1.3** This condensed interim financial information is unaudited are being circulated to the unit holders as per the requirement of the NBFC regulations. However, a limited scope review has been performed by the external auditors of the fund. The Board of Directors of the Management Company declare that this condensed interim financial information gives a true and fair view of the state of affairs of the Fund.

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the method of computation adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Fund for the year ended 30 June 2018.

### **4 ESTIMATES AND JUDGMENTS**

**4.1** The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

**4.2** In preparing this condensed interim financial information, significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended 30 June 2018.

### **5 FINANCIAL RISK MANAGEMENT**

**5.1** The Fund's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the annual audited financial statements of the Fund as at and for the year ended 30 June 2018.

<b>6 BANK BALANCES</b>	Note	<b>Un-Audited 30 September 2018 Rupees</b>	Audited 30 June 2017 Rupees
- Savings Accounts	6.1	<u><b>25,768,998</b></u>	<u>32,823,960</u>

**6.1** Profit rates on savings accounts range from 2.48% to 7.45% (30 June 2018: 2.48% to 6.20%) per annum.

### **7 INVESTMENTS**

#### **At Fair Value through Profit or Loss - Held for Trading**

Listed Equity Securities	7.1	<b>134,164,996</b>	161,973,694
Unlisted Debt Securities - Term Finance and Sukuk Certificates	7.2	<u><b>51,209,525</b></u>	<u>51,288,643</u>
		<u><b>185,374,520</b></u>	<u>213,262,337</u>

## 7.1 Listed Equity Securities - At Fair Value through Profit or Loss - Held for Trading

Shares of listed companies are fully paid ordinary shares of Rupees 10 each unless stated otherwise.

Name of the Investee Entities	Number of Shares					Balance as at 30 September 2018			Market Value		Par value as a percentage of issued capital of the investee company
	As at July 01 2018	Purchased During the Year	Bonus/Right	Sold/Matured/ Settled During the Year	As at September 30 2018	Carrying Value	Market Value	Appreciation/ (Diminution)	As a Percentage of Total Investments	As a Percentage of Net Assets	
----- (Rupees) -----											
<b>MODARABAS</b>											
B.R.R Guardian Modaraba	794,498	-	-	15,000	779,498	6,812,813	6,165,829	(646,983)	3.33%	2.98%	0.999%
									3.33%		
<b>INVESTMENT BANKS/INVESTMENT COMPANIES/SECURITIES COMPANIES</b>											
Dawood Equities Limited	979,500	-	-	41,000	938,500	3,472,450	4,026,165	553,715	2.17%	1.95%	3.75%
									2.17%		
<b>COMMERCIAL BANKS</b>											
Bank Alfalah Limited	10,000	3,500	1,350	-	14,850	708,300	737,154	28,854	0.40%	0.36%	0.001%
Bank of Punjab	27,500	-	-	23,500	4,000	48,280	47,320	(960)	0.03%	0.02%	0.000%
Habib Bank Limited	26,100	2,700	-	-	28,800	4,752,544	4,359,456	(393,088)	2.35%	2.11%	0.002%
MCB Bank Limited	19,000	500	-	1,300	18,200	3,600,115	3,662,022	61,907	1.98%	1.77%	0.002%
United Bank Limited	13,000	500	-	500	13,000	2,192,489	2,002,000	(190,489)	1.08%	0.97%	0.001%
									5.83%		
<b>INSURANCE</b>											
IGI Life Insurance Limited	260,875	-	-	47,000	213,875	17,110,000	16,019,238	(1,090,763)	8.64%	7.74%	0.303%
IGI Holdings Limited	2,000	-	-	-	2,000	576,000	561,200	(14,800)	0.30%	0.27%	0.002%
Beema Pakistan Company Limited***	35,500	-	-	-	35,500	-	-	-	-	-	0.085%
									8.94%		
<b>TEXTILE COMPOSITE</b>											
Gul Ahmed Textile Mills Limited	1,500	-	-	1,500	-	-	-	-	0.00%	0.00%	0.000%
Nishat (Chunian) Limited	-	-	-	-	-	-	-	-	-	-	-
Nishat Mills Limited	3,000	-	-	3,000	-	-	-	-	0.00%	0.00%	0.000%
Azgard Nine Limited (Cumulative Preference Shares) 8.95%***	1,013,863	-	-	-	1,013,863	-	-	-	-	-	1.533%
									0.00%		
<b>CEMENT</b>											
Fauji Cement Company Limited	18,500	1,000	-	19,500	-	-	-	-	0.00%	0.00%	0.000%
Bestway Cement Limited	10,000	-	-	7,900	2,100	275,079	254,415	(20,664)	0.14%	0.12%	0.000%
D.G. Khan Cement Company Limited	18,000	5,000	-	11,500	11,500	1,278,439	1,177,715	(100,724)	0.64%	0.57%	0.003%
Lucky Cement Limited	12,700	2,000	-	8,100	6,600	3,334,426	3,385,404	50,978	1.83%	1.64%	0.002%
Dewan Cement Limited	-	-	-	-	-	-	-	-	-	-	-
CHERAT CEMENT COMPANY LIMITED	-	5,500	-	1,000	4,500	387,880	362,475	(25,405)	-	-	-
Power Cement Limited	18,044	-	-	11,000	7,044	58,817	50,999	(7,819)	0.03%	0.02%	0.001%
Maple Leaf Cement Factory Limited	-	500	-	500	-	-	-	-	-	-	-
Pioneer Cement Limited	-	2,000	-	2,000	-	-	-	-	-	-	-
									2.63%		
<b>REFINERY</b>											
Attock Refinery Limited	3,200	-	-	3,200	-	-	-	-	0.00%	0.00%	0.000%
									0.00%		
<b>POWER GENERATION AND DISTRIBUTION</b>											
K-Electric Limited**	200,000	-	-	25,000	175,000	994,000	936,250	(57,750)	0.51%	0.45%	0.002%
Kot Addu Power Company Limited	20,000	-	-	16,500	3,500	188,685	198,030	9,345	0.11%	0.10%	0.000%
Hub Power Company Limited	27,000	2,500	-	500	29,000	2,665,297	2,536,630	(128,667)	1.37%	1.23%	0.003%
									1.98%		
<b>OIL AND GAS MARKETING COMPANIES</b>											
Sui Southern Gas Company Limited	15,000	1,000	-	1,000	15,000	488,953	415,500	(73,453)	0.22%	0.20%	0.002%
Pakistan State Oil Company Limited	9,700	500	-	6,500	3,700	1,180,846	1,179,708	(1,138)	0.64%	0.57%	0.001%
Sui Northern Gas Pipelines Limited	33,000	1,000	-	1,000	33,000	3,301,320	2,940,960	(360,360)	1.59%	1.42%	0.005%
Hascol Petroleum Limited	4,700	300	-	500	4,500	1,408,092	1,225,755	(182,337)	0.66%	0.59%	0.003%
									3.11%		

Name of the Investee Entities	Number of Shares				Balance as at 30 September 2018			Market Value		Par value as a percentage of issued capital of the investee company	
	As at July 01 2018	Purchased During the Year	Bonus/Right	Sold/Matured/ Settled During the Year	As at September 30 2018	Carrying Value	Market Value	Appreciation/ (Diminution)	As a Percentage of Total Investments		As a Percentage of Net Assets
----- (Rupees) -----											
<b>OIL AND GAS EXPLORATION COMPANIES</b>											
Pakistan Oilfields Limited	4,600	600	1,040	-	6,240	3,477,199	3,426,883	(50,316)	1.85%	1.66%	0.003%
Oil and Gas Development Company Limited	17,000	1,000	-	-	18,000	2,792,565	2,753,820	(38,745)	1.49%	1.33%	0.000%
Pakistan Petroleum Limited	5,800	3,500	-	1,000	8,300	1,758,108	1,771,220	13,112	0.96%	0.86%	0.000%
									4.29%		
<b>AUTOMOBILE ASSEMBLER</b>											
Pak Suzuki Motor Company Limited	1,700	-	-	-	1,700	668,746	526,694	(142,052)	0.28%	0.25%	0.002%
									0.28%		
<b>ENGINEERING</b>											
Amreli Steels Limited	7,500	3,000	-	4,500	6,000	414,072	389,700	(24,372)	0.21%	0.19%	0.002%
Crescent Steel and Allied Products Limited	2,100	-	-	-	2,100	191,457	160,692	(30,765)	0.09%	0.08%	0.003%
Mughal Iron and Steel Industries Limited	26,000	2,500	-	-	28,500	1,724,405	1,394,505	(329,900)	0.75%	0.67%	0.011%
International Industries Limited	4,600	500	-	500	4,600	1,049,124	989,920	(59,204)	0.53%	0.48%	0.004%
International Steels Limited	16,100	2,500	-	6,500	12,100	1,220,753	1,100,737	(120,016)	0.59%	0.53%	0.003%
									2.18%		
<b>AUTOMOBILE PARTS AND ACCESSORIES</b>											
The General Tyre and Rubber Company of Pakistan Limited	1,500	-	-	1,500	-	-	-	-	0.00%	0.00%	0.000%
Loads Limited	55,000	-	-	6,500	48,500	1,512,230	1,317,260	(194,970)	0.71%	0.64%	0.032%
									0.71%		
<b>CABLE AND ELECTRICAL GOODS</b>											
Pak Elektron Limited	31,000	1,000	-	1,000	31,000	1,263,526	952,940	(310,586)	0.51%	0.46%	0.006%
Pakistan Cables Limited	875	-	-	800	75	11,840	14,871	3,031	0.01%	0.01%	0.000%
									0.52%		
<b>TRANSPORT</b>											
Pakistan International Bulk Terminal Limited	30,000	-	30,058	30,000	30,058	312,355	326,430	14,075	0.18%	0.16%	0.002%
<b>TECHNOLOGY AND COMMUNICATION</b>											
Systems Limited	33,000	5,000	-	3,000	35,000	3,626,127	4,213,650	587,523	2.27%	2.04%	0.031%
Callmate Telips Telecom Limited***	213,221	-	-	-	213,221	-	-	-	-	-	-
									2.27%		
<b>FERTILIZER</b>											
Fauji Fertilizer Bin Qasim Limited	26,000	-	-	22,000	4,000	154,400	148,840	(5,560)	0.08%	0.07%	0.000%
Engro Corporation Limited	13,300	1,400	-	14,600	100	31,451	31,163	(288)	0.02%	0.02%	0.000%
Fauji Fertilizer Company Limited	27,000	500	-	12,500	15,000	1,481,839	1,464,600	(17,239)	0.79%	0.71%	0.001%
									0.89%		
<b>PHARMACEUTICALS</b>											
Otsuka Pakistan Limited	78,336	-	-	1,900	76,436	21,635,210	21,856,110	220,900	11.79%	10.56%	0.632%
GlaxoSmithKline Pakistan Limited (Note 5.1.1)	79,150	-	-	500	78,650	13,055,900	11,626,043	(1,429,857)	6.27%	5.62%	0.025%
Searle Pakistan Limited	4,300	200	-	200	4,300	1,455,196	1,358,499	(96,697)	0.73%	0.66%	0.002%
GlaxoSmithKline Consumer Healthcare Pakistan Limited	51,255	-	-	1,500	49,755	20,153,263	17,290,858	(2,862,405)	9.33%	8.36%	0.052%
									28.12%		
<b>CHEMICAL</b>											
Pakistan Oxygen Limited (formerly Linde Pakistan Limited)	1,070	-	-	-	1,070	256,800	230,050	(26,750)	0.12%	0.11%	0.004%
Archroma Pakistan Limited	5,000	-	-	-	5,000	2,525,000	2,574,000	49,000	1.39%	1.24%	0.015%
									1.51%		
<b>LEATHER AND TANNERIES</b>											
Service Industries Limited	3,500	-	-	500	3,000	2,354,940	2,208,000	(146,940)	1.19%	1.07%	0.025%
									1.19%		

Name of the Investee Entities	Number of Shares				Balance as at 30 September 2018			Market Value		Par value as a percentage of issued capital of the investee company	
	As at July 01 2018	Purchased During the Year	Bonus/Right	Sold/Matured/ Settled During the Year	As at September 30 2018	Carrying Value	Market Value	Appreciation/ (Diminution)	As a Percentage of Total Investments		As a Percentage of Net Assets
----- (Rupees) -----											
<b>FOOD AND PERSONAL CARE PRODUCTS</b>											
Engro Foods Limited	15,500	1,000	-	500	16,000	1,414,385	1,355,840	(58,545)	0.73%	0.66%	0.002%
Unity Foods Limited	-	2,500	-	-	2,500	78,000	78,575	575	0.04%	0.04%	0.000%
Fauji Foods Limited	62,500	14,000	-	5,500	71,000	2,317,976	2,149,872	(168,104)	1.16%	1.04%	0.013%
									1.93%		
<b>MISCELLANEOUS</b>											
Synthetic Products Limited	6,000	-	-	500	5,500	281,050	209,000	(72,050)	0.11%	0.10%	0.006%
									0.11%		
<b>Total as at 30 September 2018</b>	<b>4,399,087</b>	<b>67,700</b>	<b>32,448</b>	<b>364,000</b>	<b>4,135,235</b>	<b>142,052,740</b>	<b>134,164,996</b>	<b>(7,887,745)</b>			
<b>Total as at 30 June 2018</b>						<b>173,445,942</b>	<b>161,973,694</b>	<b>(11,472,248)</b>			

\*\* Each having face value of Rupees 3.5 per share

\*\*\* The securities are marked as non-trading at Pakistan Stock Exchange Limited. Accordingly the investment is carried at nil value in the books of the Fund.

**7.1.1** Investments as at 30 September 2018 include 75,000 (30 June 2018: 75,000) shares of GlaxoSmithKline Pakistan Limited with market value of Rupees. 11.0865 Million (30 June 2018: Rupees 12.450 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

**7.2 Unlisted Term Finance and Sukuk Certificates - at Fair Value through Profit or Loss - Held for Trading**

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

Name of Investee Company	Note	Number of Certificates				Balance as at 30 September 2018			Market Value	
		As at July 01 2018	Purchased During the Year	Sold/Matured/ Settled During the Year	As at September 30 2018	Carrying Value	Market Value	Appreciation/ (Diminution)	As a Percentage of Total Investment	As a Percentage of Net Assets
----- Rupees -----										
<b>Term Finance Certificates</b>										
<b>Cable and Electrical Goods</b>										
New Allied Electronics Industries* (Private) Limited	7.2.1	3,417	-	-	3,417	7,222,749	-	-	-	-
Commercial Bank Silk Bank Limited	7.2.2	5,000	-	-	5,000	22,108,139	22,035,517	(72,621)	11.89%	10.65%
<b>Sukuk Certificates</b>										
<b>Textile</b>										
Amtex Limited *	7.2.3	6,000	-	-	6,000	22,500,000	-	-	-	-
<b>Cable and Electrical Goods</b>										
TPL Corporation Limited**	7.2.4	5	-	-	5	5,162,500	5,189,320	26,820	2.80%	2.51%
<b>Fertilizers</b>										
Dawood Hercules Corporation Limited***	7.2.5	240	-	-	240	24,015,504	23,984,687	(30,817)	12.94%	11.59%
						51,678,004	29,174,007	(3,997)		
<b>Total as at 30 September 2018</b>						<b>81,008,892</b>	<b>51,209,525</b>	<b>(76,618)</b>		
<b>Total as at 30 June 2018</b>						<b>83,977,499</b>	<b>51,288,643</b>	<b>(2,966,107)</b>		

\*These TFCs and Sukuk certificates are non performing and are fully provided (note: 5.2.1 and 5.2.2), therefore these are not subject to mark to market.

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

\*\*\*Each having face value of Rupees 100,000 per certificate.

- 7.2.1** New Allied Electronics Industries (Private) 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 of income on the same was suspended. This security has been fully provided in accordance with the provisioning circulars issued by the SECP and the Board's approved provisioning policy.
- 7.2.2** These Sukuk 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.
- 7.2.3** Amtex Limited (Sukuk) defaulted on its payment of principal and mark-up due on 22 December 2010. Consequently, the security was classified as non-performing by MUFAP on 6 January 2011 and accrual of income on the same was suspended. Accordingly, the security has been fully provided in accordance with the provisioning circulars issued by the SECP and the Board's approved provisioning policy.
- 7.2.4** These 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 Rupees 0.25 million per certificate each commencing from October 2019. These Sukuk certificates are secured by hypothecation charge over the hypothecated assets of Rupees 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.
- 7.2.5** These sukuk certificates carry profit equal to 3 month KIBOR plus 1% receivable quarterly in arrears and will mature in February 2023. The instrument is structured to redeem 60% of the Issue Amount during the first 4 years and remaining 40% in last two (2) equal semi-annual installments of 20% each. The instrument is secured against pledge of shares of Engro Corporation Limited, inclusive of 50% margin, in a designated CDC account. In the event of any sale and repurchase of security, the Trustee will have a lien over subsequent cash, which is to be deposited in a specified bank account and further, Floating or Hypothecation charge on all present and future assets of the Company inclusive of 25% margin Security.

**7.3 Details of non-compliant investment with the investment criteria as specified by Securities and Exchange Commission of Pakistan**

In accordance with Clause (v) of the investment criteria laid down for 'Balanced Scheme' in Circular no. 7 of 2009 issued by the SECP, the Fund is required to invest in any security having rating not lower than 'A-'. However, as at 30 June 2018, 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:

Name of Non-Compliant Investment	Type of Investment	As at 30 September 2018				
		Value Before Provision	Provision Made	Value after Provision	% of Net Assets	% of Gross Assets
----- (Rupees) -----						
New Allied Electronics Industries (Private) Limited	TFC	7,222,749	7,222,749	-	-	-
Amtex Limited	Sukuk	22,500,000	22,500,000	-	-	-

8 PAYABLE TO 786 INVESTMENT LIMITED - MANAGEMENT COMPANY	Note	(Unaudited)	(Audited)
		30 September 2018 Rupees	30 June 2018 Rupees
On Account of			
Remuneration Payable	8.1	350,497	403,213
Sindh Sales Tax Payable	8.2	666,105	672,957
Accounting and Operations Charges	8.3	314,824	259,124
		<u>1,331,426</u>	<u>1,335,294</u>

- 8.1** Under NBFC Regulation 61, Management Company is entitled to receive a remuneration at the rate not exceeding 2% of the average annual net assets of the Fund. Management Company has charged its remuneration at the rate of 2% per annum of the average annual net assets of the Fund. The fee is payable to Management Company on monthly basis in arrears.
- 8.2** The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (30 June 2017: 13%) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.
- 8.3** In accordance with the provisions of the NBFC Regulations as amended vide SRO 1160(1) / 2015 dated 25 November 2015, the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the scheme or actual whichever is less. However, in order to keep Total Expense Ratio (TER) within prescribed limit of 4% as disclosed in note 14, the Management Company has charged accounting and operation charges to the extent of Rupees. 55,700.

<b>9 ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>30 September</b>	<b>30 June</b>
		<b>2018</b>	<b>2018</b>
		<b>Rupees</b>	<b>Rupees</b>
Federal Excise Duty on Remuneration		<b>4,240,850</b>	4,240,850
Auditors' Remuneration		<b>656,341</b>	375,281
Securities' Transaction Cost Payable		<b>477,526</b>	441,421
Other Payables		<b>639,199</b>	635,060
Provision for Sindh Workers' Welfare Fund	9.1	<b>2,176,440</b>	2,176,440
Withholding Tax and Zakat Payable		<b>54,171</b>	83,946
		<b>8,244,527</b>	<b>7,952,998</b>

- 9.1** The Management Company has recognised SWWF charge for the period from 21 May 2015 to 30 September 2018, amounting to Rupees. 2.176 million (30 June 2017: Rupees. 2.176 million). Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Rupee 0.23 (30 June 2018: Rupee 0.20).

<b>10 NUMBER OF UNITS IN ISSUE</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30 September</b>	<b>30 June</b>
	<b>2018</b>	<b>2018</b>
	<b>Rupees</b>	<b>Rupees</b>
Total Outstanding as of July 01	<b>10,864,101</b>	12,609,674
Issued during the Period	<b>449,949</b>	337,238
Redemption during the Period	<b>(1,803,015)</b>	(2,082,811)
Total Outstanding as of Period Ended	<b>9,511,035</b>	<b>10,864,101</b>

**11 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at 30 September 2018 (30 June 2018: Nil).

**12 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 EPU is not practicable.

**13 TAXATION**

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.

#### 14 TOTAL EXPENSE RATIO

Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated 20 July 2016 required that Collective Investment Scheme (CIS) to disclose Total Expense Ratio (TER) in the periodic financial statements of the Fund. TER of the Fund for the year ended 30 September 2018 is 3.48% which includes 0.39% representing government levy and SECP fee. The ratio is within the maximum limit of 4% prescribed under the NBFC Regulation 2008 for a collective investment scheme categorised as balanced fund.

#### 15 TRANSACTIONS WITH CONNECTED PERSONS

Related parties/connected persons of the Fund include 786 Investments Limited, being management company, other collective investment schemes managed by Management Company, Central Depository Company of Pakistan Limited (CDC), 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, at contracted rates and terms determined in accordance with market rates.

##### 15.1 Details of Transactions with Connected Person/Related Parties are as Follows:

	<b>Quarter Ended 30 September 2018 Rupees</b>	<b>Quarter Ended 30 September 2017 Rupees</b>
<b>786 Investments Limited - Management Company</b>		
Remuneration (Including Indirect Taxes)	<u>1,262,042</u>	<u>1,589,913</u>
Accounting and Operations Charges	<u>55,700</u>	<u>70,350</u>
Issue of 447,033 Units (Sep 2017: Nil Units)	<u>10,142,221</u>	<u>-</u>
Redemption of 1,801,072 Units (Sep 2017: 923,344 Units)	<u>39,000,000</u>	<u>20,000,000</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration (Including Indirect Taxes)	<u>199,395</u>	<u>199,375</u>
<b>B.R.R Guardian Modaraba - Connected Person due to Holding 10% or More</b>		
Issue of 863 Units (Sep 2017: Nil Units)	<u>18,632</u>	<u>-</u>
<b>Directors and Executives of the Management Company</b>		
Issue of 90 Units (Sep 2017: Nil Units)	<u>1,950</u>	<u>-</u>
<b>Other Connected Persons/Related Parties</b>		
Issue of 1,961 Units (Sep 2017: Nil Units)	<u>8,857</u>	<u>-</u>

	<b>Un-Audited 30 September 2018 Rupees</b>	<b>Audited 30 June 2018 Rupees</b>
<b>15.2 Amounts Outstanding as at Year End</b>		
<b>786 Investments Limited - Management Company</b>		
Remuneration Payable	<u>1,331,426</u>	<u>1,335,294</u>
Units Held 6,715,688 (June 2018: 8,069,728 Units)	<u>146,109,867</u>	<u>180,584,362</u>
<b>Central Depository Company Of Pakistan Limited-Trustee</b>		
Remuneration Payable	<u>65,054</u>	<u>65,022</u>
<b>B.R.R Guardian Modaraba - Connected Person due to Holding 10% or More</b>		
Units Held 493,211 (June 2018: 492,349 Units)	<u>10,730,556</u>	<u>11,017,776</u>
<b>Directors and Executives of the Management Company</b>		
Units Held 64,260 (June 2018: 63,806 Units)	<u>1,398,073</u>	<u>1,427,852</u>
<b>Other Connected Persons/Related Parties</b>		
Units Held 229,309 (June 2018: 227,348 Units)	<u>4,988,968</u>	<u>5,087,591</u>

**16 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements have been approved and authorized for issue in the meeting of the Board of Directors of the Management Company held on **18 October 2018**.

**17 GENERAL**

17.1 The corresponding figures have been re-arranged wherever necessary.

17.2 Figures have been rounded off to the nearest Rupee, unless otherwise stated.

For 786 Investments Limited  
[Management Company]

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

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

-----SD-----  
 Director

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**786 Investments Limited**  
**Trustee: Central Depository Company of Pakistan Limited**

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