



INVESTMENTS

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786 INVESTMENTS LIMITED

**FOR THE
QUARTER ENDED
SEPTEMBER 30, 2022
(UN-AUDITED)**

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CORPORATE INFORMATION

Management Company	786 Investments Limited G-3 B.R.R. Tower, Hassan Ali Street, Off I.I. Chundrigar Road, Karachi - 74000 Pakistan Tel: (92-21) 32603751-54 Email: info@786investments.com Website: www.786investments.com	
Board of Directors	Mr. Ahmed Salman Munir Miss Tara Uzra Dawood Syed Shabahat Hussain Mr. Naveed Ahmed Syed Musharaf Ali Mr. Iqbal Shafiq Mr. Ahmer Zia Sarwar	Chairperson Chief Executive Officer Director Director Director Director Director
Chief Financial Officer & Company Secretary	Mr. Noman Shakir	
Audit Committee	Syed Shabahat Hussain Mr. Naveed Ahmed Syed Musharaf Ali	Chairman Member Member
Human Resource Committee	Mr. Ahmed Salman Munir Miss Tara Uzra Dawood Mr. Naveed Ahmed	Chairperson Member Member
Auditors	JASB & Associates Chartered Accountants	
Legal Advisor	Rauf & Ghaffar Law Associates (Advocates & Consultants) Suite # 65, 5th Floor, Fareed Chamber, Abdullah Haroon Road, Saddar – Karachi, Pakistan.	
Registrars	F.D. Registrar Services (Pvt.) Ltd. Office# 1705, 17th Floor Saima Trade Tower. A, I.I. Chundrigar Road, Karachi-74000, Pakistan.	
Banker:	Habib Metropolitan Bank Limited JS Bank Limited	
Rating:	PACRA: AM3	



DIRECTORS' REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2022

The Board of Directors of **786 Investments Limited** "786 or the Company" is pleased to present financial statements of 786 for the quarter ended September 30, 2022.

Economic & Money Market Review:

The global economy suffers from slow growth, higher inflation and monetary tightening. According to the J.P.Morgan Global Composite Output Index, global economic activity contracted for the first time in August 2022 since June 2020 amid a decline in international trade volumes. Global commodity prices showed a mixed picture in August. Energy prices increased by 1.3 percent, while agricultural prices eased by 1.0 percent. Food prices declined by 1.6 percent and fertilizers eased by 1.5 percent.

Pakistan is now predicted to experience an economic loss of \$12.5 billion as a result of the destruction caused by flooding, with inflation projected to reach a record high of 30% by the end of this fiscal year. The devastating loss that Pakistan is set to experience cannot be underestimated.

The impact is wide-ranging such as a reduction in agriculture production, coastal erosion, and more than average rainfall. The flood situation in the country today has been one of the major causes of climate change which has devastated thousands of acres of land and displaced millions of people with loss of lives. The economic impact can be summarized as a reduction of GDP growth by 3.84%. Next year's GDP growth shall remain within 1-2% combined with higher inflation and increased unemployment.

Stock Market Review:

During the month of September 2022, KSE-100 index went down by 1,222 points (down 2.89%) to close at 41,129 points. The average daily volume of the market stood at 175 mn shares, down by 46% on MoM basis. Banks, Oil & Gas Exploration Companies and Fertilizer were the major negative contributing sectors to the Index performance. Major reason behind the decline in the stock market performance were the expected massive economic losses from the destruction caused by the floods, high August inflation numbers, political concerns and PKR depreciation during the month although some recovery was witnessed after the appointment of the new Finance Minister. Further, the news flows related to new case against HBL in United States dampened the market sentiment. Foreigners were net buyers with net buying aggregating USD and on the local front Banks were major buyers with net buying aggregating USD 9 mn while Mutual Funds and Insurance Companies were major sellers with net selling aggregating USD 20 mn and USD 17 mn respectively. The oil prices decreased by 8.8% during the month with Brent closing at USD 87.96/barrel. We encourage investors to enhance their long-term exposures to equities at these levels.

Company Performance

The Company recorded a Profit of PKR 2.92 during the quarter ended September 30, 2022, as compared to a profit of PKR 2.39 million during the corresponding period. The Company Income which comprised of Management Fees decreased by PKR 0.09 million representing a 3% decrease in Management Fees. The administrative and operating expenses increased by PKR 1.25 million representing a 21.82% increase in administrative and operating expenses. Further Share of Associates' shows a profit of PKR 7.26 million as compared to the profit of PKR 4.66 million during the corresponding period.

The earnings per share (EPS) of the Company for the Quarter ended September 30, 2022, was PKR 0.20 as compared to PKR 0.16 during the corresponding period.



Acknowledgement

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

----SD----

Director

----SD----

Chairperson

ڈائریکٹرز کی رپورٹ

786 انویسٹمنٹ لینڈ (786 ایڈیٹیو کمپنی) کے بورڈ آف ڈائریکٹرز 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی کے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

اقتصادی اور مکی مارکیٹ کا جائزہ:

عالمی معیشت سست نمو، بلند افراط زر اور مالیاتی سختی سے دوچار ہے۔ J.P.Morgan جلوبل کمپوزٹ آؤٹ پٹ انڈیکس کے مطابق، بین الاقوامی تجارتی حجم میں کمی کے درمیان جون 2020 کے بعد اگست 2022 میں پہلی بار عالمی اقتصادی سرگرمی میں کمی واقع ہوئی۔ عالمی اجناس کی قیمتوں نے اگست میں ایک ملاخارا رجحان ظاہر کیا۔ توانائی کی قیمتوں میں 1.3 فیصد اضافہ ہو گیا، جبکہ زرعی قیمتوں میں 1.0 فیصد کمی ہوئی۔ خوراک کی قیمتوں میں 1.6 فیصد اور کھادوں کی قیمتوں میں 1.5 فیصد کمی ہوئی۔

سیلاب سے ہونے والی تباہی کے نتیجے میں پاکستان کو اب تک 12.5 بلین ڈالر کے معاشی نقصان کا سامنا کرنے کی پیش گوئی کی گئی ہے، اس مالی سال کے اختتام تک افراط زر کی شرح 30 فیصد کی بلند ترین سطح تک پہنچنے کا امکان ہے۔ پاکستان کو جس نقصان کا سامنا کرنا پڑا اس کا اندازہ نہیں لگایا جاسکتا۔

اثرات وسیع ترین ہیں جیسے کہ زراعت کی پیداوار میں کمی، سہ ماہی کٹناؤ، اور اوسط سے زیادہ ہارٹھیں۔ آج تک ملک میں سیلاب کی صورتحال موسمیاتی تبدیلیوں کی ایک بڑی وجہ سے ہے جس نے ہزاروں ایگزٹریٹس کو تباہ اور لاکھوں افراد کو جانوں کے ضیاع کے ساتھ بے گھر کر دیا ہے۔

معاشی اثرات کا خلاصہ سی ڈی پی نمو میں 3.84 فیصد کمی کے طور پر کیا جاسکتا ہے۔ اگلے سال سی ڈی پی کی شرح نمو 2-2 فیصد کے اندر رہے گی جس کے ساتھ افراط زر اور بے روزگاری میں اضافہ ہوگا۔

اسٹاک مارکیٹ کا جائزہ:

ستمبر 2022 کے سینیے کے دوران، 100-KSE انڈیکس 1,222 پوائنٹس (2.89 فیصد نیچے) کی کمی سے 41,129 پوائنٹس پر بند ہوا۔ مارکیٹ کا اوسط یومیہ حجم 175 ملین شیئرز رہا، جو کہ MoM کی بنیاد پر 46% کم ہے۔ بینک، آئل اینڈ گیس، ایکسپلوریشن کمپنیاں اور فزیکل ریسٹریکٹڈ کی کارکردگی میں منفی کردار ادا کرنے والے اہم شعبے تھے۔ سٹاک مارکیٹ کی کارکردگی میں کمی کی بڑی وجہ سیلاب سے ہونے والی تباہی سے بڑے پیمانے پر متوقع معاشی نقصانات، اگست میں ہوٹلنگ کی بلند شرح، سیاسی غدشات اور پاکستانی روپیہ کی قدر میں کمی تھی، حالانکہ نئے وزیر خزانہ کی تقرری کے بعد معیشت کے دوران روپیہ کی قدر میں کچھ بحالی دیکھنے میں آئی۔ مزید یہ کہ امریکہ میں HBL کے خلاف نئے کیس سے متعلق خبروں نے مارکیٹ کے جذبات کو بوجھ دیا۔ اس ماہ کے دوران غیر ملکی 15 ملین امریکی ڈالر کی خاص خریداری کے ساتھ اہم خریدار تھے اور مقامی حماد پر 9 ملین امریکی ڈالر کی مجموعی خاص خریداری کے ساتھ بینک اہم خریدار تھے جبکہ میڈیٹل فنڈز اور انشورنس کمپنیاں بالترتیب 20 ملین امریکی ڈالر اور 17 ملین امریکی ڈالر کی مجموعی خاص فروخت کے ساتھ اہم فروخت کنندگان تھے۔ اس سینیے کے دوران ٹیل کی قیمتوں میں 8.8 فیصد کمی واقع ہوئی اور برینٹ 87.96 امریکی ڈالر فی بیرل پر بند ہوا۔ اگرچہ تہی مدت کے اتار چڑھاؤ کو مزید ڈھین کیا جاسکتا، ہم ایگزٹریٹس مارکیٹ پر طویل مدتی مثبت نقطہ نظر کو برقرار رکھتے ہیں۔ ہم سرمایہ کاروں کی حوصلہ افزائی کرتے ہیں کہ وہ ان سطحوں پر ایکویٹی کے لیے اپنے طویل مدتی ایکٹیو پورٹفولیو کو بڑھا سکیں۔

کمپنی کی کارکردگی:

کمپنی نے 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی کے دوران 2.62 ملین روپیہ، جبکہ گزشتہ اسی سہ ماہی کے دوران 2.39 ملین روپیہ کے منافع درج کیا۔ کمپنی کی آمدنی جو بیجمنٹ فیس پر مشتمل ہے 0.09 ملین روپیہ تک کم ہو گئی جو بیجمنٹ فیسوں میں 3% کمی ظاہر کر رہی ہے۔ انتظامی اور پرینگ اخراجات میں 1.25 ملین روپیہ کے اضافہ واقع ہوا جو انتظامی اور پرینگ اخراجات میں 21.82 فیصد اضافہ ظاہر کر رہا ہے۔ اس کے علاوہ اسی عرصے کے دوران 4.66 ملین روپیہ منافع کے مقابلے ایبوسی ایشن کا شیئر 7.26 ملین روپیہ کے منافع ظاہر کرتا ہے۔

کمپنی کی فی شخص آمدنی (EPS) اسی مدت کے دوران 0.16 روپیہ کے مقابلے میں 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی میں 0.20 روپیہ رہی۔

اظہار تشکر

ہم اپنے شیئرز، ہولڈرز اور قابل قدر صارفین کے مسلسل اعتماد اور سرپرستی کے لیے اور ہماری قابل قدر 786 ٹیم کا ان کی محنت اور لگن کے لیے، رگولیریٹی حکام، بالخصوص سیکورٹیز ریگولیشن اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج لینڈ کی مسلسل پیشہ ورانہ رہنمائی اور حمایت کے لیے ہر دل سے شکر ادا کرتے ہیں۔

---SD---

ڈائریکٹر

---SD---

چیئر پرسن

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2022**

	Note	Un-Audited September 30, 2022	Audited June 30, 2022
		-----Rupees-----	
ASSETS			
Non-Current Assets			
Property and Equipment	5	720,593	877,914
Intangible Assets	6	796,432	831,060
Long-Term Deposits	7	36,300	36,300
Total Non-Current Assets		1,553,325	1,745,274
Current Assets			
Loans and Advances		240,000	300,000
Investments	8	236,236,719	226,530,045
Prepayments and Other Receivable	9	7,564,555	7,105,869
Trade Receivables	10	2,328,759	2,814,597
Accrued Markup	11	183,133	902,734
Tax Refund due from Government	12	7,532,738	7,406,613
Bank Balances	13	661,016	5,065,871
Total Current Assets		254,746,920	250,125,729
TOTAL ASSETS		256,300,245	251,871,003
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Share Capital			
20,000,000 (June 30, 2022: 20,000,000) Ordinary Shares of Rs. 10 Each		200,000,000	200,000,000
Issued, Subscribed and Paid-Up Share Capital			
Ordinary Shares 14,973,750 (June 30, 2022: 14,973,750) of Rs. 10 Each		149,737,500	149,737,500
General Reserves		33,630,264	33,630,264
Subordinated Loan form Director	14	22,000,000	22,000,000
Unappropriated Profit		28,474,718	25,554,608
Total Shareholders' Equity		233,842,482	230,922,372
Current Liabilities			
Accrued and Other Liabilities	15	21,459,021	19,949,889
Unclaimed Dividend	16	998,742	998,742
Total Current Liabilities		22,457,763	20,948,631
Total Liabilities		22,457,763	20,948,631
Contingencies and Commitments	17		
Total Equities and Liabilities		256,300,245	251,871,003

The annexed notes from 1 to 25 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 PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

	September 30, 2022	September 30, 2021 Restated	
Note	-----Rupees-----		
Remuneration from Fund under Management	18	2,939,283	3,030,239
Advisory Fee		277,778	-
Income on Term Deposit Receipt (TDR)		48,901	-
Income on Term Finance Certificates		-	581,478
Income on Pakistan Investment Bonds		501,370	504,110
		<u>3,767,332</u>	<u>4,115,827</u>
Net Unrealized Loss on Revaluation of Investments at Fair Value through Profit or Loss		<u>7,206,674</u>	<u>4,661,274</u>
		10,974,006	8,777,101
Administrative and Operating Expenses	20	(6,999,787)	(5,745,775)
Financial Charges	21	(953,421)	(528,154)
		<u>(7,953,208)</u>	<u>(6,273,929)</u>
Operating Profit		<u>3,020,798</u>	<u>2,503,172</u>
Other Operating Income		92,194	168,100
Profit Before Taxation		<u>3,112,992</u>	<u>2,671,272</u>
Taxation	22	(192,882)	(278,960)
Net Profit for the Period		<u>2,920,110</u>	<u>2,392,312</u>
Earnings per Share for the Period - Basic and Diluted		<u>0.20</u>	<u>0.16</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

----SD----

Chief Executive Officer

For 786 Investments Limited
(Management Company)

----SD----

Chief Financial Officer

----SD----

Director



**STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

	September 30, 2022	September 30, 2021
	-----Rupees-----	
Net Profit for the Period	2,920,110	2,392,312
Other Comprehensive Income		
Reclassification of Surplus on Investments	-	-
Other Comprehensive Income	-	-
Total Comprehensive Income for the Period	2,920,110	2,392,312

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

---SD---

Chief Executive Officer

For 786 Investments Limited
(Management Company)

---SD---

Chief Financial Officer

---SD---

Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

	Share Capital	----Capital Reserve----		-----Revenue Reseve-----			Total
	Issued, Subscribed and Paid-Up Share Capital	General Reserve	Sub Ordinated Loan from Director	Surplus on Revaluation of Investments Classified at Fair Value through Other Comprehensive Income	Share of Other Comprehensive Income from Associate	Unappropriated Profit	
Balance as at July 1, 2021 as Previously Reported	149,737,500	33,630,264	22,000,000	-	182,232	24,580,088	230,130,084
Effect of Restatement (Refer Note 4.4 - June 2022)	-	-	-	-	(182,232)	182,232	-
Balance as at July 1, 2021 as Restated	149,737,500	33,630,264	22,000,000	-	-	24,762,320	230,130,084
Profit for the Period - As Restated	-	-	-	-	-	2,392,312	2,392,312
Other Comprehensive Loss for the Period - As Restated	-	-	-	-	-	-	-
Total Comprehensive Loss for the Period	-	-	-	-	-	2,392,312	2,392,312
Balance as at September 30, 2021 - As Restated	149,737,500	33,630,264	22,000,000	-	-	27,154,632	232,522,396
Balance as at July 1, 2022	149,737,500	33,630,264	22,000,000	-	-	25,554,608	230,922,372
Profit for the Period	-	-	-	-	-	2,920,110	2,920,110
Other Comprehensive Income for the Period	-	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	-	-	2,920,110	2,920,110
Balance as at September 30, 2022	149,737,500	33,630,264	22,000,000	-	-	28,474,718	233,842,482

The annexed notes from 1 to 25 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 CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2022**

	September 30, 2022	September 30, 2021 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Taxation	3,112,992	2,671,272
Adjustments for Non-Cash and Other Items:		
Depreciation on Property and Equipment	157,321	414,461
Amortization	34,628	34,628
Financial Charges	953,421	528,154
Mark-Up Earned on Saving Account	(92,194)	(168,100)
Income on Pakistan Investment Bonds	(501,370)	(504,110)
Income on Term Finance Certificate	-	(581,478)
Revaluation Loss on Investments Classified at Fair Value Through Profit Or Loss	(7,206,674)	(4,661,274)
	(6,654,868)	(4,937,719)
Working Capital Changes		
<i>Changes in Current Assets:</i>		
Loans and Advances	60,000	-
Deposits, Prepayments and Other Receivable	(458,686)	(362,423)
Trade Receivable	485,838	(383,504)
Accrued Markup	719,601	-
	806,753	(745,927)
<i>Changes in Current Liabilities:</i>		
Accrued and Other Liabilities	562,083	346,241
Cash Used in Operations	(2,173,040)	(2,666,133)
Taxes Paid	(319,007)	(379,339)
Finance Cost Paid	(6,372)	(2,632)
Net Cash Used in Operating Activities	(2,498,419)	(3,048,104)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments Made during the Period	(2,500,000)	-
Term Finance Certificate Redeemed	-	2,500
Receipt of Mark-Up on Savings Account	92,194	1,868,440
Income Received on Pakistan Investment Bonds	501,370	-
Capital Expenditure Incurred	-	(46,277)
Net Cash Generated (Used In)/From Investing Activities	(1,906,436)	1,824,663
Net Decrease in Cash and Cash Equivalents	(4,404,855)	(1,223,441)
Cash and Cash Equivalents at Beginning of the Year	5,065,871	11,957,163
Cash and Cash Equivalents at End of the Period	661,016	10,733,722

The annexed notes from 1 to 25 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 INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2022

1 STATUS AND NATURE OF BUSINESS

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

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

- 1.2 The license to carry out "Asset Management Service" has been successfully renewed dated May 12, 2022 under Rule 5 of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 amended through S.R.O 1131(1) 2007, S.R.O 271(1) 2010, S.R.O 570(1)/2012 and S.R.O 1002(1)/2015 respectively.
- 1.3 The license to carry out "Investment Advisory Services" has been successfully renewed vide its letter No.SCD/AMCW/37/786IL/IAS/07/2022 dated May 12, 2022 with effect from May 26, 2022 and valid till May 25, 2025 . Licence shall further be renewable by the Commission for next three years, subject to the compliance of the NBFC Rules and the NBFC Regulations.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except for certain investments which are measured at fair value. These financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the method of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the company for the year ended 30 June 2022.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended 30 June 2022.

	Note	Un-Audited September 30, 2022	Audited June 30, 2022
		-----Rupees-----	
5 PROPERTY AND EQUIPMENT	5.1	720,593	877,914

5.1 The following is the statement of property and equipment:

Description	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
	-----Rupees-----				
Period ended September 30, 2022					
Opening net book value (NBV)	277,552	198,180	207,397	194,785	877,914
Additions (at cost)	-	-	-	-	-
Disposals					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
Net Book value	-	-	-	-	-
Depreciation charge	(13,126)	(85,884)	(29,587)	(28,724)	(157,321)
Closing net book value	264,426	112,296	177,810	166,061	720,593
Gross carrying value basis					
Cost	1,487,514	5,593,370	1,701,852	5,584,702	14,367,438
Accumulated depreciation	(1,223,088)	(5,481,074)	(1,524,042)	(5,418,641)	(13,646,845)
Net book value	264,426	112,296	177,810	166,061	720,593
Depreciation rate % per annum	10	20	20	33	
Description	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
	-----Rupees-----				
Year ended June 30, 2022					
Opening net book value (NBV)	330,056	1,206,194	195,579	320,416	2,052,245
Additions (at cost)	-	-	207,350	46,277	253,627
Disposals					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
Net Book value	-	-	-	-	-
Depreciation charge	(52,504)	(1,008,014)	(195,532)	(171,908)	(1,427,958)
Closing net book value	277,552	198,180	207,397	194,785	877,914
Gross carrying value basis					
Cost	1,487,514	5,593,370	1,701,852	5,584,702	14,367,438
Accumulated depreciation	(1,209,962)	(5,395,190)	(1,494,455)	(5,389,917)	(13,489,524)
Net book value	277,552	198,180	207,397	194,785	877,914
Depreciation rate % per annum	10	20	20	33	

6 INTANGIBLE ASSETS	Note	Un-Audited	Audited
		September 30, 2022	June 30, 2022
		-----Rupees-----	
Computer software	6.1	<u>796,432</u>	<u>831,060</u>
6.1 Computer software			
Opening Net Book Value		831,060	969,570
Addition		-	-
Amortization Charge		<u>(34,628)</u>	<u>(138,510)</u>
Closing Net Book Value		<u>796,432</u>	<u>831,060</u>
Cost		1,385,100	1,385,100
Accumulated Amortization		<u>(588,668)</u>	<u>(554,040)</u>
Closing Net Book Value		<u>796,432</u>	<u>831,060</u>
Amortization rate		<u>10%</u>	<u>10%</u>

6.2 Intangibles relates to software developed for business operations having remaining useful life of 6 years.

7 LONG TERM DEPOSITS	Note	Un-Audited	Audited
		September 30, 2022	June 30, 2022
		-----Rupees-----	
Deposits			
With Central Depository Company of Pakistan Limited		25,000	25,000
Against utilities		<u>11,300</u>	<u>11,300</u>
		<u>36,300</u>	<u>36,300</u>

8 INVESTMENTS

At fair value through profit or loss

Pakistan investment bonds	8.1	17,422,842	17,311,043
Units of mutual fund- related party	8.2	196,102,492	189,007,617
Term finance certificate - unlisted	8.3	20,211,385	20,211,385
Term deposit receipts (TDRs)	8.4	<u>2,500,000</u>	<u>-</u>
		<u>236,236,719</u>	<u>226,530,045</u>

8.1 This Government securities - Pakistan investment bonds will mature latest by September 19, 2029 and carry interest at the rate of 12.14% (June 30, 2022: 12.14%).

8.2 Units of mutual funds- related party

September 30, 2022	June 30, 2022		September 30, 2022	June 30, 2022
			Carrying value	Fair value
-----Number of units-----			-----Rupees-----	
2,312,993	2,312,993	786 Smart Fund- Fund Under Management	189,007,617	196,102,492
				189,007,617

8.3 Term Finance Certificate - Unlisted

September 30, 2022	June 30, 2022		September 30, 2022	June 30, 2022
---Number of certificates---			-----Rupees-----	
5,000	5,000	Silk Bank Limited	22,457,095	22,457,095
		Provision against investment	(2,245,710)	(2,245,710)
			20,211,385	20,211,385

8.3.1 This represents investments in BBB+ rated, unsecured and subordinated Term Finance Certificate (TFCs) carry profit equal to 6 months KIBOR plus 1.85% (June 30, 2022: 6 months 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%.

During the year ended June 30, 2022, Silk Bank Limited (the issuer) has not made its payment of principal and mark-up due on February 10, 2022, as issuer informed the investors the status of minimum capital requirement and invoked lock-in clause governed by Terms and Conditions of the Trust Deed till minimum capital requirement is met and does not constitute a breach of issuer's redemption obligations pursuant to the Trust Deed as per the legal opinion sought by the issuer. Due the above fact the management has prudently recorded an impairment of 10% on the amount of investments based on the Company's policy. Further, the accrual of markup on the same was also suspended. The management is actively looking the matter for the redemption of the same.

8.4 This represents term deposit receipts placed with Habib Metropolitan Bank Limited carrying mark-up at the rate of 13.75% per annum and will be matured on October 10, 2022.

	Un-Audited September 30, 2022	Audited June 30, 2022
-----Rupees-----		
9 PREPAYMENTS AND OTHER RECEIVABLE		
Prepayments		
Insurance	94,245	142,453
Rent	-	124,862
Others	956,631	324,875
	1,050,876	592,190
Other receivable		
Federal excise duty	6,513,679	6,513,679
	7,564,555	7,105,869

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

		Un-Audited September 30, 2022	Audited June 30, 2022
	Note	-----Rupees-----	
786 Smart Fund- Fund Under Management	9.1.1	6,513,679	6,513,679

9.1.1 The Maximum amount outstanding at any time during the year with reference to month end balances from the funds is Rs. 6.51 (June 2022: Rs. 6.51) million .

		Un-Audited September 30, 2022	Audited June 30, 2022
	Note	-----Rupees-----	
10 TRADE RECEIVABLE			
Receivable against management fees		1,428,759	1,914,597
Receivable on account of advisory fees		900,000	900,000
		2,328,759	2,814,597

11 ACCRUED MARKUP			
Saving accounts		92,194	332,871
Term Deposit Receipt (TDR)		19,706	-
Pakistan investment bonds		71,233	569,863
		183,133	902,734

12 TAX REFUND DUE FROM GOVERNMENT			
Opening		7,406,613	6,664,825
Tax paid during the period		319,007	3,770,041
Provision for the period		(192,882)	(3,028,253)
Closing		7,532,738	7,406,613

13 BANK BALANCES			
Cash in hand		24,999	-
Cash at bank-saving accounts	13.1	636,017	5,065,871
		661,016	5,065,871

13.1 The balance in savings accounts carry profit at rates of 12.5% - 13.5% per annum (June 30, 2022: 5.5% - 12.5% per annum).

14 SUBORDINATED LOAN FROM DIRECTOR

This subordinated loan carries markup @ 3 Months KIBOR + 2 % (June 30, 2021: 3 Months KIBOR + 2%) and is repayable at the discretion of the Company. This loan has been classified as part of equity as per NBFC rules and ATR 32 issued by the ICAP.

		Un-Audited September 30, 2022	Audited June 30, 2022
	Note	-----Rupees-----	
15 ACCRUED AND OTHER LIABILITIES			
Accrued expenses	15.1	9,464,365	9,140,992
Accrued mark-up on director loan		5,134,131	4,187,082
FED payable	15.2	6,513,677	6,513,677
Sales tax payable		143,977	100,901
Withholding tax payable		202,871	7,237
		21,459,021	19,949,889

15.1 This includes an amount of Rs. 7.895 million (June 30, 2022: Rs. 7.895 million) received from NCCPL being refund of tax amount with respect to funds under management. This amount will be disbursed to unit holders.

15.2 This represents amount payable against Federal Excise Duty (FED) on management fees received/receivable from the Funds under management. The amount is being held for payment to Federal Board of Revenue on the basis of stay order of the Honorable High Court of Sindh dated September 04, 2013. The stay order was granted as a result of petition filed by asset management companies on the forum of MUFAP against the amendment in Finance Act, 2013 which levied FED on the fees received by asset management companies from funds under management.

The Honorable Sindh High Court in its decision dated July 16, 2016 maintained the previous order passed against other constitutional petition whereby levy of FED is declared to be 'Ultra Vires' the Constitution. On September 23, 2016, the Federal Government has filed an appeal against the said order in the Honorable Supreme Court of Pakistan (SCP) and thus, the previous balance of FED has not been reversed.

Further, the Federal Government vide Finance Act, 2016 has excluded asset management companies and other non-banking finance companies from charge of FED on their services. Accordingly, no provision for FED is made from July 01, 2016 onwards.

16 UNCLAIMED DIVIDEND

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

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

The Additional Commissioner of Income Tax (ACIT) has amended the assessment order under section 122(5A) of the Income Tax Ordinance, 2001, resulting in an additional tax of Rs. 1.005 million and Rs. 0.820 million for Tax Years 2003 and 2004 respectively. The Company has filed appeals with the Commissioner of Income Tax Appeals-II (CIT-A). The said appeals are pending for hearing. The management is confident that the appeal will be decided in favour of the Company and therefore no provision in this respect has been made in these financial statements. Appeals have been filed before Income Tax Appellate Tribunal (ITAT) for the Tax Year 2003 and 2004 against the order of CIT-A. Hearing has been fixed and ITAT has finalized the order for the Tax Year 2004, which partially allowed and partially remanded back the order to the CIT-A for passing an order. The case has been decided in favour of the Company by the Appellate Tribunal in Tax Year 2017.

17.2 Commitments

There was no commitment during the period (June 30, 2022: Nil)

		Un-Audited September 30, 2022	Un-Audited September 30, 2021
18	REMUNERATION FROM FUND UNDER MANAGEMENT	-----Rupees-----	
	Open-end funds		
	786 Smart Fund- fund under management	3,321,390	3,424,169
	Less: Sales tax on remuneration	(382,107)	(393,930)
		<u>2,939,283</u>	<u>3,030,239</u>
	Remuneration for services rendered as an asset management company		
	786 Smart Fund- Fund under Management	<u>1.5</u>	<u>1.5</u>
		Un-Audited September 30, 2022	Un-Audited September 30, 2021
20	ADMINISTRATIVE AND OPERATING EXPENSES	-----Rupees-----	
	Salaries and allowances	4,006,354	2,998,444
	Rent, rates and taxes	380,712	356,019
	Postage and telephones	84,173	70,201
	Legal and professional charges	109,000	219,000
	Printing and stationery	61,216	40,858
	Vehicles running	545,517	338,809
	Advertisement expense	-	72,000
	Electricity	396,000	216,352
	Repairs and maintenance	40,450	133,536
	Auditors' remuneration	195,000	195,000
	Entertainment	100,430	19,993
	Insurance	77,238	81,609
	Depreciation	157,321	414,461
	Amortization	34,628	34,628
	Fee and Subscriptions	780,441	678,950
	Directors' fee	84,000	38,000
	Others expenses	143,258	39,931
		<u>7,195,738</u>	<u>5,947,791</u>
	Less: Reimbursement of fees and expenses	(195,951)	(202,016)
		<u>6,999,787</u>	<u>5,745,775</u>
20.3	Reimbursement of Fees and Expenses Breakup:		
	786 Smart Fund- Fund under Management	<u>195,951</u>	<u>202,016</u>

20.3.1 In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I)/2015 dated November 25, 2015, the Management Company of the Fund is entitled for reimbursement of fees and expenses incurred by the Management Company in relation to registrar services, accounting, operation and valuation services related to Fund maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. Accordingly, Company has charged accounting and operational charges to the Fund at the rate of 0.1% per annum of the average annual net assets of the Fund.

21 FINANCIAL CHARGES	Note	Un-Audited September 30, 2022	Un-Audited September 30, 2021
		-----Rupees-----	
Mark-up On Director loan	21.1	947,049	525,523
Bank charges		6,372	2,631
		953,421	528,154

21.1 This Director loan carry interest at the rate of 3 month Kibor +2% (June 30, 2022: 3 month Kibor +2%).

22 TAXATION

Current tax		192,882	278,960
	22.1	192,882	278,960

22.1 The tax reconciliation has not been prepared in these financial statements as the Company's income attracts minimum tax and final tax regime under the Income Tax Ordinance, 2001.

23 TRANSACTIONS WITH RELATED PARTIES

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

Relationship with the Company	Nature of Transactions During the period	Sept., 30, 2022	Sept., 30, 2021
		-----Rupees-----	
Transactions During the period			
Chief executive officer	Interest bearing subordinated loan	947,049	525,523
786 Smart Fund- Fund under Management	Management fee charged - net of tax	2,939,283	3,030,239
	Sales tax on management Fee	382,107	393,930
	Accounting and operational charges	195,951	202,016
Other Related Party			
First Dawood Investment Bank Limited & Others Employees' Provident Fund	Provident fund contribution	199,596	343,202
B.R.R Guardian Modaraba- 12.93% shareholder	Rent charge during the period	374,586	348,363
Key Management Personnel	Remuneration and directors fee	2,889,763	1,804,400
Dawood Family Takaful Limited- common directorship	Insurance expense charge during the period	14,515	20,550
	Advisory fee	277,778	-
Balances as the period end		Un-Audited September 30, 2022	Audited June 30, 2022
786 Smart Fund- Fund under Management	Units Held: 786 Smart Fund 2,312,993 (June 30, 2022: 2,312,993) Units	196,102,492	189,007,617
	Receivable against management fees	1,428,759	1,914,587
Dawood Family Takaful Limited- - common directorship	Prepaid life insurance	14,515	-
	Advisory fee receivable	900,000	900,000
B.R.R Guardian Modaraba- 12.93% shareholder	Prepaid rent	-	124,862
	Loan to Chief Financial Officer	240,000	300,000
Key Management Personnel	Subordinated loan	27,134,131	26,187,082



The Company has not entered into any transaction with director and senior executives other than those provided under the Company's policies and terms of employment.

24 GENERAL

24.1 In compliance of the NBFC Rules read with SRO 1002(1)/2015 dated October 15, 2015 of SECP, the management would like to report that the Company has sufficient insurance coverage from an insurance company, rated AA++ by the Pakistan Credit Rating Agency limited (PACRA), against financial losses that may be caused as a result of gross negligence of its employees.

24.2 Figures have been rounded off to the nearest rupee.

25 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors on October 28, 2022 of the Company.

**For 786 Investments Limited
(Management Company)**

____SD____
Chief Executive Officer

____SD____
Chief Financial Officer

____SD____
Director



BOOK POST



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