



INVESTMENTS

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786 INVESTMENTS LIMITED

**FOR THE
HALF YEAR ENDED
DECEMBER 31, 2022
(UN-AUDITED)**

CONTENTS

Corporate Information	2
Directors' Report	3
ڈائریکٹرز رپورٹ	5
Auditors' Report	7
Condensed Interim Statement of Financial Position	8
Condensed Interim Profit and Loss Account	9
Condensed Interim Statement of Comprehensive Income	10
Condensed Interim Statement of Changes in Equity	11
Condensed Interim Cash Flow Statement	12
Condensed Interim Notes to the Financial Statements	13

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. Ahmed 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 (SMC-Pvt.) Ltd. Office# 1705, 17th Floor Saima Trade Tower. A, I.I. Chundrigar Road, Karachi-74000, Pakistan.	
Banker:	Habib Metropolitan Bank Limited JS Bank Limited	
Rating:	PACRA: AM3	



DIRECTORS' REPORT FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2022

It is matter of honour for me to present on behalf of the Board of Directors (BODs) of 786 Investments Limited ("786" or the "Company") the Management Company of 786 Smart Fund, the reviewed financial statements along with the auditors reviewed the report for the half-year ended December 31, 2022.

Economy Review & Outlook:

Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022 but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024.

Money Market Review & Outlook:

Pakistan's total liquid foreign exchange reserves increased to \$ 12.0 billion on December 21, 2022, with the SBP's reserves now stood at \$ 6.1 billion. Commercial banks' reserves remained at \$ 5.9 billion. Pakistan increased its benchmark interest rate to 17%, the highest in more than 24 years, a move expected by 25 of 43 economists in a Bloomberg survey. As the economy grapples with raging inflation, supply shortages, dwindling currency reserves and stalled foreign financing.

The embattled South Asian nation is reeling from the aftermath of catastrophic flooding last year that amplified the impact of political turmoil and a financial crunch. With foreign currency reserves at a nine-year low and funding including from the International Monetary Fund held up, Pakistan was forced to restrict import payments. As the government curtailed overseas purchases, local banks have been refusing to issue letters of credit, leading to a standstill that puts businesses at risk of shutting down.

Inflation may accelerate to 26.6% this month due to supply disruptions That would put price gains near a four-decade high of 27.25% seen in August, higher than the central bank's inflation forecast of 21%-23% that was revised upwards in November.

Devalued Pakistan's Currency over 21 percent during the year from Rs177 to more than Rs226" against the US dollar due to the economic uncertainty over Pakistan's debt repaying ability and huge imports coupled with the dollar rate hike in the global market.

Higher interest rate regime which toll on the profitability of companies and increased the cost of doing business. At such levels, it has become difficult to do business due to the substantial increase in the borrowing cost". The higher interest rate made finished goods more expensive, impacting sales and profit margins of various organizations.

Stock Market Review & Outlook

Tight monetary policy regime and political situation played a critical role in keeping the market performance subdued, which led to an interest rate hike from 10 to 16 percent, did not prove good along with the overall political situation of the country," "Together the two things kept the equity market situation bad."

For the Pakistan stock market, 2022 was not a good year. “The share prices came down sharply in 2022 along with the volume. There were also very few initial public offerings and other right issues.”

Pakistan's stock market only recorded three new listings in the outgoing year that generated a total amount Rs1.3 billion, the lowest in the last nine years. The tightening of monetary policy, Pakistan's central bank raised the key policy rate by 625 basis points in 2022 to contain rising inflation which hovered around the record high of 25 percent.

According to experts, growing cost of doing business has negative factors that slowed down the stock market. It maintained the adverse business environment prevailing at country's stock market, however, a number of sectors performed well while other posted huge declines.

Company Performance

The Company's profit during the period stood at PKR 5.151 million as compared to PKR 3.174 million in the same period last year. The Company Income which comprised of Management Fees PKR 6.204 million for the period as compared to the PKR 6.538 last year. Total expenses were PKR 16.272 million as compared to PKR 12.921 million in the same period last year. The earnings per share (EPS) of the Company for the period was PKR 0.34 as compared to PKR 0.21 during the corresponding period.

Acknowledgement:

The Directors wish to express their gratitude to the Security & Exchange Commission of Pakistan (SECP) and other regulatory bodies for their valuable support, assistance, and guidance. The Board also thanks the employees of the Asset Management Company, the Trustee for their dedication and hard work, and the unitholders for their confidence in the Management.

----SD----

Director

----SD----

Chairperson

کمپنی کی کارکردگی:

اس مدت کے دوران کمپنی کا منافع 5.151 بلین روپے رہا جو گزشتہ سال کی اسی مدت میں 3.174 بلین روپے تھا۔ کمپنی کی آمدنی جو گزشتہ سال 6.538 روپے کے مقابلے میں اس مدت کے لیے 6.204 بلین روپے بینجمنٹ فیس پر مشتمل تھی۔ کل اخراجات پچھلے سال کی اسی مدت میں 12.921 بلین روپے کے مقابلے میں 16.272 بلین روپے تھے۔ کمپنی کی فی حصص آمدنی (EPS) گزشتہ سال کی اسی مدت کے دوران 0.21 روپے کے مقابلے میں زبردست طور پر 0.34 روپے رہی ہے۔

اظہار شکر

بینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز قابل قدر معاونت، مدد اور رہنمائی پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کے شکرگزار ہیں۔ بورڈ آف بینجمنٹ کمپنی کے ملازمین، ٹرسٹی کی گمن اور سخت محنت اور بینجمنٹ میں اعتماد پر یونٹ ہولڈرز کا بھی شکریہ ادا کرتے ہیں۔

---SD---

ڈائریکٹر

---SD---

چیئر پرسن



J.A.S.B. & Associates
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**INDEPENDENT AUDITORS' REVIEW REPORT
TO THE MEMBERS OF 786 INVESTMENTS LIMITED
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **786 Investments Limited** ("the Company") as at December 31, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other Matters

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three months period ended December 31, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2022.





The condensed interim financial statements of the Company for the period ended December 31, 2021 and financial statements for the year June 30, 2022 were reviewed and audited by another firm of Chartered Accountants who had expressed an unmodified conclusion and opinion thereon dated February 28, 2022 and September 20, 2022 respectively.

The Engagement partner on the review resulting this independent auditor's review report is Mr. Basharat Rasool.

Jas & Associates
Chartered Accountants

Karachi

Dated: Feb 27, 2023

UDIN: RR202210452WB50GS37S

Jas

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2022**

	Note	Un-Audited December 31, 2022	Audited June 30, 2022
		-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	1,185,715	877,914
Intangible assets	6	761,805	831,060
Long-term deposits	7	36,300	36,300
		1,983,820	1,745,274
CURRENT ASSETS			
Loans and advances		150,000	300,000
Investments	8	237,594,415	226,530,045
Prepayments and other receivable	9	8,153,873	7,105,869
Trade receivables	10	1,936,221	2,814,597
Accrued markup	11	733,527	902,734
Tax refund due from Government	12	7,476,685	7,406,613
Cash and bank balances	13	1,486,315	5,065,871
		257,531,036	250,125,729
TOTAL ASSETS		259,514,856	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		30,705,854	25,554,608
		236,073,618	230,922,372
CURRENT LIABILITIES			
Accrued and other liabilities	15	22,442,496	19,949,889
Unclaimed dividend	16	998,742	998,742
		23,441,238	20,948,631
Contingencies and Commitments	17	-	-
TOTAL EQUITY AND LIABILITIES		259,514,856	251,871,003

The annexed notes from 1 to 22 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 SIX MONTH PERIOD ENDED DECEMBER 31, 2022**

	Six Months Period Ended		Three Months Period Ended	
	2022	2021	2022	2021
Note	----- Rupees -----			
Income				
Remuneration from fund under management	6,204,813	6,538,700	3,265,530	3,508,461
Advisory fee	555,556	555,556	277,778	498,757
Income on term deposit receipt (TDR)	80,121	-	31,220	-
Income on term finance certificates	-	1,182,470	-	600,992
Income on Pakistan investment bonds	1,005,479	1,008,219	504,109	504,109
	<u>7,845,969</u>	<u>9,284,945</u>	<u>4,078,637</u>	<u>5,112,319</u>
Net unrealized loss on revaluation of investments at fair value through profit or loss	<u>13,564,370</u>	<u>(1,417,411)</u>	<u>6,357,696</u>	<u>(6,078,685)</u>
	<u>21,410,339</u>	<u>7,867,534</u>	<u>10,436,333</u>	<u>(966,366)</u>
Expenses				
Administrative and operating expenses	<u>(14,316,568)</u>	<u>(11,833,551)</u>	<u>(7,316,781)</u>	<u>(6,087,776)</u>
Financial charges	<u>(1,956,005)</u>	<u>(1,088,303)</u>	<u>(1,002,584)</u>	<u>(560,149)</u>
	<u>(16,272,573)</u>	<u>(12,921,854)</u>	<u>(8,319,365)</u>	<u>(6,647,925)</u>
Operating profit/ (loss)	<u>5,137,766</u>	<u>(5,054,320)</u>	<u>2,116,968</u>	<u>(7,614,291)</u>
Other operating income	446,869	348,587	354,675	180,487
Share of profit from associate	-	8,541,233	-	-
Profit/ (loss) before taxation	<u>5,584,635</u>	<u>3,835,500</u>	<u>2,471,643</u>	<u>(7,433,804)</u>
Taxation	18 (433,389)	(660,598)	(240,507)	(381,638)
Net Profit/ (loss) for the period	<u>5,151,246</u>	<u>3,174,902</u>	<u>2,231,136</u>	<u>(7,815,442)</u>
Earnings/(loss) per share for the period - basic and diluted	<u>0.34</u>	<u>0.21</u>	<u>0.15</u>	<u>(0.52)</u>

The annexed notes from 1 to 22 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

**STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2022**

	<u>Six Months Period Ended</u>		<u>Three Months Period Ended</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	----- Rupees -----			
Net Profit/ (loss) for the period	5,151,246	3,174,902	2,231,136	(7,815,442)
Other Comprehensive Income/(Loss)				
Share of Other Comprehensive Income from Associates	-	50,373	-	50,373
Other Comprehensive Income	-	50,373	-	50,373
Total Comprehensive Income for the Period	5,151,246	3,225,275	2,231,136	(7,765,069)

The annexed notes from 1 to 22 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 CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2022**

Share Capital	----Capital Reserve----		-----Revenue Reserve-----			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
----- Rupees -----							
Balance as at July 1, 2021	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	-	-	-	-	50,373	3,174,902	3,225,275
Other Comprehensive Loss for the Period - As Restated	-	-	-	-	(50,373)	50,373	-
Total Comprehensive Loss for the Period	-	-	-	-	-	3,225,275	3,225,275
Balance as at December 31, 2021	149,737,500	33,630,264	22,000,000	-	-	27,987,595	233,355,359
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	-	-	-	-	-	5,151,246	5,151,246
Other Comprehensive Income for the Period	-	-	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	-	-	5,151,246	5,151,246
Balance as at December 31, 2022	149,737,500	33,630,264	22,000,000	-	-	30,705,854	236,073,618

The annexed notes from 1 to 22 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 SIX MONTH PERIOD ENDED DECEMBER 31, 2022**

	December 31, 2022	December 31, 2021
Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,584,635	3,835,500
Adjustments for Non-cash and other items:		
Depreciation on property and equipment	285,262	823,655
Amortization	69,255	69,255
Financial charges	1,956,005	1,088,303
Mark-up earned on saving account	(413,652)	(348,587)
Income on pakistan investment bonds	(1,005,479)	(1,008,219)
Income on term finance certificate	-	(1,182,470)
Share of profit from Associate	-	(8,541,233)
Revaluation gain/(loss) on investments classified at fair value through profit or loss	(13,564,370)	1,417,411
	(12,672,979)	(7,681,885)
Working Capital Changes		
<i>Changes in Current Assets:</i>		
Loans and advances	150,000	-
Deposits, prepayments and other receivable	(1,048,004)	79,394
Trade receivable	878,376	(1,076,570)
Accrued markup	169,207	-
	149,579	(997,176)
<i>Changes in Current Liabilities:</i>		
Accrued and other liabilities	543,539	441,833
Cash used in operations	(6,395,226)	(4,401,728)
Taxes paid	(503,461)	(669,137)
Finance cost paid	(6,937)	(4,667)
Net Cash Used in Operating Activities	(6,905,624)	(5,075,532)
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	413,652	702,674
Income Received on Term Finance Certificate	-	1,165,766
Income Received on Pakistan Investment Bonds	1,005,479	1,000,000
Capital Expenditure Incurred	(593,063)	(46,277)
Net Cash Generated (Used In)/From Investing Activities	3,326,068	2,824,663
Net Decrease in Cash and Cash Equivalents	(3,579,556)	(2,250,869)
Cash and Cash Equivalents at Beginning of the Year	5,065,871	11,957,163
Cash and Cash Equivalents at End of the Period	1,486,315	9,706,294

The annexed notes from 1 to 22 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 FINANCIAL STATEMENT FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 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.
- 1.2 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).
- 1.3 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.
- 1.4 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

- 3.1 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.

The preparation of these condensed interim financial statement in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of these condensed interim financial statement, the significant judgement made by management in applying the company's accounting policies and key sources of estimates and uncertainty were the same as those that applied to audited annual financial statement of the company for the year ended 30 June 2022.

3.2 Standards, amendments and interpretations to published standards that may be relevant to the company.

There are certain new and amended standards, interpretations and amendments that are mandatory for the company's accounting period beginning period on or after July 01, 2022 but are considered not to be relevant or do not have any significant effect on the company's operations and therefore are not detailed in these condensed interim financial information.

3.3 Standards, amendments and interpretations to the published standards that may be relevant but not yet notified by the securities and Exchange Commission of Pakistan (SECP)

In addition certain IFRS, amendment and interpretations to approved accounting standards are not yet effective. The company is in the process of assessing in impact of these Standards, amendments and interpretations to the published standards on the financial statements of the company.

3.4 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange commission of Pakistan (SECP)

Further, certain IFRS have been issued by the international Accounting Standards Boards (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

4 FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with that disclosed in the annual audited financial statements for the year ended June 30, 2022.

5 PROPERTY AND EQUIPMENT

5.1 The following is the statement of property and equipment:

	Un-Audited		Audited		
	December 31,		June 30,		
	2022		2022		
Note	-----Rupees-----				
5.1	1,185,715		877,914		
Description	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
-----Rupees-----					
Period ended December 31, 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	(26,252)	(142,029)	(46,693)	(70,288)	(285,262)

Description	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
-----Rupees-----					
Closing net book value	251,300	56,151	160,704	124,497	592,652
Gross carrying value basis					
Cost	1,487,514	5,593,370	1,701,852	6,177,765	14,960,501
Accumulated depreciation	(1,236,214)	(5,537,219)	(1,541,148)	(5,460,205)	(13,774,786)
Net book value	251,300	56,151	160,704	717,560	1,185,715
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	

		Un-Audited December 31, 2022	Audited June 30, 2022
6. INTANGIBLE ASSETS	Note	-----Rupees-----	
Computer software	6.1	761,805	831,060
6.1 Computer software			
Opening Net Book Value		831,060	969,570
Addition		-	-
Amortization Charges		(69,255)	(138,510)
Closing Net Book Value		761,805	831,060
Cost		1,385,100	1,385,100
Accumulated Amortization		(623,295)	(554,040)
Closing Net Book Value		761,805	831,060
Amortization rate		10%	10%

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

		Un-Audited December 31, 2022	Audited June 30, 2022
	Note	-----Rupees-----	
7 LONG TERM DEPOSITS			
Deposits			
With Central Depository Company of Pakistan Limited		25,000	25,000
Against utilities		11,300	11,300
		<u>36,300</u>	<u>36,300</u>
8 INVESTMENTS			
At fair value through profit or loss			
Pakistan investment bonds	8.1	16,545,997	17,311,043
Units of mutual fund- related party	8.2	200,837,033	189,007,617
Term finance certificate - unlisted	8.3	20,211,385	20,211,385
		<u>237,594,415</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

		December 31, 2022		June 30, 2022	
		Carrying value	Fair value	Fair value	
-----Number of units-----		-----Rupees-----			
<u>2,284,214</u>	<u>2,312,993</u>	188,975,100	200,837,033	189,007,617	
	786 Smart Fund- Fund Under Management				

8.3 Term Finance Certificate - Unlisted

		December 31, 2022		June 30, 2022	
---Number of certificates---		-----Rupees-----			
<u>5,000</u>	<u>5,000</u>	22,457,095	22,457,095		
	Silk Bank Limited				
	Provision against investment	(2,245,710)	(2,245,710)		
		<u>20,211,385</u>	<u>20,211,385</u>		

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.

	Un-Audited December 31, 2022	Audited June 30, 2022
Note	-----Rupees-----	
9 PREPAYMENTS AND OTHER RECEIVABLE		
Prepayments		
Insurance	236,701	142,453
Rent	874,031	124,862
Others	529,462	324,875
	<u>1,640,194</u>	<u>592,190</u>
Other receivable		
Federal excise duty	6,513,679	6,513,679
	<u>8,153,873</u>	<u>7,105,869</u>
9.1 This represents amount receivable from funds in lieu of Federal Excise Duty the break up of which is as follows:		
786 Smart Fund- Fund Under Management	9.1.1 <u>6,513,679</u>	<u>6,513,679</u>
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	Audited
	December 31,	June 30,
	2022	2022
	-----Rupees-----	
10 TRADE RECEIVABLES		
Receivable against management fees	1,636,221	1,914,597
Receivable on account of advisory fees	300,000	900,000
	<u>1,936,221</u>	<u>2,814,597</u>
11 ACCRUED MARKUP		
Saving accounts	158,185	332,871
Pakistan investment bonds	575,342	569,863
	<u>733,527</u>	<u>902,734</u>
12 TAX REFUND DUE FROM GOVERNMENT		
Opening	7,406,613	6,664,825
Tax paid during the period	503,461	3,770,041
Provision for the period	(433,389)	(3,028,253)
Closing	<u>7,476,685</u>	<u>7,406,613</u>
13 CASH AND BANK BALANCES		
Cash in hand	25,460	-
Cash at bank-saving accounts	13.1 <u>1,460,855</u>	<u>5,065,871</u>
	<u>1,486,315</u>	<u>5,065,871</u>
13.1 The balance in savings accounts carry profit at rates of 12.5% - 14% 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.

	Note	Un-Audited	Audited
		December 31, 2022	June 30, 2022
		-----Rupees-----	
15 ACCRUED AND OTHER LIABILITIES			
Accrued expenses	15.1	9,471,618	9,140,992
Accrued mark-up on director loan		6,136,150	4,187,082
FED payable	15.2	6,513,677	6,513,677
Sales tax payable		165,495	100,901
Withholding tax payable		155,556	7,237
		22,442,496	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)

	Note	Un-Audited December 31, 2022	Audited June 30, 2022
		-----Rupees-----	
18 TAXATION			
Current tax		(433,389)	(660,598)
	18.1	(433,389)	(660,598)

18.1 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.

(Un-Audited)		(Un-Audited)	
Six months period ended		Three months period ended	
2022	2021	2022	2021
----- Rupees -----		----- Rupees -----	

19 EARNINGS/(LOSS) PER SHARE

Profit/(loss) for the period		3,174,902	4,951,43	725,791	(774,204)
Weighted average number of ordinary shares outstanding during the period					
	Numbers:	14,973,750	14,973,750	14,973,750	14,973,750
Earning/(loss) per share	Rupees	0.21	0.33	0.05	(0.05)

20 FAIR VALUE ESTIMATION

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

20.1 Fair value hierarchy

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level - 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level - 2: fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level - 3: fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of financial asset fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets that are recognised in the financial statements at fair value on a recurring basis, the Modaraba recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned below:

December 31, 2022 (Un-audited)

	Carrying amount		Fair Value hierarchy			
	Amortized cost	Total	Level 1	Level 2	Level 3	Total
	-----Rupees-----					
Financial asset measured at fair value						
Term finance certificates (note 19.2.1)	22,457,095	22,457,095	-	20,211,385	-	20,211,385
Pakistan investment bonds (note 19.2.2)	17,311,043	17,311,043	-	16,545,997	-	16,545,997
	<u>39,768,138</u>	<u>39,768,138</u>	<u>-</u>	<u>36,757,382</u>	<u>-</u>	<u>36,757,382</u>
Financial asset not measured at fair value						
Long-term deposits (note 19.2.3)	36,300	36,300	-	-	-	-
Receivable from related parties (note 19.2.3)	1,936,221	1,936,221	-	-	-	-
Accrued markup (note 19.2.3)	733,527	733,527	-	-	-	-
Cash and bank balances (note 19.2.3)	1,486,315	1,486,315	-	-	-	-
	<u>4,192,363</u>	<u>4,192,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial Liabilities not measured at fair value						
Accrued and other liabilities (note 19.2.3)	22,442,496	22,442,496	-	-	-	-
	<u>22,442,496</u>	<u>22,442,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

June 30, 2022 (Audited)

	Carrying amount		Fair Value hierarchy			
	Amortized cost	Total	Level 1	Level 2	Level 3	Total
	-----Rupees-----					
Financial asset measured at fair value						
Term finance certificates (note 19.2.1)	22,457,095	22,457,095	-	20,211,385	-	20,211,385
Pakistan investment bonds (note 19.2.2)	20,166,533	20,166,533	-	17,311,043	-	17,311,043
	<u>42,623,628</u>	<u>42,623,628</u>	<u>-</u>	<u>37,522,428</u>	<u>-</u>	<u>37,522,428</u>
Financial asset not measured at fair value						
Long-term deposits (note 19.2.3)	36,300	36,300	-	-	-	-
Receivable from related parties (note 19.2.3)	2,814,597	2,814,597	-	-	-	-
Accrued markup (note 19.2.3)	902,734	902,734	-	-	-	-
Cash and bank balances (note 19.2.3)	5,065,871	5,065,871	-	-	-	-
	<u>8,819,502</u>	<u>8,819,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial Liabilities not measured at fair value						
Accrued and other liabilities (note 19.2.3)	19,949,889	19,949,889	-	-	-	-
	<u>19,949,889</u>	<u>19,949,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

20.2 Valuation techniques used in determination of fair values within level 2:

20.2.1 Investment in sukuk, issued by Silk Bank Limited are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan (SECP).

20.2.2 The valuation of Pakistan Investment bonds has been done on the based on PKRV valuation technique taken by MUFAP.

20.2.3 The Company has not disclosed the fair values for these financial assets, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of fair value.

21 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	Dec., 31, 2022	Dec., 31, 2021
		-----Rupees-----	
Transactions During the period			
Chief executive officer	Interest bearing subordinated loan	1,949,068	1,083,636
786 Smart Fund- Fund under Management	Management fee charged - net of tax	6,204,813	6,538,700
	Sales tax on management fee	-	850,032
	Accounting and operational charges	413,652	435,913
Other Related Party			
First Dawood Investment Bank Limited & Others Employees' Provident Fund	Provident fund contribution	399,460	344,535
B.R.R Guardian Modaraba- 12.93% shareholder	Rent charge during the period	749,172	740,430
Key Management Personnel	Remuneration and directors fee	5,899,770	3,503,590
Dawood Family Takaful Limited- common directorhsip	Insurance expense charge during the period	29,030	41,100
	Advisory fee	555,556	555,556
Balances as the period end		Un-Audited December 31, 2022	Audited June 30, 2022
-----Rupees-----			

786 Smart Fund- Fund under Management	Units Held:		
	786 Smart Fund 2,284,214 (June 30, 2022: 2,312,993) Units	200,837,033	189,007,617
	Receivable against management fees	1,636,221	1,914,597
Dawood Family Takaful Limited- - common directorhsip	Prepaid life insurance	-	-
	Advisory fee receivable	300,000	900,000
B.R.R Guardian Modaraba- 12.93% shareholder	Prepaid rent	874,031	124,862
Key Management Personnel	Loan to Chief Financial Officer	150,000	300,000
	Subordinated loan	28,136,150	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.

21 GENERAL

21.1 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.

21.2 Figures have been rounded off to the nearest rupee.

22 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors on February 27, 2023 of the Company.

For 786 Investments Limited
(Management Company)

____SD____
Chief Executive Officer

____SD____
Chief Financial Officer

____SD____
Director



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