



INVESTMENTS

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786 INVESTMENTS LIMITED

**FOR THE
QUARTER ENDED
SEPTEMBER 30, 2024
(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	Riaz Ahmed & Company 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 QUARTER ENDED SEPTEMBER 30, 2024

The Board of Directors of 786 Investments Limited, hereinafter referred to as '786' or 'the Company,' is pleased to present the un-audited financial statements for the three-month period ended September 30, 2024.

Economic & Money Market Review

The global economy is showing signs of recovery, with growth prospects improving beyond earlier projections. However, challenges persist, including core inflation, elevated interest rates, and geopolitical uncertainties. The government's decisive actions to combat hoarding and stabilize foreign exchange markets have successfully brought inflation under control, indicating that interest rates may have peaked. As of September 27, 2024, Pakistan's total liquid foreign exchange reserves stood at USD 15.98 billion, with the State Bank of Pakistan (SBP) holding USD 10.70 billion and commercial banks holding USD 5.28 billion.

Company Performance

For the quarter ending September 30, 2024, 786 Investments Limited demonstrated strong financial performance compared to the same period in the previous year. The total income surged to PKR 19.20 million, up from PKR 14.95 million in the prior year, primarily driven by increased remuneration from the fund under management and substantial net unrealized gains on investments. The company reported a profit after taxation of PKR 8.13 million, reflecting a notable increase from PKR 4.77 million in the previous year. This growth resulted in earnings per share (EPS) of PKR 0.54, compared to PKR 0.32 during the corresponding period in 2023.

While administrative and operating expenses rose to PKR 8.78 million, the decrease in financial charges indicates effective cost management despite rising operational costs. Overall, the operating profit surged to PKR 9.73 million, illustrating improved operational efficiency and profitability.

The performance in this quarter reflects a robust financial position and effective management strategies, contributing to significant growth in both income and profitability.

Acknowledgement

We extend our sincere gratitude to our shareholders and valued customers for their continued trust and patronage. Our heartfelt thanks also go to the dedicated team at 786 for their hard work and commitment. Additionally, we express our appreciation to regulatory authorities, particularly the Securities & Exchange Commission of Pakistan and the Pakistan Stock Exchange Ltd, for their continued professional guidance and support.

On behalf of the board of
786 Investments Limited

Chairperson

Director

Date: 24-Oct-2024

Place: Karachi

ڈائریکٹرز کی رپورٹ

786 انویسٹمنٹ لمیٹڈ (786 یا دی کیمپی) کے بورڈ آف ڈائریکٹرز کی جانب سے، میں 786 گروپ کی 30 ستمبر 2024 کو ختم ہونے والی سہ ماہی کے مالیاتی گھنٹوارے پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

اقتصادی اور مٹی مارکیٹ کا جائزہ

عالمی معیشت میں بحالی کے آثار دکھائی دے رہے ہیں، مٹھو کے امکانات پہلے کے اندازوں سے بہتر ہیں۔ تاہم، مشکلات بدستور موجود ہیں، جن میں بنیادی افراط زر، زیادہ شرح سود اور بحیرانگیزی سیاسی غیر یقینی صورتحال شامل ہیں۔ ذخیرہ اندوزی کی روک تھام اور زر مبادلہ کی منڈیوں کو مستحکم کرنے کے لئے حکومت کے فیصلے کن اقدامات سے افراط زر کو کامیابی سے قابو میں لایا گیا ہے، جس سے یہ ظاہر ہوتا ہے کہ شرح سود عروج پر پہنچ گئی ہے۔ 27 ستمبر 2024 تک، پاکستان کے مجموعی لیویوڈ زر مبادلہ کے ذخائر 15.98 بلین ڈالر تھے جن میں اسٹیٹ بینک آف پاکستان (ایس بی پی) کے پاس 10.70 بلین ڈالر اور کمرشل بینکوں کے پاس 5.28 بلین ڈالر تھے۔

کمپنی کی کارکردگی

گزشتہ سال کی اسی مدت کے مقابلے 30 ستمبر 2024 کو ختم ہونے والی سہ ماہی میں 786 انویسٹمنٹ لمیٹڈ نے مستحکم مالی کارکردگی کا مظاہرہ کیا۔ مجموعی آمدنی گزشتہ سال کے 14.95 بلین روپے سے بڑھ کر 19.20 بلین روپے ہو گئی، جس کی بنیادی وجہ زیر انتظام فنڈ سے معاوضہ میں اضافہ اور سرمایہ کاری پر خاطر خواہ خاص غیر حقیقی منافع ہے۔ کمپنی نے بعد از ٹیکس منافع 8.13 بلین روپے حاصل کیا جو گزشتہ سال کے 4.77 بلین روپے کے مقابلے میں قابل ذکر اضافہ ظاہر کرتا ہے۔ اس اضافہ کے نتیجے میں فی شخص آمدنی (EPS) 0.54 روپے رہی جو 2023 کے اسی عرصے کے دوران 0.32 روپے تھی۔ جبکہ انتظامی اور آپریٹنگ اخراجات 8.78 بلین روپے تک زیادہ ہوئے، کاروباری اخراجات میں اضافہ کے باوجود مالی اخراجات میں کمی موثر لاگت مینجمنٹ کی عکاسی کرتی ہے۔ مجموعی طور پر، آپریٹنگ منافع بڑھ کر 9.73 بلین روپے ہو گیا، جو بہتر آپریٹنگ کارکردگی اور منافع کو ظاہر کرتا ہے۔

اس سہ ماہی میں کارکردگی ایک مضبوط مالی پوزیشن اور موثر انتظامی حکمت عملی کی عکاسی کرتی ہے، جو آمدنی اور منافع دونوں میں نمایاں اضافے میں کردار ادا کرتی ہے۔

امتیازات

ہم اپنے شیئر ہولڈرز اور قابل قدر کسٹمرز کے ہم پر مسلسل بھروسہ اور سرپرستی کے ساتھ ساتھ اپنی قابل قدر 786 ٹیم کا ان کی محنت اور لگن کے لیے تہ دل سے شکر بھی ادا کرتے ہیں۔ ہم ریگولیٹری اتھارٹیز، خاص طور پر سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی مسلسل پیشہ ورانہ رہنمائی اور تعاون کو بھی سراہتے ہیں۔

منجانب بورڈ

786 انویسٹمنٹ لمیٹڈ

ڈائریکٹر

چیئر پرسن

مقام: کراچی

تاریخ: 2023

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2024**

	Notes	Un-Audited September 30, 2024 Rupees	Audited June 30, 2024 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	15,372,553	639,190
Right-of-use asset		1,046,000	1,334,605
Intangible asset	5	519,412	554,040
Long-term security deposits and receivable	6	586,325	586,325
		<u>17,524,290</u>	<u>3,114,160</u>
CURRENT ASSETS			
Trade receivables	7	9,656,282	10,014,665
Investments	8	242,193,015	245,185,756
Loans and advances	9	210,000	280,000
Prepayments	10	754,645	630,505
Accrued markup		150,148	801,042
Cash and bank balances		709,073	489,215
		<u>253,673,163</u>	<u>257,401,183</u>
TOTAL ASSETS		<u><u>271,197,453</u></u>	<u><u>260,515,343</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
20,000,000 (2023: 20,000,000) Ordinary shares of Rupees 10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid-up share capital			
Ordinary shares 14,973,750 (30 June 2023: 14,973,750) of Rupees 10 each		149,737,500	149,737,500
Capital Reserves			
General reserves		33,630,264	33,630,264
Subordinated loan form director	11	12,000,000	12,000,000
Revenue Reserve			
Unappropriated profit		<u>49,105,209</u>	<u>40,973,802</u>
TOTAL EQUITY		<u>244,472,973</u>	<u>236,341,566</u>
LIABILITIES			
NON CURRENT LIABILITIES			
Lease liability		32,828	-
		<u>32,828</u>	<u>-</u>
CURRENT LIABILITIES			
Accrued and other liabilities	12	24,023,368	22,979,182
Provision for taxation and levy payable- net		1,669,542	195,853
Unclaimed dividend	13	998,742	998,742
		<u>26,691,652</u>	<u>24,173,777</u>
TOTAL LIABILITIES		<u>26,724,480</u>	<u>24,173,777</u>
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITIES AND LIABILITIES		<u><u>271,197,453</u></u>	<u><u>260,515,343</u></u>

The annexed notes from 1 to 20 form an integral part of these financial statements.

----SD----

Chief Executive Officer

----SD----

Chief Financial Officer

----SD----

Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

		September 30, 2024	September 30, 2023
	Note	Rupees	Rupees
Income			
Remuneration from fund under management - net		4,909,690	4,266,576
Advisory fee - net		277,778	277,778
Net realized gain on sale of investments		707,382	69,642
Income on Pakistan investment bond		509,589	504,110
		<u>6,404,439</u>	<u>5,118,106</u>
Net unrealized profit on revaluation of investments at fair value through profit or loss	15	<u>12,799,877</u>	<u>9,830,714</u>
		<u>19,204,316</u>	<u>14,948,820</u>
Expenses			
Administrative and operating expenses		(8,776,893)	(7,799,597)
Financial charges	16	(697,521)	(1,355,757)
		<u>(9,474,414)</u>	<u>(9,155,354)</u>
Operating profit		9,729,902	5,793,466
Other operating income		508,973	203,701
Other operating charges		(165,947)	-
Profit before income tax		<u>10,072,928</u>	<u>5,997,167</u>
Taxation	16.2	(1,941,521)	(1,228,523)
Profit after taxation		<u>8,131,407</u>	<u>4,768,644</u>
Earnings per share for the period - basic and diluted	17	<u>0.54</u>	<u>0.32</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.

---SD---

Chief Executive Officer

---SD---

Chief Financial Officer

---SD---

Director



**STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

	September 30, 2024 Rupees	September 30, 2023 Rupees
Profit after taxation	8,131,407	4,768,644
OTHER COMPREHENSIVE INCOME		
Items that may subsequently be reclassified to profit and loss	-	-
Items that will not subsequently be reclassified to profit and loss	-	-
	-	-
Total comprehensive income for the period	<u>8,131,407</u>	<u>4,768,644</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.

---SD---
Chief Executive Officer

---SD---
Chief Financial Officer

---SD---
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

	Issued, subscribed and paid-up share capital	Capital Reserves		Revenue Reserve	Total
		General reserve	Sub ordinated loan from director	Unappropriated profit	
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 June 2023	149,737,500	33,630,264	12,000,000	35,649,678	241,017,442
Total comprehensive income for the period ended 30 September 2023					
Profit for the period	-	-	-	4,768,644	4,768,644
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	4,768,644	4,768,644
Balance as at 30 September 2023	<u>149,737,500</u>	<u>33,630,264</u>	<u>12,000,000</u>	<u>40,418,322</u>	<u>245,786,086</u>
Balance as at 1 July 2024	149,737,500	33,630,264	12,000,000	40,973,802	236,341,566
Total comprehensive income for the period ended 30 September 2024					
Profit for the period	-	-	-	8,131,407	8,131,407
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	8,131,407	8,131,407
Balance as at 30 September 2024	<u>149,737,500</u>	<u>33,630,264</u>	<u>12,000,000</u>	<u>49,105,209</u>	<u>244,472,973</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.

----SD----

Chief Executive Officer

----SD----

Chief Financial Officer

----SD----

Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

	Note	September 30, Rupees	September 30, Rupees
Profit before levy and income tax		10,072,928	5,997,167
Adjustments for non-cash charges and other items:			
Depreciation on property and equipment	4	95,137	109,951
Depreciation on right-of-use assets		288,605	-
Amortization	5	34,628	34,628
Financial charges	16	697,521	1,355,757
Revaluation Gain on investments at fair value through profit or loss	15	(12,799,877)	(9,830,714)
Mark-up earned on savings account		(76,176)	(101,466)
Income on Pakistan investment bonds		(509,589)	(504,110)
Net realized gain on sale of investments		(707,382)	(69,642)
Net cash (used in) / generated from operating activities before working capital changes		(2,904,205)	(3,008,429)
Working capital changes			
Decrease / (Increase) in current assets:			
Loans and advances		70,000	-
Prepayments		(124,140)	(100,540)
Trade receivable		358,383	128,434
Accrued markup		-	543,664
		304,243	571,558
(Decrease) / Increase in current liabilities:			
Accrued and other liabilities		388,006	519,831
Net cash (used in) / generated from operations after working capital changes		(2,211,956)	(1,917,040)
Taxes paid		(467,832)	(340,636)
Finance cost paid		(8,513)	(2,486)
Net cash (used in) / generated from operating activities		(2,688,301)	(2,260,162)
CASH FLOWS FROM INVESTING ACTIVITIES			
Units of mutual fund redeemed		17,500,000	2,000,000
Units of mutual fund purchased		(1,000,000)	-
Receipt of mark-up on savings account		236,659	101,466
Income received on Pakistan investment bonds		1,000,000	504,110
Dividend received		-	-
Long term deposit and other receivable		-	-
Capital expenditure incurred	4	(14,828,500)	-
Net cash generated from / (used in) investing activities		2,908,159	2,605,576
CASH FLOWS FROM FINANCING ACTIVITIES			
Subordinated loan from director repaid		-	-
Lease rental paid		-	-
Net cash used in financing activities		-	-
Net decrease in cash and cash equivalents		219,858	345,414
Cash and cash equivalents at beginning of the year		489,215	1,488,537
Cash and cash equivalents at end of the period	14	709,073	1,833,951

The annexed notes from 1 to 20 form an integral part of these financial statements.

----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, 2024

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, 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 vide its letter No.SCD/AMCW/38/786IL/AMS/04/2022 dated 12 May 2022 with effect from 26 May 2022 to 25 May 2025 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. License shall be renewable by the Commission for next three years, subject to the compliance with NBFC Rules and NBFC Regulations.

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 12 May 2022 with effect from 26 May 2022 and valid till 25 May 2025. License shall further be renewable by the Commission for next three years, subject to the compliance of the NBFC Rules and the NBFC Regulations.

1.4 The Company is an asset management company of the "786 Smart Fund" and "786 Islamic Money Market Fund".

1.5 The Pakistan Credit Agency (PACRA) has assigned Asset Manager rating of "AM3" to the Management Company dated 22 December 2023.

1.6 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.

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 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.

2.1.4 These condensed interim financial statements do 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 Company for the year ended 30 June 2024.

2.1.3 These condensed interim financial statements are un-audited.

2.1.4 The comparatives in the condensed interim statement of financial position presented in the condensed interim financial statements as at 30 September 2024 have been extracted from the annual audited financial statements for the year ended 30 June 2024, whereas the comparative in 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 are extracted from unaudited condensed interim financial statements for the period ended 30 September 2023.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under historical cost convention except for certain investments which are stated at fair value.

2.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistani Rupee, which is the functional and presentation currency of the Company and rounded off to nearest rupee.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the method of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended 30 June 2024

4. PROPERTY AND EQUIPMENT

	30 September 2024 (Unaudited)				
	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
As at 01 July 2024					
Cost	1,487,514	5,593,370	1,797,652	6,246,765	15,125,301
Accumulated depreciation	(1,314,970)	(5,593,365)	(1,652,323)	(5,925,453)	(14,486,111)
Net book value	172,544	5	145,329	321,312	639,190
Period ended 30 September 2024					
Opening net book value	172,544	5	145,329	321,312	639,190
Additions - at cost	100,000	14,728,500	-	-	14,828,500
Disposals					
Cost	-	(4,327,970)	-	-	(4,327,970)
Accumulated depreciation	-	4,327,970	-	-	4,327,970
	-	-	-	-	-
Depreciation charge	(13,126)	(3)	(25,260)	(56,748)	(95,137)
Closing net book value	259,418	14,728,502	120,069	264,564	15,372,553
As at 30 September 2024					
Cost	1,587,514	15,993,900	1,797,652	6,246,765	25,625,831
Accumulated depreciation	(1,328,096)	(1,265,398)	(1,677,583)	(5,982,201)	(10,253,278)
Net book value	259,418	14,728,502	120,069	264,564	15,372,553
Depreciation rate (%)	10%	20%	20%	33%	

30 June 2024 (Audited)					
Furniture and fixtures	Vehicles	Office equipment	Computers	Total	
Rupees	Rupees	Rupees	Rupees	Rupees	
As at 01 July 2023					
Cost	1,487,514	5,593,370	1,701,852	6,246,765	15,029,501
Accumulated depreciation	(1,262,466)	(5,593,365)	(1,575,361)	(5,615,849)	(14,047,041)
Net book value	<u>225,048</u>	<u>5</u>	<u>126,491</u>	<u>630,916</u>	<u>982,460</u>
Year ended 30 June 2024					
Opening net book value	225,048	5	126,491	630,916	982,460
Additions - at cost	-	-	95,800	-	95,800
Depreciation charge	(52,504)	-	(76,962)	(309,604)	(439,070)
Closing net book value	<u>172,544</u>	<u>5</u>	<u>145,329</u>	<u>321,312</u>	<u>639,190</u>
As at 30 June 2024					
Cost	1,487,514	5,593,370	1,797,652	6,246,765	15,125,301
Accumulated depreciation	(1,314,970)	(5,593,365)	(1,652,323)	(5,925,453)	(14,486,111)
Net book value	<u>172,544</u>	<u>5</u>	<u>145,329</u>	<u>321,312</u>	<u>639,190</u>
Depreciation rate (%)	10%	20%	20%	33%	

4.1 The cost of fully depreciated assets as at 30 June 2024 is Rupees 9.3071 million (2023: 13.589 million) and are still in active use of the Company.

5. INTANGIBLE ASSET

		Un-Audited 30-Sep-24 Rupees	Audited 30-Jun-24 Rupees
Computer software	5.1	<u>519,412</u>	<u>554,040</u>

5.1 Computer software

At 01 July 2024

Cost	1,385,100	1,385,100
Accumulated amortization	(831,060)	(692,550)
Net book value	<u>554,040</u>	<u>692,550</u>

Period ended 30 September 2024

Opening net book value	554,040	692,550
Amortization charged during the year	(34,628)	(138,510)
Closing net book value	<u>519,412</u>	<u>554,040</u>

At 30 September 2024

Cost	1,385,100	1,385,100
Accumulated amortization	(865,688)	(831,060)
Net book value	<u>519,412</u>	<u>554,040</u>

Amortization rate	<u>10%</u>	<u>10%</u>
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5.2 Intangible asset relates to software developed for business operations having remaining useful life of 4 years (June 2024: 4 years).

6. LONG-TERM SECURITY DEPOSITS AND RECEIVABLE	Note	Un-Audited 30-Sep-24 Rupees	Audited 30-Jun-24 Rupees
Security deposits:			
Security deposit with Central Depository Company of Pakistan Limited		25,000	25,000
Security deposit against utilities		11,300	11,300
	6.1	<u>36,300</u>	<u>36,300</u>
Receivable:			
786 Islamic Money Market Fund - Fund Under Management	6.2	550,025	550,025
		<u>586,325</u>	<u>586,325</u>

6.1 These long-term security deposits are non-interest bearing.

6.2 This represents the preliminary and floatation expenses including expenses incurred in connection with the establishment and authorization of the 786 Islamic Money Market Fund (the Fund) which will be reimbursed by the Fund over a period of 5 years from the date it becomes operational in accordance with the provisions of the offering document of the Fund. As of the year end, the Fund has not yet commenced operations. The receivable has not been discounted to its present value as the financial impact thereof is not considered to be material.

6.2.1 The maximum aggregate amount receivable under this head at the end of any month during the year was as follows:

786 Islamic Money Market Fund - Fund Under Management	<u>550,025</u>	<u>550,025</u>
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7. TRADE RECEIVABLES

Considered good - unsecured

Balance due from fund under management:

-786 Smart Fund	7.1	8,756,282	9,414,665
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Balance due against advisory services:

-Dawood Family Takaful Limited	7.2	900,000	600,000
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	7.3	<u>9,656,282</u>	<u>10,014,665</u>
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7.1 Balance due from fund under management primarily represent receivable on account of management fee, Sindh Sales Tax on management fee and allocated expenses charged to the fund under management. This also includes Federal Excise Duty receivable from the fund under management as more fully disclosed in Note 12.2 to these financial statements.

7.2 This represents receivable on account of investment advisory services and Sindh Sales Tax on investment advisory services.

8. INVESTMENTS

At fair value through profit or loss

Pakistan investment bond	8.1	18,399,449	16,271,898
Units of mutual fund- related party	8.2	223,793,566	228,913,858
Term finance certificate - unlisted	8.3	-	-
		<u>242,193,015</u>	<u>245,185,756</u>

8.1 This Government security - Pakistan investment bond having face value of Rupees 20 million (June 2024: 20 million) will mature by 19 September 2029 and carries effective interest at rate of 12.15% (June 2024: 12.15%).

8.2 Units of mutual funds- related party		30-Sep-24		30-Jun-24 Fair value Rupees
		Carrying value Rupees	Fair value Rupees	
30-Sep-24 Units	30-Jun-24 Units			
<u>2,549,686</u>	<u>2,739,190</u>	786 Smart Fund - Fund Under Management	<u>213,121,240</u>	<u>223,793,566</u>
				<u>228,913,858</u>

8.3 Term Finance Certificate - Unlisted

30-Sep-24 Certificates	30-Jun-24 Certificates		30-Sep-24 Rupees	30-Jun-24 Rupees
<u>5,000</u>	<u>5,000</u>	Silk Bank Limited - cost	<u>22,457,095</u>	22,457,095
		Fair value loss against investment	<u>(22,457,095)</u>	<u>(22,457,095)</u>
			<u>-</u>	<u>-</u>

8.3.1 This represents investments in B rated, unsecured and subordinated Term Finance Certificate (TFCs) carry profit equal to 6 months KIBOR plus 1.85% (2023: 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 30 June 2022, Silk Bank Limited (the issuer) has not made its payment of principal and mark-up due on 10 February 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. No observable market inputs were available to determine the fair market value of these TFCs as at reporting date. Due to these facts, the management has prudently recorded a fair value loss of 100% on the amount of investments. In prior years, the accrual of markup on the same was also suspended.

9. LOANS AND ADVANCES	Un-Audited	Audited
	30-Sep-24 Rupees	30-Jun-24 Rupees
Secured - considered good		
Executives	<u>210,000</u>	<u>280,000</u>

9.1 This represents the interest free loan provided to the Company's Chief Financial Officer on monthly installment basis. The loan will be repaid through monthly deductions from the salary and is secured against the recognized contributory provident fund.

10. PREPAYMENTS

Insurance	<u>115,786</u>	235,005
Others	<u>638,859</u>	<u>395,500</u>
	<u>754,645</u>	<u>630,505</u>

11. SUBORDINATED LOAN FROM DIRECTOR

The subordinated loan bears markup at 3 Months KIBOR + 2% (June 2024: 3 Months KIBOR + 2%) and is repayable at the discretion of the Company. During the last year, Rupees 10 Million has been repaid after approval from SECP, leaving a remaining balance of Rupees 12 Million.

This loan has been categorized as part of equity in accordance with NBFC rules and ATR 32 issued by the ICAP.

12. ACCRUED AND OTHER LIABILITIES	Note	Un-Audited 30-Sep-24 Rupees	Audited 30-Jun-24 Rupees
Accrued expenses		3,593,417	3,447,201
Accrued mark-up on director loan	11	12,789,399	12,133,219
Payable to fund under management	12.1	200,000	200,000
FED payable	12.2	6,513,677	6,513,677
Workers' Welfare Fund payable		661,453	495,506
Sales tax payable		265,422	189,579
		<u>24,023,368</u>	<u>22,979,182</u>

12.1 This represents an amount of Rupees 0.20 million (30 June 2024: Rupees 0.20 million) received from NCCPL being refund of tax amount with respect to funds under management. This amount will be disbursed to unit holders of the fund under management.

12.2 This represents amount payable against Federal Excise Duty (FED) on management fees received/receivable from the Fund 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 04 September 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 16 July 2016 maintained the previous order passed against other constitutional petition whereby levy of FED is declared to be 'Ultra Vires' the Constitution. On 23 September 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 01 July 2016 onwards.

13. UNCLAIMED DIVIDEND

In compliance of section 244 of the Companies Act, 2017, the Company is in the process of opening a separate bank account for unclaimed dividend.

14. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at reporting date (30 June 2024: Nil).

	Un-Audited 30-Sep-24 Rupees	Un-Audited 30-Sep-23 Rupees
15. NET UNREALIZED GAIN ON REVALUATION OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Debt Investment		
-Pakistan investment bond (PIBS)	<u>2,127,551</u>	<u>(650,177)</u>
	2,127,551	(650,177)
Equity Investment		
-Units of mutual fund	<u>10,672,326</u>	10,480,891
	<u>12,799,877</u>	<u>9,830,714</u>

16. FINANCIAL CHARGES	Note	Un-Audited 30-Sep-24 Rupees	Un-Audited 30-Sep-23 Rupees
Mark-up on director loan	16.1	656,180	1,353,271
Financial charges on lease liabilities		32,828	-
Bank charges		8,513	2,486
		<u>697,521</u>	<u>1,355,757</u>

16.1 This director loan carries interest at the rate of 3 month Kibor +2% (30 September 2023: 3 month Kibor +2%).

16.2 TAXATION

Current tax	<u>1,941,521</u>	<u>1,228,523</u>
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17. EARNINGS PER SHARE FOR THE PERIOD - BASIC AND DILUTED

Net profit for the period - Rupees	<u>8,131,407</u>	<u>4,768,644</u>
Weighted average number of ordinary shares- Number	<u>14,973,750</u>	<u>14,973,750</u>
Earnings per share- Rupees	<u>0.54</u>	<u>0.32</u>

17.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at 30 September 2024 (2023: Nil) which would have any impact on the earnings per share if option to convert the instruments is exercised.

18. TRANSACTIONS AND OUTSTANDING BALANCES 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 in these financial statements during the period are as follows:

18.1 Transactions during the period	Un-Audited 30-Sep-24 Rupees	Un-Audited 30-Sep-23 Rupees
Subordinated loan from director		
Interest expense charged for subordinated loan	656,180	1,353,271
786 Smart Fund - Fund under Management		
Remuneration from fund under management - net	4,909,690	4,266,576
Accounting and operational charges	327,312	284,426
Investment of 11,436 (2023: Nil) units	1,000,000	-
Redemption of 200,941 (2023: 23,426) units	17,500,000	2,000,000
Transactions during the period		
Other Related Parties		
First Dawood Investment Bank Limited & Others		
Employees' Provident Fund		
Provident fund contribution	218,232	206,601
B.R.R. Guardian Limited		
Lease rentals paid	374,586	374,586

Transactions during the period	Un-Audited 30-Sep-24 Rupees	Un-Audited 30-Sep-23 Rupees
Other Related Parties		
Key Management Personnel		
Remuneration and director fee	3,082,632	3,621,399
Dawood Family Takaful Limited		
Insurance expense	21,019	9,029
Advisory fee - net	277,778	277,778

18.2 Balance outstanding with related parties

786 Smart Fund - Fund under Management

Units Held: 786 Smart Fund 2,549,686

(June 30, 2024: 2,739,190) Units

223,793,566 228,913,858

Receivable balances

Balance due from fund under management - 786 Smart Fund	8,756,282	9,414,665
Receivable against preliminary expense - 786 Islamic Money Market Fund	550,025	550,025
Balance due against advisory services - Dawood Family Takaful Fund	900,000	600,000

Payable balances:

Chief Executive Officer

Subordinated loan:

Principal	12,000,000	12,000,000
Accrued Mark-up	12,789,399	12,133,219

19. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved and authorised for issue on October 24, 2024 by the Board of Directors of the Company.

20. GENERAL

20.1 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.

20.2 Figures have been rounded off to the nearest rupee.

----SD----

Chief Executive Officer

----SD----

Chief Financial Officer

----SD----

Director



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