

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of 786 Investments Limited. ("786" or the "Company") is pleased to present the annual report and the audited financial statements of the Company for the year ended June 30, 2021.

Principle Business:

786 Investments Ltd is a public listed company incorporated in Pakistan. The Company is registered as NBFC under the NBFC Rules, 2003. The Company has obtained the license to carry out Asset Management Services and in process of obtaining the license of Investment Advisory Services and under the NBFC Rules, 2003, and NBFC Regulation, 2008.

Company Performance Review:

	June 30, 2021	June 30, 2020
 Rupees.....	
Management Fees	8,836,778	9,566,707
Advisory fee	1,111,112	1,111,111
Other Operating Income	3,740,722	2,835,672
Gross Revenue	18,307,124	21,157,029
Other operating charges		
Administration and Operating Expenses	(23,456,960)	(25,709,479)
Financial Charges	(1,650,044)	(6,874)
Total Expenses	(25,107,004)	(25,716,353)
Share of Associates' Profit/(Loss)	8,322,872	10,007,405
(Loss)/Profit Before Taxation	5,139,649	5,448,081
(Loss)/Profit After Taxation	3,268,830	3,935,840

The Company recorded a Profit of PKR 3.26 million during the period ended June 30, 2021, as compared to a profit of PKR 3.93 million FY20. The Company Income which comprised of Management Fees decreased by PKR 0.73 million representing a 7.63% decreased in Management Fees. But simultaneously the administrative and operating expenses decreased by PKR 0.609 million representing a 2.37% decrease in administrative and operating expenses. Other income also contributed to sustain the profits. Further Share of Associates' shows a profit of PKR 8.32 million as compared to the profit of PKR 10 million FY20.

The earnings per share (EPS) of the Company for the period ended June 30, 2021, was PKR 0.22 as compared to PKR 0.26 per share as of June 30, 2020.

The Board of Directors of the Company has a responsibility to ensure that the internal financial control system of the company is adequate and is operating effectively.

The license to carry out "Investment Advisory Services" has been successfully renewed vide its letter No. SCD/AMCW/786IL/2020-109 dated November 12, 2020 with effect from May 26, 2019 and valid till May 25, 2022. License shall further be renewable by the Commission for next three years, subject to the compliance of the NBFC Rules and the NBFC Regulations.

The Company focused is to grow Assets Under Management (AUMs). The Company is maintaining one fund which categorized into Islamic Income Fund which is the surviving fund called 786 Smart Fund having AUM of PKR 746 million as of the year ended June 30, 2021 during the year the AUM, increased by 19.12%.

Future Plans:

The Company is revisiting its strategy and analyzing the situation of the economy and the resources available with the company. Also planned the process to significantly modify the financial and operational aspects of the company as business was faced with financial pressures last year.

The company also planned to restructures its operations to develop a strategy to cut costs ineffective way to turn around the company. Our objective for the year is to grow Asset under Management (AUM) through the formation effective sales strategy.

Economic & Money Market Review:

Pakistan's economy has recovered from the effects of the Corona Virus epidemic, as has the rest of the world. The government's stability efforts resulted in an increase in macroeconomic statistics, with the economy growing by 3.94 percent in fiscal year 2021, compared to 0.48 percent in fiscal year 2020. In the financial year 2021, the SBP maintained its policy rate of 7.00 percent. The government created the Roshan Digital Account (RDA) for Pakistanis living abroad, which has brought in more than USD 1.50 billion in the current fiscal year.

As a result of the government's actions, Pakistan's current account had a surplus of USD 153 million as of May 31, 2021, compared to a deficit of USD 4.33 billion the previous year. However, due to increasing economic activity, the entire trade deficit grew to USD 29.99 billion in 11 months this fiscal year, up from USD 27 billion the previous year.

Stock Market Review:

The benchmark KSE-100 index rose 37.60 percent this year, closing at 47,356 points after adding 12,934 points. Due to monetary easing and improved macroeconomic data, the market maintained a bullish trend throughout the year. Amnesty in the construction industry sparked a rally throughout the sector and its related sectors. On June 14, 2021, the benchmark index reached a high of 48,986.94 points. In the fiscal year 2021, the average daily traded volume reached an all-time high of 528 million shares.

Asset Management Industry Overview

Mutual Funds (open end funds) have Assets Under Management (AUMs) of PKR 1,056.44 billion as of June 30, 2021, up 36.68 percent from PKR 772.93 billion as of June 30, 2020. Traditional money market funds climbed by 56.98%, while income funds increased by 42.48%. Income funds that

follow Shariah law have risen by 142.15 percent. Traditional stock funds fell by 3.23 percent, while Shariah compliant equity funds grew by only 0.39 percent.

The Company's Asset under Management (AUM) as at June 30, 2021 was 746 million which was increased by 19.12% as compared to three merged fund June 30, 2020 (PKR 626.50 million).

Corporate Social Responsibility and Impact on Environment

During the year, 786 Investments Ltd managed CSR activities, and followed Pakistan's Health and Safety protocol during the worldwide spread of the Novel Coronavirus which causes COVID-19. These were unprecedented times that called for prudence and not panic. All our policies are sustainable and environmentally friendly.

We held facebook live at Sindh Governor House a small, socially distant awards ceremony for women front-line workers (doctors and nurses) who had risked their lives to save the lives of others.

786 Investments Ltd is always proactive with best SOP practices. As the situation continues to unfold, we will adapt our business hours and preventative measures based on the guidance from the Government of Sindh Public Health.

Our team members also volunteered for 1) educating girls vocationally, 2) distributing food rations 3) LADIESFUND awards. Our approach and commitment are to you, our clients, our shareholders, our employees, and the community.

Principle Risk & Uncertainties

The Asset Management industry size increase during the year by 36.68% Traditional money market funds climbed by 56.98%, while income funds increased by 42.48%. Income funds that follow Shariah law have risen by 142.15 percent. Traditional stock funds fell by 3.23 percent, while Shariah compliant equity funds grew by only 0.39 percent.

The Company is maintaining one fund which categorized into Islamic Income Fund which is called 786 Smart Fund, The fund most value being invested in the Commercial banks to counter the risk of market but they were influenced by the macroeconomic, and political factors which impact the Company's performance due to Covid -19. Some of the value invested in different Sukuk works unanimously well for the company.

The Company's risk management policies and procedures ensure that risks are effectively identified, evaluated, monitored and managed. Risk management is a dynamic function and management must continuously monitor its internal risk procedures and practices in order to reduce earnings variability.

Board Evaluation

Listed Companies (Code of Corporate Governance) Regulation, 2019 require evaluation of the Board of Directors as a whole and its committees. In this regard, a comprehensive range of self-evaluation survey were conducted in the Company with respect to the performance of its Board

of Directors and Board Committee. Feedback from all the Board members was solicited on areas of strategic clarity & beliefs, direction of business plan and functional adequacy of its role.

Corporate Governance and Financial Reporting Framework

The Directors are pleased to state as follows:

- The financial statements, prepared by the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance except as disclosed in the statement of compliance annexed with these financial statements.
- There has been no trading during the year in the units of the Fund carried out by the Directors, Chief Executive Officer, Company Secretary and their spouses and their minor children except as disclosed in the relevant notes to the financial statement.
- There is no statutory payment on account of taxes, duties, levies and charges outstanding.

The Company has complied with the requirement of the Regulation and LISTED COMPANIES (CODE OF CORPORATE GOVERNANANCE) REGULATIONS, 2019 in the following manner.

The total number of directors are seven (7) as per the following:

- a) Male: 4
- b) Female:3

The Composition of board is as follows:

Category	Names	Designation
Independent Directors	Ms. Shafqat Sultana	Chairperson
	Ms. Charmaine Hidayatullah	Director
	Syed Shabahat Hussain	Director
	Mr. Ahmed Salman Munir	Director
Executive Director	Ms. Tara Uzra Dawood	Chief Executive Officer

Non-Executive Directors	Syed Musharaf Ali	Director
	Mr. Naveed Ahmed	Director
Female Directors	Ms. Shafqat Sultana	Chairperson
	Ms. Tara Uzra Dawood	Chief Executive Officer
	Ms. Charmaine Hidayatullah	Director

Board of Directors Meetings

During the year, four meetings were held. The attendance of each Director is as follows:

Names	No of Meetings held	No of Meetings attended	Leave granted
Ms. Shafqat Sultana	4	4	-
Ms. Tara Uzra Dawood	4	4	-
Ms. Charmaine Hidayatullah	4	2	2**
Mr. Tahir Mehmood	4	4	-
Syed Farhan Abbas	4	4	-
Syed Shabahat Hussain	4	4	-
Ahmed Salman Munir	4	4	-

**Leave of absence was granted.

Audit Committee Meeting

During the year, four meetings were held. The attendance of each member is as follows:

Names	No of Meetings held	No of Meetings attended	Leave granted
Syed Shabahat Hussain	4	4	-
Mr. Tahir Mehmood	4	4	-
Syed Farhan Abbas	4	4	-

**Leave of absence was granted.

Directors Remuneration

The remuneration of the Non-Executive Directors, Independent Directors and Chief Executive Officer for attending Board and its Committees meetings is determined by the Company in the General Meeting. The remuneration of the Directors is determined on the basis of prevailing industry trends and business practices. The details of remuneration paid to the Chief Executive Officer and Directors are available in note 30 to the financial statements.

Auditors' Appointment

The present Auditor, Reanda Haroon Zakaria & Co. Chartered Accountants are retiring after Completing 5 years. M/s Grant Thornton Anjum Rahman have consented to act as Auditor of the Company. The Board Audit Committee have recommended their re-appointment as statutory auditors for the year ending June 30, 2022 and the Board have endorsed the communication, subject to appointment in Annual General Meeting.

Auditors' Report

The Auditors have given their unmodified opinion on the financial statements of the Company for the year ended June 30, 2021.

Statement of Ethics and Business Practices

The Board of Directors of Company has adopted a Statement of Ethics and Business Practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations.

Dividend

Based on the above, the Board of Directors of the Company has decided not to distribute any dividend to the shareholders for the year.

Credit Rating

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of "AM3", to the Company.

Trading in shares of the Company

During the year no transaction in shares were carried out by the Directors, Chief Executive Officer, Chief Financial Officer & Company Secretary and their spouses of minor children.

Transaction with Connected Persons/Related Parties

Transactions between the Fund and its connected persons as disclosed in notes to the financial statements are carried out on an arm's length basis.

Pattern of Share Holding as on June 30, 2021

The pattern of shareholding holding as on June 30, 2021 is annexed to these financial statements.

Key Financial Highlights

Key financial highlights are summarized and annexed to these financial statements.

Staff Retirement Benefits

786 operates a provident fund scheme for all permanent employees' details are included in these financial statements.

Events after the Balance Sheet Date

There was no subsequent event after the Balance sheet date but only the election of directors taken place as of July 30, 2021. As a result of the election, the following Directors have been elected which is subject to commission approval.

Category	Names	Designation
Independent Directors	Ms. Shafqat Sultana	Chairperson
	Syed Shabahat Hussain	Director
	Mr. Ahmed Salman Munir	Director
Executive Director	Ms. Tara Uzra Dawood	Chief Executive Officer
Non-Executive Directors	Syed Farhan Abbas	Director
	Mr. Naveed Ahmed	Director
	Mr. Tahir Mehmood	
Female Directors	Ms. Shafqat Sultana	Chairperson
	Ms. Tara Uzra Dawood	Chief Executive Officer

However, the following Directors have resigned from their position as directors' Syed Farhan Abbas & Mr. Tahir Mehmood and in the occurrence of a casual vacancy, the following name has been appointed as director of the company Ms. Charmaine Hidayatullah & Syed Musharaf Ali as on dated September 21, 2021.

According to section 158, the subsequent Directors are not yet approved by the SECP. So in that connection, Directors so retiring shall continue to perform their functions until their successors elected in EOGM endorsed and approved by the SECP.

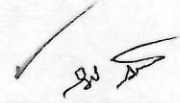
Acknowledgement

The Board of Directors of the Management Company is thankful to the Securities and Exchange Commission of Pakistan and the management of the Pakistan Stock Exchange Limited for their continued support and cooperation. The Directors also appreciate the efforts put in by the employees of the Company for their commitment and dedication and shareholders for their confidence in the Company.



Director

September 28, 2021
Karachi.



Shafqat Sultana
Chairperson

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF 786 INVESTMENTS LIMITED**

Review Report on the Statement of Compliance contained in listed companies (Code of Corporate Governance) Regulations, 2019


We have reviewed the enclosed Statement of Compliance with the Listed companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **786 Investments Limited** (the company) for the year ended June 30, 2021 in accordance with the requirement of regulation 36 of the Regulation.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon the recommendations of the Audit Committee, place before the Board of Directors for their review and approval, its related party related party transactions. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.


Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Date: 28 SEP 2021

**REANDA****Reanda Haroon Zakaria & Company**
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF 786 INVESTMENTS LIMITED
REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**

Opinion

We have audited the annexed financial statements of **786 Investments Limited** which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit, other comprehensive profit, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

<i>S. No.</i>	<i>Key audit matter(s)</i>	<i>How the matter was addressed in our audit</i>
1)	<i>Transactions with the related parties</i>	
	<p>As referred in note 8 and 32 to the financial statements, 786 Investments Limited is the Fund Manager of 786 Smart Fund, as well as investment advisor of Dawood Family Takaful Limited. Transactions with these related parties are considered to be a key audit matter.</p> <p>With the above related parties, transactions are undertaken in the normal course of business, the fee charged mechanism adopted which involves the determination of profit margins to be included in the management fee on a daily basis, and fee charged for investment advisory fee as per the terms of agreement with the related party may potentially impact the operating results of the Company in a significant manner.</p> <p>We have Considered these to be a key audit matters due to their materiality, nature and significance in terms of judgments involved.</p>	<p>Our key audit procedures with respect to related party sales transactions included:</p> <ul style="list-style-type: none"> i) Examination of the service agreement which sets out the terms and conditions of such transactions and also fee mechanism to be followed for the same ii) Obtaining confirmation from related parties for transactions and balances, approval of the said agreements and pricing policies by the Board of Directors of the respective Fund/Company and compliance with the relevant requirements of the companies Act 2017 and Code of Corporate Governance with respect to such related party transactions. iii) We also evaluated the appropriateness of the disclosures of such related party transactions in accordance with the requirements of the applicable financial reporting standards. In doing so, we considered the adequacy and relevance of the information disclosed in the financial statements to comply with the requirements of "IAS 24 – Related Party Disclosure.
2)	<i>Valuation of Investments</i>	
	<p>The value of investment comprising long and short term is Rs. 215.246 million as at June 30, 2020 (2020: Rs. 192.006 million) held by the company at the year end is considered to be a key audit matter due to significance of amount and use of judgement in assessing impairment.</p> <p>Refer to note 3.3 for the accounting policy on investments and details of the investments are disclosed in note 8 and 11.</p>	<ul style="list-style-type: none"> i) Test of detail are performed on investments held by the company including inspecting source documents and evaluating quoted market rates and fair values where applicable. ii) Further valuation of investment has been substantiated in accordance with appropriate and relevant accounting standards.

<i>S. No.</i>	<i>Key audit matter(s)</i>	<i>How the matter was addressed in our audit</i>
3)	<i>Loan from director</i>	
	As explained in note 19, interest bearing loan from director Rs. 22 million is classified as subordinated loan by the Management of the Company, is considered to be a key audit matter due to the significance of amount and classification as per the NBFC Rules.	<p>Following test of details are performed for the verification and classification of subordinated loan:</p> <ul style="list-style-type: none"> i) Performed test of details and obtained confirmation for the verification of loan, ii) Reviewed loan agreements for terms and conditions of loan, iii) Reviewed NBFC Rules for the definition of “equity” which specifically includes, interest free subordinated loan, & iv) Examine and evaluate approval from SECP.

Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The Other Information comprises the information included in the Company’s Annual Report does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Yameen**.

Reanda Haroon Zakaria & Co
Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi

Dated: 28 SEP 2021


786 INVESTMENTS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees (Restated)	2019 Rupees (Restated)
<u>ASSETS</u>				
Non-Current Assets				
Property and equipment	6	2,052,245	3,621,242	5,569,923
Intangible asset	7	969,570	1,108,080	1,246,590
Long term investments	8	193,108,093	169,578,338	181,475,932
Long term deposits and Prepayments	9	36,300	536,300	1,036,300
Deferred tax assets	10	-	-	-
		196,166,208	174,843,960	189,328,745
Current Assets				
Short term investments	11	22,138,642	22,428,330	10,071,630
Loans and advances	12	-	22,003	39,667
Prepayments and other receivable	13	7,579,509	7,609,372	7,401,153
Trade receivable	14	1,938,496	4,108,583	3,087,149
Accrued markup	15	2,431,517	2,804,667	153,119
Tax refund due from government	16	6,664,825	5,819,256	5,046,837
Cash at bank	17	11,957,163	12,042,370	4,539,920
		52,710,153	54,834,581	30,339,475
Total Assets		248,876,361	229,678,541	219,668,220
<u>EQUITY AND LIABILITIES</u>				
Share Capital and Reserves				
Authorised capital				
20,000,000 (2020: 20,000,000)				
Ordinary shares of Rs. 10 each		200,000,000	200,000,000	200,000,000
Issued, subscribed and paid up capital				
14,973,750 (2020: 14,973,750)				
Ordinary shares of Rs. 10 each	18	149,737,500	149,737,500	149,737,500
General reserves		33,630,264	33,630,264	33,630,264
Surplus on revaluation of investments - At FV through OCI		-	5,454,357	(13,777)
Share of unrealised gain on remeasurement of investments in associates)		182,232	236,114	210,748
Director loan		22,000,000	-	-
Unappropriated profit		24,580,088	21,311,258	17,375,418
		230,130,084	210,369,493	200,940,153
Current Liabilities				
Trade and other payables	20	17,747,535	18,310,306	17,729,325
Unclaimed dividend	21	998,742	998,742	998,742
		18,746,277	19,309,048	18,728,067
Contingencies and Commitments				
Total Equities and Liabilities	22	248,876,361	229,678,541	219,668,220

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chief Financial Officer



Director

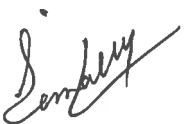


Chief Executive Officer

786 INVESTMENTS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees (Restated)
Income			
Remuneration from funds under management	23	8,836,778	9,566,707
Advisory fee		1,111,112	1,111,111
Capital gain on sale of investment		-	269,631
Income on TFC's		2,467,742	3,635,148
Gain on Redemption of Units of Associates' Investment		-	2,068,124
Income on Pakistan Investment Bond		2,150,770	1,670,636
		<u>14,566,402</u>	<u>18,321,357</u>
Reclassification of Surplus on Investments	36	5,454,357	-
Deficit on Revaluation of Investments - At FVP&L		<u>(1,837,701)</u>	<u>-</u>
		<u>3,616,656</u>	<u>-</u>
Expenses			
Administrative and operating expenses	24	(23,456,960)	(25,709,479)
Financial charges	25	(1,650,044)	(6,874)
		<u>(25,107,004)</u>	<u>(25,716,353)</u>
Operating loss		<u>(6,923,946)</u>	<u>(7,394,996)</u>
Other operating income	26	3,740,722	2,835,672
Share of associates' profit	27	8,322,872	10,007,405
Profit before taxation		<u>5,139,649</u>	<u>5,448,081</u>
Taxation	28	(1,870,819)	(1,512,241)
Net Profit for the year		<u><u>3,268,830</u></u>	<u><u>3,935,840</u></u>
Earnings per share - basic and diluted	29	<u><u>0.22</u></u>	<u><u>0.26</u></u>

The annexed notes from 1 to 39 form an integral part of these financial statements.


 Chief Financial Officer



 Director


 Chief Executive Officer

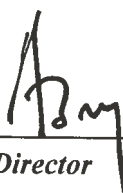
786 INVESTMENTS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	<i>2021</i> <i>Rupees</i>	<i>2020</i> <i>Rupees</i> <i>(Restated)</i>
Net profit for the year	3,268,830	3,935,840
Other Comprehensive Income / (loss)		
Surplus on revaluation of investments - At fair value through other comprehensive income	-	5,468,134
Share of unrealised (loss) / gain from associates on remeasurement of investments	(53,882)	25,366
Reclassification of Surplus on Investments	(5,454,357)	-
Total comprehensive (Loss) / Income for the year	(2,239,409)	9,429,340

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chief Financial Officer



Director

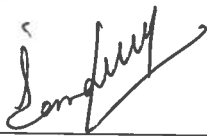


Chief Executive Officer

786 INVESTMENTS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Share capital		Reserves			Unappropriated profit	Total
	Capital	Capital	Capital	Revenue			
	Issued, subscribed and paid-up capital	General reserve	Subordinated loan from Director reserve	Surplus on measurement of available for sale investments	Share of unrealised gain on remeasurement of associates' investments		
Note							
Balance as at July 1, 2019 as previously reported	149,737,500	33,630,264	-	(13,777)	210,748	16,819,862	200,384,597
Adjustment of advisory fees	-	-	-	-	-	555,556	555,556
Balance as at July 1, 2019 - Restated	149,737,500	33,630,264	-	(13,777)	210,748	17,375,418	200,940,153
Profit for the year	-	-	-	-	-	2,824,729	2,824,729
Other comprehensive income / (loss)							
Surplus on revaluation of investments - At FV through OCI	-	-	-	5,468,134	-	-	5,468,134
Share of unrealised gain on remeasurement of associates' investments	-	-	-	-	25,366	-	25,366
Total comprehensive income for the year	-	-	-	5,468,134	25,366	2,824,729	8,318,229
Balance as at June 30, 2020	149,737,500	33,630,264	-	5,454,357	236,114	20,200,147	209,258,382
Impact of Investment Advisory fees						1,111,111	1,111,111
Balance at June 30, 2020- as Restated	149,737,500	33,630,264	-	5,454,357	236,114	21,311,258	210,369,493
Profit for the year	-	-	-	-	-	3,268,830	3,268,830
Other comprehensive income / (loss)							
Recalssification of Surplus on Investments	-	-	-	(5,454,357)	-	-	(5,454,357)
Subordinated Loan From Director			22,000,000				22,000,000
Share of unrealised gain on remeasurement of associates' investments	-	-	-	-	(53,882)	-	(53,882)
Total comprehensive income for the year	-	-	22,000,000	(5,454,357)	(53,882)	3,268,830	19,760,591
Balance as at June 30, 2021	149,737,500	33,630,264	22,000,000	-	182,232	24,580,088	230,130,084

The annexed notes from 1 to 39 form an integral part of these financial statements.


Chief Financial Officer


Director


Chief Executive Officer

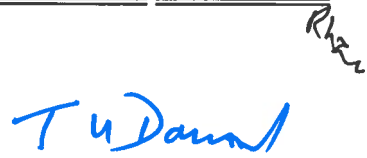
786 INVESTMENTS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,139,649	5,448,081
Adjustments for items not involving movement of funds:		
Depreciation on property and equipment	1,826,947	2,006,890
Amortization	138,510	138,510
Financial charges	1,650,044	6,874
Mark up earned on saving account	(1,431,241)	(1,290,040)
Loss on sale of investment	-	(269,631)
Gain on Redemption of Units of Associates' Investment	-	(2,068,124)
Revaluation gain on investment FVTPL	(3,616,656)	-
Income on Pakistan Investment Bond	(2,150,770)	-
Liabilities written back	(2,306,682)	-
Bank Balances written off	123,737	-
Share of profit from associates'	(8,322,872)	(10,007,405)
	(14,088,983)	(11,482,926)
Operating cash out flows before working capital changes	(8,949,334)	(7,145,956)
Decrease / (increase) in current assets		
Loans and advances	22,003	17,664
Trade receivable	2,170,087	178,566
Prepayments and other receivable	29,863	(208,219)
	2,221,953	(11,989)
(Decrease) / Increase in current liabilities		
Trade and other payables	(21,623)	492,092
	(6,749,004)	(6,665,853)
Income taxes paid - net	(1,530,166)	(2,284,660)
Net cash used in operating activities	(8,279,171)	(8,950,513)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Investments - net	(18,000,000)	17,379,554
TFC Redeemed	5,000	-
Long-Term Deposits and Prepayments	500,000	500,000
Receipt of mark up on savings account	1,955,160	(1,361,509)
Income received on PIBs	2,000,000	-
Capital expenditure incurred	(257,950)	(58,209)
Net cash (used in) / generated from investing activities	(13,797,790)	16,459,836
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Sub Ordinated Loan From Director	22,000,000	-
Financial charges paid	(8,247)	(6,874)
Net Cash Generated from / (used in) Financing Activities	21,991,754	(6,874)
Net (decrease) / increase in cash and cash equivalents	(85,207)	7,502,450
Cash and cash equivalents at beginning of the year	12,042,370	4,539,920
Cash and cash equivalents at end of the year	11,957,163	12,042,370

The annexed notes from 1 to 39 form an integral part of these financial statements.


Chief Financial Officer


Director


Chief Executive Officer

786 INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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 28, 2019 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/786IL/2020-109 dated November 12, 2020 with effect from May 26, 2019 and valid till May 25, 2022 . 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 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 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 financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 New or Amendments / interpretations to existing standards, interpretation and forth coming requirements:

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July, 2020 other than those disclosed in note 3 are considered not to be relevant or do not have any significant effect on the company's financial statements and are therefore not stated in these financial statements.

2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July, 2020:

2.5.1 Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) - Effective for periods beginning on or after 1 January 2022

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

2.5.2 Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16) - Effective for periods beginning on or after July 2021

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

2.5.3 Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) - Effective for periods beginning on or after 01 July 2021

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

2.5.3 Annual Improvements to IFRS Standards 2018–2020- the improvements address amendments to following approved accounting standards:

- IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are effective from annual periods beginning on or after 1 July 2020 and are not likely to have an impact on the Company's financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Property and equipment

3.1.1 Owned

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of fixed assets when that cost is incurred. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Depreciation is charged to profit and loss account over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 7 to the financial statements.

Depreciation on additions is charged from the month in which the assets are put to use while no depreciation is charged in the month in which the assets are disposed off.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The residual values and useful lives of assets are reviewed at each financial year end and adjusted, if appropriate.

Gains and losses on disposals, if any, are included in the profit and loss account.

3.2 Impairment of non-financial asset

The carrying amounts of the Company's assets, for which policy is given separately, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists the assets' recoverable amount, being higher of value in use and fair value less cost to sell, is estimated. An impairment loss is recognised wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are charged to profit and loss account.

3.3 Financial assets and liabilities

3.3.1 Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received plus or minus transaction costs (except financial asset at FVTPL where transaction costs are charged to profit or loss). These are subsequently measured at fair value or amortized cost as the case may be.

3.3.2 Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at amortized cost.
- at fair value through other comprehensive income ("FVTOCI"), or
- at fair value through profit or loss ("FVTPL").

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through OCI

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income provided that the investment is neither held for trading nor its a contingent consideration in a business combination.

Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized or at fair value through OCI.

3.3.3 Classification of Financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3.3.4 Subsequent measurement

Financial assets at FVTOCI

These are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities at FVTPL

Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

3.3.5 Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost.

The company measures loss allowance at an amount equal to life time ECLs, except for the following, which are measured at 12 months ECL:

- Debt security that are determined to have low credit risk at the reporting date.
- Other debt security and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivable are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company initially makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

3.3.6 Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

3.4 Settlement date accounting

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the settlement date. Trade date is the date on which the Company commits to purchase or sale an asset.

3.5 Financial instruments

3.5.1 Financial assets and liabilities

Financial assets include investments, deposits, loans, advances, other receivables, receivable from funds and cash and bank balances.

Financial liabilities include accrued expenses and other liabilities and liabilities against assets subject to finance lease. Financial liabilities are classified according to the substance of the contractual agreement entered into.

At the time of initial recognition, all the financial assets and liabilities are measured at cost, which is the fair value of the consideration given or received for it. Transaction costs are included in the initial measurement of all financial assets and liabilities except for transaction costs that may be incurred on disposal. The particular recognition method adopted for recognition of financial assets and liabilities subsequent to initial recognition is disclosed in the policy statement associated with each item.

3.5.2 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Corresponding income on the asset and charge on the liability is also off-set.

3.5.3 Related party transactions and transfer pricing

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at arm's length prices which are determined in accordance with the methods prescribed in the Companies Act, 2017.

3.6 Employee retirement benefits-defined contribution plan

The Company operates recognised provident fund scheme for all its eligible employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 10 percent of basic salary.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalent consist of bank balances and running finances under mark-up arrangements.

3.8 Trade debts, loans, deposits, interest accrued and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.9 Subordinated loan from sponsors

Subordinated loans are classified as per the terms and conditions of loan agreements and in accordance with the classification criteria provided in NBFC Rules and TR-32 of ICAP.

3.10 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.11 Proposed dividend and transfer between reserves

Dividends declared and transfer between reserves, except appropriations which are required by the law, made subsequent to the balance sheet date are considered as non adjusting events and are recognized in the financial statements in the year in which such dividends are declared or transfers between reserves are made.

3.12 Revenue recognition

Management fee is recognized on accrual basis when relevant services are rendered.

Gains and losses on sale of marketable securities are recognised on the trade debt.

Dividend income is recorded when the right to receive the dividend is established. Return on securities other than shares is recognised on accrual basis.

Return on bank deposits are recognised on accrual basis. Other income is recognised as and when earned.

3.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, if it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.14 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has two segment i.e.

(i) Asset Management Service and (ii) Fee from Advisory services. However, it does not subject to the required threshold to meet the requirement of separate reportable segment.

3.15 Taxation

Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into consideration available tax credits, rebates and tax losses, if any. However, for income covered under final tax regime, taxation is based on applicable tax rules under such regime. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary timing differences arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- a) Recognition of taxation and deferred taxation;
- b) Determining the useful lives of operating fixed assets;
- c) Classification of investments; and
- d) Impairment of financial assets.

5 RECITIFICATION OF ERROR

Management has made an adjustment of advisory income relating to the prior periods. Company was unable to account for the advisory income in prior periods due to the pendency of license renewal for investment advisory services by the Commission (SECP). Considering the materiality of the amount, adjustment has been made in the prior periods retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures of statement of financial position, statement of profit or loss and statement of changes in equity have been restated.

<i>The effects of adjustments are summarized below:</i>		<i>Previously reported</i>	<i>Adjustment</i>	<i>Re-stated</i>
	<i>Note</i>	<i>----- Rupees -----</i>		
<i>Effect of error on financial statements for year ended June 30, 2019 (Audited)</i>				
<i>Statement of financial position</i>				
<i>Current - Assets</i>				
Trade receivables		2,487,149	600,000	3,087,149
Trade and other payables		17,684,881	44,444	17,729,325
<i>Statement of changes in equity</i>				
Unappropriated profit		16,819,862	555,556	17,375,418
<i>Statement of profit or loss</i>				
Income on advisory services		-	555,556	555,556
<i>Effect of error on financial statements for year ended June 30, 2020 (Audited)</i>				
<i>Statement of financial position</i>				
<i>Current - Assets</i>				
Trade receivables		2,308,583	1,800,000	4,108,583
<i>Trade and other payables</i>				
- Sales tax payable		863,347	133,333	996,680
<i>Statement of changes in equity</i>				
Unappropriated profit		19,644,591	1,666,667	21,311,258
<i>Statement of profit or loss</i>				
Income on advisory services		-	1,111,111	1,111,111

6 PROPERTY AND EQUIPMENT

6.1 The following is the statement of property and equipment:

Description	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
----- Rupees -----					
Year ended June 30, 2021					
Opening net book value (NBV)	395,656	2,324,868	453,327	447,391	3,621,242
Additions (at cost)	-	-	-	257,950	257,950
Disposals					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
Net Book value	-	-	-	-	-
Depreciation charge	(65,600)	(1,118,674)	(257,748)	(384,925)	(1,826,947)
Closing net book value	330,056	1,206,194	195,579	320,416	2,052,245
Gross carrying value basis					
Cost	1,487,514	5,593,370	1,494,502	5,538,425	14,113,811
Accumulated depreciation / impairment	(1,157,458)	(4,387,176)	(1,298,923)	(5,218,009)	(12,061,566)
Net book value	330,056	1,206,194	195,579	320,416	2,052,245
Year ended June 30, 2020					
Opening net book value (NBV)	468,289	3,443,542	611,449	1,046,643	5,569,923
Additions (at cost)	-	-	-	58,209	58,209
	468,289	3,443,542	611,449	1,104,852	5,628,132
Disposals					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
Net Book value	-	-	-	-	-
Depreciation charge	(72,633)	(1,118,674)	(158,122)	(657,461)	(2,006,890)
Closing net book value	395,656	2,324,868	453,327	447,391	3,621,242
Gross carrying value basis					
Cost	1,487,514	5,593,370	1,494,502	5,280,475	13,855,861
Accumulated depreciation / impairment	(1,091,858)	(3,268,502)	(1,041,175)	(4,833,084)	(10,234,619)
Net book value	395,656	2,324,868	453,327	447,391	3,621,242
Depreciation rate % per annum	10	20	20	33	

7	INTANGIBLE ASSET	Note	2021 Rupees	2020 Rupees
	Computer software		<u>969,570</u>	<u>1,108,080</u>
7.1	Computer software			
	Opening Net Book Value		1,108,080	1,246,590
	Addition		-	-
	Amortization Charge		(138,510)	(138,510)
	Closing Net Book Value		<u>969,570</u>	<u>1,108,080</u>
	Cost		1,385,100	1,385,100
	Accumulated Amortization		(415,530)	(277,020)
	Closing Net Book Value		<u>969,570</u>	<u>1,108,080</u>
	Amortization rate		<u>10%</u>	<u>10%</u>

8 LONG-TERM INVESTMENTS

Investments in Associates - Units of Mutual Funds - Equity Method 786 Smart Fund (Open - End - Fund) - an associate (Using Equity Method)

2,130,273 (June 30, 2020: 1,825,406) Units,
Representing 23.18% (June 30, 2020: 23.60%) Holding.

8.1 172,941,561 147,858,793

Government Securities - Pakistan Investment Bonds having Face Value of 20 Million

8.2 20,166,532 21,719,545
193,108,093 169,578,338

8.1 The abridged audited financial information of 786 Smart Fund (the Fund) based on audited financial statements as at June 30, 2021 is as follows:

	2021 Rupees	2020 Rupees
Associate's Statement of Assets and Liabilities		
Total assets	764,657,218	654,498,285
Total liabilities	<u>18,550,060</u>	<u>27,994,547</u>
Net assets	<u>746,107,158</u>	<u>626,503,738</u>
Number of units in issue	<u>9,190,455</u>	<u>7,734,563</u>
Units held as at June 30th June 2021	<u>2,130,273</u>	<u>1,825,406</u>
Net assets value per unit	<u>81.18</u>	<u>81.00</u>
Share of Company's net assets	<u>172,941,561</u>	<u>147,858,793</u>
Associate's Income Statement		
Total income	44,919,217	62,970,841
Net (loss) / income	<u>(13,565,630)</u>	<u>(12,653,700)</u>
Net Income Before Taxation	<u>31,353,587</u>	<u>50,317,141</u>
Taxation	-	-
Net Income After Taxation	<u>31,353,587</u>	<u>50,317,141</u>

8.1.1 The 786 Smart Fund has been classified as an associate owing to holding in excess of Twenty percent.

- 8.2 This Government securities - Pakistan Investment Bonds will mature latest by September 19, 2029 and carry interest at the rate of 12.14821%

9 LONG TERM DEPOSITS AND PREPAYMENTS	Note	2021 Rupees	2020 Rupees
<i>Deposits</i>			
With CDC		25,000	25,000
Against Utilities		11,300	11,300
		<u>36,300</u>	<u>36,300</u>
<i>Prepayments</i>			
License Renewal Fee		500,000	1,000,000
Current Portion Shown Under Current Assets	9.1	(500,000)	(500,000)
		-	500,000
		<u>36,300</u>	<u>536,300</u>

- 9.1 This represents fee paid in respect of renewal of licenses of Asset Management Services (AMC) and Investment Advisory Services (IAS) till June 2022.

10 DEFERRED TAX ASSET	Note	2021 Rupees	2020 Rupees
<i>Relating To Deductible Temporary Differences</i>			
Accelerated Accounting Depreciation		623,646	50,282
Carried Forward Assessed Tax Losses		15,266,936	16,913,722
Unabsorbed Tax Depreciation & Amortization		1,403,051	1,063,196
		<u>17,293,633</u>	<u>18,027,200</u>
Unrecognized Deferred Tax Asset	10.1	(17,293,633)	(18,027,200)
		<u>-</u>	<u>-</u>

- 10.1 Deferred tax asset has not been recognized on the ground that sufficient taxable profits are not expected in foreseeable future against which the asset could be utilized.

11 SHORT TERM INVESTMENTS	Note	2021		2020	
		Face Value	Fair Value	Face Value	Fair Value
		----- Rupees -----			
<i>At fair value through Profit and Loss</i>					
Term finance certificate	11.1	21,133,786	22,138,642	21,133,786	22,428,330
Redeemed		(5,000)	-	-	-
Cumulative gain on revaluation of investment		1,009,856	-	1,294,544	-
		<u>22,138,642</u>	<u>22,138,642</u>	<u>22,428,330</u>	<u>22,428,330</u>

11.1 Term Finance Certificates - Unlisted

Number of Certificates				2021		2020	
2021	2020	Name of Company	Note	Cost	Fair Value	Cost	Fair Value
				----- Rupees -----			
		<i>Financial services</i>					
5,000	5,000	Silk Bank Limited	11.1.1	21,128,786	22,138,642	21,133,786	22,428,330

11.1.1 Term Finance Certificates are valued using rate prevailing on MUFAP (Mutual Fund Association of Pakistan) which is 88.62% of face value at the statement of financial position date.

11.1.2 Term finance certificates carry profit equal to 6 month KIBOR plus 1.85% receivable half yearly in arrears and will mature in August 2025. The Instrument is structured to redeem 0.14% of the Issue Amount during the first 7 years and remaining 99.86% in last two (2) equal semi annual installments of 49.93% each. The instrument is unsecured and subordinated as to payment of Principal and Profit to all other indebtedness of the bank, including deposits.

12 LOANS AND ADVANCES	Note	2021 Rupees	2020 Rupees
<i>Unsecured - considered good</i>			
Advance against salary	12.1	-	22,003

12.1 Advance against Salary

Name of the Employee	Terms of the Loans	Security	Purpose	Maximum Aggregate Amount Outstanding at any Time with Reference to Month End Balances	Provision	Written Off
				2021 Rupees	2020 Rupees	
Muhammad Naveed	Monthly Installment Basis and Interest Free	Unsecured	Family Commitment	-	77,000	-

13 PREPAYMENTS AND OTHER RECEIVABLE	Note	2021 Rupees	2020 Rupees
<i>Prepayments</i>			
Insurance		449,709	470,831
Rent		116,121	124,862
Current portion of License Renewal Fee	9	500,000	500,000
		1,065,830	1,095,693
<i>Other receivable</i>			
Federal excise duty	13.1	6,513,679	6,513,679
		7,579,509	7,609,372

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

	Note	2021 Rupees	2020 Rupees
<i>Associates</i>			
786 Smart Fund	1.4	6,513,679	6,513,679
	22.1.2	6,513,679	6,513,679

13.1.1 The Maximum amount outstanding at any time during the year with reference to month end balances from the funds is Rs. 6.51 (2020: Rs. 6.51) Million.

14 TRADE RECEIVABLE

	2021 Rupees	2020 Rupees Restated
786 Smart Fund - an associate	1,638,496	2,308,583
Receivable on Account of Advisory Fees	300,000	1,800,000
	<u>1,938,496</u>	<u>4,108,583</u>

14.1 Aging analysis of trade receivables

Balance Outstanding

	2021		2020	
	Gross	Impairment	Gross	Impairment
	----- Rupees -----			
Past due 1 - 60 days	1,028,865	-	856,463	-
Past due 61 - 90 days	909,631	-	1,452,120	-
Past due 91 - 180 days	-	-	-	-
Past due 181 - 365 days	-	-	-	-
More than 365 days	-	-	-	-
	<u>1,938,496</u>	<u>-</u>	<u>2,308,583</u>	<u>-</u>

14.2 Maximum aggregate amount outstanding at any time during the year with reference to month end balances from each fund is as follows:

	Note	2021 Rupees	2020 Rupees
<i>Associates</i>			
786 Smart Fund		<u>2,784,461</u>	<u>2,658,864</u>

15 ACCRUED MARKUP

On saving accounts	701,973	644,940
On TFCs	908,138	1,489,091
On PIBs	821,406	670,636
	<u>2,431,517</u>	<u>2,804,667</u>

16 TAX REFUND DUE FROM GOVERNMENT

Opening	5,819,256	5,046,837
Tax paid during the year	2,716,388	2,284,660
Prior year tax adjustment	22,345	108,535
Provision for the year	(1,893,164)	(1,620,776)
Closing	<u>6,664,825</u>	<u>5,819,256</u>

17 CASH AT BANK

<i>Cash in hand</i>		1,315	1,005
<i>Cash at bank</i>			
Current accounts		-	101,609
Saving accounts	17.1	11,955,848	11,939,756
		<u>11,955,848</u>	<u>12,041,365</u>
		<u>11,957,163</u>	<u>12,042,370</u>

17.1 The balance in savings accounts carry profit at rates ranging from 5.5% to 5.5% per annum (2020: 5.5% to 11.25% per annum).

18 ISSUED, SUBSCRIBED AND PAID - UP CAPITAL

2021 ---- No. of Shares ----	2020		2021 Rupees	2020 Rupees
10,000,000	10,000,000	Ordinary shares of Rs. 10/- each issued as fully paid in cash	100,000,000	100,000,000
4,973,750	4,973,750	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	49,737,500	49,737,500
<u>14,973,750</u>	<u>14,973,750</u>		<u>149,737,500</u>	<u>149,737,500</u>

18.1 The following shares are held by the Related Parties with whom the Company has entered into transactions or has arrangements in place.

Name of related party	2021 ---- No. of Shares ----	2020
First Dawood Investment Bank Limited	<u>2,246,070</u>	<u>2,246,070</u>
BRR Guardian Modaraba	<u>1,935,505</u>	<u>1,935,505</u>
Tara Uzra Dawood - Chief Executive Officer	<u>1,768,458</u>	<u>1,768,458</u>

19 SUBORDINATED LOAN FROM DIRECTOR

This loan is interest bearing (3 Months KIBOR + 2 %) and repayable at the discretion of the Company. As per NBFC Rules "Equity" includes the interest bearing subordinated loans, accordingly subordinated loan is classified as part of the equity.

	Note	2021 Rupees	2020 Rupees
20 TRADE AND OTHER PAYABLES			
Accrued expenses	20.1	9,422,153	9,668,859
Accrued Mark-up on Director loan		1,641,797	-
Sindh Workers' Welfare Fund Payable	20.2	-	1,130,400
FED payable	22.1.2	6,513,677	6,513,677
Sales tax payable		165,570	996,680
WHT payable		4,338	690
		<u>17,747,535</u>	<u>18,310,306</u>

20.1 This includes an amount of Rs. 7.895 (June 30, 2020: Rs. 7.75) Million received from NCCPL being refund of tax amount with respect to funds under management. This amount will be disbursed to unit holders.

20.2 During the year Company made payments amounting to Rs. 0.057 (June 30, 2020: Rs. 1.47) Million to the SRB in respect of Sindh Workers' Welfare Fund.

	<i>Note</i>	<i>2021 Rupees</i>	<i>2020 Rupees</i>
21 UNCLAIMED DIVIDEND	21.1	998,742	998,742

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

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 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.

22.1.2 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the Asset Management Services rendered by the Management Company of the Fund were already subject to provincial sales tax levied by Sindh Revenue Board, which is being charged to the Fund, the Company was of the view that further levy of FED was not justified.

On 4 September 2013, a Constitutional Petition was filed in the Honorable Sindh High Court (SHC) jointly by various Asset Management Companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

The matter is still pending. With effect from 1 July 2016, FED on services provided or rendered on Non Banking Financial Institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Company has discontinued making further provision in respect of FED on Management Services with effect from 1 July 2016. However, as a matter of abundant caution the provision made for FED for the period from 13 June 2013 till 30 June 2016 aggregating to Rupees 6.51 (June 30, 2020: Rs. 6.51) Million is being retained with a corresponding receivable from the funds of the same amount in financial statements as the matter is pending before the Supreme Court of Pakistan.

22.2 Commitments

There was no commitment during the year (2020: Nil)

23 REMUNERATION FROM FUNDS UNDER MANAGEMENT

Open-end funds

	2021 Rupees	2020 Rupees
786 Smart Fund	9,985,558	8,868,146
786 Rising Star Fund	-	822,560
First Dawood Mutual Fund - an associate	-	1,119,673
	<u>9,985,558</u>	<u>10,810,379</u>
Less: Sales tax on remuneration	<u>(1,148,780)</u>	<u>(1,243,672)</u>
	<u>8,836,778</u>	<u>9,566,707</u>

23.1 During the year the company has charged Management fee as under;

Associates - Open - End Funds

	2021 Percentage	2020 Percentage
786 Smart Fund - An Associate	1.5	1.5
786 Rising Star Fund - An Associate	-	1.5
First Dawood Mutual Fund - An Associate	-	2

24 ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2021 Rupees	2020 Rupees
Salaries and allowances	24.1	12,161,438	13,854,180
Rent, rates and taxes		1,420,573	1,519,341
Postage and telephones		252,349	349,595
Legal and professional charges		951,800	1,451,615
Printing and stationery		203,671	217,246
Travelling and conveyance		-	16,095
Vehicles running		550,069	1,342,771
Advertisement expense		79,900	317,700
Electricity		628,421	639,582
Repairs and maintenance		268,275	228,122
Auditors' remuneration	24.2	737,200	638,880
Entertainment		88,533	97,458
Insurance		318,665	418,443
Depreciation	6	1,826,947	2,006,890
Amortization	7.1	138,510	138,510
Fee and Subscriptions		3,899,932	2,742,964
Newspapers and periodicals		100	570
Directors' fee		308,000	316,000
Commission		-	27,904
Others		87,947	127,340
Bank Balances written off		<u>123,737</u>	<u>-</u>
		<u>24,046,067</u>	<u>26,451,206</u>
Less: Reimbursement of fees and expenses	24.3	<u>(589,107)</u>	<u>(741,727)</u>
		<u>23,456,960</u>	<u>25,709,479</u>

24.1 This includes amount of Rs. 0.589 (2020: Rs. 0.74) Million relating to Staff Retirement Benefits.

24.2 Auditors' remuneration

	2021	2020
	Rupees	Rupees
Annual audit	280,000	280,000
Certification fee	235,000	111,000
Half yearly review	145,000	145,000
Sales Tax	34,000	42,880
Out of pocket expenses	43,200	60,000
	737,200	638,880

24.3 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. The breakup in respect of each fund is as follows:

24.3.1 Reimbursement of Fees and Expenses Breakup:	Note	2021	2020
		Rupees	Rupees
<i>Associates</i>			
786 Smart Fund		589,107	523,194
786 Rising Star Fund		-	107,663
First Dawood Mutual Fund		-	110,870
		589,107	741,727

25 FINANCIAL CHARGES

Mark-up On Director loan	1,641,797	-
Bank charges	8,247	6,874
	1,650,044	6,874

25.1 This Director loan carry interest at the rate of 3 month Kibor +2%

26 OTHER OPERATING INCOME*Income from financial assets*

Mark-up earned on saving accounts	1,431,241	1,290,040
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Income from non - financial assets

Scrap sales	2,800	-
Liabilities written back	2,306,682	1,545,632
	2,309,482	1,545,632
	3,740,722	2,835,672

27 SHARE OF ASSOCIATES' PROFIT

786 Smart Fund	8,322,872	10,007,405
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28 TAXATION

Current year tax	28.1	1,893,164	1,620,776
Prior year charge		(22,345)	(108,535)
		1,870,819	1,512,241

28.1 Numerical reconciliation between the average effective tax rate and the applicable tax rate has not been presented in these financial statements due to available tax losses brought forward from tax years 2014, 2016, 2017, 2018, 2019 and 2020. The provision for current year income tax has been made under Minimum Tax section 153(1)(b) of the Income Tax Ordinance, 2001.

Deferred tax asset amounting to Rs. 17,293,633 (2020: Rs. 18,027,199) has not been recognised in these financial statements as the Company is of the view that it is not probable that sufficient taxable profits will be available in the foreseeable future against which deductible temporary differences, unused tax losses and unused tax credits can be utilized. The accumulated tax losses, unabsorbed depreciation and amortization as at June 30, 2021 amounting to Rs. 57,482,712 (2020: Rs. 77,908,255).

28.2 Management has provided sufficient tax provision in financial statements in accordance with income tax ordinance, 2001. Following is the comparison of tax provision as per accounts vis a vis tax assessment for last three years:

	<i>Deemed Assessment Rupees</i>	<i>Provision Rupees</i>
Tax year 2020	1,598,431	1,620,776
Tax year 2019	3,296,966	3,405,501
Tax year 2018	920,089	1,075,196
Tax year 2017	5,506,417	4,805,585
Tax year 2016	155,402	155,401

29 EARNINGS PER SHARE
- Basic and diluted

	<i>2021 Rupees</i>	<i>2020 Rupees</i>
Net profit for the year	3,268,830	3,935,840
Weighted average number of ordinary shares	14,973,750	14,973,750
Earnings per share - basic and diluted	0.22	0.26

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	<i>2021</i>			<i>2020</i>		
	<i>Chief Executive</i>	<i>Directors</i>	<i>Executives</i>	<i>Chief Executive</i>	<i>Directors</i>	<i>Executives</i>
	<i>Rupees</i>			<i>Rupees</i>		
Managerial Remuneration	4,416,000	-	-	4,416,000	-	-
House Rent	1,766,400	-	-	1,766,400	-	-
Bonus	-	-	-	368,000	-	-
Medical	78,059	-	-	14,450	-	-
Utilities	441,600	-	-	441,600	-	-
Provident Fund	441,600	-	-	441,600	-	-
E.O.B.I	-	-	-	4,680	-	-
Meeting Fee	-	308,000	-	-	316,000	-
	7,143,659	308,000	-	7,452,730	316,000	-
Number of Persons	1	6	-	1	6	-

30.1 The Chief Executive and Executives have been provided with company maintained cars.

30.2 Executive means an employee other than Director and Chief Executive Officer, whose basic salary exceeds Rs. 1,200,000 in a financial year.

	2021	2020
31 DISCLOSURE RELATING TO PROVIDENT FUND		
Size of the Fund	208,863,513	168,075,539
Cost of Investments Made	39,972,762	39,972,762
Percentage of Investments Made	74.86%	85.13%
Fair Value of Investments	156,364,741	143,080,475
<i>Breakup of Investments (Rupees)</i>		
<i>Investments in</i>		
Defence Saving Certificates'	43,000,000	43,000,000
Term Finance Certificates'	18,885,792	18,874,987
Sukuks'	6,596,076	4,813,861
Listed Securities	61,910,005	37,453,895
Mutual Funds	25,972,868	38,937,732
	156,364,741	143,080,475
<i>Breakup of Investments (Percentage)</i>		
	<i>% age of investment as size of the fund</i>	
<i>Investments in</i>		
Defence Saving Certificates'	27.50%	30.05%
Term Finance Certificates'	12.08%	13.19%
Sukuks'	4.22%	3.36%
Listed Securities	39.59%	26.18%
Unlisted Securities	0.00%	0.00%
Mutual Funds	16.61%	27.21%
	100.00%	100.00%

The Provident Fund (the Fund) is maintained for its permanent employees and the employees of its associated companies/undertakings. Accordingly, the information is based upon the latest unaudited financial statements of the Fund as at June 30, 2021 and audited financial statements as at June 30, 2020. As per Trustees, Investments out of Provident Fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the Rules formulated for this purpose.

32 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 during the year are as follows:

<i>Relationship with the Company</i>	<i>Nature of Transactions During the year</i>	<i>2021 Rupees</i>	<i>2020 Rupees</i>
Loan from Director	Interest bearing subordinated loan	22,000,000	-
Mutual Funds managed by the Company	Management Fee Charged - Net of Tax	8,836,778	9,566,707
	Sales Tax on Management Fee	1,148,780	1,243,672
	Accounting and Operational Charges	589,107	741,727
	786 Smart Fund - Purchase of 212,457 (June 30, 2020: 1,002,084) Units	18,000,000	85,143,724
	786 Smart Fund Redemption of Nil (June 30, 2020: 548,779) Units	-	45,000,000
	786 Smart Fund - Dividend Received During the Year	7,494,869	-
	786 Rising Star Fund - Conversion of 109,323 Unit due to Merger	-	11,779,074
	786 Rising Star Fund - Gain on Conversion of Units due to Merger	-	368,100
	First Dawood Mutual Fund - Conversion of 3,442,963 Unit due to Merger	-	60,331,730
	First Dawood Mutual Fund - Gain on Conversion of Units due to Merger	-	629,710
	First Dawood Mutual Fund - Purchase of Nil TFCs' of Silk Bank Limited (June 30, 2020: 3,000) Units	-	12,937,584
Other Related Party	First Dawood Investment Bank Limited & Others Employees' Provident Fund	633,190	730,279
	B.R.R Guardian Modaraba	1,402,198	1,498,341
	Key Management Personnel	10,320,723	11,436,335
	Sale of 930,141 Shares of First Dawood Investment Bank Limited	-	1,655,541
	Gain on Disposal of Shares of First Dawood Investment Bank Limited	-	269,631
	Dawood Family Takaful Limited	50,784	-
	Insurance Expense Charge During the Year	1,111,112	1,111,111
Associated companies/other related parties	Balances at Year End		
	Units Held:		
	786 Smart Fund 2,130,273 (June 30, 2020: 1,825,406) Units	172,941,561	147,858,793
	Trade Receivable	1,938,496	4,108,583
Mutual Funds Managed by the Company	Prepaid Life Insurance	12,135	12,996
	B.R.R Guardian Modaraba	116,121	124,862
	Prepaid Rent		

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.

33 FINANCIAL RISK MANAGEMENT POLICIES

The Company is exposed to a variety of financial risks: market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk and credit risk that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

33.1 Market risk

Market risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

33.1.1 Foreign Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

33.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company has diversified its investments and has major portion of its investments based on floating interest rate for which the finance function is responsible to manage the risk by measuring the mismatch of interest rate sensitivity gap of financial assets and liabilities.

Interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of the contractual repricing or maturity date.

33.1.3 Price risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

As at June 30, 2021, the fair values of marketable securities exposed to price risk are as follows:

	2021 Rupees	2020 Rupees
Exposure classified as Fair value through Profit and loss	42,305,174	44,147,875

The Management Company manages the above market risks through diversification of investment portfolio in accordance with the internal risk management policies.

33.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company attempts to control credit risk by entering into transactions with diverse credit worthy counter parties by monitoring credit exposure.

The maximum exposure to credit risk as at June 30, 2020 is as follows: -

Description	2021		2020	
	Carrying amount	Maximum Exposure	Carrying amount	Maximum Exposure
	----- Rupees -----			
Long term investments	193,108,093	-	169,578,338	-
Long term deposits	36,300	36,300	536,300	1,036,300
Short term investments	22,138,642	22,138,642	22,428,330	10,071,630
Trade receivable	1,938,496	1,938,496	4,108,583	2,487,149
Accrued markup	2,431,517	2,431,517	2,804,667	153,119
Cash at bank	11,957,163	11,957,163	12,042,370	4,535,274
	231,610,212	38,502,119	211,498,588	18,283,472

The Company kept its funds with banks having strong credit ratings. Currently the funds are kept with banks having rating of A1+ to AA+.

	2021 Rupees	2020 Rupees
33.2.1 Financial instruments by category		

Financial assets

Investment in associates' - Equity Method

Long-Term Investments	193,108,093	169,578,338
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At fair value through - Other comprehensive income

Short-Term Investments - TFCs	22,138,642	22,428,330
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At Amortized Cost

Long-Term Deposits and Prepayments	36,300	536,300
Trade Receivable	1,938,496	4,108,583
Accrued Markup	2,431,517	2,804,667
Cash and Bank Balance	11,957,163	12,042,370
	60,640,761	19,491,920
	275,887,496	211,498,588

Financial Liabilities

At Amortized Cost

Trade and Other Payables	9,422,153	9,668,859
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33.3 Liquidity Risk

Liquidity risk is the risk that the Company may encounter difficulty in raising funds to meet its obligations and commitments associated with financial instruments. The Company is not materially exposed to the liquidity risk as all obligations/commitments of the Company are short-term in nature and restricted to the extent of available liquidity and all assets of the Company are readily disposable in the market.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	<i>On Demand</i>	<i>Not Later Than One Month</i>	<i>Up to Three Months</i>	<i>More Than Three Months and Up to One Year</i>	<i>More Than One Year</i>	<i>Total</i>
<i>----- Rupees -----</i>						
<i>As at June 30, 2021</i>						
Trade and Other Payable	<u>9,422,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,422,153</u>
<i>As at June 30, 2020</i>						
Trade and Other Payable	<u>9,668,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,668,859</u>

33.4 Capital Risk Management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure the Company may adjust the amount of dividend, return on capital to shareholders or issue new shares. Currently the Company has an equity of 208.640 Million against the minimum equity requirement of Rs. 200 Million set by the Securities and Exchange Commission of Pakistan for the Non Banking Finance Company providing Asset Management Services for the year ended June 30, 2020.

34 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognised at fair value, analyzed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities.

- Level 2:** Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3:** Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	June 30, 2021			June 30, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----- Rupees -----					
Long - Term Investment - Units	193,108,093	-	-	169,578,338	-	-
Short - Term Investment - Unlisted TFC's	-	22,138,642	-	-	22,428,330	-
	193,108,093	22,138,642	-	169,578,338	22,428,330	-

Valuation techniques

For Level 2 the Company values the investment using rates mentioned on MUFAP (June 30, 2020: at breakup value which approximates the fair value of the investment).

Transfers during the period

During the year ended June 30, 2020 there were no transfers into or out of Level 3.

35 CASH AND CASH EQUIVALENTS

	2021 Rupees	2020 Rupees
Cash and Bank Balance	11,957,163	12,042,370

36 RECLASSIFICATION

The objective of Company's business model can best be achieved by following fair value through profit and loss instead of fair value through other comprehensive income for its investment in debt instruments. This is because Company is more concerned with fair value measurement of such instruments than cashflows.

The Company, therefore reclassified its investments from FVOCI to FVTPL. The impact of this have been summarized below.

	Previously Reported in OCI	Reclassified to Statement of Profit or Loss
Surplus on Revaluation of Investment in Investments From OCI to P/L	5,454,357	5,454,357

37 NUMBER OF EMPLOYEES

The number of employees as at year end was 7 (2020: 9) and average number of employees during the year was 9 (2020: 10).

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue in Board of Directors of the management company on
28 SEP 2021.

39 GENERAL

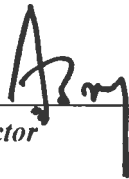
39.1 In accordance with the requirement of Rule 9, of the Non-Banking Finance Companies (Establishment and regulation) Rules, 2003, the company has obtained sufficient insurance coverage from Jubilee General insurance Company Limited against any loss that against financial losses that may be incurred as a result of employee's fraud or gross negligence. The insurance company has been assigned a credit rating of AA+ by the Pakistan Credit Rating Agency limited (PACRA).

39.2 Figures have been rounded off to the nearest rupee.

Rhen



Chief Financial Officer



Director



Chief Executive Officer