



**INVESTMENTS**

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**786 INVESTMENTS LIMITED**

**FOR THE  
QUARTER ENDED  
SEPTEMBER 30, 2023  
(UN-AUDITED)**

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## CORPORATE INFORMATION

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



## DIRECTORS' REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2023

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The Board of Directors of 786 Investments Limited, referred to as '786' or 'the Company,' is pleased to present the financial statements for the quarter ended September 30, 2023

### **Economic & Money Market Review:**

The global economy is showing signs of recovery, with growth prospects better than earlier projections. However, challenges persist, including a slower rebound in China, core inflation, elevated interest rates, and geopolitical uncertainties.

Government's measures to curb hoarding and stabilize foreign exchange markets are helping moderate inflation, and therefore we expect interest rates to have peaked.

Pakistan's total liquid foreign exchange reserves increased to \$ 13.2 billion on September 26, 2023, as the SBP's reserves stood at \$ 7.7 billion and Commercial banks' reserves remained at \$ 5.5 billion.

### **Company Performance**

The Company recorded a profit of PKR 4.77 million during the quarter ended September 30, 2023, compared to a profit of PKR 2.92 million during the corresponding period. The company's income, which comprised Management Fees, increased by PKR 1.33 million, representing a 45.16% rise in Management Fees due to the average increase in fund size during the period. Administrative and operating expenses also increased by PKR 1.20 million, reflecting a 15.12% rise in these expenses. Furthermore, the net unrealized gain on the revaluation of investments showed a profit of PKR 9.83 million, compared to a profit of PKR 7.26 million during the corresponding period.

The earnings per share (EPS) of the Company for the quarter ended September 30, 2023, were PKR 0.32, as compared to PKR 0.20 during the corresponding period.

### **Acknowledgement**

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

On behalf of the board of  
786 Investments Limited

---SD---

**Chairperson**

---SD---

**Director**

Date:

Place: Karachi

## ڈائریکٹرز کی رپورٹ

786 انویسٹمنٹ لمیٹڈ (786 یا دی کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے، میں 786 گروپ کی 30 ستمبر 2023 کو ختم ہونے والی سماہی کے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

### اقتصادی اور مٹی مارکیٹ کا جائزہ

عالمی معیشت میں بحالی کے آثار دکھائی دے رہے ہیں، جنمو کے امکانات پہلے کے اندازوں سے بہتر ہیں۔ تاہم، چین میں سست روی، بنیادی افراط زر، بلند شرح سود، اور جغرافیائی سیاسی غیر یقینی صورتحال سمیت مشکلات برقرار ہیں۔

ذخیرہ اندوزی کو روکنے اور غیر ملکی زرمبادلہ مارکیٹوں کے استحکام کے لیے حکومتی اقدامات اعتماد لیندا افراط زر میں مدد کر رہے ہیں، اور اس لیے ہمیں توقع ہے کہ شرح سود صوبہ پر پہنچ جائے گی۔ پاکستان کے کل ایکویٹیڈ زرمبادلہ کے ذخائر 26 ستمبر 2023 کو بڑھ کر 13.2 بلین ڈالر ہو گئے، کیونکہ اسٹیٹ بینک کے ذخائر 7.7 بلین ڈالر اور کرنل بینکوں کے ذخائر 5.5 بلین ڈالر رہے۔

### کمپنی کی کارکردگی

گزشتہ سال کی اسی مدت میں 2.92 بلین روپے منافع کے مقابلے 30 ستمبر 2023 کو ختم ہونے والی سماہی میں کمپنی نے 4.77 بلین روپے کا منافع درج کیا۔ کمپنی کی مجموعی آمدنی جو کہ انتظامی فیسوں پر مشتمل ہے، بڑھ کر 1.33 بلین روپے ہو گئی، موجودہ مدت کے دوران فنڈ سائز میں اوسط اضافہ کی وجہ سے انتظامی فیسوں میں 45.16 فیصد اضافہ ظاہر کر رہی ہے۔ انتظامی اور آپریٹنگ اخراجات بھی 1.20 بلین روپے تک زیادہ ہوئے، جو ان اخراجات میں 15.12 فیصد اضافہ کی عکاسی کرتے ہیں۔ مزید برآں، سرمایہ کاریوں کی دوبارہ قیمت پر غیر محسوس خالص منافع گزشتہ سال کی اسی مدت کے دوران 7.26 بلین روپے منافع کے مقابلے، 9.83 بلین روپے کا منافع دکھایا ہے۔

30 ستمبر 2023 کو ختم ہونے والی سماہی کے لئے کمپنی کی فی شیئر آمدنی (EPS) 0.32 روپے رہی، جبکہ گزشتہ سال کی اسی سماہی میں 0.20 روپے تھی۔

### امتراف

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

مٹیانب یورڈ

786 انویسٹمنٹ لمیٹڈ

---SD---  
ڈائریکٹر

---SD---  
چیرپرسن

مقام: کراچی  
تاریخ:

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)  
AS AT SEPTEMBER 30, 2023**

		Un-Audited September 30, 2023	Audited June 30, 2023
	Note	-----Rupees-----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	872,509	982,460
Intangible assets	6	657,922	692,550
Long-term deposits and prepayments	7	36,300	36,300
		1,566,731	1,711,310
<b>CURRENT ASSETS</b>			
Investments	8	249,390,828	241,490,472
Prepayments and other receivable	9	7,297,895	7,197,355
Trade receivables	10	3,045,481	3,173,915
Accrued markup	11	169,960	713,624
Tax refund due from government	12	3,885,402	4,773,289
Cash and bank balances	13	1,833,951	1,488,537
		265,623,517	258,837,192
<b>TOTAL ASSETS</b>		<b>267,190,248</b>	<b>260,548,502</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorised share capital</b>			
20,000,000 (June 30, 2023: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
<b>Issued, subscribed and paid-up share capital</b>			
Ordinary shares 14,973,750 (June 30, 2023: 14,973,750) of Rs. 10 each		149,737,500	149,737,500
General reserves		33,630,264	33,630,264
Unappropriated profit		40,418,322	35,649,678
Subordinated loan form director	14	22,000,000	22,000,000
		245,786,086	241,017,442
<b>CURRENT LIABILITIES</b>			
Accrued and other liabilities	15	20,405,420	18,532,318
Unclaimed dividend	16	998,742	998,742
		21,404,162	19,531,060
		21,404,162	19,531,060
<b>CONTINGENCIES AND COMMITMENTS</b>			
	17	-	-
<b>TOTAL EQUITIES AND LIABILITIES</b>		<b>267,190,248</b>	<b>260,548,502</b>

The annexed notes from 1 to 23 form an integral part of these financial statements.

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

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

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

----SD----  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

		<b>September 30, 2023</b>	September 30, 2022
	Note	-----Rupees-----	
Remuneration from fund under management		<b>4,266,576</b>	2,939,283
Advisory fee		<b>277,778</b>	277,778
Net realized Gain on Sale of investments		<b>69,642</b>	-
Income on term deposit receipt (TDR)		-	48,901
Income on Pakistan investment bonds		<b>504,110</b>	501,370
		<b>5,118,106</b>	3,767,332
Administrative and operating expenses		<b>(7,799,597)</b>	(6,999,787)
Financial charges	18	<b>(1,355,757)</b>	(953,421)
		<b>(9,155,354)</b>	(7,953,208)
<b>Operating loss</b>		<b>(4,037,248)</b>	(4,185,876)
Other operating income		<b>203,701</b>	92,194
Net unrealized Gain on revaluation of investments at fair value through profit or loss		<b>9,830,714</b>	7,206,674
<b>Profit before taxation</b>		<b>5,997,167</b>	3,112,992
Taxation	19	<b>(1,228,523)</b>	(192,882)
<b>Net profit for the period</b>		<b>4,768,644</b>	2,920,110
<b>Earnings per share for the period - basic and diluted</b>	20	<b>0.32</b>	0.20

The annexed notes from 1 to 23 form an integral part of these financial statements.

For 786 Investments Limited  
(Management Company)

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

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

----SD----  
Director



**STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	<b>September 30, 2023</b>	September 30, 2022
	-----Rupees-----	
<b>Net profit for the period</b>	<b>4,768,644</b>	2,920,110
<b>Other comprehensive income</b>		
Reclassification of surplus on investments	-	-
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the period</b>	<b><u>4,768,644</u></b>	<b><u>2,920,110</u></b>

The annexed notes from 1 to 23 form an integral part of these financial statements.

----SD----

\_\_\_\_\_  
Chief Executive Officer

For 786 Investments Limited  
(Management Company)

----SD----

\_\_\_\_\_  
Chief Financial Officer

----SD----

\_\_\_\_\_  
Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	Share Capital	Capital Reserve		Revenue Reserve			Total
	Issued, subscribed and paid-up share capital	General reserve	Subordinated loan from director	Surplus on revaluation of investments classified at fair value through other comprehensive income	Share of other comprehensive income from associate	Unappropriated profit	
	-----Rupees-----						
Balance as at July 1, 2022	149,737,500	33,630,264	22,000,000	-	-	25,554,608	230,922,372
Profit for the period	-	-	-	-	-	2,920,110	2,920,110
Other comprehensive loss for the period	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	2,920,110	2,920,110
<b>Balance as at September 30, 2022</b>	<b>149,737,500</b>	<b>33,630,264</b>	<b>22,000,000</b>	<b>-</b>	<b>-</b>	<b>28,474,718</b>	<b>233,842,482</b>
Balance as at July 1, 2023	149,737,500	33,630,264	22,000,000	-	-	35,649,678	241,017,442
Profit for the period	-	-	-	-	-	4,768,644	4,768,644
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	4,768,644	4,768,644
<b>Balance as at September 30, 2023</b>	<b>149,737,500</b>	<b>33,630,264</b>	<b>22,000,000</b>	<b>-</b>	<b>-</b>	<b>40,418,322</b>	<b>245,786,086</b>

The annexed notes from 1 to 23 form an integral part of these financial statements.

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

---SD---  
Chief Executive Officer

---SD---  
Chief Financial Officer

---SD---  
Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	September 30, 2023	September 30, 2022
Note	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>5,997,167</b>	<b>3,112,992</b>
<b>Adjustments for non-cash and other items:</b>		
Depreciation on property and equipment	109,951	157,321
Amortization	34,628	34,628
Financial charges	1,355,757	953,421
Mark-up earned on saving account	(101,466)	(92,194)
Income on Pakistan investment bonds	(504,110)	(501,370)
Net realized Gain on Sale of investments	(69,642)	-
Revaluation loss on investments classified at fair value through profit or loss	(9,830,714)	(7,206,674)
	<b>(9,005,596)</b>	<b>(6,654,868)</b>
<b>Working Capital Changes</b>		
<i>Changes in Current Assets:</i>		
Loans and advances	-	60,000
Deposits, prepayments and other receivable	(100,540)	(458,686)
Trade receivable	128,434	485,838
Accrued markup	543,664	719,601
	<b>571,558</b>	<b>806,753</b>
<i>Changes in current liabilities:</i>		
Accrued and other liabilities	519,831	562,083
<b>Cash used in operations</b>	<b>(1,917,040)</b>	<b>(2,173,040)</b>
Taxes paid	(340,636)	(319,007)
Finance cost paid	(2,486)	(6,372)
<b>Net Cash used in operating activities</b>	<b>(2,260,162)</b>	<b>(2,498,419)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemption / (Investments) made during the period	2,000,000	(2,500,000)
Receipt of mark-up on savings account	101,466	92,194
Income received on term finance certificate	-	501,370
Income received on Pakistan investment bonds	504,110	-
<b>Net cash generated from/(used in) investing activities</b>	<b>2,605,576</b>	<b>(1,906,436)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Subordinated loan from director	-	-
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>345,414</b>	<b>(4,404,855)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>1,488,537</b>	<b>5,065,871</b>
<b>Cash and cash equivalents at end of the period</b>	<b>1,833,951</b>	<b>661,016</b>

The annexed notes from 1 to 23 form an integral part of these financial statements.

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

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

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

----SD----  
Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

### 1 STATUS AND NATURE OF BUSINESS

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

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

1.2 The license to carry out "Asset Management Service" has been successfully renewed dated May 12, 2022 under Rule 5 of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 amended through S.R.O 1131(1) 2007, S.R.O 271(1) 2010, S.R.O 570(1)/2012 and S.R.O 1002(1)/2015 respectively.

1.3 The license to carry out "Investment Advisory Services" has been successfully renewed vide its letter No.SCD/AMCW/37/786IL/IAS/07/2022 dated May 12, 2022 with effect from May 26, 2022 and valid till May 25, 2025 . Licence shall further be renewable by the Commission for next three years, subject to the compliance of the NBFC Rules and the NBFC Regulations.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the method of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the company for the year ended 30 June 2023.

### 4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended 30 June 2023.

### 5 PROPERTY AND EQUIPMENT

Note	Un-Audited September 30, 2023	Audited June 30, 2023
	-----Rupees-----	
5.1	<u>872,509</u>	<u>982,460</u>

5.1 The following is the statement of property and equipment:

Description	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
-----Rupees-----					
<b>Period ended September 30, 2023</b>					
Opening net book value (NBV)	225,048	5	126,491	630,916	982,460
Additions (at cost)	-	-	-	-	-
<b>Disposals</b>					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Net Book value</b>	-	-	-	-	-
Depreciation charge	(13,126)	-	(17,106)	(79,719)	(109,951)
<b>Closing net book value</b>	<u>211,922</u>	<u>5</u>	<u>109,385</u>	<u>551,197</u>	<u>872,509</u>
<b>Gross carrying value basis</b>					
Cost	1,487,514	5,593,370	1,701,852	6,246,765	15,029,501
Accumulated depreciation	(1,275,592)	(5,593,365)	(1,592,467)	(5,695,568)	(14,156,992)
<b>Net book value</b>	<u>211,922</u>	<u>5</u>	<u>109,385</u>	<u>551,197</u>	<u>872,509</u>
<b>Depreciation rate % per annum</b>	<u>10</u>	<u>20</u>	<u>20</u>	<u>33</u>	

Description	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
-----Rupees-----					
Year ended June 30, 2023					
Opening net book value (NBV)	277,552	198,180	207,397	194,785	877,914
Additions (at cost)	-	-	-	662,063	662,063
Disposals					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
Net Book value	-	-	-	-	-
Depreciation charge	(52,504)	(198,175)	(80,906)	(225,932)	(557,517)
Closing net book value	225,048	5	126,491	630,916	982,460
Gross carrying value basis					
Cost	1,487,514	5,593,370	1,701,852	6,246,765	15,029,501
Accumulated depreciation	(1,262,466)	(5,593,365)	(1,575,361)	(5,615,849)	(14,047,041)
Net book value	225,048	5	126,491	630,916	982,460
Depreciation rate % per annum	10	20	20	33	

Un-Audited  
September 30,  
2023

Audited  
June 30,  
2023

Note -----Rupees-----

## 6 INTANGIBLE ASSETS

Computer software	6.1	<b>657,922</b>	692,550
<b>6.1 Computer software</b>			
Opening Net Book Value		<b>692,550</b>	831,060
Addition		-	-
Amortization Charge		<b>(34,628)</b>	(138,510)
Closing Net Book Value		<b>657,922</b>	692,550
Cost		<b>1,385,100</b>	1,385,100
Accumulated Amortization		<b>(727,178)</b>	(692,550)
Closing Net Book Value		<b>657,922</b>	692,550
Amortization rate		<b>10%</b>	10%

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

## 7 LONG TERM DEPOSITS AND PREPAYMENTS

### Deposits

With Central Depository Company of Pakistan Limited	<b>25,000</b>	25,000
Against utilities	<b>11,300</b>	11,300
	<b>36,300</b>	36,300

		<b>Un-Audited September 30, 2023</b>	<b>Audited June 30, 2023</b>
<b>8 INVESTMENTS</b>	Note	-----Rupees-----	
<b>At fair value through profit or loss</b>			
Pakistan investment bonds	8.1	<b>14,988,673</b>	15,638,850
Units of mutual fund- related party	8.2	<b>214,190,770</b>	205,640,237
Term finance certificate - unlisted	8.3	<b>20,211,385</b>	20,211,385
		<b>249,390,828</b>	241,490,472

8.1 This Government securities - Pakistan investment bonds will mature latest by September 19, 2029 and carry interest at the rate of 12.14% (June 30, 2023: 12.14%).

**8.2 Units of mutual funds- related party**

		September 30,		June 30,
		2023	2023	2023
		Carrying value	Fair value	Fair value
		-----Rupees-----		
-----Number of units-----				
	786 Smart Fund - Fund Under Management	<b>203,709,879</b>	<b>214,190,770</b>	205,640,237
<b>2,471,990</b>	2,495,416			

**8.3 Term Finance Certificate - Unlisted**

		<b>Un-Audited September 30, 2023</b>	<b>Audited June 30, 2023</b>
		-----Rupees-----	
---Number of certificates---			
<b>5,000</b>	5,000	<b>22,457,095</b>	22,457,095
	Silk Bank Limited	<b>(2,245,710)</b>	(2,245,710)
	Provision against investment	<b>20,211,385</b>	20,211,385

8.3.1 This represents investments in BBB+ rated, unsecured and subordinated Term Finance Certificate (TFCs) carry profit equal to 6 months KIBOR plus 1.85% (June 30, 2023: 6 months KIBOR plus 1.85%) receivable half yearly in arrears and will mature in August 2025. The instrument is structured to redeem 0.14% of the issue amount during the first 7 years and remaining 99.86% in last two (2) equal semi annual installments of 49.93%.

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

		<b>Un-Audited September 30, 2023</b>	<b>Audited June 30, 2023</b>
<b>9 PREPAYMENTS AND OTHER RECEIVABLE</b>			
<b>Prepayments</b>			
Insurance		<b>115,675</b>	163,317
Rent		-	124,859
Others		<b>668,541</b>	395,500
		<b>784,216</b>	683,676
<b>Other receivable</b>			
Federal excise duty		<b>6,513,679</b>	6,513,679
		<b>7,297,895</b>	7,197,355

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

	Note	Un-Audited September 30, 2023	Audited June 30, 2023
		-----Rupees-----	
786 Smart Fund- Fund Under Management	9.1.1	<u>6,513,679</u>	<u>6,513,679</u>
9.1.1 The Maximum amount outstanding at any time during the period with reference to month end balances from the funds is Rs. 6.51 (June 30, 2023: Rs. 6.51) million .			
<b>10 TRADE RECEIVABLE</b>			
Receivable against management fees		1,845,481	2,273,915
Receivable on account of advisory fees		<u>1,200,000</u>	<u>900,000</u>
		<u>3,045,481</u>	<u>3,173,915</u>
786 Smart Fund- Fund Under Management		<u>1,845,481</u>	<u>2,273,915</u>
Dawood Family Takkaful Limited (Associate of Management Company)		<u>1,200,000</u>	<u>900,000</u>
<b>11 ACCRUED MARKUP</b>			
Saving accounts		101,466	149,240
Pakistan investment bonds		<u>68,494</u>	<u>564,384</u>
		<u>169,960</u>	<u>713,624</u>
<b>12 TAX REFUND DUE FROM GOVERNMENT</b>			
Opening		4,773,289	7,406,613
Tax paid during the period		340,636	827,691
Provision for the period		<u>(1,228,523)</u>	<u>(3,461,015)</u>
Closing		<u>3,885,402</u>	<u>4,773,289</u>
<b>13 CASH AND BANK BALANCES</b>			
Cash in hand		25,000	-
Cash at bank-saving accounts	13.1	<u>1,808,951</u>	<u>1,488,537</u>
		<u>1,833,951</u>	<u>1,488,537</u>
13.1 The balance in savings accounts carry profit at rates of 20.5% per annum (June 30, 2023: 19% per annum).			
<b>14 SUBORDINATED LOAN FROM DIRECTOR</b>			
This subordinated loan carries markup @ 3 Months KIBOR + 2 % (June 30, 2023: 3 Months KIBOR + 2%) and is repayable at the discretion of the Company. This loan has been classified as part of equity as per NBFC rules and ATR 32 issued by the ICAP.			
<b>15 ACCRUED AND OTHER LIABILITIES</b>			
Accrued expenses	15.1	3,728,286	2,911,867
Accrued mark-up on director loan		9,844,349	8,491,078
FED payable	15.2	6,513,677	6,513,677
Worker Welfare Fund payable		-	272,242
Sales tax payable		231,443	192,231
Withholding tax payable		<u>87,665</u>	<u>151,223</u>
		<u>20,405,420</u>	<u>18,532,318</u>

15.1 This includes an amount of Rs. 0.19 million (June 30, 2023: Rs. 0.19 million) received from NCCPL being refund of tax amount with respect to funds under management. This amount will be disbursed to unit holders.

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

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

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

## 16 UNCLAIMED DIVIDEND

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

## 17 CONTINGENCIES AND COMMITMENTS

### 17.1 Commitments

There was no commitment during the period (June 30, 2023: Nil)

		Un-Audited September 30, 2023	Un-Audited September 30, 2022
	Note	-----Rupees-----	
<b>18 FINANCIAL CHARGES</b>			
Mark-up On Director loan	18.1	1,353,271	947,049
Bank charges		<u>2,486</u>	<u>6,372</u>
		<u><b>1,355,757</b></u>	<u><b>953,421</b></u>
<b>19 TAXATION</b>			
Current tax		<u>1,228,523</u>	<u>192,882</u>
		<u><b>1,228,523</b></u>	<u><b>192,882</b></u>

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

## 20 EARNINGS PER SHARE- Basic and diluted

Net profit for the period - Rupees	<u><b>4,768,644</b></u>	<u>2,920,110</u>
Weighted average number of ordinary shares	<u><b>14,973,750</b></u>	<u>14,973,750</u>
Earnings per share- Rupees	<u><b>0.32</b></u>	<u>0.20</u>

There are no dilutive potential shares as at the period end.

## 21 TRANSACTIONS WITH RELATED PARTIES

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



Relationship with the Company	Nature of Transactions during the period	Sept., 30, 2023	Sept., 30, 2022
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**Transactions during the period**

-----Rupees-----

Chief executive officer	Interest bearing subordinated loan	1,353,271	947,049
786 Smart Fund - Fund under Management	Management fee charged - net of tax	4,266,576	2,939,283
	Sales tax on management fee	554,626	382,107
	Accounting and operational charges	284,426	195,951
	Redemption of 23,426 (Sept., 2022: Nil) Units	2,000,000	-
<b>Other Related Party</b>			
First Dawood Investment Bank Limited & Others Employees' Provident Fund	Provident fund contribution	206,601	199,596
	B.R.R. Guardian Limited - 12.93% shareholder	Rent charge during the period	374,586
Key Management Personnel	Remuneration and directors fee	3,621,399	2,889,763
Dawood Family Takaful Limited - Associate of Management Company	Insurance expense charge during the period	9,029	14,515
	Advisory fee	277,778	277,778

Un-Audited  
September 30,  
2023

Audited  
June 30,  
2023

-----Rupees-----

Balances as the period end	Units Held:		
786 Smart Fund - Fund under Management	786 Smart Fund 2,471,990 (June 30, 2023: 2,495,416) Units	214,190,770	205,640,238
	Receivable against management fees	1,845,481	2,273,915
Dawood Family Takaful Limited - Associate of Management Company	Prepaid life insurance	9,004	-
	Advisory fee receivable	1,200,000	900,000
B.R.R. Guardian Limited - 12.93% shareholder	Prepaid rent	-	124,859
Key Management Personnel			
Chief Executive Officer	Subordinated loan - Principal & Mark-up	31,844,349	30,491,078

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.

## 22 GENERAL

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

22.2 Figures have been rounded off to the nearest rupee.

## 23 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors on of the **24 October 2023** Company.

For 786 Investments Limited  
(Management Company)

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

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

----SD----  
Director



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## BOOK POST

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If undelivered, please return to:

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**Hassan Ali Street,**

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