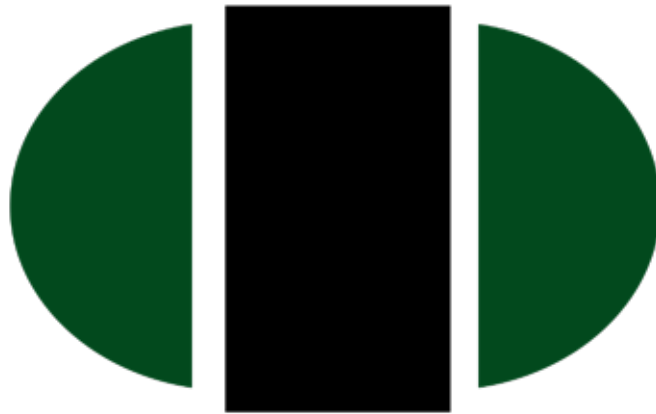


# Annual Report

## **First Equity Modaraba**



# 2025

***Managed by:***  
***Premier Financial Services (Private) Limited***  
***CRESCENT GROUP***



## MISSION AND VISION

*First Equity Modaraba is committed to strive for excellence in all areas of its activities. We view our business objective of providing distinctive financial products and services that promote commerce and industry within the context of our overall objective of contributing to the nation's prosperity.*

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## **FIRST EQUITY MODARABA CORPORATE INFORMATION**

### **Modaraba Company Premier Financail Services (Private) Limited**

#### **Board of Directors**

Mr. Nadeem Maqbool Chairman(Non-Executive)  
Mr. Qaiser Ahmed Magoon (Independent)  
Ms. Alizeh Bashir (Non-Executive)  
Mr. Adil A. Ghaffar (Executive)

#### **Audit Committee**

Mr. Qaiser Ahmed Magoon  
Ms. Alizeh Bashir  
Mr. Nadeem Maqbool

#### **Risk Managment Committe**

Mr. Qaiser Ahmed Magoon  
Mr. Nadeem Maqbool  
Mr. Adil A. Ghaffar

#### **HR Committee**

Mr. Nadeem Maqbool  
Mr. Adil A. Ghaffar  
Mr. Qaiser Ahmed Magoon

### **Registered and Business Office**

B-1004, 10th Floor  
Lakson Square Building # 3,  
Sarwar Shahedd Road,  
Karachi  
Tel: 35672815-8  
Fax: 35686116  
E-mail: [info@firstequitymodaraba.com.pk](mailto:info@firstequitymodaraba.com.pk)

Room No. 503 - 504  
5th Floor,  
Pakistan Stock Exchange  
Building, Karachi  
Tel: 32446020-3  
Fax: 32460766

#### **Auditors**

Baker Tilly Mehmood Idrees Qamar  
Chartered Accountants  
4th Floor, Central Hotel Building.  
Civil Lines, Mereweather Road  
Karachi - Pakistan  
T: +92 (021)35644872-7, F: +92 (021) 35644873  
Email: [info@bakertilly.pk](mailto:info@bakertilly.pk)  
[www.bakertilly.pk](http://www.bakertilly.pk)

#### **Bankers**

Bank Al-Habib Ltd.  
Habib Metropolitan Bank Ltd.  
National Bank of Pakistan.  
United Bank Ltd.  
Bank Islami Pakistan Ltd.  
Meezan Bank Ltd.  
MCB Islamic Ltd.

#### **Registrar**

THK Associates (Pvt) Ltd.  
Plot No. 32-C, Jami Commercial,  
Street II, D.H.A. Phase VII, Karachi,  
Tel: +92-21-35310191-2-3  
Emial: [cst@thk.com.pk](mailto:cst@thk.com.pk)

#### **General Counsel**

Moshin M. Tayebaly & Co.  
Advocates & Legal Consultants

## FIRST EQUITY MODARABA

Rs.In "000

TEN YEARS AT A GLANCE											
BALANCE SHEET	June2016	June2017	June2018	June2019	Restated	June2020	June2021	June2022	June2023	June2024	June2025
	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
	524,400	524,400	524,400	524,400	524,400	524,400	524,400	524,400	524,400	524,400	524,400
	119,794	130,843	126,650	123,347	117,485	133,906	100,962	78,616	59,180	50,896	
	(25,286)	(30,023)	(37,125)	(53,437)	(29,970)	7,939	(68,012)	(72,519)	(21,877)	37,518	
	2,934	2,864	4,046	4,252	4,551	5,711	5,898	6,780	7,170	7,553	
	7,940	62,860	12,283	8,333	9,730	22,456	14,764	10,440	19,674	13,714	
	6,817	31,464	-	-	-	-	-	-	-	-	
	27,845	28,730	29,642	29,561	29,560	29,554	30,448	31,128	31,116	31,116	
	-	-	-	-	-	-	-	-	-	-	
664,444	751,138	659,895	636,456	655,757	723,965	608,460	578,845	619,663	665,197		
16,361	8,825	7,931	9,125	7,788	6,443	5,060	3,957	3,160	2,383		
19,000	10,000	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-		
426,898	499,291	453,889	430,925	449,719	563,344	499,126	474,227	495,903	544,531		
140,333	134,320	136,668	139,583	53,075	8,634	9,561	-	-	-		
51,063	57,308	49,780	52,439	54,418	62,092	84,037	89,538	104,054	99,357		
10,789	41,394	11,626	4,384	90,758	83,451	10,676	11,123	16,546	18,926		
664,444	751,138	659,895	636,456	655,757	723,965	608,460	578,845	619,663	665,197		
PROFIT & LOSS ACCOUNT											
Income / (loss)	30,680	82,329	17,246	19,814	16,691	44,880	22,850	4,866	9,025	21,657	
Operating expenses	(21,587)	(34,290)	(21,439)	(23,117)	(22,552)	(25,989)	(25,789)	(26,381)	(27,485)	(29,050)	
Provision for diminution in value of investment	-	-	-	-	-	-	-	-	-	-	
Provision for non performing assets	-	-	-	-	-	(1,889)	-	-	-	-	
Modaraba company's Management fee	-	(5,526)	-	-	-	(246)	-	-	-	-	
Sales tax on Modaraba Management Fee	-	-	-	-	-	(335)	-	-	-	-	
Worker Welfare Fund	-	-	-	-	-	-	(3,785)	(831)	(976)	(891)	
Taxation	-	-	-	-	-	-	-	-	-	-	
Profit/ (Loss) for the year	9,093	42,513	(4,193)	(3,304)	(5,861)	16,421	(6,724)	(22,346)	(19,436)	(8,284)	
Cash Distribution	1.30%	6.00%	-	-	-	5.00%	(0.13)	(0.43)	(0.37)	(0.16)	
Earnings per certificate	0.173	0.81	(0.08)	(0.06)	(0.11)	0.31	10.63	-	-	-	
Breakup value	11.93	12.52	11.71	11.33	11.67	12.70	-	-	-	-	



## REPORT OF THE DIRECTORS OF THE MODARABA COMPANY

The Directors of the Premier Financial Services (Private) Limited, management company of **FIRST EQUITY MODARABA (FEM)**, are pleased to present their report and audited financial statements of the Modaraba together with the consolidated financial statements of the Modaraba and its wholly owned subsidiaries, Apex Financial Services (Pvt) Ltd, Capital Financial Services (Pvt) Ltd and Equity Textiles Limited for the year ended June 30, 2025

### Financial Results

Loss for the year reduced to Rs. (8.28) million as compared to a loss of Rs (19.44) million for the last year translated into a loss per certificate of Rs. (0.16) as compared to Rs. (0.37) last year. The consolidated loss for the year is Rs (232.2) million as compared to the loss of Rs (414.095) million. Break-up value per certificate amounted to Rs.11.69 as against Rs. 10.71 last year.

### Financial Results

	Rupees
Income	21,495,675
Expenses	
Operating Expenses	(29,043,230)
Bank Charges	(6,345)
	(29,049,575)
Operating loss	(7,556,900)
Other Income	164,035
Loss for the year before taxation	(7,556,900)
Taxation	(891,286)
Net loss for the year	(8,284,151)
Loss per Certificate	(0.16)

### Dividend Distribution

Since the Modaraba sustained a loss during the year, consequently, there would be no announcement of profit distribution (2024: Nil). However, to meet the regulatory requirements, the date of book closure would be from Thursday December 04 2025 to Wednesday, December 10 2025 (both days inclusive)

## REPORT OF THE DIRECTORS OF THE MODARABA COMPANY

### Auditors Qualification

Auditors qualified their opinion based on non-compliance of International Financial Reporting Standard relating to adjusting cost to fair value of marketable securities and any profit / (loss) should be taken / charge to profit and loss account for the year amounting to Rs 54.37 million (2024: Rs (39.7) million). Our principal stand for not accepting auditors' qualification is based on the fact that, firstly, we do not foresee that these re-measurements are of permanent nature. Secondly, our Industry was established on the concept to distribute what it earns on yearly basis. The Regulatory changes were brought in and the blanket tax exemption earlier given to Modarabas on 90% of its profits for the year has been withdrawn. We believe that adjusting cost to fair value would tantamount to distribution of either unrealized capital gain or recovery of cost.

As envisaged in our last few annual reports, wherein it was categorically mentioned that we foresee a strong momentum in the stock market. Alhamdulillah, it was achieved in 2024-25. Furthermore, during the year, there was net unrealized gain on listed securities. Our vision and determination did not allow us to book unnecessary losses which alongwith other factors like complex tax computation and distribution, forced us to absorb the bitter pill of a qualified opinion in the matter.

### Our Performance and Future Prospects

During the year, the stock market showed tremendous performance with huge contribution from banking sector. Market movements are normally influenced by several factors, including political and economic stability, currency parity, international oil prices, and interest rates. While Pakistan recorded a respectable GDP growth, its trade and current account deficits persisted and gradually widened over time due to various factors. Recently, however, key economic indicators have shown some improvement offering hope for a more promising year ahead.

Based on the strong performance of the capital market last year, we anticipate continued momentum in the coming financial year, with promising opportunities for generate strong returns.

During the year, the textile sector further deteriorated, some ventures closed while majority curtailed operations to bare minimum. While, Equity Textile Ltd (ETL), a wholly owned subsidiary, was not fully operational during the year, closely monitored the ground realities and after evaluation, its Board has decided to evaluate sale of its assets.

It is very unfortunate that concept, vision and dream of 1980 whereby a home grown industry was developed in the name of Modarabas and which were given tax exemption through "Modaraba Ordinance, 1980" has been withdrawn through the Finance Bill 2022-2023. Many Modaraba have moved of the sector and may are evaluating their position. We are closely monitoring the situation and looking at the Federal Shariat Curt verdict of December 2027 to convert the financial transaction into Shariah compliant, will take the appropriate decision which will be in the best interest of the certificate holders



## REPORT OF THE DIRECTORS OF THE MODARABA COMPANY

### Shariah Advisor and External Shariah Audit

As required under SCSAM, FEM's financial transactions were duly vetted and audited by the independent Shariah Advisor and his report is annexed.

As required under the Shariah Governance Regulation, for the year we have conducted the external Shariah Audit, their report is annexed

### Board of Directors & Committees

(i) total number of directors

(a) Male 3

(b) Female 1

(ii) composition including the following,-

(a) Independent directors 1

(b) Non-executive directors 2

(c) Executive directors 1

During the year under review, four board meetings were held and attended by the Directors as follows:-

	Name of Board Members		Meetings Attended
1	Mr. Nadeem Maqbool	Non-executive Director	4 out of 4
2	Ms Alizeh Bashir	Non-executive Director	4 out of 4
3	Mr Qaiser Ahmed Magoon	Independent Directors	3 out of 4
4	Mr. Adil A. Ghaffar	Executive Directors	4 out of 4

The Board has formed committees comprising of members given below.-

*a) Audit Committee*

Mr Qaiser Ahmed Magoon	Chairman
Ms Alizeh Bashir	Member
Mr Nadeem Maqbool	Member

*b) HR and Remuneration Committee*

Mr Nadeem Maqbool	Chairman
Mr Adil A Ghaffar	Member
Mr Qaiser Ahmed Magoon	Member

*c) Risk Management Committee*

Mr Nadeem Maqbool	Chairman
Mr Adil A Ghaffar	Member
Mr Qaiser Ahmed Magoon	Member

## REPORT OF THE DIRECTORS OF THE MODARABA COMPANY

### Code of Corporate Governance

As stated in previous years Report that the Board has decided to adopt the code of corporate governance as issued by the Securities and Exchange Commission of Pakistan and made part of listing regulation

All activities are conducted as per the listing regulations /Rule Book of the stock exchanges. Vision & Mission statements, Core values, Statement of Ethics and Business Practices and Code of Conduct have been prepared and approved by the Board and have been communicated to the employees. Significant policies as required under the Code of Corporate Governance have been framed and are periodically reviewed by the Board.

As required by the Code of Corporate Governance, Directors are pleased to report that:

- a. The financial statements prepared by the management of the Modaraba present fairly its true state of affairs, the result of its operations, cash flows and changes in equity;
- b. Proper books of accounts of the Modaraba have been maintained;
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed in the Annual Report.
- e. The system of internal control is consistently applied though out the year and has been effectively implemented and monitored with ongoing efforts to improve it further;
- f. A sound monitoring and control system for Anti Money Laundering and Risk Management Policy as elaborate in the guidelines have been implemented to identify, manage and report different types of risks associated within the Modaraba;
- g. There is no doubt about the Modaraba's ability to continue as a going concern. There is no risks and uncertainties is facing by FEM;
- h. There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2024, except for those disclosed in financial statements; and
- i. There has been no material departure from the best practice of corporate governance as detailed in the listing regulation /Rule Book of the Stock Exchange and Regulations framed.





## **REPORT OF THE DIRECTORS OF THE MODARABA COMPANY**

### ***Pattern of Shareholding***

Pattern of certificate holding as at 30th June 2025 is annexed with the annual report 2025.

***Key Operating and Financial Data*** - is annexed with the annual report 2025.

### ***Staff Retirement Benefits***

The Modaraba's service rules provide an unfunded gratuity scheme for the permanent employees.

### ***Auditors***

As suggested by the audit committee and the consent given by the present auditors M/s Baker Tilly Mehmood Idrees Qamar Chartered Accountants, the Board has decided to recommend their name for the approval to the Registrar Modaraba

### **Acknowledgement**

We are thankful to Mr. Qaiser Ahmed Magoon for his invaluable contribution during his three tenures as independent director. Regulatory requirements are such that we will not be able to take further guidance from him after October 31, 2025.

We acknowledge hard work with full dedication of our employees and are thankful to our business associates, clients and financial institutions for their confidence and support. We also appreciate the guidance and cooperation received from our regulators. They have our full support and good wishes in their efforts at reforms.

On behalf of the Board

Adil A Ghaffar  
Chief Executive Officer

Nadeem Maqbool  
Chairman

Karachi  
Dated October 06 2025

### سرٹیفکیٹ ہولڈنگ کا پیٹرن

30 جون ۲۰۲۵ تک سرٹیفکیٹ ہولڈرز کی تفصیل سالانہ رپورٹ کے ساتھ منسلک ہے۔

### عملے کی ریٹائرمنٹ اسکیم

مضاربہ کے سروس رولز کے مطابق مستقل ملازمین کے لیے غیر فنڈڈ گریجویٹی اسکیم موجود ہے۔

### آڈیٹرز

Audit Committee کی سفارش اور موجودہ آڈیٹرز، M/s Baker Tilly Mehmood Idrees Qamar Chartered Accountants کی رضامندی کے بعد، انہی کے نام رجسٹرڈ مضاربہ کو تجویز کیے جانے کا فیصلہ کیا گیا ہے۔

### اظہار تشکر

ہم جناب قیصر احمد گون کی تین مدتوں پر مشتمل خدمات اور رہنمائی کے شکر گزار ہیں۔ ریگولیٹری قواعد کے باعث وہ ۳۱ اکتوبر ۲۰۲۵ کے بعد بورڈ کا حصہ نہیں رہ سکیں گے۔ ہم اپنے تمام ملازمین کی محنت اور وابستگی کے بھی تہ دل سے قدردان ہیں۔ کاروباری شراکت داروں، صارفین، مالیاتی اداروں اور ریگولیٹرز کی تعاون و رہنمائی کے بھی مشکور ہیں۔

نائین بورڈ کی جانب سے

عادل اے غفار

چیف ایگزیکٹو آفیسر

ندیم مقبول

چیرمین

کراچی

تاریخ: 06 اکتوبر ۲۰۲۵

## کمیٹیاں

### Audit Committee

- قیصر احمد گلون (چیئر مین)
- علیزہ بشیر (ممبر)
- ندیم مقبول (ممبر)

### HR & Remuneration Committee

- ندیم مقبول (چیئر مین)
- عادل اے غفار (ممبر)
- قیصر احمد گلون (ممبر)

### Risk Management Committee

- ندیم مقبول (چیئر مین)
- عادل اے غفار (ممبر)
- قیصر احمد گلون (ممبر)

### Code of Corporate Governance

بورڈ نے پہلے کی طرح SECP کی جاری کردہ کارپوریٹ گورننس کوڈ کو اپنار کھا ہے۔  
تمام سرگرمیاں اسٹاک ایکسچینج کے رول بک کے مطابق انجام دی جاتی ہیں۔  
Code of Conduct، Core Values، Vision & Mission اور دیگر اہم پالیسیوں کی باقاعدہ منظوری اور نظر ثانی کی جاتی ہے۔

### بورڈ کی تصدیقات

- a. مالیاتی بیانات مضاربہ کی حقیقی مالی حالت کی درست عکاسی کرتے ہیں۔
- b. مناسب اور مکمل اکاؤنٹس برقرار رکھے گئے۔
- c. معیاری اکاؤنٹنگ پالیسیوں کا مستقل اطلاق کیا گیا۔
- d. IFRS اصولوں پر عمل کیا گیا اور کسی انحراف کی وضاحت شامل ہے۔
- e. اندرونی کنٹرول مؤثر طور پر نافذ رہا اور اسے مسلسل بہتر بنایا جا رہا ہے۔
- f. AML اور رسک مینجمنٹ کے مربوط نظام نافذ کیے گئے ہیں۔
- g. مضاربہ کے تسلسل پر کوئی خطرہ نہیں۔
- h. تمام حکومتی واجبات، بجز ان کے جو مالیاتی بیانات میں ظاہر ہیں، کلیئر ہیں۔
- i. کارپوریٹ گورننس کے بہترین اصولوں سے کوئی نمایاں انحراف نہیں ہوا۔

## Modaraba صنعت کا چیلنج

1980 کے “Modaraba Ordinance” کے تحت ثقاتی ٹیکس چھوٹ ختم کر دی گئی ہے۔ اس فیصلے نے پوری انڈسٹری کو متاثر کیا ہے۔ کئی مضاربہ ادارے شعبہ چھوڑ چکے ہیں یا اس پر غور کر رہے ہیں۔

ہم صورت حال پر کڑی نظر رکھے ہوئے ہیں اور وفاقی شرعی عدالت کے دسمبر ۲۰۲۷ کے فیصلے کے بعد شریعت کے مطابق فنانس ماڈل اپنانے سے متعلق مناسب فیصلہ کریں گے۔

### شریعہ ایڈوائزری اور شریعہ آڈٹ

SCSAM کے تحت FEM کی مالیاتی سرگرمیوں کی آزاد شریعہ ایڈوائزر نے جانچ پڑتال کی ہے، اور ان کی رپورٹ منسلک ہے۔

مزید برآں Shariah Governance Regulations کے مطابق سالانہ بیرونی شریعہ آڈٹ بھی کیا گیا اور اس کی رپورٹ بھی شامل ہے۔

### بورڈ آف ڈائریکٹرز اور کمیٹیاں

#### کل ڈائریکٹرز

• مرد: ۳

• خواتین: ۱

#### کمپوزیشن

• آزاد ڈائریکٹرز: ۱

• نان ایگزیکٹو ڈائریکٹرز: ۲

• ایگزیکٹو ڈائریکٹر: ۱

•

### بورڈ میٹنگ میں شرکت

نام	عہدہ	شرکت
جناب ندیم مقبول	نان ایگزیکٹو ڈائریکٹر	4/4
محترمہ علیزہ بشیر	نان ایگزیکٹو ڈائریکٹر	4/4
جناب قیصر احمد ملون	آزاد ڈائریکٹر	3/4
جناب عادل اے غفار	ایگزیکٹو ڈائریکٹر	4/4

## ڈیویڈنڈ کی تقسیم

چونکہ سال کے دوران مضاربہ کو خسارہ ہوا، اس لیے آمدنی کی تقسیم کا اعلان نہیں کیا گیا (۲۰۲۴: کوئی تقسیم نہیں)۔  
البتہ ریگولیٹری تقاضوں کے مطابق کتاب بندش کی تاریخ ۳ دسمبر ۲۰۲۵ سے ۱۰ دسمبر ۲۰۲۵ تک (دونوں دن شامل) مقرر کی گئی ہے۔

## آڈیٹرز کی جانب سے درج اعتراض

آڈیٹرز نے اپنی رپورٹ میں مارکیٹ ایبل سیکیورٹیز کی قیمت لاگت سے ”منصفانہ قدر (Fair Value)“ پر ایڈجسٹ نہ کرنے کے باعث رائے میں اعتراض شامل کیا ہے، جس کا اثر 54.37 ملین روپے (۲۰۲۴: منفی ۳۹.۷ ملین روپے) بنتا ہے۔

ہمارا موقف مختصر آئیے ہے:

۱. یہ دوبارہ پیمائش (re-measurement) مستقل نہیں، لہذا اسے منافع و نقصان میں شامل کرنا مناسب نہیں۔
  ۲. مضاربہ سیکٹر کی بنیاد اس فلسفے پر رکھی گئی تھی کہ صرف ”حقیقی حاصل شدہ“ منافع تقسیم کیا جائے۔
  ۳. ٹیکس قوانین میں تبدیلی کے باعث وہ چھوٹ جو ۹۰٪ منافع پر دستیاب تھی، ختم کر دی گئی ہے۔
  ۴. غیر محسوس (unrealized) سرمائے کے منافع کی تقسیم شریعت اور صنعتی اصولوں کے منافی ہے۔
- سال کے دوران مارکیٹ میں مضبوط بہتری دیکھنے میں آئی اور سرمایہ کاری پورٹ فولیو پر مجموعی غیر محسوس منافع حاصل ہوا۔ اس پس منظر میں غیر ضروری کاغذی نقصان ریکارڈ کرنا مناسب نہ تھا، اسی لیے ہمیں آؤٹ میں qualified opinion برداشت کرنا پڑا۔

## کارکردگی اور مستقبل کے امکانات

گزشتہ سال اسٹاک مارکیٹ نے غیر معمولی کارکردگی دکھائی، خصوصاً بینکنگ سیکٹر نے نمایاں کردار ادا کیا۔  
مارکیٹ عموماً سیاسی و معاشی استحکام، کرنسی کی قدر، بین الاقوامی تیل کی قیمتوں اور شرح سود سے متاثر ہوتی ہے۔  
اگرچہ پاکستان نے بہتر جی ڈی پی گروتھ حاصل کی، مگر تجارتی اور جاری کھاتوں کے خسارے برقرار رہے۔ خوش آئند بات یہ ہے کہ حالیہ معاشی اشاریوں میں بہتری آئی ہے، جو آئندہ سال کے لیے امید افزا ہے۔  
گزشتہ سال کی مضبوط مارکیٹ کارکردگی کی بنیاد پر ہم آئندہ مالی سال میں بھی بہتر نتائج کی توقع رکھتے ہیں۔

## ٹیکسٹائل سیکٹر کی صورتحال

ٹیکسٹائل سیکٹر مزید کمزور رہا، کئی یونٹس بند ہوئے اور بہت سے محدود سطح پر چلتے رہے۔  
Equity Textile Ltd (ETL)، جو مکمل ملکیت والی سبڈی ہے، فعال نہ رہ سکی۔ زمینی حقائق کا جائزہ لینے کے بعد بورڈ نے اس کے اثاثوں کی ممکنہ فروخت پر غور کرنے کا فیصلہ کیا ہے۔

## ڈائریکٹر رپورٹ

فارسٹ ایکویٹی مضاربہ

برائے سال 30 جون، 2025

FIRST EQUITY MODARABA، Premier Financial Services (Private) Limited (FEM) کی مینیجمنٹ کمپنی ہے، کے ڈائریکٹر خوشی کے ساتھ مضاربہ کی آڈٹ شدہ مالیاتی رپورٹس اور مضاربہ کے ہمراہ اس کی مکمل ملکیتی ذیلی کمپنیوں Capital Financial Services — Apex Financial Services (Pvt) Ltd اور Equity Textiles Limited— (Pvt) Ltd کی مجموعی مالیاتی رپورٹ پیش کرتے ہیں۔

### مالیاتی نتائج

سال کے دوران مضاربہ کا خسارہ کم ہو کر 8.28 ملین روپے رہ گیا، جو گزشتہ سال کے 19.44 ملین روپے کے مقابلے میں نمایاں کمی ہے۔ اس کے مطابق فی سرٹیفکیٹ خسارہ 0.16 روپے رہا، جبکہ گزشتہ سال یہ 0.37 روپے تھا۔ مجموعی (Consolidated) بنیاد پر سالانہ خسارہ 232.2 ملین روپے رہا، جو گزشتہ سال کے 414.095 ملین روپے کے مقابلے میں بہتر ہے۔

فی سرٹیفکیٹ بک ویلیو 11.69 روپے رہی جبکہ گزشتہ سال یہ 10.71 روپے تھی۔

مفصل مالی نتائج (خلاصہ)

رقم (روپے)	
21,495,675	آمدنی
(29,043,230)	آپریٹنگ اخراجات
(6,345)	بینک چارجز
(29,049,575)	کل آپریٹنگ اخراجات
(7,556,900)	آپریٹنگ خسارہ
164,035	دیگر آمدن
(7,556,900)	ٹیکس سے قبل خسارہ
(891,286)	ٹیکس
(8,284,151)	سال کا خالص خسارہ
(0.16)	فی سرٹیفکیٹ خسارہ



**Mufti Abdul Qadir**

**Shariah Advisor**

Shahadatu Tahfeez-ul-Quran  
Shahadat-ul-Aalamiyyah  
Shahadat-ul-Takhassus fil Figh wal Ifta

MA (Islamic Studies), MA (Arabic)  
PGD (Islamic Banking & Finance)  
MIBF (Masters in Islamic Banking & Finance)

Ref: ASR2-25

Date: 7-10-25

**Annual Shari'ah Review Report of**  
**First Equity Modaraba (FEM)**  
**for the year ended June 30, 2025**

*In the name of Allah, The Most Beneficent, The Most Merciful, All praise is due to Allah, and Allah's Peace and Blessings be upon His Final Messenger, his pure family, his noble Companions, and all those who follow them with righteousness until the Day of Judgment.*

I have conducted the Shari'ah review of First Equity Modaraba (FEM), managed by Premier Financial Services (Private) Limited, the Modaraba Management Company for the year ended June 30, 2025, in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism (SCSAM) for Modarabas and report that except the observations as reported hereunder, in my opinion:

i. The Modaraba has introduced a mechanism that has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures, and policies adopted by the Modaraba are in line with the Shari'ah principles.

ii. Following were the major developments that took place during the year:

**Training and Development:**

The key staff of the FEM is fully equipped with Islamic finance tools and industry requirements through training. Notably, the Company's CFO/CS successfully completed his PhD in Islamic Banking and Finance from the Sheikh Zayed Islamic Centre, University of Karachi, during the period.

iii. The agreements entered into by the Modaraba are Shari'ah compliant, the financing/facility agreements have been executed on the formats approved by the Religious Board, and all the related conditions have been met.

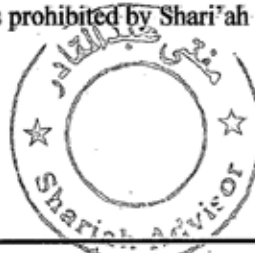
iv. To the best of the information provided to me and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, AAOIFI Standards, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Regulations for Modarabas.

v. The external auditors of the Modaraba after extensive testing have also not reported any diversion from the Shari'ah guideline.

**Charity:**

No earnings have been realized from the sources or by means prohibited by Shari'ah which could have been credited to charity accounts.

*Mufti Abdul Qadir*



B-41 Block N, North Nazimabad Karachi, Near Sakhi Hassan Post Office 74700, Pakistan

Cell Number: 9991 9102451 Email Address: abdulqadir.22@azeeq.com, abdulqadir.22@hotmail.com

**Observations:**

I have pointed out some issues to be settled in view of SECP Circular No. 8 of 2012 dated 03-02-2012, whereby the Shari'ah Compliance and Audit Mechanism (SCSAM) was introduced.

With reference to the settlement of the issues:

1. In regard to the investment in shares and securities, it has been confirmed that First Equity Modaraba has only Shari'ah Compliant Shares in its portfolio on the reporting date except the shares of the Shari'ah Non-Compliant companies, whose trading is still suspended. The management confirmed to dispose of as soon as their trading becomes active.
2. It has been observed that the Modaraba has placed its funds with Islamic Banking institutions or in Islamic Windows of Conventional Banks except for some current accounts in conventional banks which were not closed as they were marked dormant as confirmed by the management.
3. With regard to the Musharakah agreements, they are on the formats as approved by the Religious Board. Musharakah Investment Agreements are matured during the period. The Musharakah Profit is still outstanding and the profit working is underway as confirmed by the management.

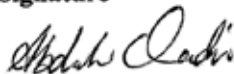
**Recommendations:**

1. The Shariah Non-Compliant Shares should be disposed of as soon as their trading becomes active.
2. All accounts at conventional banks should be closed at the earliest.
3. Profit working should be finalized at the earliest for the Musharakah Agreement matured.
4. The management should continue its endeavor to comply with the rulings of Shari'ah in its business operation and future transactions.

**Conclusion:**

Based on the above-mentioned facts, I am of the view that the business operations of First Equity Modaraba are Shari'ah compliant, to the best of my knowledge.

May Allah make us successful in this world and hereafter and forgive our mistakes.

**Signature**


Mufti Abdul Qadir  
Shari'ah Advisor

Dated: October 07, 2025





GLOBAL INSTITUTE OF SHARIAH RESEARCH  
& ADVISORY SERVICES PRIVATE LIMITED



المعهد العالمي للبحوث الشرعية  
والخدمات الاستشارية (خاص) المحدودة

No. 2025/PK-KHI/IAR-01

12 Rabi al-Akhir 1447  
06 October 2025

**INDEPENDENT ASSURANCE REPORT ON COMPLIANCE  
WITH THE SHARIAH GOVERNANCE REGULATIONS, 2023  
FOR THE YEAR ENDED JUNE 30, 2025**

**Issued to:**

Board of Directors of Premier Financial Services (Pvt) Ltd, Managers of First Equity Modaraba (FEM) – a Shariah-Compliant Modaraba

**1. Introduction**

We have undertaken a reasonable assurance engagement as required by the Shariah Governance Regulations, 2023 issued by the Securities and Exchange Commission of Pakistan (SECP). The engagement aimed to assess the compliance of First Equity Modaraba's (FEM) financial arrangements, contracts, and transactions having Shariah implications with Shariah principles for the year ended June 30, 2025.

This engagement was conducted by a multidisciplinary team comprising assurance practitioners and independent Shariah scholar(s).

**2. Scope and Basis of Review**

Our review covered FEM's financing, investment, and operational activities. The procedures included:

- Examination of selected documents and records relating to FEM's financing, investment, and operational activities.
- Review of policies, internal Shariah controls, and implementation of the Shariah Advisor's directives.
- Evaluation of FEM's compliance with AAOIFI standards and internal Shariah governance framework.
- Discussions with management regarding key transactions and compliance observations.

The review was carried out on a test-check basis and does not constitute a full financial audit. The responsibility for ongoing Shariah compliance rests with FEM's management and its Shariah Advisor.

**3. Applicable Criteria**

The criteria for this engagement include the Shariah principles and rules as defined under the Shariah Governance Regulations, 2023, which were assessed for their implications on FEM's operations and financial statements for the year ended June 30, 2025.

Cont'd....Page No.2

## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

***Name of Modaraba***                      **FIRST EQUITY MODARABA**  
***Year ending***                              **JUNE 30, 2025**

The company has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are 4 as per the following:
 

a.	<b>Male:</b>	<b>3</b>
b.	<b>Female:</b>	<b>1</b>
  
2. The composition of board is as follows:
 

a)	<b>Independent Directors</b>	<b>1</b>
b)	<b>Other Non-executive Director</b>	<b>2</b>
c)	<b>Executive Directors</b>	<b>1</b>
  
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
  
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
  
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
  
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Act, Modaraba Ordinance and these Regulations;
  
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act, Modaraba Ordinance and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
  
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;



9. The Board has arranged Directors' Training program. Following Directors have completed the training

**Mr Adil A Ghaffar**  
**Mr Nadeem Maqbool**  
**Ms Alizeh Bashir**

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below.-

a) Audit Committee

<b>Mr Qaiser Ahmed Magoon</b>	<b><i>Chairman</i></b>
<b>Ms Alizeh Bashir</b>	<b><i>Member</i></b>
<b>Mr Nadeem Maqbool</b>	<b><i>Member</i></b>

b) HR and Remuneration Committee

<b>Mr Nadeem Maqbool</b>	<b><i>Chairman</i></b>
<b>Mr Adil A Ghaffar</b>	<b><i>Member</i></b>
<b>Mr Qaiser Ahmed Magoon</b>	<b><i>Member</i></b>

c) Risk Management Committee

<b>Mr Nadeem Maqbool</b>	<b><i>Chairman</i></b>
<b>Mr Adil A Ghaffar</b>	<b><i>Member</i></b>
<b>Mr Qaiser Ahmed Magoon</b>	<b><i>Member</i></b>

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. Quarterly the Audit Committee meetings is held, whereas one meeting each of HR and Remuneration Committee and Risk Management Committee is held;
15. The Board has set up an effective internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the Regulations have been complied with except the number of Independent Director. The Directors of Modaraba belong with MMC which is private limited company and the single independent Director has requisite education and suitable qualification and experience to carry the responsibility independently; and
19. We confirm that there is no noncompliance with requirements of CCGR.

On behalf of the Board

Karachi

Dated **October 06 2025**

*Adil A Ghaffar*

Chief Executive Officer



Baker Tilly Mehmood Idrees Qamar  
Chartered Accountants  
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Civil Lines, Mereweather Road,  
Karachi - Pakistan

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**INDEPENDENT AUDITOR'S REPORT  
TO THE CERTIFICATE HOLDERS OF FIRST EQUITY MODARABA**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Qualified Opinion**

We have audited the annexed financial statements of **FIRST EQUITY MODARABA** (the "Modaraba"), which comprise the statement of financial position as at **June 30, 2025**, and the statement of profit and loss and other 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, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit and loss and 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 Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2025 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Qualified Opinion**

Modaraba has charged unrealized gain of Rs. 54.37 million, in respect of investment classified as financial asset at fair value through profit and loss, in other comprehensive income instead of profit and loss account as required under IFRS - 9.

*bluig*

ADVISORY - ASSURANCE - TAX

Baker Tilly Mehmood Idrees Qamar, Chartered Accountants trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.



Had the Modaraba charged the unrealized gain to the statement of profit and loss, its profitability for the year would have been increased by Rs. 54.37 million and other comprehensive income would have been decreased by Rs. 54.37 million.

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 Modaraba and First Equity Modaraba Management Limited (Modaraba 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 is the Key audit matter:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	<b>Revenue recognition</b>	
	<p>Refer notes 4.5 and 20 to the financial statements relating to revenue recognition.</p> <p>The Modaraba generates revenue from brokerage services, Dividend Income through portfolio investment, Rental and other income. Where Brokerage represents 10%, Investment portfolio Income represents 68%, corporate finance and rental and other services represents 21% of the total revenue.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>▪ We obtained an understanding of, assessed and tested the design and implementation of key internal controls over the recording of revenue;</li> <li>▪ We assessed the appropriateness of the Modaraba's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;</li> </ul>

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S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>As detailed in <i>Basis of Qualified Opinion</i>, if the unrealized income classified under FVTPL is recognized in statement of profit or loss, it would have been the substantial portion of the entire income.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not being recognized in the appropriate period.</p>	<ul style="list-style-type: none"> <li>▪ We have tested the identified automated application controls, which are critical to the revenue recognition process. Our testing procedures included the testing of system logics, automated calculations and validations, testing of system generated information, system configuration;</li> <li>▪ We checked invoices and related documents, on a sample basis for brokerage money market transactions recorded during the current year to assess whether the related revenue was recognized in accordance with the requirement of applicable accounting standard;</li> <li>▪ We checked the valuation of equity securities and compared the market prices prevailing as on the date of statement of financial position; and</li> <li>▪ We compared, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period.</li> </ul>

#### 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 annual report, but 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.

*bluig*

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 of the Modaraba Company for the Financial Statements**

Management of the Modaraba Company 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 Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and for such internal control as management of the Modaraba Company 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 of the Modaraba Company is responsible for assessing the Modaraba'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 of the Modaraba Company either intends to liquidate the Modaraba or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurances 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:

*bluiv*





- 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 Modaraba's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Modaraba Company;
- Conclude on the appropriateness of the management of the Modaraba Company'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 Modaraba'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 Modaraba to cease to continue as a going concern; and
- 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 of the Modaraba Company 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 of the Modaraba Company 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.

*bluig*

**Baker Tilly Mehmood Idrees  
Qamar  
Chartered Accountants**  
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**TO THE MEMBERS OF FIRST EQUITY MODARABA  
REVIEW REPORT ON 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 (hereinafter referred to as 'Code') prepared by the Board of Directors of Premier Financial Services (Private) Limited (the Management Company) for the year ended June 30, 2025 to comply with the requirements of regulation 36 of Listed Companies (Code of Corporate Governance) Regulations.

The responsibility for compliance with the Code and the Rules is that of the Board of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Code or the Rules. A review is limited primarily to inquiries of the Modaraba's and Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code and the Rules.

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's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

Further, the Code and the Rules requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transaction's carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

*blmiv*

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 Management Company's compliance, for and on behalf of Modaraba, in all material respects, with the requirements contained in the Code and the Rules as applicable to the Modaraba for the year ended June 30, 2025.

Further, we draw attention to following instance of non-compliance to the annexed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019:

1. Ratio of independent directors in the board of directors: As referred in point no.2(a) to the annexed Statement of Compliance, considering the limited business in the Modaraba, the single independent director has requisite education and suitable experience to carry out relevant responsibilities, therefore the Board has not appointed any other independent director.

*bluig*

*Baker Tilly Mahmood Idrees Qureshi*

**Engagement Partner: Muhammad Aqeel Ashraf Tabani**

*Karachi.*

**Date: October 30, 2025**

**UDIN: CR2025105421ObBQefx7**

# BALANCE SHEET AS AT JUNE 30, 2025

## EQUITY AND LIABILITIES

		2025	2024
	Note	----- Rupees -----	
Authorized certificate capital			
60,000,000 Modaraba certificates of Rs. 10 each		<u>600,000,000</u>	<u>600,000,000</u>
Certificate holders' equity			
Issued, subscribed and paid-up certificate capital	5	524,400,000	524,400,000
Reserves	6	50,895,891	59,180,043
Remeasurement of defined benefit liability - actuarial gain		4,013,719	2,873,713
Unrealized loss on remeasurement of investment		33,504,577	(24,749,991)
Total certificate holders' equity		612,814,187	561,703,765
Non-current liabilities			
Deferred liability	7	7,552,903	7,170,120
Security deposit		575,000	200,000
Total non-current liabilities		8,127,903	7,370,120
Current liabilities			
Creditors, accrued and other liabilities	8	13,139,512	19,473,557
Unclaimed profit distribution		31,116,073	31,116,073
Total current liabilities		44,255,585	50,589,630
Total equity and liabilities		<u>665,197,675</u>	<u>619,663,515</u>
Contingencies and commitments	9		

For *Premier Financial Services (Private) Limited*  
(Modaraba Management Company)

<u>Qazi Obaid Ullah</u> Chief Financial Officer	<u>Adil A. Ghaffar</u> Chief Executive Officer	<u>Director</u>	<u>Director</u>
	Premier Financial Services (Private) Limited	Premier Financial Services (Private) Limited	Premier Financial Services (Private) Limited



## BALANCE SHEET AS AT JUNE 30, 2025

ASSETS		2025	2024
	Note	----- Rupees -----	
Non-current assets			
Fixed assets			
-tangible	<i>10</i>	1,631,066	2,288,587
-intangible	<i>11</i>	-	-
Investment property	<i>12</i>	751,667	871,667
Long term investments	<i>13</i>	422,119,707	418,239,233
Advances - considered good		2,510,000	2,510,000
Deposits		1,750,000	1,750,000
Total non-current assets		428,762,440	425,659,487
Current assets			
Short term investments	<i>15</i>	122,411,132	77,664,074
Advances - considered good	<i>16</i>	13,482,335	12,425,129
Trade deposits and prepayments	<i>17</i>	15,618,316	15,311,748
Other receivables	<i>18</i>	65,996,924	72,057,555
Bank balances	<i>19</i>	18,926,528	16,545,521
Total current assets		236,435,235	194,004,028
Total assets		<u>665,197,675</u>	<u>619,663,515</u>

*The annexed notes 1 to 40 form an integral part of these financial statements.*

For *Premier Financial Services (Private) Limited*  
(Modaraba Management Company)

Qazi Obaid Ullah  
Chief Financial Officer

Adil A. Ghaffar  
Chief Executive Officer  
Premier Financial Services  
(Private) Limited

Director  
Premier Financial Services  
(Private) Limited

Director  
Premier Financial Services  
(Private) Limited

# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	----- Rupees -----	
INCOME	20	21,492,675	8,879,342
Operating expenses	21	(29,043,230)	(27,484,072)
Financial charges	22	(6,345)	(899)
		(29,049,575)	(27,484,971)
Operating loss		(7,556,900)	(18,605,629)
Other income	23	164,035	146,063
Loss before income tax and levy (final & minimum tax)		(7,392,865)	(18,459,566)
Final taxes	24.3	(610,730)	(771,864)
Minimum taxes	24.4	(267,117)	(164,212)
Loss before income tax		(8,270,712)	(19,395,642)
Income tax			
- Current	For the year	-	-
	Prior year	(13,439)	(40,337)
		(13,439)	(40,337)
Loss after income tax		(8,284,151)	(19,435,979)
Loss per certificate - basic and diluted	26	(0.16)	(0.37)

For *Premier Financial Services (Private) Limited*  
(Modaraba Management Company)

Qazi Obaid Ullah  
Chief Financial Officer

Adil A. Ghaffar  
Chief Executive Officer  
Premier Financial Services  
(Private) Limited

Director  
Premier Financial Services  
(Private) Limited

Director  
Premier Financial Services  
(Private) Limited



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
	----- Rupees -----	
Other comprehensive income		
<i>Items that will be subsequently reclassified:</i>		
- Unrealized gain / (loss) on remeasurement of investment	70,330,779	48,326,927
- Reversal of unrealized gain on disposal of investments	(15,956,685)	(8,606,428)
<i>Items that will not be subsequently reclassified:</i>		
- Remeasurement of defined benefit liability	1,140,006	1,185,570
- Unrealized gain on remeasurement of investment held at 'fair value through other comprehensive income'	3,880,474	9,737,003
Other comprehensive income	59,394,574	50,643,072
Total comprehensive income / (loss) for the year	<u>51,110,423</u>	<u>31,207,093</u>

*The annexed notes 1 to 40 form an integral part of these financial statements.*

<u>Qazi Obaid Ullah</u> Chief Financial Officer	<u>Adil A. Ghaffar</u> Chief Executive Officer Premier Financial Services (Private) Limited	<u>Director</u> Premier Financial Services (Private) Limited	<u>Director</u> Premier Financial Services (Private) Limited
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# CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

**FIRST EQUITY MODARABA  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2025**

	Issued, subscribed and paid-up certificate capital	Reserves					Remeasurement of defined benefit liability	Unrealized gain on remeasurement of investments	Total
		Statutory reserve*	Certificate premium account	General reserve	Accumulated losses	Total reserves			
Rupees									
Balance as at July 01, 2023	524,400,000	164,334,210	131,100,000	17,321,036	(234,139,225)	78,616,021	1,688,143	(74,207,492)	530,496,672
Loss for the year ended June 30, 2024	-	-	-	-	(19,435,979)	(19,435,979)	-	-	(19,435,979)
Other comprehensive income for the year	-	-	-	-	-	-	1,185,570	49,457,501	50,643,071
Balance as at June 30, 2024	524,400,000	164,334,210	131,100,000	17,321,036	(253,575,203)	59,180,043	2,873,713	(24,749,991)	561,703,765
Loss for the year ended June 30, 2025	-	-	-	-	(8,284,151)	(8,284,151)	-	-	(8,284,151)
Other comprehensive income for the year	-	-	-	-	-	-	1,140,006	58,254,568	59,394,574
Balance as at June 30, 2025	524,400,000	164,334,210	131,100,000	17,321,036	(261,859,355)	50,895,891	4,013,719	33,504,577	612,814,187

\* In accordance with the Prudential Regulations for Modarabas, the Modaraba is required to transfer an amount not less than 20% and not more than 50% of its after tax profits to statutory reserve until the reserve fund equals the certificate capital. Thereafter, a sum not less than 5% of the after tax profit is required to be transferred to the statutory reserve.

The annexed notes 1 to 40 form an integral part of these financial statements.

*Adil A. Ghaffar*

For Premier Financial Services (Private) Limited  
(Modaraba Management Company)

Qazi Obaid Ullah Chief Financial Officer	Adil A. Ghaffar Chief Executive Officer
Premier Financial Services (Private) Limited	Premier Financial Services (Private) Limited
	Director
	Premier Financial Services (Private) Limited
	Director
	Premier Financial Services (Private) Limited





## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
Note	----- Rupees -----	
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax and levy (final & minimum tax)	(7,392,865)	(18,459,566)
Adjustments for non-cash and other items:		
Depreciation on tangible assets	771,981	782,102
Depreciation on investment property	120,000	120,000
Provision for gratuity	1,522,789	1,575,363
Dividend income	(4,071,537)	(5,145,758)
	(1,656,767)	(2,668,293)
Cash used in operations before working capital changes	(9,049,632)	(21,127,859)
Working capital changes:		
Decrease / (Increase) in operating assets		
Advance	10,780	41,290
Trade deposits and prepayments	(306,568)	(18,281)
Other receivables	6,060,631	(14,102,709)
	5,764,843	(14,079,700)
(Decrease) / Increase in operating liabilities	375,000	-
Creditors, accrued and other liabilities	(6,334,045)	9,232,898
	(5,959,045)	9,232,898
Dividend paid	-	(11,798)
Tax paid	(1,959,272)	(1,412,638)
Net cash used in operating activities	(11,203,106)	(27,399,097)
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>		
Investments - net	9,627,036	27,781,507
Dividend received	4,071,537	5,145,758
Purchase of tangible assets	(114,460)	(105,200)
Net cash generated from investing activities	13,584,113	32,822,065
Net increase in cash and cash equivalents	2,381,007	5,422,968
Cash and cash equivalents at beginning of the year	16,545,521	11,122,553
Cash and cash equivalents at the end of the year	19 18,926,528	16,545,521

*The annexed notes 1 to 40 form an integral part of these financial statements.*

For *Premier Financial Services (Private) Limited*  
(Modaraba Management Company)

Qazi Obaid Ullah Chief Financial Officer	Adil A. Ghaffar Chief Executive Officer	Director	Director
	Premier Financial Services (Private) Limited	Premier Financial Services (Private) Limited	Premier Financial Services (Private) Limited

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

### 1. LEGAL STATUS AND NATURE OF THE BUSINESS

First Equity Modaraba (the Modaraba) was formed in 1991 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under and is managed by Premier Financial Services (Private) Limited (the Modaraba Management Company), a company incorporated in Pakistan.

The Modaraba is a perpetual, multipurpose modaraba and is able to undertake a variety of fund and fee based activities. These include trading, manufacturing, equity investment and their financing and facilitation. The Modaraba is a Trading Right Entitlement Certificate (TREC) holder of the Pakistan Stock Exchange Limited and is currently operating its brokerage activities in Pakistan Stock Exchange Limited.

The Modaraba is listed on Pakistan Stock Exchange Limited. The registered office of the Modaraba is situated at B-1004, 10th floor, Lakson Square Building 3, Sarwar Shaheed Road, Karachi. The Modaraba has the following wholly owned subsidiary companies.

- Equity Textiles Limited
- Capital Financial Services (Private) Limited
- Apex Financial Services (Private) Limited

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan (the SECP) ('collectively the applicable Modaraba laws, the Modaraba Regulations') together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) and Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to modarabas under 'the Modaraba Regulations'. Wherever the requirements of the applicable Modaraba laws, the Modaraba Regulations differ with the requirement of IFRSs, the requirement of collectively the applicable Modaraba laws, the Modaraba Regulations and IFAS shall prevail.

#### 2.2 Basis of measurement

These financial statements have been prepared under the "historical cost convention" except for the revaluation of certain financial assets which are stated at fair value. These financial statements have been prepared following accrual basis of accounting except for cash flow information. The Modaraba follows trade date accounting for recording of all of its financial assets and liabilities.

#### 2.3 Functional and presentation currency

These financial statements have been presented in Pakistan Rupees, which is the functional and presentation currency of the Modaraba.



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

### 2.4 Significant accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period effected.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

	Note
a) Useful life of depreciable assets / amortizable assets	4.1 & 4.2
b) Impairment of assets	4.1.1, 4.2, 4.4.1 & 4.12
c) Classification of investments	4.4
d) Income tax	4.6
e) Provision for staff gratuity	4.8
f) Provision for non-performing assets	4.12

### 3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE APPROVED ACCOUNTING STANDARDS

3.1 There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 01, 2024. However, these do not have any significant impact on the Company's financial statements except as disclosed in note 4 to these financial statements.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

	Effective date (annual reporting periods beginning on or after)
IAS 21      The Effects of Changes in Foreign Exchange Rates (Amendments)	<b>January 01, 2025</b>
IFRS 7      Financial Instruments: Disclosures (Amendments)	<b>January 01, 2026</b>
IFRS 9      Financial Instruments: Classification and Measurement (Amendments)	<b>January 01, 2026</b>
IFRS 17      Insurance Contracts	<b>January 01, 2026</b>
Annual improvements to IFRS 7, IFRS 9 and IAS 7 (Statement of Cash Flows)	<b>January 01, 2026</b>

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

- 3.3 The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.
- 3.4 Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2025;

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRIC 12	Service Concession Arrangement
IFRS 18	Presentation and Disclosures in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

### 4. MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the presentation of these financial statements are set out below.

#### 4.1 Fixed Assets

##### 4.1.1 Tangible

Fixed assets are stated at cost less accumulated depreciation and identified impairment loss, if any.

Depreciation is charged to income applying the straight line method whereby the depreciable amount of an asset is written off over its estimated useful life. Depreciation is charged at rates stated in note 10.

Depreciation on additions is charged from the month during which the asset is put to use. For disposals during the year, depreciation is charged up to the month preceding the month of disposal.

The assets' residual value and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Expenditure incurred subsequent to the initial acquisition of assets are capitalized only when it meets the recognition criteria. The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

The Modaraba assesses at each statement of financial position date whether there is any indication that fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful lives.

##### 4.1.2 Intangible

Intangible assets are stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.



## **NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025**

### **4.2 Investment property**

Property held to earn rentals or for capital appreciation or for both is classified as investment property. The investment property of the Modaraba comprises of office premises and is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on office premises is charged to profit and loss account on the straight line method so as to write off the depreciable amount of office premises over its estimated useful life at the rate defined in note no. 12. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

The Modaraba assesses at each statement of financial position date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its remaining estimated useful life.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

### **4.3 Deferred cost and amortization**

The deferred cost is written off over a period not exceeding five years in accordance with the requirements of third schedule of Modaraba Companies and Modaraba Rules, 1981.

### **4.4 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Modaraba statement of assets and liabilities when the Modaraba becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the income statement.

#### **4.4.1 Financial assets**

##### **Initial Measurement**

The Modaraba classifies its financial assets into following three categories:

- measured at amortized cost (AC);
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI);

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement:

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, and impairment are recognized in the statement of profit or loss account. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in the statement of profit or loss.
Financial assets measured at amortized cost	Financial assets measured at these assets are subsequently measured at amortized cost using the effective amortized cost interest method. The amortized cost is reduced by impairment losses. Interest / markup income, and impairment are recognized in the statement of profit or loss.
Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Modaraba first identifying a credit loss event. Instead the Modaraba considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Provision of financial assets (i.e. Musharaka, Ijarah and Murabaha) is recognized in accordance with the criteria laid down in prudential regulations issued by Securities and Exchange commission of Pakistan (SECP) and is charged to the statement of profit or loss in the period to which it relates.

### Financial liabilities

- 4.4.2 Financial liabilities are initially recognized on trade date i.e. date on which the Modaraba becomes party to the respective contractual provisions. The Modaraba derecognizes the financial liabilities when contractual obligations are discharged or cancelled or expired. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortized cost using effective interest rate method.

#### 4.4.3 Investment in subsidiary

Investment in subsidiary is initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit and loss.



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

### 4.5 Revenue recognition

- (a) Income from Morabaha / Musharaka transactions is recognized on the basis of pro-rata accrual of the estimated profit earned during the year.
- (b) Dividend income is recognized when the right to receive dividend is established.
- (c) Brokerage commission and fee income is recognized when accrued.
- (d) Profit on PLS deposits is recognized on an accrual basis.
- (e) Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.
- (f) Unrealized income is suspended, where necessary, on non-performing assets (including non-performing net investment in ijarah and murabaha and musharaka finances), in accordance with the requirements of the Prudential Regulations for Modarabas issued by the SECP.

### 4.6 Taxation and levy (final and minimum tax)

#### 4.6.1 Levy - final and minimum tax

Computation of minimum tax chargeable under various sections of ITO 2001, provisions of such sections require its comparison with amount of tax attributable to income streams taxable at general rate of taxation, such minimum taxes are not fully outside the scope of IAS-12 and a certain portion of them falls in scope of IAS - 12. Based on this, the minimum taxes under ITO 2001 are hybrid taxes which comprise of a component within the scope of IAS - 12 and a component within the scope of IFRIC - 21 / IAS - 37.

As regards final taxes, its computation is based on revenue or other bases other than taxable income, therefore, final taxes fall under levy within the scope of IFRIC – 21 / IAS – 37, hence treated and classified accordingly, as per the requirements of / and guidelines issued by ICAP.

In identifying and classifying each component of minimum tax being hybrid in nature, company designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS – 12 “Income taxes” and recognize it as current income tax expense. Any excess over the amount designed as income tax, is recognized as a levy falling under the scope of IFRIC – 21 / IAS – 37.

#### 4.6.2 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to item recognized directly in other comprehensive income in which case it is recognized in other comprehensive income.

##### Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credit and tax rebates realisable, if any.

##### Prior tax

The charge for prior tax includes adjustments to charge for prior years which arises from assessments / developments made during the year, if any.

##### Deferred

The Modaraba accounts for deferred taxation on all material temporary differences using the liability method arising between the amounts attributed to assets and liabilities for financial reporting purposes and financial statements used for taxation purposes.

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

### 4.7 Foreign currency translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the statement of financial position date. Transactions in foreign currencies are translated into Pak rupees at exchange rate prevailing at the date of transaction. All non-monetary items are translated into rupees at exchange rate prevailing on the date of transaction or on the date when fair values are determined.

### 4.8 Retirement benefits

The Modaraba operates an Unfunded Gratuity for its permanent employees who complete the qualifying period of service. Provision has been made in accordance with actuarial recommendations using the Projected Unit Credit Method. The results of current valuation are summarized in Note 7. Actuarial gains / losses are recognized over the average lives of the employees.

### 4.9 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Modaraba has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 4.10 Provisions

Provisions are recognized in the statement of financial position when the Modaraba has a legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

### 4.11 Profit distribution to certificates holders

Profit distribution to certificate holders is recognized as liability in the period in which such distribution is announced.

### 4.12 Impairment of Non-financial assets

The carrying amount of Modaraba's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impaired losses are recognized in the statement of profit or loss.

### 4.13 Segment reporting

A segment is a distinguishable component of the Modaraba that is engaged in business activities from which the Modaraba earns revenues and incur expenses and its results are regularly reviewed by the Modaraba's Chief Operating Decision Maker to make decision about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment.

Based on internal management reporting structure, services provided and products produced and sold, the Modaraba is organized into the following four operating segments:

- Musharaka facility
- Brokerage operation
- Capital market
- Others

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and assessing performance.





## **NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025**

### **4.14 Earnings per certificate**

The Modaraba presents earnings per certificate (EPC) data for its certificates. Basic EPC is calculated by dividing the profit or loss attributable to certificate holders of the Modaraba by weighted average number of certificates outstanding during the year. Diluted EPC is determined by adjusting the profit or loss attributable to certificate holders and the weighted average number of certificates outstanding for the effects of all dilutive potential certificates.

### **4.15 Related party transactions**

All transactions with related party, if any, are recorded at an arm's length basis.

### **4.16 Cash and cash equivalents**

For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks.

### **4.17 Functional and reporting currency**

Items included in the financial statements are measured using the currency of primary economic environment in which the Modaraba operates. The financial statements are presented in Pakistani Rupees, which is the Modaraba's functional and presentation currency.

### **4.18 Capital Risk Management**

The Modaraba's objective when managing capital is to safe guard the Modaraba's ability to continue as a going concern so that it can provide returns for certificate holders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Modaraba manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of dividend paid to certificate holders or issue new certificates.

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

### 5. ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL

2025	2024		2025	2024
--- Number of certificates ---		Note	----- Rupees -----	
46,220,000	46,220,000	5.1	462,200,000	462,200,000
6,220,000	6,220,000	5.2	2,200,000	62,200,000
<b>52,440,000</b>	<b>52,440,000</b>		<b>524,400,000</b>	<b>524,400,000</b>

5.1 Modaraba certificates of Rs. 10 each fully paid-up in cash.

5.2 Modaraba certificates of Rs. 10 each issued as fully paid-up bonus certificates.

5.3 PATTERN OF SHARHOLDING	2025	
	Shares held	Percentage
Directors and their spouse(s) and minor children		
Mr. Nadeem Maqbool	608,356	1.160%
Mrs. Nazia Maqbool	144,660	0.276%
Mr. Qaiser Ahmed Magoon	1,000	0.002%
Ms. Alizeh Bashir	98,706	0.188%
Associated companies, undertakings and related parties	13,709,834	26.144%
Public Sector Companies and Corporations	1,498,659	2.858%
<i>Banks, development finance institutions, non- banking finance companies, insurance companies, takaful, modarabas and pension funds</i>	3,457,004	6.592%
<i>Others</i>	32,921,781	62.780%
	<b>52,440,000</b>	<b>100%</b>

5.4 Below are the names of shareholders having more than 5% of the shares and all changes in shareholding above 5%.

Name of shareholders	2025	2024	2025	2024
			----- % of holding -----	
Humera Muhammad Iqbal	5,809,784	5,809,784	11.079%	11.079%
Premier Financial Services (Private) Limited (Modaraba Management Company)	5,533,081	5,533,081	10.551%	10.551%
Premier Insurance Limited	4,680,000	4,680,000	8.924%	8.924%
Durain Cassim	3,500,000	3,500,000	6.674%	6.632%
Dinaz Cassim	3,500,000	3,500,000	6.674%	6.172%
Sharik Bashir	3,209,171	3,209,171	6.120%	6.120%
Suraj Cotton Limited	3,277,899	1,906,500	6.251%	3.636%



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

6. RESERVES	2025	2024
	----- Rupees -----	
Capital reserve		
Statutory reserve	164,334,210	64,334,210
Certificate premium account	131,100,000	131,100,000
Revenue reserve		
Accumulated loss	(261,859,355)	(253,575,203)
General reserve	17,321,036	17,321,036
	<u>50,895,891</u>	<u>59,180,043</u>

6.1 In accordance with the Prudential Regulations for Modarabas, the Modaraba is required to transfer an amount not less than 20% and not more than 50% of its after tax profits to statutory reserve until the reserve fund equals the certificate capital.

7. DEFERRED LIABILITY	2025	2024
	----- Rupees -----	
Staff gratuity	7,552,903	7,170,120
	<u>7,552,903</u>	<u>7,170,120</u>

### 7.1 General description

Employees, after completion of one year of service, shall be entitled for gratuity on leaving the Modaraba's employment. Gratuity shall be paid on the basis of one month's last drawn monthly gross salary for each completed year of service.

Annual provision is based on actuarial valuation, which was carried out as at June 30, 2025 on September 15, 2025 using the Projected Unit Method.

7.2 Amount recognized in the statement of financial position are as follows:	2025	2024
	----- Rupees -----	
Present value of defined benefit obligation	7,552,903	7,170,120
Total defined benefit	<u>7,552,903</u>	<u>7,170,120</u>

### 7.3 Movement in defined benefit obligation

Opening balance	7,170,120	6,780,327
Charged for the defined benefit plan		
Current service cost	465,196	473,560
Net interest	1,057,593	1,101,803
Actuarial gain on obligation	(1,140,006)	(1,185,570)
	382,783	389,793
	<u>7,552,903</u>	<u>7,170,120</u>

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

7.4 Actuarial assumptions	2025 ----- Rates per annum -----	2024
Valuation discount rate	14.75%	16.25%
Salary increase rate -short term (period of next one year)	11.75%	14.75%
Salary increase rate- long term	11.75%	14.75%

The expected maturity analysis of undiscounted retirement benefit obligation is:

	2025 Un-discounted payments ----- Rupees -----
2026	167,832
2027	193,123
2028	3,798,015
2029	162,159
2030 and onwards	38,511,471

Mortality rates assumed were based on the SLIC 2001-2005 (Standard Life table for Pakistani insured population) mortality table.

The rates for withdrawal from service and retirement on ill-health grounds are based on industry / country experience.

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

	Impact on defined benefit obligation		
	Change in assumptions	Increase	Decrease
	---- (%) ----	----- Rupees -----	
Discount rate	1%	7,137,747	8,020,837
Salary growth rate	1%	8,020,761	7,130,293

The expected gratuity expense for the next year amounted to Rs. 1.163 million. This is the amount by which defined benefit liability is expected to increase.

Risks to which the scheme maintained by the Company is exposed are as follows such as:

### Salary risk

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

### Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

### Withdrawal risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

	Note	2025 ----- Rupees -----	2024
8. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Payable to clients	8.1	<b>8,292,833</b>	11,497,179
Accrued expenses		<b>4,388,626</b>	6,543,633
Other liabilities	8.2	<b>458,053</b>	1,432,745
		<b>13,139,512</b>	19,473,557

8.1 Payable to clients include payable to related parties amounting to Rs. 569,174.

8.2 Other liabilities include Rs. 58,053 (2024: Rs. 1,190,745) payable to Premier Financial Services (Private) Limited.

### 9. CONTINGENCIES AND COMMITMENTS

Modaraba has filed a suit against Samba Bank Limited for the recovery of deposit amounting to Rs. 21 million along with mark up. The matter is pending before the Honorable High Court of Sindh. Management of the Modaraba and its legal advisor are of the opinion that Modaraba has reasonable chance and it appears unlikely that Modaraba may suffer any loss from the same.

Modaraba has filed a suit against SECP for declaration and permanent injunction before the High Court of Sindh restraining SECP from cancelling, lapsing, extinguishing or affecting its Trading Right Entitlement Certificate issued by Pakistan Stock Exchange or any right of the Company under the same and directing SECP to grant permission for incorporating a wholly owned subsidiary company for transfer of the Certificate to such company. The Court passed ad interim orders restraining SECP from taking any coercive action against the Company and to maintain status quo. The matter is at the stage of hearing of applications.

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

### 10. TANGIBLE ASSETS

Office premises	Furniture and fixtures	Motor vehicles	Computers	Office equipments	Total
----- Rupees -----					

#### Net carrying value basis

##### Year ended June 30, 2024

Opening net book value	2,463,356	2	1	304,961	197,169	<b>2,965,489</b>
Additions - at cost	-	-	-	105,200		<b>105,200</b>

#### Disposal

Cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-

Depreciation charge	(511,838)	-	-	(176,878)	(93,386)	<b>(782,102)</b>
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<b>Closing net book value</b>	<b>1,951,518</b>	<b>2</b>	<b>1</b>	<b>233,283</b>	<b>103,783</b>	<b>2,288,587</b>
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#### Gross carrying value basis

##### As at June 30, 2024

Cost	10,380,294	105,059	2,745,635	923,906	1,062,245	<b>15,217,139</b>
Accumulated depreciation	(8,428,776)	(105,057)	(2,745,634)	(690,623)	(958,462)	<b>(12,928,552)</b>

<b>Net book value</b>	<b>1,951,518</b>	<b>2</b>	<b>1</b>	<b>233,283</b>	<b>103,783</b>	<b>2,288,587</b>
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#### Net carrying value basis

##### Year ended June 30, 2025

Opening net book value	1,951,518	2	1	233,283	103,783	<b>2,288,587</b>
Additions - at cost	-	-	-	31,000	83,460	<b>114,460</b>

#### Disposal

Cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-

Depreciation charge	(518,954)	-	-	(157,726)	(95,301)	<b>(771,981)</b>
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<b>Closing net book value</b>	<b>1,432,564</b>	<b>2</b>	<b>1</b>	<b>106,557</b>	<b>91,942</b>	<b>1,631,066</b>
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#### Gross carrying value basis

##### As at June 30, 2025

Cost	10,380,294	105,059	2,745,635	954,906	1,145,705	<b>15,331,599</b>
Accumulated depreciation	(8,947,730)	(105,057)	(2,745,634)	(848,349)	(1,053,763)	<b>(13,700,533)</b>

<b>Net book value</b>	<b>1,432,564</b>	<b>2</b>	<b>1</b>	<b>106,557</b>	<b>91,942</b>	<b>1,631,066</b>
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#### Depreciation (% per annum)

5%	20%	20%	33%	20%
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## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	----- Rupees -----	----- Rupees -----
<b>11. INTANGIBLE ASSETS</b>			
Cost	11.1	10,000,000	10,000,000
Advance against TREC		(10,000,000)	(10,000,000)
		<u>-</u>	<u>-</u>
11.1	The Modaraba has received Rs.10 million against the sale of Trading Right Entitlement Certificate (TREC) to wholly owned subsidiaries (Capital Financial Services (Private) Limited and Apex Financial Services (Private) Limited) in pursuance of the agreement dated April 18, 2017.		
		<b>Office Premises</b>	
		2025	2024
		----- Rupees -----	----- Rupees -----
<b>12. INVESTMENT PROPERTY</b>			
Net carrying value basis			
Year ended June 30,			
Opening net book value		871,667	991,667
Additions - at cost		-	-
Depreciation charge		(120,000)	(120,000)
<b>Closing net book value</b>		<u>751,667</u>	<u>871,667</u>
<b>Gross carrying value basis</b>			
<b>As at June 30</b>			
Cost		2,400,000	2,400,000
Accumulated depreciation		(1,648,333)	(1,528,333)
<b>Net book value</b>		<u>751,667</u>	<u>871,667</u>
<b>Depreciation (% per annum)</b>		<u>5%</u>	<u>5%</u>
12.1	The fair value of investment property as at June 30, 2025 Rs. 10,643,440 (2024: Rs. 8,869,536) as per valuation report of independent valuer.		
		2025	2024
	Note	----- Rupees -----	----- Rupees -----
<b>13. LONG TERM INVESTMENT</b>			
<i>Investment in subsidiaries</i>	13.1	350,000,000	350,000,000
<i>Investment in equity securities</i>			
<i>- held at fair value through other comprehensive income</i>			
Un-listed securities	13.2	72,119,707	68,239,233
		<u>422,119,707</u>	<u>418,239,233</u>

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

### 13.1 Investment in subsidiaries

2025 ----- Numbers -----	2024		2025 ----- Rupees -----	2024
500,000	500,000	Capital Financial Services (Pvt.) Ltd. 13.1.1	50,000,000	50,000,000
500,000	500,000	Apex Financial Services (Pvt.) Ltd. 13.1.1	50,000,000	50,000,000
25,000,000	25,000,000	Equity Textiles Ltd. 13.1.2	250,000,000	250,000,000
<u>26,000,000</u>	<u>26,000,000</u>		<u>350,000,000</u>	<u>350,000,000</u>

13.1.1 Capital Financial Services (Private) Limited (CFSL) and Apex Financial Services (Private) Limited (AFSL) are wholly owned subsidiaries of the Modaraba having ordinary shares per unit of Rs. 100 each. Net assets value per share of CFSL & AFSL is Rs. 17.64 (2024: Rs. 8.73) and Rs. 34.98 (2024: 17.32) as per financial statements as at June 30, 2025 audited by Baker Tilly Mehmood Idrees Qamar, Chartered Accountants.

13.1.2 Equity Textiles Limited is a wholly owned subsidiary of the Modaraba. Net assets value per share of Equity Textiles Limited is Rs. 34.24 (2024: Rs. 31.13) as per financial statements as at June 30, 2025 audited by BDO Ebrahim & Company, Chartered Accountants.

### 13.2 Investment in equity securities

#### 13.2.1 Unlisted securities

The holding is in ordinary shares of Rs. 10 each.

2025 ----- Numbers -----	2024	Name of investee	Note	2025 ----- Rupees -----	2024
50,000	50,000	Sapphire Power Generation Ltd.	13.2.1.1	6,576,000	5,559,744
3,034,603	3,034,603	ISE Towers REIT Management Co. Ltd.	13.2.1.2	65,501,906	62,637,688
78,150	78,150	Callmate Telips Telecom Ltd.	13.2.1.3	1	1
22,000	22,000	Javed Omer Vohra & Company Ltd.	13.2.1.4	41,800	41,800
<u>3,184,753</u>	<u>3,184,753</u>			<u>72,119,707</u>	<u>68,239,233</u>

13.2.1.1 Net assets value per share of Sapphire Power Generation Limited is Rs. 131.52 (2024: Rs. 111.19) as per financial statements as at June 30, 2025 audited by Shinewing Hameed Chaudhri & Co., Chartered Accountants.

13.2.1.2 Net assets value per share of ISE Towers REIT Management Company Limited Rs. 21.58 (June 30, 2024: Rs. 21.08) as per financial statements as at March 31, 2025. The auditors are BDO Ebrahim & Company, Chartered Accountants.

13.2.1.3 The investee company is in the process of winding up. Hence net assets value per share is not available.

13.2.1.4 The investee company had been de-listed in prior year. Therefore, the investment has been reclassified from listed securities to un-listed securities. Currently, the investment is carried at Rs. 1.90 per share (quoted price of last trading day before de-listing)





## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
14. <b>ADVANCES - CONSIDERED GOOD</b>	----- Rupees -----	
Advance paid to PMEX	2,510,000	2,510,000
	<u>2,510,000</u>	<u>2,510,000</u>

14.1 This represents in amount paid to PMEX against purchase of one room in PMEX building (Formerly: Hyatt Regency) location at M.T. Road, Karachi.

	2025	2024
15. <b>SHORT TERM INVESTMENT</b>	----- Rupees -----	
Investment classified at fair value through statement of profit or loss		
Listed securities	15.1 <u>122,411,132</u>	<u>77,664,074</u>

15.1 Listed securities

2024	2025	Name of investee	2025	2024
----- Numbers -----			----- Rupees -----	
		<b>Oil and gas</b>		
7,174	-	Sui Northern Gas Pipeline Limited	-	474,184
-	104,408	Oil & Gas Development Company Limited	4,467,618	-
		<b>Chemicals</b>		
98,500	98,500	Ghani Global Glass Limited	946,585	592,970
27,850	27,850	Ghani Global Holdings Limited	501,022	265,132
		<b>Food &amp; Personal Care Products</b>		
639,000	639,000	Al-Shaheer Corporation Limited	4,933,080	5,156,730
115,675	110,000	Unity Foods Limited	2,740,100	3,487,601
		<b>Construction and materials</b>		
500	500	Bestway Cement Limited	202,750	112,140
279,000	279,000	Dewan Cement Limited	3,967,380	2,382,660
362,775	32,500	Fly Cement Limited	1,846,650	3,018,288
3,400	-	Cherat Cement Company Limited	-	554,642
1,350,000	1,350,000	Power Cement Limited	18,333,000	7,425,000
90,000	10,000	Fauji Cement Company Limited	446,700	2,061,900
83,222	68,895	Maple Leaf Cement Factory Limited	5,806,471	3,162,436
		<b>Pharma and biotech</b>		
13,050	19,050	The Searle Pakistan Limited	1,670,685	745,416
-	5,845	BF Biosciences	986,051	-
		<b>Paper &amp; Board</b>		
59,400	59,400	Roshan Packages Limited	1,266,408	837,540

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2025**

2024	2025		2025	2024
----- Numbers -----		Name of investee	----- Rupees -----	
		<b>Engineering</b>		
13,375	13,375	Agha Steel Industries Limited	114,891	134,018
		<b>Personal Care</b>		
67,500	60,000	Treet Corporation Limited	1,420,200	1,050,300
		<b>Textile Composites</b>		
209,000	40,000	International Knitwear Limited	809,600	2,752,530
4,498	4,200	Nishat Mills Limited	528,696	318,683
		<b>Miscellaneous</b>		
46,057	27,500	EcoPack Limited	1,823,800	717,568
		<b>Fertilizer</b>		
38,000	38,000	First UDL Modaraba	421,800	304,000
		<b>Automobile Assembler</b>		
14,899	2,140	Ghandhara Industries Limited	1,391,920	4,073,238
		<b>Fixed line telecommunication</b>		
708,500	703,500	"Pakistan Telecommunication Company Limited"	17,897,040	8,509,085
949,000	949,000	Worldcall Telecom Limited	1,499,420	1,195,740
		<b>Securities Companies</b>		
1,602,953	1,415,800	Pakistan Stock Exchange Limited	39,599,926	20,533,828
		<b>Cable &amp; electrical goods</b>		
444,750	444,750	Waves Singer Pakistan Limited	3,486,840	3,122,145
		<b>Power Generation Distribution &amp; Electricity</b>		
1,010,000	1,010,000	K-Electric Limited	5,302,500	4,676,300
<u>8,238,078</u>	<u>7,513,213</u>		<u>122,411,133</u>	<u>77,664,074</u>



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

			2025	2024
			----- Rupees -----	
16.	ADVANCES - CONSIDERED GOOD	Note		
	Employee	16.1	157,642	168,422
	Advance tax - net		13,324,693	12,256,707
			<u>13,482,335</u>	<u>12,425,129</u>
16.1	The maximum aggregate amount due from employees at the end of any month during the year was Rs. 537,323 (2024: Rs. 209,292).			
17.	TRADE DEPOSITS AND PREPAYMENTS	Note	2025	2024
			----- Rupees -----	
	Deposits	17.1	14,966,855	14,966,855
	Prepayments		651,461	344,893
			<u>15,618,316</u>	<u>15,311,748</u>
17.1	This includes an amount of Rs. 14,557,956 (2024: Rs. 14,557,956) that pertains to the deposits held with Samba Bank Limited (refer note 11).			
18.	OTHER RECEIVABLES	Note	2025	2023
			----- Rupees -----	
	Receivable from clients	18.1 & 18.2	19,168,571	19,205,797
	Musharakah profit recievable		1,795,152	1,795,152
	Others	18.2	45,033,201	51,056,607
			<u>65,996,924</u>	<u>72,057,555</u>
18.1	Receivable from clients		<u>19,168,571</u>	<u>19,205,797</u>
	Considered good		<u>19,168,571</u>	<u>19,205,797</u>
18.2	Receivable from clients and others include receivable from related parties amounting to Rs. 44,421,649 (2024: Rs. 49,484,556).			
19	BANK BALANCE	Note	2025	2024
			----- Rupees -----	
	-in current accounts		1,376,206	1,376,205
	-in saving accounts (Islamic Bank)	19.2	17,550,322	15,169,316
			<u>18,926,528</u>	<u>16,545,521</u>
19.1	Customer and proprietor wise balances	Note	2025	2024
			----- Rupees -----	
	Proprietor account balances		10,633,687	4,674,451
	Client account balances		8,292,841	11,871,070
			<u>18,926,528</u>	<u>16,545,521</u>

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2025**

19.2 These carry profit at rates ranging from 8% to 11% (2024: 13% to 18%) per annum.

			2025	2024
		Note	----- Rupees -----	-----
20.	INCOME			
	Brokerage commission		2,225,979	1,075,096
	Capital gain / (loss)		10,624,709	(157,512)
	Dividend		4,071,537	5,145,758
	Rental		4,570,450	2,816,000
			<u>21,492,675</u>	<u>8,879,342</u>
21.	OPERATING EXPENSES			
	Salaries, allowances and benefits	34.3	9,735,602	8,863,961
	Traveling, conveyance and entertainment		480,538	452,794
	Telephone and postage		548,691	422,148
	Utility charges		753,326	775,576
	Insurance		491,417	511,841
	Printing, stationery and advertisement		443,275	221,613
	Fees and subscriptions		2,435,276	2,349,373
	Vehicle running and maintenance		3,430,567	3,674,483
	Depreciation	11 & 13	891,981	902,102
	Facilities and services		4,768,040	4,768,040
	Repair and maintenance		2,071,500	1,835,168
	Auditor's remuneration	21.1	511,320	505,720
	Legal and professional		1,410,488	894,094
	Shariah advisor		250,000	231,250
	KSE, CDC & SECP charges		612,709	742,157
	Others		208,500	333,752
			<u>29,043,230</u>	<u>27,484,072</u>
21.1	Auditors' remuneration			
	Audit fee		412,820	409,720
	Half yearly review		44,000	40,000
	Other fees		54,500	56,000
			<u>511,320</u>	<u>505,720</u>
22.	FINANCIAL CHARGES			
	Bank charges		6,345	899
			<u>6,345</u>	<u>899</u>
23.	OTHER INCOME			
	Profit on investment accounts with Islamic bank		164,035	146,063
			<u>164,035</u>	<u>146,063</u>



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

### 24. TAXATION

24.1 The income tax returns of the Company have been filed up to tax year 2024 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.

24.2 Since, there is no accounting profit during the year ended June 30, 2025 and tax has been charged under minimum tax provisions therefore, no tax reconciliation is prepared for the year then ended.

24.3 This represents final taxes paid under section 150 & 37A of Income Tax Ordinance (ITO, 2001) representing levy in terms of requirements of IFRIC - 21 / IAS - 37.

24.4 This represents portion of minimum tax paid under section 113, 233 & 153(1)(b) of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC - 21 / IAS - 37.

25. DEFERRED TAXATION	2025	2024
	----- Rupees -----	
Taxable temporary differences		
Investment in unlisted shares	-	-
	-	-
Deductible temporary differences		
Fixed assets	(681,716)	(714,930)
Deferred liability (For gratuity)	(2,190,342)	(2,079,335)
	(2,872,058)	(2,794,265)
Net deferred income tax asset	(2,872,058)	(2,794,265)
Unrecognized deferred income tax (asset) / liability	2,872,058	2,794,265
	-	-

25.1 Deferred tax asset as at June 30, 2025 amounting to Rs. 2,872,058 (2024: Rs. 2,794,265) has not been recognized in these financial statements due to uncertainty in availability of sufficient future taxable profits as these temporary differences are not likely to reverse in the foreseeable future.

26. LOSS PER CERTIFICATE - BASIC AND DILUTED	2025	2024
	----- Rupees -----	
Loss after income tax	(8,284,151)	(19,435,979)
	----- Numbers -----	
Weighted average number of certificates outstanding during the year	52,440,000	52,440,000
	----- Rupees -----	
Loss per certificate - basic and diluted	(0.16)	(0.37)

26.1 There is no dilution effect on the basic earnings per share of the Modaraba as the Modaraba has no such commitments.

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

### 27. PLEDGE SECURITIES

There are no securities of the House or any one of its sub accounts pledged to any financial institution as at June 30, 2025.

### 28. CUSTOMER ASSETS HELD IN CDC

The house holds 22,339,886 securities of his client in the clients CDC sub accounts having approx. fair value Rs. 719,149,319.

### 29. RISK MANAGEMENT POLICIES AND OBJECTIVES

Financial risk management

The board of directors of the Modaraba Management Company has overall responsibility for the establishment and oversight of the Modaraba's risk management framework. The Modaraba has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

#### Credit and concentration 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, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Modaraba's performance to developments affecting a particular industry.

Credit risk of the Modaraba arises principally from the investments, Musharaka / Morabaha receivables, advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Modaraba has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful for recovery.

The Carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2025	2024
	----- Rupees -----	
Investment	544,530,839	495,903,307
Advances-considered good	15,992,335	14,935,129
Trade deposits and prepayments	17,368,316	17,061,748
Other receivables	65,996,924	72,057,555
	<u>643,888,414</u>	<u>599,957,740</u>

#### Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation.



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

2025				
	"Less than one year"	Over one year but less than five years	Over one year but less than five years	Total
----- Rupees -----				
Assets				
Long term investments	-	72,119,707	350,000,000	422,119,707
Short term investments	122,411,132	-	-	122,411,132
Advances	-	2,510,000	-	2,510,000
Deposits	14,966,855	1,750,000	-	16,716,855
Other receivables	65,996,924	-	-	65,996,924
Bank balances	18,926,528	-	-	18,926,528
	222,301,439	76,379,707	350,000,000	648,681,146
Liabilities				
Deferred liability	-	-	7,552,903	7,552,903
Security Deposit	-	575,000	-	575,000
Creditors, accrued and other liabilities	13,139,512	-	-	13,139,512
Unclaimed profit distribution	31,116,073	-	-	31,116,073
	44,255,585	575,000	7,552,903	52,383,488
Net balance	<b>178,045,854</b>	<b>75,804,707</b>	<b>342,447,097</b>	<b>596,297,658</b>

2024				
	"Less than one year"	Over one year but less than five years	Over five years	Total
----- Rupees -----				
Assets				
Long term investments	-	68,239,233	350,000,000	418,239,233
Short term investments	77,664,074	-	-	77,664,074
Advances	-	2,510,000	-	2,510,000
Deposits	14,966,855	1,750,000	-	16,716,855
Other receivables	72,057,555	-	-	72,057,555
Bank balances	16,545,521	-	-	16,545,521
	181,234,006	72,499,233	350,000,000	603,733,238
Liabilities				
Deferred liability	-	-	7,170,120	7,170,120
Security Deposit	-	200,000	-	200,000
Creditors, accrued and other liabilities	19,473,557	-	-	19,473,557
Unclaimed profit distribution	31,116,073	-	-	31,116,073
	50,589,630	200,000	7,170,120	57,959,750
Net balance	<b>130,644,376</b>	<b>72,299,233</b>	<b>342,829,880</b>	<b>545,773,489</b>

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

### Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price 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.

### Operational Risk

Operational Risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Modaraba's operations either internally within the Modaraba or externally at the Modaraba's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Modaraba's activities.

The Modaraba's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

### 30. FAIR VALUE OF FINANCIAL INSTRUMENTS

he Modaraba is of the view that the fair market value of most of the financial assets and financial liabilities are not significantly different from their carrying amounts.





## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
<b>30.1 Financial instruments by category</b>	----- Rupees -----	
<b>Financial assets:</b>		
<b>At amortized cost</b>		
Advances	2,510,000	2,510,000
Deposits	16,716,855	16,716,855
Other receivables	65,996,924	72,057,555
Bank balances	18,926,528	16,545,521
<b>Financial assets at fair value through profit or loss</b>		
Short term investments	122,411,132	77,664,074
<b>Financial assets at fair value through other comprehensive income</b>		
Long term investments	72,119,707	68,239,233
	<u>298,681,146</u>	<u>253,733,238</u>
<b>Financial assets at cost</b>		
Long term investment in subsidiary	350,000,000	350,000,000
<b>Financial liabilities:</b>		
<b>Financial liabilities at amortized cost</b>		
Deferred liability	7,552,903	7,170,120
Security deposit	575,000	200,000
Creditors, accrued and other liabilities	13,139,512	19,473,557
Unclaimed profit distribution	31,116,073	31,116,073
	<u>52,383,488</u>	<u>57,959,750</u>
<b>On balance sheet gap</b>	<u>596,297,658</u>	<u>545,773,489</u>

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

### 31. MATURITIES OF ASSETS AND LIABILITIES

The following analysis is based on the contractual/expected maturities of assets and liabilities which may not necessarily correspond with actual maturities.

	2025				
	Upto one month	Over one month to one year	Over one year to five years	Over five years	Total
	----- Rupees -----				
Assets					
Long term investments	-	-	72,119,707	350,000,000	422,119,707
Short term investments	-	122,411,132	-	-	122,411,132
Advances	-	-	2,510,000	-	2,510,000
Deposits	-	14,966,855	1,750,000	-	16,716,855
Other receivables	-	65,996,924	-	-	65,996,924
Bank balances	-	18,926,528	-	-	18,926,528
	-	222,301,439	76,379,707	350,000,000	648,681,146
Liabilities					
Deferred liability	-	-	-	7,552,903	7,552,903
Security Deposit	-	-	575,000	-	575,000
Creditors, accrued and other liabilities	-	13,139,512	-	-	13,139,512
Unclaimed profit distribution	-	31,116,073	-	-	31,116,073
	-	44,255,585	575,000	7,552,903	52,383,488
Net balance	-	178,045,854	75,804,707	342,447,097	596,297,658

	2024				
	Upto one month	Over one month to one year	Over one year to five years	Over five years	Total
	----- Rupees -----				
<b>Assets</b>					
Long term investments	-	-	68,239,233	350,000,000	418,239,233
Short term investments	-	77,664,074	-	-	77,664,074
Advances	-	-	2,510,000	-	2,510,000
Deposits	-	14,966,855	1,750,000	-	16,716,855
Other receivables	-	72,057,555	-	-	72,057,555
Bank balances	-	16,545,521	-	-	16,545,521
	-	181,234,006	72,499,233	350,000,000	603,733,238
<b>Liabilities</b>					
Deferred liability	-	-	-	7,170,120	7,170,120
Security Deposit	-	-	200,000	-	200,000
Creditors, accrued and other liabilities	-	19,473,557	-	-	19,473,557
Unclaimed profit distribution	-	31,116,073	-	-	31,116,073
	-	50,589,630	200,000	7,170,120	57,959,750
Net balance	-	130,644,376	72,299,233	342,829,880	545,773,489



**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2025**

**32. YIELD / PROFIT RATE RISK EXPOSURE**

Description	Effective yield / profit risk %	2025						Total
		Yield / profit bearing maturing			Non yield / profit bearing maturing			
		With in one year	After one year	Sub-total	With in one year	After one year	Sub-total	
Financial assets								
Long term investments		-	-	-	-	422,119,707	422,119,707	422,119,707
Short term investments		122,411,132	-	122,411,132	-	-	-	122,411,132
Advances		-	-	-	-	2,510,000	2,510,000	2,510,000
Deposits		-	-	-	14,966,855	1,750,000	16,716,855	16,716,855
Other receivables		-	-	-	65,996,924	-	65,996,924	65,996,924
Bank balances	3.5% to 7%	17,550,322	-	17,550,322	1,376,206	-	1,376,206	18,926,528
		139,961,454	-	139,961,454	82,339,985	426,379,707	508,719,692	648,681,146
Financial Liabilities								
Deferred liability		-	-	-	-	7,552,903	7,552,903	7,552,903
Security deposit		-	-	-	-	575,000	575,000	575,000
Creditors, accrued and other liabilities		-	-	-	13,139,512	-	13,139,512	13,139,512
Unclaimed profit distribution		-	-	-	31,116,073	-	31,116,073	31,116,073
		-	-	-	44,255,585	8,127,903	52,383,488	52,383,488
On Balance Sheet Gap		139,961,454	-	139,961,454	38,084,400	418,251,804	456,336,204	596,297,658

- The above analysis is based on the contractual/expected maturities of assets and liabilities which may not necessarily correspond with actual maturities.

- Yield risk is the risk of decline in earning due to adverse movement of the yield curve.

- Profit rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market profit rates.

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2025**

Description	Effective yield / profit risk % age	2024						Total
		Yield / profit bearing maturing			Non yield / profit bearing maturing			
		With in one year	After one year	Sub-total	With in one year	After one year	Sub-total	
Financial assets								
Long term investments		-	-	-	-	418,239,233	418,239,233	418,239,233
Short term investments		77,664,074	-	77,664,074	-	-	-	77,664,074
Advances		-	-	-	-	2,510,000	2,510,000	2,510,000
Deposits		-	-	-	14,966,855	1,750,000	16,716,855	16,716,855
Other receivables		-	-	-	72,057,555	-	72,057,555	72,057,555
Bank balances	3.5% to 7%	15,169,316	-	15,169,316	1,376,205	-	1,376,205	16,545,521
		92,833,390	-	92,833,390	88,400,616	422,499,233	510,899,848	603,733,238
Financial Liabilities								
Deferred liability		-	-	-	-	7,170,120	7,170,120	7,170,120
Security deposit		-	-	-	-	200,000	200,000	200,000
Creditors, accrued and other liabilities		-	-	-	19,473,557	-	19,473,557	19,473,557
Unclaimed profit distribution		-	-	-	31,116,073	-	31,116,073	31,116,073
		-	-	-	50,589,630	7,370,120	57,959,750	57,959,750
On balance sheet Gap		92,833,390	-	92,833,390	37,810,986	415,129,113	452,940,099	545,773,489



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

### 33. SEGMENT INFORMATION

The Modaraba has three primary sources of revenue i.e. Musharaka facility, brokerage operations and capital market based on the nature of business and related risk associated with each type of business segment which are not deemed by the management to be sufficiently significant to disclose as separate items are reported under

Segment assets and liabilities include all assets and liabilities related to the segment and relevant proportion of the assets and liabilities allocated to the segment on reasonable basis.

Segment revenue and expenses included all revenue and expenses related to the segment and relevant proportion of the revenue and expenses allocated to the segment on reasonable basis.

Particulars	2025				2024
	Brokerage operation	Capital market	Others	Total	Total
	-----Rupees-----				
<b>Segment revenues</b>	2,225,979	14,696,246	4,734,485	<b>21,656,710</b>	9,025,405
Segment result	(7,555,380)	14,696,246	4,734,485	<b>11,875,351</b>	3,780,204
<b>Unallocated cost</b>					
Operating expenses		-	-	-	(22,239,770)
<b>Loss before taxation</b>				<b>(7,392,865)</b>	(18,459,566)
Taxation	-	-	-	<b>(891,286)</b>	(976,413)
<b>Loss for the year</b>				<b>(8,284,151)</b>	(19,435,979)
<b>Other information</b>					
Segment assets	20,180,870	194,489,038	751,667	<b>215,421,575</b>	167,286,499
Unallocated assets	-	-	-	<b>449,776,100</b>	452,377,016
<b>Total assets</b>	<b>20,180,870</b>	<b>194,489,038</b>	<b>751,667</b>	<b>665,197,675</b>	<b>619,663,515</b>
Segment liabilities	8,292,833	-	975,000	<b>9,267,833</b>	11,939,178
Unallocated liabilities	-	-	-	<b>43,115,655</b>	46,020,572
<b>Total liabilities</b>	<b>8,292,833</b>	<b>-</b>	<b>975,000</b>	<b>52,383,488</b>	<b>57,959,750</b>

### 34. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Modaraba comprise the Modaraba Management Company, subsidiary company, staff retirement funds, directors of the Modaraba Management Company and key management personnel. Transactions with related parties are entered into at arm's length.

Transactions with related parties other than remuneration and benefits to officers and employees under the terms of their employment are as follows:

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
	----- Rupees -----	
<b>34.1 Balance outstanding at year end</b>		
<b>Modaraba Management Company</b>		
Current account payable	<b>58,053</b>	1,190,745
<b>Subsidiary companies</b>		
Investment in Equity Textiles Limited	<b>250,000,000</b>	250,000,000
Investment in Capital Financial Services (Private) Limited	<b>50,000,000</b>	50,000,000
Investment in Apex Financial Services	<b>50,000,000</b>	50,000,000
<b>Receivable from / payable to wholly owned subsidiary companies</b>		
Apex Financial Services (Private) Limited	<b>23,515,424</b>	25,594,697
Capital Financial Services (Private) Limited	<b>20,855,912</b>	23,889,859
<b>Other related parties (including key management personnel)</b>		
Deferred liability staff gratuity	<b>7,552,903</b>	7,170,120
Brokerage house client receivable	<b>50,014</b>	59,882

<b>34.2 Transactions during the year</b>	<b>Relationship</b>		
<b>Modaraba Management Company</b>			
Reimbursement		<b>4,768,040</b>	4,768,040
<b>Other related parties (including key management personnel)</b>			
Contribution to staff gratuity fund		<b>1,522,789</b>	1,575,363
<b>Subsidiary companies</b>			
Services acquired	Key Management Personnel / Associated company	<b>598,973</b>	520,866
Brokerage commission earned	Key Management Personnel / Associated company	<b>1,484,040</b>	821,038

### 34.3 Remuneration of executives and other employees

The aggregate amount charged in the financial statements for remuneration, including benefits to 7 (2024: 7) employees of the Modaraba is:

	2025		2024
	Executives	Other employees	Executives      Other employees
	-----	-----	----- Rupees -----
Salaries and allowances	<b>2,931,120</b>	<b>2,343,180</b>	2,798,960      2,132,240
Leave fare & encashment	<b>240,910</b>	<b>112,900</b>	371,680      147,417
Expenses reimbursed: Medical	<b>716,972</b>	<b>488,331</b>	367,100      213,541
	<b>3,889,002</b>	<b>2,944,411</b>	3,537,740      2,493,198

**34.4 Salaries, allowances and benefits include provision for gratuity of Rs. 1,522,789 (2024: Rs. 1,575,363). Officers are also provided with free use of the Modaraba maintained cars.**



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

### 35. COMPUTATION OF LIQUID CAPITAL

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>1. Assets</b>				
1.1	Property & Equipment	2,382,733	100%	-
1.2	Intangible Assets			
1.3	Investment in Govt. Securities			
1.4	<b>Investment in Debt. Securities</b>			
	<b>If listed than:</b>			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
	<b>If unlisted than:</b>			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			
1.5	<b>Investment in Equity Securities</b>			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher. (Provided that if any of these securities are pledged with the securities exchange for base minimum capital requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base minimum capital	122,411,132	21,532,030	100,879,102
	ii. If unlisted, 100% of carrying value.	72,119,707	100%	-
1.6	<b>Investment in subsidiaries</b>	350,000,000	100%	-
1.7	<b>Investment in associated companies/undertaking</b>			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.			
	ii. If unlisted, 100% of net value.			
1.8	<b>Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.</b>			
	(i) 100% of net value, however any excess amount of cash deposited with securities exchange to comply with requirements of base minimum capital may be taken in the calculation of LC	4,285,000	100%	-
1.9	Margin deposits with exchange and clearing house.	350,000	-	350,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			
1.11	Other deposits and prepayments	15,243,316	100%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)			
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties			
1.13	<b>Dividends receivables.</b>	-	-	-
1.14	"Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)"			
1.15	<b>Advances and receivables other than trade Receivables;</b>			
	(i) No haircut may be applied on the short term loan to employees provided these loans are secured and due for repayments within 12 months.	157,642	0%	157,642
	(ii) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation .	13,324,693	100%	-
	(iii) In all other cases 100% of net value	46,828,353	100%	-
1.16	<b>Receivables from clearing house or securities exchange(s)</b>			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2025**

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.17	<b>Receivables from customers</b>			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. <b>i. Lower of net balance sheet value or value determined through adjustments.</b>			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <b>ii. Net amount after deducting haircut</b>			
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <b>iii. Net amount after deducting haircut</b>			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <b>iv. Balance sheet value</b>	90,401	0%	90,401
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. <b>v. Lower of net balance sheet value or value determined through adjustments</b>	19,077,769	4,785,076	4,785,076
1.18	vi. In the case of amount of receivables from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner; (a) Up to 30 days, values determined after applying var based haircuts. (b) Above 30 days but upto 90 days, values determined after applying 50% or var based haircuts whichever is higher. (c) above 90 days 100% haircut shall be applicable. <b>vi. Lower of net balance sheet value or value determined through adjustments</b>	400	400	400
	<b>Cash and Bank balances</b>			
	i. Bank Balance-proprietary accounts	10,633,687	-	10,633,687
	ii. Bank balance-customer accounts	8,292,841	-	8,292,841
1.19	iii. Cash in hand	-	-	-
	<b>Subscription money against investment in IPO/ offer for sale (asset)</b>			
	(i) No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.			
	(ii) In case of Investment in IPO where shares have been allotted but not yet credited in CDS Account, 25% haircuts will be applicable on the value of such securities.			
1.20	(iii) In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VAR based haircut whichever is higher, will be applied on Right Shares.			
1.20	<b>Total Assets</b>	665,197,674		125,189,149





## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

S. No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
2.	<b>Liabilities</b>			
2.1	Trade Payables			
	i. Payable to exchanges and clearing house		-	-
	ii. Payable against leveraged market products			
	iii. Payable to customers	8,292,833	0%	8,292,833
	<b>Current Liabilities</b>			
	i. Statutory and regulatory dues			
	ii. Accruals and other payables	4,846,679	0%	4,846,679
	iii. Short-term borrowings			
	iv. Current portion of subordinated loans			
	v. Current portion of long term liabilities			
	vi. Deferred Liabilities			
	vii. Provision for taxation			
	viii. Other liabilities as per accounting principles and included in the financial statements	31,116,073	0%	31,116,073
	<b>Non-Current Liabilities</b>			
	i. Long-Term financing			
	ii. Other liabilities as per accounting principles and included in the financial statements	575,000	0%	575,000
	iii. Staff retirement benefits	7,552,903	0%	7,552,903
	Note: (a) 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases. (b) Nil in all other cases			
2.4	<b>Subordinated Loans</b>			
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:			
	Advance against shares for Increase in Capital of Securities broker:			
	100% haircut may be allowed in respect of advance against shares if:			
	a. The existing authorized share capital allows the proposed enhanced share capital			
	b. Board of Directors of the company has approved the increase in capital			
	c. Relevant Regulatory approvals have been obtained			
	d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.			
2.6	<b>Total Liabilities</b>	<b>52,383,488</b>	<b>-</b>	<b>52,383,488</b>
3.	<b>Ranking Liabilities Relating to :</b>			
	<b>Concentration in Margin Financing</b>			
3.1	The amount calculated client-to-client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total finances. (Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs 5 million) Note: Only amount exceeding by 10% of each financee from aggregate amount shall be include in the ranking liabilities			
	<b>Concentration in securities lending and borrowing</b>			
3.2	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed (Note only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities)			
	<b>Net underwriting Commitments</b>			
3.3	(a) in the case of right issues : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting commitment (b) in any other case : 12.5% of the net underwriting commitments			

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2025**

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.4	<b>Negative equity of subsidiary</b>			
	The amount by which the total assets of the subsidiary ( excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary			
3.5	<b>Foreign exchange agreements and foreign currency positions</b>			
	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency			
3.6	<b>Amount Payable under REPO</b>			
3.7	<b>Repo adjustment</b>			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities.			
	In the case of finnee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.			
3.8	<b>Concentrated proprietary positions</b>			
	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security			1,979,996
3.9	<b>Opening Positions in futures and options</b>			
	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts			
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met			
3.10	<b>Short sell positions</b>			
	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts			
	ii. Incase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.			
3.11	<b>Total Ranking Liabilities</b>	-	-	1,979,996

612,814,186

70,825,665

**Calculations Summary of Liquid Capital**

(i) Adjusted value of Assets (serial number 1.20)	125,189,149
(ii) Less: Adjusted value of liabilities (serial number 2.6)	(52,383,488)
(iii) Less: Total ranking liabilities (series number 3.11)	(1,979,996)

70,825,665



**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2025**

**36. NUMBER OF EMPLOYEES**

Total number of employees of the Modaraba as at June 30, 2025 are 7 (2024: 7). Average number of employees of the Modaraba during the year 7 (2024: 7).

	2025	2024
<b>37. CAPITAL ADEQUACY LEVEL</b>	----- Rupees -----	
Total assets	<b>660,197,675</b>	619,663,515
Less: Total liabilities	<b>(52,383,488)</b>	(57,959,750)
Revaluation reserves (created upon revaluation of fixed assets)	-	-
Capital adequacy level	<u><b>607,814,187</b></u>	<u>561,703,765</u>

**38. CORRESPONDING FIGURES**

Figures have been rounded off to the nearest rupee.

**39. AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on **October 06, 2025**.

**40. GENERAL**

- 40.1 Figures in these financial statements have been rounded off to the nearest rupee.
- 40.2 The corresponding figures, wherever necessary, have been re-arranged / re-classified for the purpose of comparison.
- 40.3 Prior year figures have been reclassified for the purpose of better presentation and comparison.

*Auditors Report and  
Consolidated Financial Statements  
of  
First Equity Modaraba  
Capital Financial Services (Pvt) Ltd  
Apex Financial Services (Pvt) Ltd  
Equity Textiles Limited  
for the year ended June 30, 2025*



Baker Tilly Mehmood Idrees Qamar  
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**INDEPENDENT AUDITOR'S REPORT  
TO THE CERTIFICATE HOLDERS OF FIRST EQUITY MODARABA**

**Qualified Opinion**

We have audited the annexed consolidated financial statements of **FIRST EQUITY MODARABA** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at **June 30, 2025**, and the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated 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.

In our opinion, except for the effects of the matter described in "*Basis for Qualified Opinion*", the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

**Basis for Qualified Opinion**

Modaraba and, its two subsidiaries named Apex Financial Services (Private) Limited and Capital Financial Services (Private) Limited have charged gain of Rs. 68.51 million, in respect of investment classified as financial asset at fair value through profit and loss, in other comprehensive income instead of statement of profit and loss as required under IFRS - 9.

Had the Modaraba and two above mentioned subsidiaries charged the gain to the statement of profit and loss, its loss for the year would have been decreased by Rs. 68.51 million.

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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.

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1.2 to the consolidated financial statements, which describes the circumstances indicating the existence of a material uncertainty that may cast significant doubt on the ability of Equity Textiles Limited ("the Subsidiary"), a wholly owned subsidiary of First Equity Modaraba ("the Modaraba"), to continue as a going concern. During the year ended 30 June 2025, the Subsidiary incurred a net loss of Rs. 223.08 million (2024: Rs. 373.67 million), and as of that date, its current liabilities exceeded its current assets by Rs. 501.19 million. In addition, the Subsidiary's manufacturing plant has remained non-operational since September 2024, with only limited toll manufacturing activities. The management of the Subsidiary is considering the disposal of a significant portion of its property, plant and equipment, with the intention to use the proceeds for future business activities.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Subsidiary's ability to continue as a going concern. However, this uncertainty does not affect the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **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. In addition to the matters described in the *Basis for Qualified Opinion* and the *Material Uncertainty Related to Going Concern* sections we have determined the matters described below to be the key audit matters to be communicated in our report.

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Following is the Key audit matter:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	<b>Revenue recognition</b>	
	<p>Refer notes 4.9 and 31.1 to the financial statements relating to revenue recognition.</p> <p>The Modaraba generates revenue from brokerage services, Dividend Income through portfolio investment, Rental and other income. Where Brokerage represents 10%, Investment portfolio Income represents 68% corporate finance and rental and other services represents 21% of the total revenue.</p> <p>As detailed in <i>Basis of Qualified Opinion</i>, if the unrealized income classified under FVTPL is recognized in statement of profit and loss, it would have been the substantial portion of the entire income.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not being recognized in the appropriate period.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>▪ We obtained an understanding of, assessed and tested the design and implementation of key internal controls over the recording of revenue;</li> <li>▪ We assessed the appropriateness of the Modaraba's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;</li> <li>▪ We have tested the identified automated application controls, which are critical to the revenue recognition process. Our testing procedures included the testing of system logics, automated calculations and validations, testing of system generated information, system configuration;</li> <li>▪ We checked invoices and related documents, on a sample basis for brokerage money market transactions recorded during the current year to assess whether the related revenue was recognized in accordance with the requirement of applicable accounting standard;</li> <li>▪ We checked the valuation of equity securities and compared the market prices prevailing as on the date of statement of financial position; and</li> </ul>

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S. No.	Key Audit Matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> <li>We compared, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period.</li> </ul>

#### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report, but does not include the consolidated financial statements of the company and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, on other information obtained prior to the date of this auditor's report, 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 the Board of Directors of the Modaraba for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management of the Modaraba Company is responsible for assessing the Group'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 of the Modaraba Company either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the Modaraba Company is responsible for overseeing the Group's financial reporting process.

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**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors of the Modaraba Company 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 of the Modaraba Company 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.

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

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*Baker Tilly Mahmood Idrees Qamar*  
Baker Tilly Mahmood Idrees Qamar  
Chartered Accountants

Karachi

Date: October 30, 2025

UDIN: AR202510542rNjwd8Vqx

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2025

2025                      2024  
Note ----- Rupees -----

### EQUITY AND LIABILITIES

#### Authorized certificate capital

60,000,000 Modaraba certificates of Rs. 10 each 600,000,000                      600,000,000

#### Certificate holders' equity

Certificate capital	5	524,400,000	524,400,000
Reserves	6	(66,128,534)	124,347,917
Remeasurement of defined benefit liability - actuarial gain		4,013,719	2,873,713
Surplus on revaluation of fixed assets	7	674,639,525	416,785,158
Unrealised loss on remeasurement of investments		5,614,015	(68,059,803)
<b>Total certificates holders' equity</b>		<b>1,142,538,725</b>	<b>1,000,346,985</b>

#### Non-current liabilities

Liability against assets subject to finance lease	8	-	7,304,667
Deferred liabilities	9	112,248,316	19,944,264
Security deposit		575,000	200,000
<b>Total non-current liabilities</b>		<b>112,823,316</b>	<b>27,448,931</b>

#### Current liabilities

Short term borrowings	11	52,883,893	210,530,034
Current portion of long term liabilities	12	298,707,437	309,466,334
Creditors, accrued and other liabilities	13	457,030,473	631,282,616
Accrued mark up	14	14,804,653	17,092,518
Unclaimed profit distribution		31,116,072	31,116,072
<b>Total current liabilities</b>		<b>854,542,528</b>	<b>1,199,487,574</b>

<b>Total equity and liabilities</b>		<b>2,109,904,569</b>	<b>2,227,283,490</b>
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Contingencies and commitments 15

Qazi Obaid Ullah  
Chief Financial Officer

Adil A. Ghaffar  
Chief Executive Officer  
Premier Financial Services  
(Private) Limited

Director  
Premier Financial Services  
(Private) Limited

Director  
Premier Financial Services  
(Private) Limited

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2025

		2025	2024
	Note	----- Rupees -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
- tangible	16	78,578,183	1,117,579,973
- intangible	17	17,373,793	18,193,103
Investment property	18	751,667	871,667
Long term investments	19	82,719,823	77,559,787
Advances		2,510,000	2,510,000
Deposits		1,750,000	8,410,800
<b>Total non-current assets</b>		<b>183,683,466</b>	<b>1,225,125,330</b>
<b>Current assets</b>			
Stores and spares	20	38,896,486	63,849,439
Stock in trade	21	42,633,230	343,303,062
Trade debts	22	-	79,285,180
Short term investments	23	173,363,666	119,995,949
Advances - considered good	24	5,921,702	4,793,955
Trade deposits and prepayments	25	74,949,921	118,021,850
Other receivables	26	138,856,285	204,981,174
Tax refund from government authorities	27	34,014,098	21,813,739
Taxation - net	28	19,215,894	26,509,062
Cash and bank balances	29	26,418,646	19,604,750
<b>Total current assets</b>		<b>554,269,928</b>	<b>1,002,158,160</b>
Assets classified as held for sale	30	1,371,951,175	-
<b>Total assets</b>		<b>2,109,904,569</b>	<b>2,227,283,490</b>

*The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.*

Qazi Obaid Ullah  
Chief Financial Officer

Adil A. Ghaffar  
Chief Executive Officer  
Premier Financial Services  
(Private) Limited

Director  
Premier Financial Services  
(Private) Limited

Director  
Premier Financial Services  
(Private) Limited



## CONSOLIDATED PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	----- Rupees -----	
<b>Income - net</b>	<b>31</b>	<b>(141,162,214)</b>	<b>(275,730,698)</b>
<b>Expenditures</b>			
Operating expenses	<b>32</b>	<b>(92,877,463)</b>	<b>(103,089,348)</b>
Distribution and selling expenses	<b>33</b>	<b>(3,349,690)</b>	<b>(24,653,159)</b>
		<b>(96,227,153)</b>	<b>(127,742,507)</b>
<b>Operating loss</b>		<b>(237,389,367)</b>	<b>(403,473,205)</b>
Financial charges	<b>34</b>	<b>(23,434,736)</b>	<b>(115,922,490)</b>
Other income	<b>35</b>	<b>10,028,349</b>	<b>8,946,328</b>
<b>Other charges</b>	<b>36</b>	<b>(4,943,967)</b>	<b>-</b>
<b>Loss before income tax and levy (final &amp; minimum tax)</b>		<b>(255,739,721)</b>	<b>(510,449,367)</b>
Final taxes	<b>37.3</b>	<b>(719,648)</b>	<b>(7,881,337)</b>
Minimum tax	<b>37.4</b>	<b>(6,111,687)</b>	<b>(55,766,518)</b>
<b>Loss before income tax</b>		<b>(262,571,056)</b>	<b>(574,097,222)</b>
<b>Income tax</b>			
- Current	For the year	<b>-</b>	<b>-</b>
	Prior year	<b>(7,064)</b>	<b>(3,326,227)</b>
- Deferred tax		<b>30,423,153</b>	<b>163,328,084</b>
		<b>30,416,089</b>	<b>160,001,857</b>
<b>Loss after income tax</b>		<b>(232,154,967)</b>	<b>414,095,365)</b>
<b>Loss per certificate - basic and diluted</b>	<b>38</b>	<b>(4.43)</b>	<b>(7.90)</b>

Qazi Obaid Ullah  
Chief Financial Officer

Adil A. Ghaffar  
Chief Executive Officer  
Premier Financial Services  
(Private) Limited

Director  
Premier Financial Services  
(Private) Limited

Director  
Premier Financial Services  
(Private) Limited

# CONSOLIDATED PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
	----- Rupees -----	-----
<b>Loss after income tax</b>	<b>(232,154,967)</b>	<b>(414,095,365)</b>
<b>Other comprehensive income</b>		
<i>Items that will be subsequently reclassified:</i>		
Unrealized gain / (loss) on remeasurement of investments	<b>84,470,467</b>	66,190,380
Loss realised on disposal of investments	<b>(15,956,685)</b>	(8,606,428)
	<b>68,513,782</b>	57,583,952
<i>Items that will not be subsequently reclassified:</i>		
Remeasurement of defined benefit liability	<b>1,140,006</b>	1,185,570
Unrealized gain on remeasurement of investment held at FVTOCI	<b>5,160,036</b>	9,737,227
<b>Other comprehensive income / (loss)</b>	<b>6,300,042</b>	10,922,797
Revaluation surplus - net of deferred taxation	<b>299,532,883</b>	-
Other comprehensive income	<b>374,346,707</b>	68,506,749
<b>Total comprehensive loss for the year</b>	<b>142,191,740</b>	<b>(345,588,616)</b>

*The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.*

**Qazi Obaid Ullah**  
Chief Financial Officer

**Adil A. Ghaffar**  
Chief Executive Officer  
Premier Financial Services  
(Private) Limited

**Director**  
Premier Financial Services  
(Private) Limited

**Director**  
Premier Financial Services  
(Private) Limited



## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
Note	----- Rupees -----	
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
<b>Loss before income tax and levy (final &amp; minimum tax)</b>	(255,739,721)	(510,449,367)
<b>Adjustments for non-cash and other items:</b>		
Depreciation	112,528,487	121,573,958
Amortization on intangible asset	819,311	707,102
Provision for doubtful debts	94,630	-
Provision for gratuity	1,522,789	1,575,363
Dividend income	(4,071,537)	(5,145,758)
Gain on sale of asset	(7,022,899)	-
<b>Provision of slow moving items</b>	4,182,048	-
Financial charges	23,434,736	115,922,490
	131,487,565	234,633,155
Cash used in operations before working capital changes	(124,252,156)	(275,816,212)
Working capital changes		
(Increase) / decrease in operating assets		
Store, spares and loose tools	24,952,953	(3,797,110)
Stock-in-trade	300,669,832	227,833,644
Trade debts	75,008,502	470,739,771
Advances	(1,127,747)	7,361,025
Trade deposits and prepayments	43,071,929	(6,018,283)
Other receivables	66,124,889	(178,238,847)
	508,700,358	517,880,200
(Decrease) / increase in operating liabilities		
<b>Short term borrowing</b>	(157,646,141)	118,038,518
Creditors, accrued and other liabilities	(174,252,143)	(239,639,909)
	(331,898,284)	(121,601,391)
Financial charges paid	(25,722,601)	(102,473,603)
Dividend paid	-	(11,799)
Taxes paid	(11,745,586)	(21,302,292)
Net cash generated from / (used in) operating activities	15,081,731	(3,325,097)

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
Note	----- Rupees -----	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments - net	15,146,065	34,046,788
Long term deposits - net	7,035,800	577,000
Purchases of intangible assets	-	(5,487,601)
Dividend received	4,071,537	5,145,758
Sale proceeds on disposal of assets	8,857,257	-
Purchases of tangible assets	(25,314,930)	(44,489,263)
<b>Net cash used in investing activities</b>	<b>9,795,729</b>	<b>(10,207,318)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Liabilities against asset subject to finance lease - net	(18,801,352)	(16,353,872)
GIDC payable	737,788	8,013,819
<b>Net cash used in financing activities</b>	<b>(18,063,564)</b>	<b>(8,340,053)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>6,813,896</b>	<b>(21,872,468)</b>
Cash and cash equivalents at beginning of the year	19,604,750	41,477,218
<b>Cash and cash equivalents at the end of the year</b>	<b>26,418,646</b>	<b>19,604,750</b>

*The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.*

**Qazi Obaid Ullah**  
Chief Financial Officer

**Adil A. Ghaffar**  
Chief Executive Officer  
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(Private) Limited

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(Private) Limited





## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2025

## FIRST EQUITY MODARBA

	Certificate Capital	Statutory reserve*	Certificate premium account	General reserve	Accumulated loss	Total reserves	Remeasurement of defined benefit liability	Surplus on revaluation of fixed assets	Unrealised loss on remeasurement of investments	Total
----- Rupees -----										
Balance as at June 30, 2023	524,400,000	164,334,210	131,100,000	17,321,036	179,378,574	492,133,820	1,364,966	514,549,578	(124,338,089)	1,345,935,601
Profit for the year	-	-	-	-	(414,095,365)	(414,095,365)	-	-	-	(414,095,365)
Other comprehensive income for the year	-	-	-	-	-	-	1,185,570	-	67,321,179	68,506,749
Incremental depreciation on revaluation surplus net off deferred tax	-	-	-	-	46,309,462	46,309,462	-	(46,309,462)	-	-
<b>Balance as at June 30, 2024</b>	<b>524,400,000</b>	<b>164,334,210</b>	<b>131,100,000</b>	<b>17,321,036</b>	<b>(188,407,329)</b>	<b>124,347,917</b>	<b>2,873,713</b>	<b>416,785,158</b>	<b>(68,059,803)</b>	<b>1,000,346,985</b>
Loss for the year	-	-	-	-	(232,154,967)	(232,154,967)	-	-	-	(232,154,967)
Other comprehensive income for the year	-	-	-	-	-	-	1,140,006	-	73,673,818	74,813,824
Revaluation surplus during the year	-	-	-	-	-	-	-	299,532,883	-	299,532,883
Incremental depreciation on revaluation surplus net off deferred tax	-	-	-	-	41,678,516	41,678,516	-	(41,678,516)	-	-
Balance as at June 30, 2025	524,400,000	164,334,210	131,100,000	17,321,036	(378,883,780)	(66,128,534)	4,013,719	674,639,525	5,614,015	1,142,538,725

\* In accordance with the Prudential Regulations for Modarabas, the Modaraba is required to transfer an amount not less than 20% and not more than 50% of its after tax profits to statutory reserve until the reserve funds equals the certificate capital. Thereafter, a sum not less than 5% of the after tax profits is required to be transferred to the statutory reserve.

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### 1. LEGAL STATUS AND NATURE OF BUSINESS

The Group consist of First Equity Modaraba (the Modaraba) and its subsidiaries, Equity Textiles Limited (ETL), Capital Financial Services (Private) Limited and Apex Financial Services (Private) Limited.

#### 1.1 First Equity Modaraba

First Equity Modaraba (the Modaraba) was formed in 1991 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under and is managed by Premier Financial Services (Private) Limited (the Modaraba Management Company), a company incorporated in Pakistan.

The Modaraba is a perpetual, multipurpose modaraba and is able to undertake a variety of fund and fee based activities. The Modaraba is a Trading Right Entitlement Certificate (TREC) holder of the Pakistan Stock Exchange Limited and is currently operating its brokerage activities in Pakistan Stock Exchange Limited.

The Modaraba is holding Equity Textiles Limited, Capital Financial Services (Private) Limited and Apex Financial Services (Private) Limited as a wholly owned subsidiary companies.

#### 1.2 Equity Textiles Limited

Equity Textiles Limited (ETL) was incorporated in Pakistan on May 31, 2005 as a Public Limited Company under the Companies Ordinance, 1984. The registered office of ETL is situated at 3rd Floor, Cotton Exchange Building, I.I. Chundrigar Road, Karachi. The principal activities of ETL is manufacturing and sale of textile products. ETL commenced its commercial operations on April 1, 2007.

During the year ended 30 June 2025, the Subsidiary incurred a net loss of Rs. 223.080 million (2024: Rs. 373.664 million). As of that date, the Subsidiary's current liabilities exceeded its current assets by Rs. 501.190 million. Additionally, the Subsidiary's manufacturing plant has remained non-operational since September 2024, with only limited toll manufacturing activities and the sale of closing stock and raw materials taking place during the year, primarily due to elevated production costs.

The Subsidiary is considering the disposal of its leasehold land, factory and colony building, plant and machinery, generators, electrical installations, and factory equipment, subject to approval by its Board of Directors and, subsequently, by shareholders in the forthcoming general meeting. These circumstances indicate the existence of a material uncertainty that may cast significant doubt on the Subsidiary's ability to continue as a going concern and, therefore, on its ability to realize assets and discharge liabilities in the normal course of business.

However, management of the Group believes that these circumstances do not cast significant doubt on the Group's ability to continue as a going concern, as the financial position and cash flows of the Modaraba and its other operations remain stable. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

The Company intends to utilize the disposal proceeds for further business activities. Accordingly, these financial statements have been prepared on a going concern basis.

#### 1.3 Capital Financial Services (Private) Limited

Capital Financial Services (Private) Limited was incorporated in Pakistan on November 13, 2015 as Private Limited Company by shares under the Companies Ordinance, 1984. The registered office of the Company is situated at B-1004, 10th Floor, Lakson Square Building no. 3, Sarwar Shaheed Road, Karachi. The principal activities of the company is to act as member / broker of the Pakistan Stock Exchange and to carry on the business of brokerage services in stock, shares etc.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### 1.4 Apex Financial Services (Private) Limited

Apex Financial Services (Private) Limited was incorporated in Pakistan on November 13, 2015 as Private Limited Company by shares under the Companies Ordinance, 1984. The registered office of the Company is situated at B-1004, 10th Floor, Lakson Square Building no. 3, Sarwar Shaheed Road, Karachi. The principal activities of the company is to act as member / broker of the Pakistan Stock Exchange and to carry on the business of brokerage services in stock, shares etc.

### 1.5 Consolidation procedures

#### **Subsidiaries**

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights or the parent - subsidiary relationship meet the definition as given in section 3 of the Companies Act, 2017. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit and loss account.

#### **Transactions eliminated on consolidation**

Inter-company transactions, balances and unrealized gains/losses on transactions between Group companies are eliminated.

#### **Functional and reporting currency of group**

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the group operates. The consolidated financial statements are presented in Pakistani Rupees which is the functional and presentation currency of all the group companies.

### 1.6 Basis of consolidation

These consolidated financial statements include the accounts of group [First Equity Modaraba and its subsidiary companies, Equity Textile Mills Limited, Apex Financial Services (Private) Limited and Capital Financial Services (Private) Limited - (100% - Holding)]. Financial Statements of subsidiary companies have been consolidated on a line-by-line basis.

All material inter-company balances, transactions and resulting unrealized profit and losses have been eliminated.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

### 2.2 Basis of measurement

These financial statements have been prepared under the "historical cost convention" except for the revaluation of certain financial assets which are stated at fair value. These financial statements have been prepared following accrual basis of accounting except for cash flow information.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### 2.3 Functional and presentation currency

These financial statements have been presented in Pakistan Rupees, which is the functional and presentation currency of the Group.

### 2.4 Significant 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 Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under circumstances. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial estimates are as follows:

	Note
a) Useful life of depreciable assets/amortizable assets	4.1 & 4.2
b) Impairment of assets	4.18
c) Classification of investments	4.3
d) Income tax	4.11
e) Provision for staff gratuity	4.13

### 3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE APPROVED ACCOUNTING STANDARDS

3.1 There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 01, 2024. However, these do not have any significant impact on the Company's financial statements except as disclosed in note 4 to these financial statements.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		"Effective date (annual reporting periods beginning on or after)"
IAS 21	The Effects of Changes in Foreign Exchange Rates (Amendments)	January 01, 2025
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 01, 2026
IFRS 9	Financial Instruments: Classification and Measurement (Amendments)	January 01, 2026
IFRS 17	Insurance Contracts	January 01, 2026
	"Annual improvements to IFRS 7, IFRS 9, IFRS 10 (Consolidated Financial Statements) and IAS 7 (Statement of Cash Flows)"	January 01, 2026

3.3 The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

- 3.4 Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2025;

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRIC 12	Service Concession Arrangement
IFRS 18	Presentation and Disclosures in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

### 4. MATERIAL ACCOUNTING POLICIES INFORMATION

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

#### 4.1 Fixed assets

##### 4.1.1 Tangible

Fixed assets are stated at cost/revalued amount less accumulated depreciation and identified impairment loss, if any. Capital work-in-progress is stated at cost. Cost of operating fixed assets comprises historical cost, borrowing cost and other expenditures pertaining to the acquisition, construction, erection and installation of these assets.

The Group charges depreciation on the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life. Depreciation is charged at rates stated in note 18. Full depreciation is charged on additions, except major additions or extensions to production, facilities which are depreciated on pro-rata basis for the duration of use during the year. Group charges depreciation on additions from the month during which the asset is put to use. For disposals during the year, depreciation is charged up to the month preceding the month of disposal. The Group accounts for impairment, where indication exists, by reducing the carrying value to the estimated recoverable amount.

The assets' residual value and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Expenditures incurred subsequent to the initial acquisition of assets are capitalized only when it meets the recognition criteria. The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

The Group assesses at each reporting date whether there is any indication that fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful lives.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### 4.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost and consist of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

### 4.1.3 Finance lease

Assets held under finance leases are recognized as assets of the Group at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged at rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease term.

Income arising from sale and lease back transactions, if any, is deferred and amortized equally over the lease period.

### 4.1.4 Operating lease

Lease payments under operating leases (net of any incentives received from the lessor) are charged to profit and loss account on a straight line basis over the respective lease term.

### 4.1.5 Intangible

Intangible assets are stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

## 4.2 Investment property

Property held to earn rentals or for capital appreciation or for both is classified as investment property. The investment property of the Modaraba comprises of office premises and is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on office premises is charged to profit and loss account on the straight line method so as to write off the depreciable amount of office premises over its estimated useful life at the rate defined in note 20. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

The Group assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### 4.3 Financial instruments

#### 4.3.1 Financial assets

##### Initial Measurement

"The Group classifies its financial assets into following three categories:

- measured at amortized cost.
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI);"

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

##### Subsequent measurement

- **Debt Investments at FVOCI**  
These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, and impairment are recognized in the statement of profit or loss account. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit and loss.
- **Financial assets at FVTPL**  
These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in the statement of profit and loss.
- **Financial assets measured at amortized cost**  
Financial assets measured at these assets are subsequently measured at amortized cost using the effective amortized cost interest method. The amortized cost is reduced by impairment losses. Interest / markup income, and impairment are recognized in the statement of profit and loss.
- **Equity Investments at FVOCI**  
These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit and loss.

##### Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI that are not measured at fair value through profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

### 4.3.2 Financial liabilities

Financial liabilities are initially recognized on trade date i.e. date on which the Group becomes party to the respective contractual provisions. The Group derecognizes the financial liabilities when contractual obligations are discharged or cancelled or expired. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortized cost using effective interest rate method.

### 4.4 Stores, spares and loose tools

These are valued at weighted average cost except for items in transit, which are valued at cost comprising invoice value, plus other charges paid thereon. Provision is made for slow moving and obsolete items.

### 4.5 Stock-in-trade

These are valued at the lower of cost and net realizable value except waste, which is valued at net realizable value determined on the basis of contract price. The cost is determined as follows:

Raw materials	Weighted average cost
Work-in-progress and finished goods	Weighted average manufacturing cost including a proportion of production overheads
Waste	Net realizable value

Net realizable value represents estimated selling prices in the ordinary course of business less expenses incidental to making the sale.

### 4.6 Trade debts

Trade debts are carried at the amounts billed / charged which is fair value of consideration to be received in the future. An estimate is made for doubtful receivables based on review of outstanding amounts at the year end, if any. Provision is made against those having no activity during the current period and are considered doubtful by the management. Balances considered bad and irrecoverable are written off when identified.

### 4.7 Other receivables

Other receivables are recognized at nominal amount which is fair value of the consideration to be received in the future.

### 4.8 Creditors, accrued and other liabilities





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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.

### 4.9 Revenue recognition

- (a) Income from Morabaha / Musharaka transactions is recognized on the basis of pro-rata accrual of the estimated profit earned during the year.
- (b) Dividend income is recognized when the right to receive dividend is established.
- (c) Brokerage commission and fee income is recognized when accrued.
- (d) Profit on PLS deposits is recognized on an accrual basis.
- (e) Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.
- (f) Sales are recognized on dispatch of goods to customers, when risk and rewards of ownership are transferred. Scrap sales are recognized at realized amount when delivery is made to customers.
- (g) Profit on investment accounts with Islamic banks is recognized on an accrual basis.
- (h) Rent from investment property is recorded on accrual basis.

### 4.10 Borrowing cost

Financing and borrowings are recorded at the amounts received. Financial charges are accounted for on accrual basis. Financial charges on long term financing is capitalized up to the date of commissioning of respective property, plant and equipment acquired out of the proceeds of such long term financing. Other financial charges are charged to profit and loss account in the year in which they are incurred.

### 4.11 Taxation

#### 4.11.1 Parent company

##### Current

The charge for taxation is based on taxable income at current rates of taxation after taking into account tax credits and tax rebates available, if any or minimum tax under the provisions of the Income Tax Ordinance, 2001. For items covered under final tax regime, provision is made according to the final tax rate provided in the Income Tax Ordinance, 2001.

##### Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the tax base. This is recognized on the basis of expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### 4.11.2 Subsidiary companies

#### Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### Deferred

Deferred taxation is accounted for using the balance sheet liability method providing for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary timing differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is calculated based on the rates that have been enacted or substantively enacted upto the balance sheet date and are expected to apply to the period when the difference arises.

### 4.12 Foreign currency translation

#### Parent company

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak rupees at exchange rate prevailing at the date of transaction. All non-monetary items are translated into rupees at exchange rate prevailing on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

#### Subsidiary companies

Assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at balance sheet date or at the contracted rates while foreign currency transactions are recorded at the rates of exchange prevailing at the transaction date or at the contracted rates. Exchange gains and losses are charged to income currently.

### 4.13 Retirement benefits

#### Defined benefit plan

The Group operates an unfunded gratuity for its permanent employees who complete the qualifying period of service. Provision has been made in accordance with actuarial recommendations using the Projected Unit Credit Method. The results of current valuation are summarized in Note 10 of these financial statements. Actuarial gains / losses are recognized over the average lives of the employees.

#### Defined contribution plan

The subsidiary operates a funded employees' provident fund scheme for its permanent employees. Equal monthly contributions at the rate of 6% of basic pay are made both by the Company and employees to the Fund.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### Employee compensated absences

Compensated absences are accounted for in the period in which the absences are earned.

#### 4.14 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Group has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### 4.15 Derivative financial instruments

The Group enters into derivative financial instruments. These are initially recorded at cost and are re-measured to fair value at subsequent reporting dates. Any resulting gain or loss is recognized in current year income. Derivatives with positive market values are included in other receivables and derivatives with negative market values are included in other liabilities in the balance sheet.

#### 4.16 Provisions

Provisions are recognized in the balance sheet when the Group has a legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

#### 4.17 Profit distribution to certificates holders

Profit distribution to certificate holders is recognized as liability in the period in which such distribution is announced.

#### 4.18 Impairment

The carrying amount of Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impaired losses are recognized in the profit and loss account.

#### 4.19 Segment reporting

A segment is a distinguishable component of the Group that is engaged in business activities from which the Group earns revenues and incur expenses and its results are regularly reviewed by the Group's Chief Operating Decision Maker to make decision about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment.

Based on internal management reporting structure, services provided and products produced and sold, the Group is organized into the following four operating segments:

- Musharaka facility
- Brokerage operation
- Capital market
- Textile business
- Others

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### 4.20 Related party transactions Parent

All transactions with related parties, if any, are recorded at an arm's length basis.

### Subsidiary companies

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

### 4.21 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand and cash with banks net of borrowing considered as being in the nature of financing activities.

### 4.22 Functional and reporting currency

Items include in the financial statements are measured using the currency of primary economic environment in which the Group operates. The financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

### 4.23 Capital Risk Management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can provide returns for certificate holders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to certificate holders or issue new certificates.

### 4.24 Subsidiary accounting judgment and critical estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires the management to:-

- exercise its judgment in process of applying the Group's accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

These involve critical accounting estimates and significant assumptions concerning the future are discussed below:-

### Income taxes

The Companies takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes as explained in notes to these financial statements.

### Property, plant and equipment



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

**Stores and spares**

Management has made estimates for realizable amount of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stores and spares with corresponding affect on amounts recognized in profit and loss account as provision / reversal.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### 5. CERTIFICATE CAPITAL

2025	2024		2025	2024
--- Number of certificates ---		Note	----- Rupees -----	
46,220,000	46,220,000	5.1	462,200,000	462,200,000
6,220,000	6,220,000	5.2	62,200,000	62,200,000
<u>52,440,000</u>	<u>52,440,000</u>		<u>524,400,000</u>	<u>524,400,000</u>

5.1 Modaraba certificates of Rs. 10 each fully paid-up in cash.

5.2 Modaraba certificates of Rs. 10 each issued as fully paid-up bonus certificates.

5.3 Certificates held by the Management Company: 5,532,296 (2023: 5,532,296).

6. RESERVES	2025	2024
	----- Rupees -----	
<b>Capital reserves</b>		
Statutory reserve	164,334,210	164,334,210
Certificate premium account	131,100,000	131,100,000
<b>Revenue reserve</b>		
Accumulated profit	(378,883,780)	(188,407,329)
General reserve	17,321,036	17,321,036
	<u>(66,128,534)</u>	<u>124,347,917</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

**6.1** In accordance with the Prudential Regulations for Modarabas, the Modaraba is required to transfer an amount not less than 20% and not more than 50% of its after tax profits to statutory reserve until the reserve fund equals the certificate capital.

		2025	2024
	Note	----- Rupees -----	-----
<b>7. SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
Opening balance		416,785,158	652,245,943
Effect of surplus recognized during the year		592,113,491	-
Movement of revaluation surplus during the year	7.1	(58,702,135)	(65,224,594)
Movement of deferred tax during the year	7.2	(275,556,989)	(170,236,191)
Closing balance		<u>674,639,525</u>	<u>416,785,158</u>

### **7.1 Movement of revaluation surplus**

Less: transfer to unappropriated profit in respect of incremental depreciation charged during the year - (net of deferred tax)	(41,678,516)	(46,309,462)
Related deferred tax liability	(17,023,619)	(18,915,132)
	<u>(58,702,135)</u>	<u>(65,224,594)</u>

2025

2024

### **7.2 Movement of deferred tax liability**

Opening balance	(170,236,191)	(189,151,323)
Effect of surplus recognized during the year	(122,344,417)	(1,421,780)
Less: incremental depreciation charged during the year transferred to the statement of profit or loss	17,023,619	20,336,912
Closing balance	<u><del>275,556,989</del></u>	<u><del>(170,236,191)</del></u>

### **8. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE**

	2025	2024
	----- Rupees -----	-----
Opening balance	22,597,219	38,951,091
Payments / adjustments during the year	(18,801,352)	(16,353,872)
	3,795,867	22,597,219
Less: Payable within one year shown under current liabilities	(3,795,867)	(15,292,552)
	<u>-</u>	<u>7,304,667</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

- 8.1** This represents finance lease entered into with financial institution for vehicles and plant and machinery. Financing at the rate of 6 month KIBOR plus 3.00% per annum have been used as a discounting factor. At the end of the lease period the ownership of assets shall be transferred to the Company upon the payment of residual values of the assets. The future minimum lease payments to which the Company is committed under the lease agreements and the periods in which they will become due are as follows:

	2025			2024		
	Upto one year	One to five years	Total	Upto one year	One to five years	Total
	----- Rupees -----					
Minimum outstanding lease payments	3,803,856	-	3,803,856	17,367,780	7,309,829	24,677,609
Financial charges not due	(7,989)	-	(7,989)	(2,075,228)	(5,162)	(2,080,390)
Present value of minimum lease payments	3,795,867	-	3,795,867	15,292,552	7,304,667	22,597,219
Payable within one year shown under current liabilities	(3,795,867)	-	(3,795,867)	(15,292,552)	-	(15,292,552)
	-	-	-	-	7,304,667	7,304,667

### 9. DEFERRED LIABILITIES

	Note	2025 ----- Rupees -----	2024 ----- Rupees -----
Deferred taxation	9.1	04,695,413	12,774,144
Staff gratuity	9.2	7,552,903	7,170,120
		<u>112,248,316</u>	<u>19,944,264</u>





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### 9.1 Deferred taxation liability / asset

The net balance for deferred taxation is in respect of the following temporary differences:

	2025	2024
Note	----- Rupees -----	----- Rupees -----
<b>Deferred tax liabilities</b>		
Accelerated tax depreciation allowance	69,878,544	79,646,628
Revaluation of operating fixed assets	275,556,995	170,236,191
Lease rentals	11,415,573	7,353,890
	<b>356,851,112</b>	257,236,709
<b>Deferred tax assets</b>		
Provision for bad debts against local debtors	3,047,396	3,019,954
Tax losses	187,661,427	143,757,183
Turnover tax	61,446,876	97,685,428
	<b>252,155,699</b>	244,462,565
	<b>104,695,413</b>	12,774,144
<b>9.2 Staff gratuity</b>	<b>9.2.2 7,552,903</b>	7,170,120

#### 9.2.1 General description

Employees, after completion of one year of service, shall be entitled for gratuity on leaving the Group's employment. Gratuity shall be paid on the basis of one month's last drawn monthly gross salary for each completed year of service.

Annual provision is based on actuarial valuation, which was carried out as at June 30, 2025 on September 15, 2025 using the Projected Unit Method.

	2025	2024
	----- Rupees -----	----- Rupees -----
<b>9.2.2 Amount recognized in the balance sheet is as follow:</b>		
Present value of defined benefit obligation	7,552,903	7,170,120
Total defined benefit obligation	<b>7,552,903</b>	7,170,120

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
	----- Rupees -----	
<b>9.2.3 Movement in defined benefit obligation</b>		
Opening balance	7,170,120	6,780,327
<b>Charged for the defined benefit plan</b>		
Current service cost	465,196	473,560
Net interest	1,057,593	1,101,803
Actuarial gain on obligation	(1,140,006)	(1,185,570)
	382,783	389,793
Benefits paid	-	-
Closing balance	7,552,903	7,170,120

### 9.2.4 Actuarial assumptions

Valuation discount rate	14.75	16.25%
Salary increase rate	11.75%	14.75%

The expected maturity analysis of undiscounted retirement benefit obligation is:

	2025
	Un-discounted payments
	----- Rupees -----
2026	167,832
2027	193,123
2028	3,798,015
2029	162,159
2030 and onwards	38,511,471

Mortality rates assumed were based on the SLIC 2001-2005 (Standard Life table for Pakistani insured population) mortality table.

The rates for withdrawal from service and retirement on ill-health grounds are based on industry / country experience.

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

Impact on defined benefit obligation		
Change in assumptions	Increase	Decrease
---- (%) ----	----- Rupees -----	

Discount rate	1%	7,137,747	8,020,837
Salary growth rate	1%	8,020,761	7,130,293



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The expected gratuity expense for the next year amounted to Rs. 1.328 million. This is the amount by which defined benefit liability is expected to increase.

Risks to which the scheme maintained by the Group is exposed are as follows such as:

**Salary risk:** The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

**Mortality risk:** The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

**Withdrawal risk:** The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

		2025	2024
	Note	----- Rupees -----	
10. GIDC PAYABLE			
GIDC payable	10.1	<u>294,911,570</u>	<u>294,173,782</u>

- 10.1 The amount was payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. In November 2020, the Supreme Court dismissed the review petition seeking review of its order issued in favor of recovery for GIDC arrears. The liability is recognized as per the guidelines issued by Institute of Chartered Accountants of Pakistan dated January 21, 2021.

		2025	2024
	Note	----- Rupees -----	
11. SHORT TERM BORROWING			
Secured - Financial institutions (Running finance arrangements)			
Habib Bank Limited - Hypothecation		-	9,625,488
Bank of Punjab FIM	11.1	52,883,893	200,904,546
		<u>52,883,893</u>	<u>210,530,034</u>

- 11.1 The facility is obtained for import / purchase of raw cotton bales and to finance working capital requirement of the Company. This facility is secured against First parri passu hypothecation charge of Rs. 467 million with 25% margin on present and future assets of the Company. The finance carries markup at the rate of 6 month KIBOR plus 200 basis points to be calculated on monthly basis. The total sanctioned limit is Rs. 350 million (2024: 350 million).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

12. CURRENT PORTION OF LONG TERM LIABILITIES	Note	2025 ----- Rupees -----	2024 -----
Liabilities against asset subject to finance lease	8	3,795,867	15,292,552
Current portion of GIDC payable		294,911,570	294,173,782
		<u>298,707,437</u>	<u>309,466,334</u>

**13. CREDITORS, ACCRUED AND OTHER LIABILITIES**

Creditors	216,794,516	368,215,306
Accrued expenses	196,261,845	178,522,208
Payable to clients	8,292,833	11,497,178
Sale tax payable	27,805	136,794
Withholding tax payable	2,831,395	2,661,377
Minimum Tax levy	5,844,570	55,602,306
Other liabilities	26,977,509	14,647,447
	<u>457,030,473</u>	<u>631,282,616</u>

**14. ACCRUED MARK-UP**

Short Term borrowing	14,804,653	17,092,518
	<u>14,804,653</u>	<u>17,092,518</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### 15. CONTINGENCIES AND COMMITMENTS

#### 15.1 Contingencies

Modaraba has filed a suit against Samba Bank Limited for the recovery of deposit amounting to Rs. 21 million along with mark up. The matter is pending before the Honorable High Court of Sindh. Management of the Modaraba and its legal advisor are of the opinion that Modaraba has reasonable chance and it appears unlikely that Modaraba may suffer any loss from the same.

Modaraba has filed a suit against SECP for declaration and permanent injunction before the High Court of Sindh restraining SECP from cancelling, lapsing, extinguishing or affecting its Trading Right Entitlement Certificate issued by Pakistan Stock Exchange or any right of the Company under the same and directing SECP to grant permission for incorporating a wholly owned subsidiary company for transfer of the Certificate to such company. The Court passed ad interim orders restraining SECP from taking any coercive action against the Company and to maintain status quo. The matter is at the stage of hearing of applications.

There is a contingent liability in favour of Sui Gas Company Limited aggregating to amount Rs. 86.689 million. Sindh High Court has recently passed order in favour of Equity Textiles Limited. However, SSGCL has challenged the impugned SHC judgement in Supreme Court. The company is expecting favourable outcome.

In prior years, the Assistant Commissioner of Inland Revenue (ACIR) has issued show cause notice for short payment of further tax under section 11 (2) of Sales Tax Act, 1990 for the tax years 2016 and 2017. This pertains to Further tax on zero rated supply and according to provisions of Sales tax Act, 1990 further tax cannot be imposed on zero rated supplies. The Company had filed appeal to the Honorable High Court of Sindh and subsequently, the High Court of Sindh has passed restraining order against the notice. The Company, based on the legal advice, expects a favorable outcome of the case and accordingly, no provision has been made in these financial statements in respect of this matter. The matter is pending in the High Court of Sindh.

In prior years, the Assistant Commissioner of Inland Revenue (ACIR) has issued show cause notice for payment of sales tax and further tax amounting to Rs. 5.271 million under section 11 of Sales Tax Act, 1990 on the sale of goods to M/s Vezel Enterprises. The Company has filed appeal to the High Court of Sindh and subsequently, the High Court of Sindh has passed restraining order against the notice. This pertains to blacklisting issue of Vezel Enterprises. Actually, customer had blacklisted after supply of goods and there are number of rulings of High Court that supplier cannot be panelized if the customer blacklisted after the date of actual supply. The matter is pending with High Court of Sindh. The Company, based on the legal advice, expects a favorable outcome of the case and accordingly, no provision has been made in these financial statements in respect of this matter.

In prior year, the Officer Inland Revenue, (OIR) has issued show cause notice u/s 11(I) Read with Section 33(I)/5 of the Sales tax Act, 1990 for late payment and filing of Sales tax for the period July-2019 to November-2020. Subsequently, has passed an order No.100 of 2021 for recovery of demand for Rs.1.059 million. This pertains to late filing issue of Sales tax returns. The Company has filed an appeal before the Commissioner (Appeal) for impugned demand in term of section 45-B of Sales tax Act, 1990. The Company also had also paid Rs.1.059 million towards 10% payment of the tax adjudged tax liability in terms of provisions of Law. The Company, based on the legal advice, expects a favorable outcome of the case and accordingly, no provision has

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

been made in these financial statements in respect of this matter. However, the commissioner of appeal had passed order in our favour. Subsequently, the department had filed the appeal with Inland Revenue Tribunal and matter is still pending with the Tribunal.

In prior year, the Assistant Commissioner / Deputy Commissioner (ACIR) has issued show cause notice u/s 11((2) of the Sales tax Act, 1990 for late payment and late filing of Sales tax for the period August-2019 to November-2019. Subsequently, has passed an order No.08/80 of 2020 for recovery of demand for Rs.0.413 million. The Company had filed an appeal before the Commissioner (Appeal) for impugned demand in term of section 45-B of Sales tax Act, 1990. This pertains to late filing of Sales tax returns. The Commissioner of Appeal restrained order passed order had passed DCIR. The Commissioner had passed order against the Company. However, Company had filed the appeal in the Tribunal and same is pending with the Tribunal. The Company, based on the legal advice, expects a favorable outcome of the case and accordingly, had filed an appeal to the Appellate Tribunal Inland Revenue u/s 46 of the Sales tax Act, 1990 and no provision has been made in these financial statements in respect of this matter.

In prior year, the Deputy Commissioner (DCIR) has issued show cause notice u/s 11((2) of the Sales tax Act, 1990 wrong input tax for Rs.0.135 million for the period July, 2021 to November, 2021 Subsequently, (DCIR) has passed an order No.30/74 of 2022 for recovery of demand should be of Rs.0.141 million. The Company has filed an appeal before the Commissioner (Appeal) for impugned demand in term of section 45-B of Sales tax Act, 1990. This pertains to wrong input tax adjustment. However, the Commissioner Appeal passed order in our favour. However, department has filed appeal in the tribunal. The Company, based on the legal advice, expects a favorable outcome of the case and accordingly, no provision has been made in these financial statements in respect of this matter.

In prior year, the Inland Revenue Officer (IRO) has issued show cause notice u/s 11((2) of the Sales tax Act, 1990 for supplying of goods to M/s Pearl Corporation who has blacklisted by FBR after supplies made by us. Subsequently, he has passed an order No.108/ of 2021 for recovery of demand for Rs.2.970 million. This pertains to blacklisting issue of Pearl Corporation. Actually, customer had blacklisted after supply of goods. The Company has filed an appeal before the Commissioner (Appeal) for impugned demand in term of section 45-B of Sales tax Act, 1990 and also filed an appeal with High Court of Sindh for no recovery notice to be initiated till outcome of decision of Commissioner Appeal.

However, the Commissioner of appeal just passed order in our favor. The Company, based on the legal advice, expects a favorable outcome of the case and accordingly, no provision has been made in these financial statements in respect of this matter. However, the Department has filed appeal in the Tribunal and which is still pending at tribunal.

In prior year, tax year 2020, Company had filed appeal at High Court of Sindh against retrospective amendment under 65(B) of Income tax Ordinance, 2001 for reduction in rates of investment credit from 10% to 5% for the tax year 2020. Subsequently, High Court of Sindh has passed order in favor of Equity Textiles Limited in the year 2023. However, the department filed an appeal in the Supreme Court of Pakistan against the order of High Court of Sindh. The Company is defending the case under C.P.L.A. # 825-K/2023 dated 8/6/2023 at Supreme Court of Pakistan. The matter is still pending with Supreme Court of Pakistan. The Company, based on the legal advice, expects a favorable outcome of the case and accordingly, no provision has been made in these financial statements in respect of this matter.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

In prior year, the DCIR has passed order under section 221(1) of the Income Tax Ordinance, 2001 for tax year 2020 in respect of adjustment of brought forward refund pertaining to pervious tax years with the tax liability without having refund order under section 170(4) of the Ordinance resulting in tax demand of Rs.7.0 million. This pertains to adjustment of income tax refund of previous years. However, the company filed appeal before the Commissioner Inland Revenue Appeals (CIR-A) against the said order where hearing is concluded. The (CA-A) has referred the case back to DCIR for further examination and verification of prior year refunds.

In prior year, the ADCIR has passed order under section 122 (5A) of the Income Tax Ordinance, 2001 for tax year 2017 and disallowed the expenses for Rs.130.5 million. The said disallowance / addition resulted in taxable income during the period 98.577 million and tax liability amounting to Rs.4.159 million. The Company filed appeal before the Commissioner Inland Revenue Appeals (CIR-A) against the said order. The CIR-A modify the order of the officer by annulling the addition of salaries under section 21 (c) of the Ordinance and adjustment of brought forward business losses. However, remand back the issue relating to the allowability of tax credit under section 65B of the Ordinance. Subsequently, the officer has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of the Commissioner Appeals and the hearing in appeal is pending. The matter is pending before the Appellate Tribunal Inland Revenue.

### 15.2 Commitments

Commitment in respect of letters of credit as at the reporting date amounting to Rs. Nil (2024: 24.550 million).

## 16. TANGIBLE

2025											Rate
Particulars	Cost				Accumulated depreciation				Book value		
	As at July 01, 2024	Addition	Deletion	Non-current assets classified as held for sale	As at June 30, 2025	As at July 01, 2024	Charged during the year	Disposal	As at June 30, 2025	As at June 30, 2025	
----- Rupees -----											(%)
<b><i>Owned</i></b>											
Leasehold land	40,140,000	-	-	(33,162,408)	6,977,592	6,642,618	334,974	-	6,977,592	-	1
Factory building	489,002,349	291,523,464	-	(463,948,626)	316,577,187	297,418,837	19,158,350	-	316,577,187	-	10
Colony building	168,134,526	104,039,677	-	(174,351,373)	97,822,830	90,010,418	7,812,412	-	97,822,830	-	10
Plant & machinery	2,017,078,540	40,047,812	-	(602,691,648)	1,454,434,704	1,390,764,379	63,670,325	-	1,454,434,704	-	10
Gas generator	169,977,599	9,642,172	-	(75,909,000)	103,710,771	96,347,788	7,362,983	-	103,710,771	-	10
Electric installations	93,701,904	670,627	-	(21,888,120)	72,484,411	70,119,033	2,365,378	-	72,484,411	-	10
Office premises	25,450,810	-	-	-	25,450,810	17,668,163	1,034,136	-	18,702,299	6,748,511	5
Grid Station	32,179,692	-	-	-	32,179,692	19,613,702	1,256,599	-	20,870,301	11,309,391	10
Office equipments	1,452,225	133,934	-	-	1,586,159	1,352,765	105,522	-	1,458,287	127,872	20
Computers	4,085,204	31,000	-	-	4,116,204	3,431,155	263,654	-	3,694,809	421,395	33 & 20
Motor vehicles	46,339,186	-	(2,038,334)	-	44,300,852	24,760,077	4,227,468	(203,976)	28,783,569	15,517,283	20
Furniture & fixtures	1,472,609	-	-	-	1,472,609	1,261,196	21,140	-	1,282,336	190,273	20
<b><i>Right of use asset</i></b>											
Lease Asset - Machinery	73,995,111	1,103,544	-	-	75,098,655	26,039,651	4,795,546	-	30,835,197	44,263,458	10
<b>Total</b>	<b>3,163,009,755</b>	<b>447,192,230</b>	<b>(2,038,334)</b>	<b>(1,371,951,175)</b>	<b>2,236,212,476</b>	<b>2,045,429,782</b>	<b>112,408,487</b>	<b>(203,976)</b>	<b>2,157,634,293</b>	<b>78,578,183</b>	





2024								Rate			
Particulars	Cost			Accumulated depreciation			Book value				
	As at July 01, 2021	Addition	Deletion	Revaluation surplus	As at June 30, 2024	Charged during the year	Disposal	As at June 30, 2024			
----- Rupees -----								(%)			
<b>Owned</b>											
Leasehold land	40,140,000	-	-	-	40,140,000	6,304,261	338,357	-	6,642,618	33,497,382	1
Factory building	489,002,349	-	-	-	489,002,349	276,131,780	21,287,057	-	297,418,837	191,583,512	10
Colony building	168,134,526	-	-	-	168,134,526	81,329,962	8,680,456	-	90,010,418	78,124,108	10
Plant & machinery	1,991,154,104	1,503,000	-	-	1,992,657,104	1,315,095,728	69,287,985	-	1,384,383,713	608,273,391	10
Gas generator	127,096,543	42,881,056	-	-	169,977,599	91,343,073	5,004,715	-	96,347,788	73,629,811	10
Electric installations	93,701,904	-	-	-	93,701,904	67,498,714	2,620,319	-	70,119,033	23,582,871	10
Office premises	25,450,810	-	-	-	25,450,810	16,505,248	1,162,915	-	17,668,163	7,782,647	5
Grid Station	32,179,692	-	-	-	32,179,692	18,217,481	1,396,221	-	19,613,702	12,565,990	10
Office equipments	1,452,225	-	-	-	1,452,225	1,222,859	129,906	-	1,352,765	99,460	20
Factory equipment	24,421,436	-	-	-	24,421,436	6,137,406	243,260	-	6,380,666	18,040,770	20
Computers	3,980,004	105,200	-	-	4,085,204	3,113,200	317,955	-	3,431,155	654,049	33 & 20
Motor vehicles	40,923,717	5,415,469	-	-	46,339,186	19,842,389	4,917,688	-	24,760,077	21,579,109	20
Furniture & fixtures	1,472,609	-	-	-	1,472,609	1,237,707	23,489	-	1,261,196	211,413	20
<b>Right of use asset</b>											
Lease Asset - Vehicle	13,254,560	-	(13,254,560)	-	-	7,123,847	715,251	(7,839,098)	-	-	20
Lease Asset - Machinery	73,995,111	-	-	-	73,995,111	20,711,267	5,328,384	-	26,039,651	47,955,460	10
<b>Total</b>	<b>3,126,359,590</b>	<b>49,904,725</b>	<b>(13,254,560)</b>	<b>-</b>	<b>3,163,009,755</b>	<b>1,931,814,922</b>	<b>121,453,958</b>	<b>(7,839,098)</b>	<b>2,045,429,782</b>	<b>1,117,579,973</b>	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
	----- Rupees -----	
<b>16.1 Depreciation for the year has been allocated as follows:</b>		
<b>Modaraba business</b>		
Administrative expense	771,981	782,102
<b>Other business</b>		
Administrative expense	111,636,506	120,671,856
	<u>112,408,487</u>	<u>121,453,958</u>

**16.2 Had there been no revaluation on specific classes of fixed assets the net book value of these assets would have been as follows:**

	2025	2024
	----- Rupees -----	
Factory building	34,072,536	37,858,373
Colony building	7,428,091	8,253,434
Plant & machinery	335,885,277	348,183,913
Gas generator	43,733,811	48,593,124
Electric installations	6,489,408	7,210,453
Factory equipment	904,826	1,005,362
Machinery - right of use asset	43,159,912	47,955,459
	<u>471,673,861</u>	<u>499,060,118</u>

### 16.3 Fair value measurement

**16.3.1** The Company's factory building, colony building, plant and machinery, gas generator, electric installation, and factory equipment were revalued by an independent professional valuer, M/s Joseph Lobo (Private) Limited, as at June 30, 2025. The valuation was carried out using the market value method. As a result of the revaluation, a net surplus of Rs. 421.811 million was recognized and included in the carrying amounts of the respective class of assets. The corresponding surplus has been credited to the "Surplus on Revaluation of Property, Plant and Equipment". The Company follows a policy of revaluing its assets including factory building, colony building, plant and machinery, gas generator, electric installation, and factory equipment every four years to ensure that the carrying amounts reflect fair market values.

**16.3.2** Assumptions used in determining the fair value of factory building and colony building was considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation, while an assumption in respect of fair value of plant and machinery, generators, electric installations and factory equipment are considered to be on level 3 in the fair value hierarchy due to significant unobservable inputs used in the valuation.

Valuation techniques used to derive level 2 fair values

Fair value of factory building and colony building was derived using a sales comparison approach. Sale prices of comparable buildings in close proximity are adjusted for differences in key attributes such as location and size of the property. Moreover value of building also depends upon the type of construction, age and quality. The most significant input in this valuation approach is price / rate per square foot in particular locality.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### *Valuation techniques used to derive level 3 fair values*

In the absence of current prices in an active market, the fair values of plant and machinery, generators, electric installations and factory equipment were determined by taking into account the following factors:

- Make, model, country of origin and etc.;
- Operational capacity;
- Present physical condition;
- Resale prospects; and
- Obsolescence.

The valuation was considered to be level 3 in the fair value hierarchy due to the above unobservable inputs used in the valuation. Most significant input in this valuation was the current replacement cost which was adjusted against above factors.

- 16.3.3 A reconciliation from opening balances to closing balances of fair value measurements categorized in level 3 is provided below:

	2025	2024
	----- Rupees -----	
Opening balance (level 3 recurring fair values)	771,486,376	809,582,907
Additions - cost	25,150,000	44,384,056
Revaluation surplus	26,314,159	-
Depreciation charge	(78,194,230)	(82,480,587)
Closing balance (level 3 recurring fair values)	744,756,305	771,486,376

- 16.3.4 There were no transfers between level 2 and level 3 for recurring fair value measurements during the year.

17. INTANGIBLE	Note	2025	2024
		----- Rupees -----	
Cost	17.1	10,000,000	10,000,000
Intangible asset transfer from capital work in progress	17.2	7,373,793	8,193,103
		17,373,793	18,193,103

- 17.1 This represents Trading Right Entitlement certificates (TREC) of Pakistan Stock Exchange Limited.

The Modaraba has received Rs.10 million against the sale of Trading Right Entitlement Certificate (TREC) to wholly owned subsidiaries (Capital Financial Services (Private) Limited and Apex Financial Services (Private) Limited) in pursuance of the agreement dated April 18, 2017.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
<b>17.2 Intangible asset transfer from capital work in progress</b>	----- Rupees -----	
<b>Net carrying value basis</b>		
Opening book value	8,193,103	3,412,604
Additions (at cost)	-	5,487,601
Amortization charged	(819,311)	(707,102)
<b>Closing net book value</b>	<u>7,373,792</u>	<u>8,193,103</u>
<b>Gross carrying value basis</b>		
Cost	10,301,507	10,301,507
Accumulated amortization	(2,927,714)	(2,108,404)
<b>Net book value</b>	<u>7,373,793</u>	<u>8,193,103</u>
Amortization rate per annum	<u>10%</u>	<u>10%</u>

### 18. INVESTMENT PROPERTY

2 0 2 5								
Rate	Cost			Accumulated depreciation			Book value	
	As at July 01, 2024	Addition	As at June 30, 2025	As at July 01, 2024	Charged during the year	As at June 30, 2025	As at June 30, 2025	
(%)	----- Rupees -----							
Office premises	5	2,400,000	-	2,400,000	1,528,333	120,000	1,648,333	751,667
		2,400,000	-	2,400,000	1,528,333	120,000	1,648,333	751,667
2 0 2 4								
Rate	Cost			Accumulated depreciation			Book value	
	As at July 01, 2023	Addition	As at June 30, 2024	As at July 01, 2023	Charged during the year	As at June 30, 2024	As at June 30, 2024	
(%)	----- Rupees -----							
Office premises	5	2,400,000	-	2,400,000	1,408,333	120,000	1,528,333	871,667
		2,400,000	-	2,400,000	1,408,333	120,000	1,528,333	871,667

18.1 The fair value of investment property as at June 30, 2025 Rs. 10,643,440 (2024: Rs. 8,869,536) as per valuation report of independent valuer.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

19. LONG TERM INVESTMENT	Note	2025 ----- Rupees -----	2024
<i>Investments classified at fair value through other comprehensive income</i>			
Unlisted securities	19.1	72,119,707	68,239,233
Listed securities	19.2	10,600,116	9,320,554
		<u>82,719,823</u>	<u>77,559,787</u>

### 19.1 Unlisted securities

2025 ----- Number -----	2024	Name of investee	Note	2025 ----- Rupees -----	2024
50,000	50,000	Sapphire Power Generation Limited	19.1.1	6,576,000	5,559,744
3,034,603	3,034,603	ISE Towers REIT Management Co. Ltd.	19.1.2	65,501,906	62,637,688
78,150	78,150	Callmate Telips Telecom Limited	19.1.3	1	1
22,000	22,000	Javed Omer Vohra & Company Limited	19.1.4	41,800	41,800
<u>3,184,753</u>	<u>3,184,753</u>			<u>72,119,707</u>	<u>68,239,233</u>

**19.1.1** Net assets value per share of Sapphire Power Generation Limited is Rs. 131.52 (2024: Rs. 111.19) as per financial statements as at June 30, 2025 audited by Shinewing Hameed Chaudhri & Co., Chartered Accountants.

Net assets value per share of ISE Towers REIT Management Company Limited Rs. 21.58 (June 30, 2024: Rs. 20.64) as per financial statements as at March 31, 2025. The auditors are BDO Ebrahim & Company, Chartered Accountants.

**19.1.3** The investee company is in the process of winding up. Hence net assets value per share is not available.

The investee company had been de-listed in prior year. Therefore, the investment has been reclassified from listed securities to un-listed securities. Currently, the investment is carried at Rs. 1.90 per share (quoted price of last trading day before de-listing)

### 19.2 Investments in associated company

2025 ----- Number -----	2024	Name of investee	Note	2025 ----- Rupees -----	2024
1,579,749	964,151	Premier Insurance Limited		46,374,910	46,374,910
		Less: Unrealized loss on change in fair value		(35,774,794)	(37,054,356)
<u>1,579,749</u>	<u>964,151</u>			<u>10,600,116</u>	<u>9,320,554</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### 20. ADVANCES

This represents an amount paid to PMEX against purchase of one room in PMEX building (Formerly: Hyatt Regency) location at M.T. Road, Karachi.

21. STORES AND SPARES	Note	2025 ----- Rupees -----	2024 -----
Store and spares		43,078,534	63,849,439
Less: Provision for slow moving items		(4,182,048)	-
		38,896,486	63,849,439

### 22. STOCK IN TRADE

Raw material			
- in hand		42,633,230	279,027,201
Work in process		-	173,049
Finished goods		-	64,102,812
		42,633,230	343,303,062

### 23. TRADE DEBTS

Note	2024 ----- Rupees -----	2023 -----
Unsecured - considered good	10,508,263	89,698,813
Less: Provision for bad debts against local debtors	(10,508,263)	(10,413,633)
	-	79,285,180

### 24. SHORT TERM INVESTMENTS

*Investment classified as financial asset at fair value through profit or loss*

Listed securities	23.1	173,363,666	119,995,949
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### 23.1 Listed securities

2025	2024	Name of investee	2025	2024
-----Numbers-----			----- Rupees -----	
Oil and gas				
106,608	13,698	Oil & Gas Development Co Ltd	4,952,850	676,850
1,000	15,174	Sui Northern Gas Pipeline Ltd.	116,710	601,124
110,000	88,400	Cnergyi Co. PK Limited	784,300	340,340
432,002	697,502	Hascol Petroleum Ltd	4,173,139	4,317,537
30,000	30,000	Hi-Tech Lubricants Ltd	1,352,700	1,369,344
1,000	2,100	Pakistan Petroleum Limited	170,170	245,931
800	2,500	Attock Refinery	543,536	703,180
1,000	-	Mari Petroleum Ltd	626,890	-
38,400	38,400	Hi-Tech Lubricants Limited	1,731,456	1,069,344
Food				
60,000	67,500	Treet Corporation Limited	1,420,200	1,050,300
2,000	2,000	EMCO Industries	91,820	68,940
-	200	Clover Pakistan Limited	-	9,524
639,000	639,000	Al-Shaheer Corporation Limited	4,933,080	5,156,730
110,000	115,675	Unity Foods Limited	2,740,100	3,487,601
Chemicals				
98,500	98,500	Ghani Global Glass Limited	946,585	592,970
27,850	27,850	Ghani Global holding Limited	501,022	265,132
Construction and materials				
500	12,500	Bestway Cement Limited	202,720	112,140
469,000	469,000	Dewan Cement Limited	5,972,400	4,005,260
10,000	90,000	Fauji Cement Company Limited	446,700	2,061,900
33,000	362,775	Fly Cement Company Limited	1,875,090	3,018,288
-	15,750	Flying cement company limited	-	131,040
-	3,400	Cherat Cement Company Limited	-	554,642
68,895	83,222	MapleLeaf Cement Limited	5,806,471	3,162,436
32,000	32,000	Hyderi Construction	-	-
1,756,500	1,756,500	Power Cement Limited	23,853,270	9,660,750
Transport				
718,433	718,433	"Pakistan International Bulk Terminals Limited"	6,279,104	4,432,732
Pharma and biotech				
19,050	13,050	The Searle Pakistan Limited	1,670,685	745,416
5,000	-	Citi Pharma	419,850	-
5,845	-	BGF Bioscience Ltd	986,051	-
Automobile and parts				
10,802	22,500	Ghani Glass Automobile Limited	631,917	919,800
1,852	1,852	Millat Tractors Limited	1,034,638	1,178,020
2,140	25,999	Ghandhara Industries Limited	1,391,920	7,107,867

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

2025	2024	Name of investee	2025	2024
----- Numbers -----			----- Rupees -----	
Paper & Board				
59,400	59,400	Roshan Packages Limited	1,266,408	837,540
70,000	70,000	Merit Packaging Limited	970,900	909,300
Engineering				
122,100	107,100	Amreli Steel Limited	2,853,478	2,890,629
5,000	5,000	Lalpir Ltd	130,450	127,100
13,375	13,375	Agha Steel Industries Limited	114,891	134,018
Textile Composites				
40,000	209,000	International Knitwear Limited	809,600	2,752,530
-	4,500	Amtex Limited	-	14,220
4,200	4,498	Nishat Mills Limited	528,696	318,683
237,000	237,000	Azgard Nine Limited	2,614,110	1,789,350
Miscellaneous				
2,461	2,461	United Distributors Limited	162,401	92,066
108,000	250,000	Pace Pakistan Limited	677,160	755,000
Telecommunication				
703,500	708,500	"Pakistan Telecommunication Company Limited"	17,897,040	8,509,085
84,387	84,387	Telecard Ltd	664,970	609,274
12,000	2,500	TRG Pakistan Limited	678,120	155,125
55,100	55,100	Netsol Technologies Limited	7,326,096	7,480,106
2,147,500	1,859,500	Worldcall Telecom Limited	3,393,050	2,342,971
31,000	53,647	EcoPack Limited	2,055,920	835,820
Modarabas				
38,000	38,000	First UDL Modaraba	421,800	190,000
Cable & electrical goods				
696,750	696,750	Waves Singer Pakistan Limited	5,462,520	5,005,911
Power Generation & Distribution				
1,495,000	1,010,000	K-Electric Limited	7,848,750	4,676,300
Securities Companies				
1,495,600	1,758,453	Pakistan Stock Exchange	41,831,932	22,525,783
12,211,550	12,674,651		173,363,666	119,995,949





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	----- Rupees -----	
<b>24. ADVANCES - CONSIDERED GOOD</b>			
To employees		2,881,356	3,603,310
To supplier of goods		-	989,625
Against letter of credit		104,326	-
Others		2,936,020	201,020
		<u>5,921,702</u>	<u>4,793,955</u>
<b>25. TRADE DEPOSITS AND PREPAYMENTS</b>			
Deposits		16,439,087	16,439,088
Margin deposit		54,582,573	101,113,068
Security Deposit		124,800	124,800
Prepayments		651,461	344,894
Lease deposit		3,152,000	-
		<u>74,949,921</u>	<u>118,021,850</u>
<b>26. OTHER RECEIVABLES</b>		19,168,571	19,205,797
Sale tax recievables		2,498,917	58,454,736
Musharakah profit recievable		1,795,152	1,795,152
Sale tax carry forward		107,488,415	64,148,549
Prepaid levy		5,844,570	55,602,306
Others		<u>2,060,660</u>	<u>5,774,634</u>
		138,856,285	204,981,174
<b>27. TAX REFUND FROM GOVERNMENT AUTHORITIES</b>			
Income tax refundable		34,014,098	21,813,739
		<u>34,014,098</u>	<u>21,813,739</u>
<b>28. TAXATION - NET</b>			
Advance income tax		25,901,806	32,214,486
Less: Provision for taxation		(6,685,912)	(5,705,424)
		<u>19,215,894</u>	<u>26,509,062</u>
<b>29. CASH AND BANK BALANCE</b>			
Cash in hand		800,000	800,000
Bank balances			
-in current accounts		2,435,622	1,879,912
-in saving accounts	29.1	23,183,024	16,924,838
		<u>26,418,646</u>	<u>19,604,750</u>

29.1 Effective mark-up rate in respect of PLS accounts ranges from 8% to 11% (2024: 13% to 18%) per annum.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

30. During the reporting period, the Group's management committed to a plan to dispose of certain non-current assets and initiated a formal process to seek approval from the Board of Directors and subsequently from the shareholders in a general meeting. These assets are expected to be disposed of within the next 12 months and have therefore been classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Accordingly, the assets classified as held for sale have been measured at the lower of their carrying amount and fair value less costs to sell. Depreciation on these assets has ceased effective from the date of classification.

31. INCOME - NET	Note	2025 ----- Rupees -----	2024
Income / (loss) from modaraba's business	31.1	22,041,205	(10,818,648)
Loss from textile's business	31.2	(163,203,419)	(264,912,050)
		<u>(141,162,214)</u>	<u>(275,730,698)</u>
31.1 Income from modaraba's business			
Brokerage commission		2,225,979	1,075,096
Capital loss		10,447,121	(20,244,477)
Dividends		4,797,655	5,534,733
Rentals		4,570,450	2,816,000
		<u>22,041,205</u>	<u>(10,818,648)</u>
31.2 Income from textile's business			
Sales			
- Local		72,320,574	5,563,818,296
- Exports		-	1,411,130
- Waste sales		64,797	212,933,675
- Scrap Sales		3,529,490	4,123,160
Sale of Raw material		283,006,329	-
		358,921,190	5,782,286,261
Toll Manufacturing		178,686,692	-
		<u>537,607,882</u>	<u>5,782,286,261</u>
Sale Tax		(82,227,861)	(628,989,282)
Commission to selling agent		(351,490)	(72,285,780)
		<u>455,028,531</u>	<u>5,081,011,199</u>
Cost of sale	31.3	(618,231,950)	(5,345,923,249)
		<u>(163,203,419)</u>	<u>(264,912,050)</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

31.3 Cost of sale	Note	2025 ----- Rupees -----	2024
Raw material consumed	33.3.1	-	4,278,840,000
Cost of sold raw material		236,393,971	-
Store consumed		6,441,168	66,284,695
Packing material consumed		5,036,333	45,364,438
Salaries, wages and other benefits		67,161,507	278,318,847
Fuel and power		115,318,244	415,607,877
Insurance		9,582,611	15,768,432
Repair & maintenance		595,862	5,513,998
Depreciation	16.1	106,566,355	114,994,832
Other manufacturing overheads		6,860,038	10,891,205
		553,956,089	5,231,584,324
Work in Process			
-opening stock		173,049	44,575,959
-closing Stock		-	(173,049)
Cost of goods manufactured		554,129,138	5,275,987,234
Finished goods			
-opening stock		64,102,812	134,038,827
-closing Stock		-	(64,102,812)
		618,231,950	5,345,923,249
<b>33.3.1 Raw material consumed</b>			
Opening stock		279,027,201	392,521,920
Purchased during the year		-	4,165,345,281
		279,027,201	4,557,867,201
Closing stock		(42,633,230)	(279,027,201)
Cost of sold raw material		(236,393,971)	-
		-	4,278,840,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
		----- Rupees -----	
<b>32. OPERATING EXPENSES</b>			
Salaries, allowances and benefits	32.2	38,461,958	44,187,324
Director & CEO fee		6,692,895	6,552,801
Travelling, conveyance and entertainment		1,198,680	2,423,661
Telephone and postage		1,054,035	1,103,573
Rent, rates and taxes		5,217,017	5,169,828
Electricity		2,091,212	2,030,327
Insurance		1,696,305	1,954,637
Printing, stationery and advertising		600,293	764,169
Fees and subscriptions		8,746,954	6,289,206
Vehicle running and maintenance		6,945,095	9,034,442
Depreciation	18.1.1 & 20	5,962,132	6,579,127
Facilities and utilities		4,768,040	4,768,040
Repair and maintenance		3,030,645	3,663,481
Annual review meeting		-	48,241
Auditors' remuneration	32.3	1,272,180	1,201,294
Legal and professional		3,115,994	4,874,399
Shariah Advisor		250,000	231,250
PSX & SECP charges		612,709	480,039
Amortization Expense		819,310	707,100
Cartage expense		7,150	47,450
Others		334,859	978,959
		<b>92,877,463</b>	<b>103,089,348</b>

### 32.1 Remuneration of officers and other employees

	2025		2024	
	Officers	Other employees	Officers	Other employees
----- Rupees -----				
Salaries and allowances	2,931,120	2,343,180	2,798,960	2,132,240
Leave fare and encashments	240,910	112,900	371,680	147,417
Expenses reimbursed:				
- Medical	716,972	488,331	367,100	213,541
	<b>3,889,002</b>	<b>2,944,411</b>	<b>3,537,740</b>	<b>2,493,198</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

- 32.2 Salaries, allowances and benefits include provision for gratuity of Rs. 1,522,789 (2024: Rs. 1,575,363). Officers are also provided with free use of the Modaraba maintained cars.

32.3 Auditor's remuneration	Note	2025 ----- Rupees -----	2024
Audit fee		1,097,780	880,800
Half yearly review		40,000	40,000
Other fees		56,000	280,494
		1,193,780	1,201,294

### 33. DISTRIBUTION AND SELLING EXPENSES

Freight loading and unloading	3,349,690	24,418,315
Clearing forwarding exports	-	234,844
	3,349,690	24,653,159

### 34. FINANCIAL CHARGES

#### Mark up / interest on:

Short term loan & running finance - secured	19,333,878	54,957,374
Finance lease	1,890,515	6,020,035
Local LC	-	42,124,267
GIDC Net	737,788	8,013,819
Bank charges	1,472,555	4,806,995
	23,434,736	115,922,490

### 35. OTHER INCOME

Profit on IBI	188,821	169,190
Gain on sale of fixed assets	7,022,899	-
Other income	2,816,629	8,777,138
	10,028,349	8,946,328

### 36. OTHER CHARGES

Provision for slow moving items	4,182,048	-
Loss on sale of stores and spares - net	761,919	-
	4,943,967	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### 37. TAXATION

- 37.1 The income tax returns of the Group have been filed up to tax year 2024 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.
- 37.2 Since, there is no accounting profit during the year ended June 30, 2025 and tax has been charged under minimum tax provisions therefore, no tax reconciliation is prepared for the year then ended.
- 37.3 This represents final taxes paid under section 150 & 37A of Income Tax Ordinance (ITO, 2001) representing levy in terms of requirements of IFRIC - 21 / IAS - 37.
- 37.4 This represents portion of minimum tax paid under section 113, 233 & 153(1)(b) of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC - 21 / IAS - 37.

	2025 ----- Rupees -----	2023 4 ----- Rupees -----
<b>38. LOSS PER CERTIFICATE - BASIC AND DILUTED</b>		
Loss for the year	(232,154,967)	(414,095,365)
	----- Numbers -----	
Weighted average number of certificates outstanding during the year	<u>52,440,000</u>	<u>52,440,000</u>
	----- Rupees -----	
Loss per certificate - basic and diluted	<u>(4.43)</u>	<u>(7.90)</u>

- 38.1 There is no dilution effect on the basic earnings per certificate of the Modaraba as the Modaraba has no such commitments.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### 39. RISK MANAGEMENT POLICIES AND OBJECTIVES

#### Financial risk management

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has exposure to the following risks from its use of financial instruments:

- Credit and concentration risk
- Liquidity risk
- Market risk
- Operational risk
- Currency risk

#### Credit and concentration 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, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

Credit risk of the Group arises principally from the investments, musharaka/morahaba receivables, advances, trade deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful for recovery.

The carrying amount represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2024
Investment	197,555,736
Trade debts	79,285,180
Advances-considered good	7,303,955
Trade deposits and prepayments	126,432,650
Other receivables	204,981,174
	615,558,695

#### Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

<b>2 0 2 5</b>		
<b>Less than one year</b>	<b>Over one year but less than five years</b>	<b>Total</b>
<b>----- Rupees -----</b>		

Assets			
Long term investments	-	82,719,823	82,719,823
Short term investments	173,363,666	-	173,363,666
Advances	5,921,702	2,510,000	8,431,702
Trade deposits	74,298,460	1,750,000	76,048,460
Other receivables	138,856,285	-	138,856,285
Bank balances	26,418,646	-	26,418,646
	418,858,759	86,979,823	505,838,582
Liabilities	-	575,000	575,000
Security deposit	3,795,867	-	3,795,867
Liabilities against asset subject to finance lease	52,883,893	-	52,883,893
Short term borrowings	457,030,473	-	457,030,473
Creditors, accrued and other liabilities	14,804,653	-	14,804,653
Accrued mark up	31,116,072	-	31,116,072
Unclaimed profit distribution	559,630,958	575,000	560,205,958
Net balance	(140,772,199)	86,404,823	(54,367,376)

<b>2 0 2 4</b>		
<b>Less than one year</b>	<b>Over one year but less than five years</b>	<b>Total</b>
<b>----- Rupees -----</b>		

Assets			
Long term investments	-	77,559,787	77,559,787
Trade debts	79,285,180	-	79,285,180
Short term investments	119,995,949	-	119,995,949
Advances	4,793,955	2,510,000	7,303,955
Trade deposits	117,542,752	8,410,800	125,953,552
Other receivables	204,981,174	-	204,981,174
Bank balances	19,604,750	-	19,604,750
	546,203,760	88,480,587	634,684,347
Liabilities			
Security deposit	-	200,000	200,000
Liabilities against asset subject to finance lease	14,642,828	7,304,667	21,947,495
Short term borrowings	210,530,034	-	210,530,034
Creditors, accrued and other liabilities	631,282,616	-	631,282,616
Accrued mark-up	17,092,518	-	17,092,518
Unclaimed profit distribution	31,116,072	-	31,116,072
	904,664,068	7,704,667	912,368,735
Net balance	(358,460,308)	80,775,920	(277,684,388)





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market

### Operational Risk

Operational Risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's operations either internally within the Group or externally at the Modaraba's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Group's activities.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

### Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

## 40. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group is of the view that the fair market value of most of the financial assets and financial liabilities are not significantly different from their carrying amounts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
40.1 Financial instruments by category	----- Rupees -----	
Financial assets		
At amortized cost		
Trade debts	-	79,285,180
Advances	8,431,702	7,303,955
Trade deposits	76,699,921	126,432,650
Other receivables	138,856,285	204,981,174
Bank balances	26,418,646	19,604,750
Financial assets at fair value through profit or loss		
Short term investments	173,363,666	119,995,949
Financial assets at fair value through OCI		
Long term investments	82,719,823	77,559,787
	<u>506,490,043</u>	<u>635,163,445</u>
Financial liabilities		
Financial liabilities at amortized cost		
Security Deposit	575,000	200,000
Liabilities against asset subject to finance lease	-	7,304,667
Short term borrowing	52,883,893	210,530,034
Current portion of long term liabilities	298,707,437	309,466,334
Creditors, accrued and other liabilities	457,030,473	631,282,616
Accrued mark up	14,804,653	17,092,518
Unclaimed profit distribution	31,116,072	31,116,072
	<u>855,117,528</u>	<u>1,206,992,241</u>
On balance sheet gap	<u>(348,627,485)</u>	<u>(571,828,796)</u>

### 41. MATURITIES OF ASSETS AND LIABILITIES

The above analysis is based on the contractual / expected maturities of assets and liabilities which may not necessarily correspond with actual maturities.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	2025				
	Upto one month	over one month to one year	over one year to five years	over five years	Total
	----- Rupees -----				
Assets					
Long term investments	-	-	82,719,823	-	82,719,823
Trade debts	-	-	-	-	-
Short term investments	-	173,363,666	-	-	173,363,666
Advances	-	5,921,702	2,510,000	-	8,431,702
Trade deposits	-	74,298,460	1,750,000	-	76,048,460
Other receivables	-	138,856,285	-	-	138,856,285
Bank balances	-	26,418,646	-	-	26,418,646
	-	418,858,759	86,979,823	-	505,838,582
Liabilities					
Liabilities against asset subject to finance lease	-	3,795,867	-	-	3,795,867
Short term borrowings	-	52,883,893	-	-	52,883,893
Creditors, accrued and other liabilities	-	457,030,473	-	-	457,030,473
Accrued mark up	-	14,804,653	-	-	14,804,653
Unclaimed profit distribution	-	31,116,072	-	-	31,116,072
	-	559,630,958	-	-	559,630,958
Net balance	-	(140,772,199)	86,979,823	-	(53,792,376)

2024					
Upto one month	over one month to one year	over one year to five years	over five years	Total	
----- Rupees -----					
Assets					
Long term investments	-	-	77,559,787	-	77,559,787
Trade debts	-	79,285,180	-	-	79,285,180
Short term investments	-	119,995,949	-	-	119,995,949
Advances	-	4,793,955	2,510,000	-	7,303,955
Trade deposits	-	117,542,752	8,410,800	-	125,953,552
Other receivables	-	204,981,174	-	-	204,981,174
Bank balances	-	19,604,750	-	-	19,604,750
	-	546,203,760	88,480,587	-	634,684,347
Liabilities					
Liabilities against asset subject to finance lease	-	-	7,304,667	-	7,304,667
Deferred liabilities	-	-	5,897,659	-	5,897,659
Short term borrowings	-	210,530,034	-	-	210,530,034
Current portion of long term liabilities	-	309,466,334	-	-	309,466,334
Creditors, accrued and other liabilities	-	631,282,616	-	-	631,282,616
Accrued mark up	-	17,092,518	-	-	17,092,518
Unclaimed profit distribution	-	31,116,072	-	-	31,116,072
	-	1,199,487,574	13,202,326	-	1,212,689,900
Net balance	-	(653,283,814)	75,278,261	-	(578,005,553)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**41. YIELD / PROFIT RATE RISK EXPOSURE**

	2025					
	Yield / profit bearing maturing		Non yield / profit bearing maturing		Total	
	Within one year	After one year	Within one year	After one year	Sub-total	
Effective yield / profit risk % age	Rupees					
<b>Financial assets</b>						
Long term Investments	-	-	-	82,719,823	82,719,823	82,719,823
Trade debts	-	-	-	-	-	-
Short term Investments	-	-	173,363,666	-	173,363,666	173,363,666
Advances	-	-	5,921,702	2,510,000	8,431,702	8,431,702
Trade deposits	-	-	74,298,460	1,750,000	76,048,460	76,048,460
Other receivables	-	-	138,856,285	-	138,856,285	138,856,285
Bank balances	23,183,024	-	23,183,024	-	2,435,622	25,618,646
3.5% to 7%	23,183,024	-	23,183,024	86,979,823	481,855,558	505,038,582
<b>Financial Liabilities</b>						
Security deposit	-	-	-	575,000	-	575,000
Liabilities against asset subject to finance lease	3,795,867	-	3,795,867	-	-	3,795,867
Short term borrowings	52,883,893	-	52,883,893	-	-	52,883,893
Current portion of long term liabilities	-	-	298,707,437	-	298,707,437	298,707,437
Creditors, accrued and other liabilities	-	-	457,030,473	-	457,030,473	457,030,473
Accrued markup	-	-	14,804,653	-	14,804,653	14,804,653
Unclaimed profit distribution	-	-	31,116,072	-	31,116,072	31,116,072
	56,679,760	-	56,679,760	801,658,635	575,000	858,913,395
<b>On balance sheet gap</b>	<b>(33,496,736)</b>	<b>-</b>	<b>(33,496,736)</b>	<b>(406,782,900)</b>	<b>86,404,823</b>	<b>(353,874,813)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	2024					
	Yield / profit bearing maturing		Non yield / profit bearing maturing		Total	
	Within one year	After one year	Within one year	After one year	Sub-total	
	----- Rupees -----					
<b>Financial assets</b>						
Long term Investments	-	-	-	77,559,787	77,559,787	77,559,787
Trade debts	-	-	79,285,180	-	79,285,180	79,285,180
Short term Investments	-	-	119,995,949	-	119,995,949	119,995,949
Advances	-	-	4,793,955	2,510,000	7,303,955	7,303,955
Trade deposits	-	-	117,676,956	8,410,800	126,087,756	126,087,756
Other receivables	-	-	204,981,174	-	204,981,174	204,981,174
Bank balances	16,924,838	-	16,924,838	1,879,912	1,879,912	18,804,750
13% to 18%	16,924,838	-	16,924,838	528,613,126	88,480,587	617,093,713
						634,018,551
<b>Financial Liabilities</b>						
Security deposit	-	-	-	200,000	-	200,000
Liabilities against asset subject to finance lease	-	7,304,667	7,304,667	-	-	7,304,667
Short term borrowings	210,530,034	-	210,530,034	-	-	210,530,034
Current portion of long term liabilities	309,466,334	-	309,466,334	-	-	309,466,334
Creditors, accrued and other liabilities	-	-	631,282,616	-	631,282,616	631,282,616
Accrued markup	-	-	17,092,518	-	17,092,518	17,092,518
Unclaimed profit distribution	-	-	31,116,072	-	31,116,072	31,116,072
	519,996,368	7,304,667	527,301,035	679,491,206	200,000	1,206,992,241
<b>On balance sheet gap</b>	(503,071,530)	(7,304,667)	(510,376,197)	(150,878,080)	88,280,587	(62,397,493)
						(572,973,690)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### 42. SEGMENT INFORMATION

The Group has four primary source of revenue i.e. musharaka facility, brokerage operations, textile unit and capital market based on the nature of business and related risk associated with each type of business segment which are not deemed by the management to be sufficiently significant to disclose as separate items are reported under others.

Segment assets and liabilities included all assets and liabilities related to the segment relevant proportion of the assets and liabilities allocated to the segment on reasonable basis.

Segment revenue and expenses included all revenue and expenses related to the segment and relevant proportion of the revenue and expenses allocated to the segment on reasonable basis.

	2025					2024
	Brokerage operations	Capital market	Textile business	Others	Total	Total
	----- Rupees -----					
Segment revenues	2,225,979	14,696,246	455,380,021	14,598,799	486,901,045	5,168,385,726
Segment result	(7,555,380)	14,696,246	(162,851,929)	14,598,799	(141,112,264)	(182,782,723)
Unallocated cost						
Operating expenses					(89,429,377)	(187,090,995)
Distribution and selling expenses					(3,701,180)	(24,653,159)
Financial charges					(23,434,736)	(115,922,490)
Other Charges					(4,943,967)	-
Loss before taxation					(262,621,524)	(510,449,367)
Taxation					30,416,089	96,354,002
Loss for the year					(232,205,435)	(414,095,365)
Other information						
Segment assets	20,431,653	256,083,489	1,768,565,629	751,667	2,045,832,438	2,112,147,448
Unallocated assets	-	-	-	-	68,354,405	115,136,042
Total assets	20,431,653	256,083,489	1,768,565,629	751,667	2,114,186,843	2,227,283,490
Segment liabilities	4,193,241	-	912,629,787	420,000	917,243,028	1,178,596,969
	-	-	-	-	46,057,503	48,339,536
Total liabilities	4,193,241	-	912,629,787	420,000	963,300,531	1,226,936,505
					1,150,886,312	1,000,346,985



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### 43. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Group comprise the modaraba's management company, staff retirement funds, directors of the management company and key management personnel. Transactions with related parties other than remuneration and benefits to officers and employees under the terms of their employment are as follows:

	2025	2024
	----- Rupees -----	
<b>43.1 Balance outstanding at year end</b>		
Modaraba Management Company		
- Current account payable	58,053	1,190,745
<b>Receivable from wholly owned subsidiary company</b>	44,371,336	49,484,556
Other related parties (other than key management personnel)		
- Deferred liability staff gratuity	7,552,903	7,170,120
- Brokerage house clients receivables	50,014	59,882
- Trade and other payable	26,519,456	13,274,584
<b>44.2 Transactions during the year</b>		
<b>Modaraba Management Company</b>		
- Facilities & services and electricity	4,768,040	4,768,040
<b>Other related parties</b>		
Services acquired	598,973	520,886
Brokerage commission earned	1,484,040	821,038
Insurance Claim receivable	1,043,360	1,981,339
Services rendered	10,687,499	12,311,172
Contribution towards employees'	2,474,598	8,595,103
Contribution to staff gratuity fund	1,522,789	1,575,363
Purchase of Goods and Services	1,463,573	790,627
Office rent	3,000,000	3,000,000
Purchase of raw material	-	2,277,211

### 45. NUMBER OF EMPLOYEES

Total number of employees of the Group as at June 30, 2025 are 71 (2024: 78). Average number of employees of the Group 122 (2024: 513).

### 46. AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on **06 October, 2025**

### 47. GENERAL

47.1 Figures in these financial statements have been rounded off to the nearest of rupee.

47.2 The corresponding figures, wherever necessary, have been re-arranged for purpose of comparison.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

### 35. COMPUTATION OF LIQUID CAPITAL

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>1. Assets</b>				
1.1	Property & Equipment	2,382,733	100%	-
1.2	Intangible Assets			
1.3	Investment in Govt. Securities			
1.4	<b>Investment in Debt. Securities</b>			
	<b>If listed than:</b>			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
	<b>If unlisted than:</b>			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			
1.5	<b>Investment in Equity Securities</b>			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher. (Provided that if any of these securities are pledged with the securities exchange for base minimum capital requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base minimum capital	122,411,132	21,532,030	100,879,102
	ii. If unlisted, 100% of carrying value.	72,119,707	100%	-
1.6	<b>Investment in subsidiaries</b>	350,000,000	100%	-
1.7	<b>Investment in associated companies/undertaking</b>			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.			
	ii. If unlisted, 100% of net value.			
1.8	<b>Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.</b>			
	(i) 100% of net value, however any excess amount of cash deposited with securities exchange to comply with requirements of base minimum capital may be taken in the calculation of LC	4,285,000	100%	-
1.9	Margin deposits with exchange and clearing house.	350,000	-	350,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			
1.11	Other deposits and prepayments	15,243,316	100%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)			
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties			
1.13	<b>Dividends receivables.</b>	-	-	-
1.14	"Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)"			
1.15	<b>Advances and receivables other than trade Receivables;</b>			
	(i) No haircut may be applied on the short term loan to employees provided these loans are secured and due for repayments within 12 months.	157,642	0%	157,642
	(ii) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation .	13,324,693	100%	-
	(iii) In all other cases 100% of net value	46,828,353	100%	-
1.16	<b>Receivables from clearing house or securities exchange(s)</b>			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.17	<b>Receivables from customers</b>			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. <b>i. Lower of net balance sheet value or value determined through adjustments.</b>			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <b>ii. Net amount after deducting haircut</b>			
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <b>iii. Net amount after deducting haircut</b>			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <b>iv. Balance sheet value</b>	90,401	0%	90,401
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. <b>v. Lower of net balance sheet value or value determined through adjustments</b>	19,077,769	4,785,076	4,785,076
	vi. In the case of amount of receivables from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner; (a) Up to 30 days, values determined after applying var based haircuts. (b) Above 30 days but upto 90 days, values determined after applying 50% or var based haircuts whichever is higher. (c) above 90 days 100% haircut shall be applicable. <b>vi. Lower of net balance sheet value or value determined through adjustments</b>	400	400	400
	<b>Cash and Bank balances</b>			
	i. Bank Balance-proprietary accounts	10,633,687	-	10,633,687
	ii. Bank balance-customer accounts	8,292,841	-	8,292,841
	iii. Cash in hand	-	-	-
1.19	<b>Subscription money against investment in IPO/ offer for sale (asset)</b>			
	(i) No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.			
	(ii) In case of Investment in IPO where shares have been allotted but not yet credited in CDS Account, 25% haircuts will be applicable on the value of such securities.			
	(iii) In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VAR based haircut whichever is higher, will be applied on Right Shares.			
1.20	<b>Total Assets</b>	665,197,674		125,189,149

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

S. No.	Head of Account	Value in Pak Rupees	Hair Cut/ Adjustments	Net Adjusted Value
2.	<b>Liabilities</b>			
2.1	Trade Payables			
	i. Payable to exchanges and clearing house		-	-
	ii. Payable against leveraged market products			
	iii. Payable to customers	8,292,833	0%	8,292,833
	<b>Current Liabilities</b>			
	i. Statutory and regulatory dues			
	ii. Accruals and other payables	4,846,679	0%	4,846,679
	iii. Short-term borrowings			
2.2	iv. Current portion of subordinated loans			
	v. Current portion of long term liabilities			
	vi. Deferred Liabilities			
	vii. Provision for taxation			
	viii. Other liabilities as per accounting principles and included in the financial statements	31,116,073	0%	31,116,073
	<b>Non-Current Liabilities</b>			
	i. Long-Term financing			
2.3	ii. Other liabilities as per accounting principles and included in the financial statements	575,000	0%	575,000
	iii. Staff retirement benefits	7,552,903	0%	7,552,903
	Note: (a) 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases. (b) Nil in all other cases			
2.4	<b>Subordinated Loans</b>			
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:			
	Advance against shares for Increase in Capital of Securities broker:			
2.5	100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.			
2.6	<b>Total Liabilities</b>	<b>52,383,488</b>	<b>-</b>	<b>52,383,488</b>
3.	<b>Ranking Liabilities Relating to :</b>			
	<b>Concentration in Margin Financing</b>			
3.1	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total finances. (Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs 5 million) Note: Only amount exceeding by 10% of each financee from aggregate amount shall be include in the ranking liabilities			
	Concentration in securities lending and borrowing			
3.2	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed (Note only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities)			
3.3	Net underwriting Commitments (a) in the case of right issues : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting commitment (b) in any other case : 12.5% of the net underwriting commitments			



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.4	<b>Negative equity of subsidiary</b>			
	The amount by which the total assets of the subsidiary ( excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary			
3.5	<b>Foreign exchange agreements and foreign currency positions</b>			
	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency			
3.6	<b>Amount Payable under REPO</b>			
3.7	<b>Repo adjustment</b>			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities.			
	In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.			
3.8	<b>Concentrated proprietary positions</b>			
	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security			1,979,996
3.9	<b>Opening Positions in futures and options</b>			
	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts			
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met			
3.10	<b>Short sell positions</b>			
	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts			
	ii. Incase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.			
3.11	<b>Total Ranking Liabilities</b>	-	-	1,979,996
		<u>612,814,186</u>		<u>70,825,665</u>

### FIRST EQUITY MODARBA Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.20)	125,189,149
(ii) Less: Adjusted value of liabilities (serial number 2.6)	(52,383,488)
(iii) Less: Total ranking liabilities (series number 3.11)	(1,979,996)
	<u>70,825,665</u>

**GENDER PAY GAP STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2025**

**FIRST EQUITY MODARABA**

Gender pay gap statement under Circular 10 of 2024

Following is the gender gap calculation for the year ended June 30 2025

1	Mean Gender Pay Gap	NA
2	Median Gender Pay Gap	NA
3	Any Other Data / Detail relevant	Modaraba has only 7 employees at two locations and all are male.

For and on Behalf of  
Board of Directors  
Premier Financial Services (Pvt) Ltd  
Managers of  
**FIRST EQUITY MODARABA**

**Adil A Ghaffar**  
*Chief Executive Officer*



## PATTERN OF HOLDING OF CERTIFICATES BY THE CERTIFICATE HOLDERS AS JUNE 30, 2025

NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
1869	1	100	102679	0.1958
1005	101	500	251635	0.4799
1048	501	1000	720109	1.3732
606	1001	5000	1361994	2.5972
137	5001	10000	1043650	1.9902
43	10001	15000	566692	1.0806
24	15001	20000	425151	0.8107
16	20001	25000	364396	0.6949
16	25001	30000	448472	0.8552
7	30001	35000	231338	0.4411
4	35001	40000	146158	0.2787
2	40001	45000	82160	0.1567
9	45001	50000	448904	0.8522
5	50001	55000	256385	0.4889
5	55001	60000	285872	0.5451
2	60001	65000	122550	0.2337
5	65001	70000	328153	0.6258
1	70001	75000	74100	0.1413
2	75001	80000	154717	0.2950
2	80001	85000	164344	0.3134
2	85001	90000	175004	0.3337
5	95001	100000	495908	0.9457
2	100001	105000	204542	0.3900
1	105001	110000	109940	0.2096
3	115001	120000	349180	0.6659
2	125001	130000	257375	0.4908
2	130001	135000	269160	0.5133
2	135001	140000	276380	0.5270
1	145001	150000	150000	0.2860
1	150001	155000	152812	0.2914
1	155001	160000	159516	0.3042
1	160001	165000	162745	0.3103
2	170001	175000	344630	0.6572
1	175001	180000	176240	0.3361
1	190001	195000	191195	0.3646
1	205001	210000	205994	0.3926
1	220001	225000	221538	0.4225
3	225001	230000	682653	1.3018
1	260001	265000	260587	0.4969
1	265001	270000	265961	0.5072
1	280001	285000	280835	0.5355
1	290001	295000	292214	0.5572
1	305001	310000	305698	0.5829
1	340001	345000	343000	0.6541
1	410001	415000	411184	0.7841
1	595001	600000	600000	1.1442
1	605001	610000	608356	1.1601
1	635001	640000	636500	1.2138
1	695001	700000	699694	1.3343
1	995001	1000000	1000000	1.9069
1	1005001	1010000	1006550	1.9194
1	1680001	1685000	1683500	3.2103
1	2420001	2425000	2423697	4.6216
1	3205001	3210000	3209171	6.1197
1	3225001	3230000	3227899	6.1554
2	3485001	3500000	7000000	13.3486
1	4675001	4680000	4680000	8.9245
1	5530001	5535000	5533081	10.5513
1	5805001	5810000	5809784	11.0789
4862		Company Total	52440000	100.0000

**PATTERN OF HOLDING OF CERTIFICATES  
BY THE CERTIFICATE HOLDERS AS JUNE 30, 2025**

NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
1	175001	180000	176240	0.3361
1	190001	195000	191195	0.3646
1	205001	210000	205994	0.3928
1	220001	225000	221538	0.4225
3	225001	230000	682653	1.3018
1	260001	265000	260587	0.4969
1	265001	270000	265981	0.5072
1	280001	285000	280835	0.5355
1	290001	295000	292214	0.5572
1	305001	310000	305698	0.5829
1	340001	345000	343000	0.6541
1	410001	415000	411184	0.7841
1	595001	600000	600000	1.1442
1	605001	610000	608356	1.1601
1	635001	640000	636500	1.2138
1	695001	700000	699694	1.3343
1	995001	1000000	1000000	1.9069
1	1005001	1010000	1006550	1.9194
1	1680001	1685000	1683500	3.2103
1	2420001	2425000	2423697	4.6218
1	3205001	3210000	3209171	6.1197
1	3225001	3230000	3227899	6.1554
2	3495001	3500000	7000000	13.3486
1	4675001	4680000	4680000	8.9245
1	5530001	5535000	5533081	10.5513
1	5805001	5810000	5809784	11.0789
4862	Company Total		52440000	100.0000



**PATTERN OF HOLDING OF CERTIFICATES  
BY THE CERTIFICATE HOLDERS AS JUNE 30, 2025**

**FIRST EQUITY MODARABA**

Category of Shareholders

As On 30/06/2024

Particulars	No of Folio	Balance Share	Percentage
DIRECTORS, CEO & CHILDREN	5	852722	1.6261
ASSOCIATE COMPANIES	5	12273393	23.4046
NIT & ICP	2	1700	0.0032
BANKS, DFI & NBF	8	49822	0.0950
INSURANCE COMPANIES	4	1323409	2.5237
MUTUAL FUNDS	1	50	0.0001
GENERAL PUBLIC (LOCAL)	3585	31086695	59.2843
GENERAL PUBLIC (FOREIGN)	1142	1050372	2.0030
OTHERS	33	5799337	11.0590
MODARABAS	2	500	0.0010
<b>Company Total</b>	<b>4787</b>	<b>52440000</b>	<b>100.0000</b>

**FIRST EQUITY MODARABA  
NOTICE OF TRANSFER BOOK CLOSURE  
AND 25<sup>th</sup> ANNUAL REVIEW MEETING**

***Schedule of 25<sup>th</sup> Annual Review Meeting***

The 25<sup>th</sup> Annual Review Meeting (ARM) of certificate holders of First Equity Modaraba (FEM) will be held on Wednesday, December 10 2025 at 11.00 am through video link and from the Modaraba registered office B-1004 Lakson Square Building # 3 Sarwar Shaheed Road Karachi.

***Normal Business at ARM***

To review the performance of the Modaraba for the year ended June 30, 2025..

***Book Closure***

The certificate transfer book of the FEM shall remain closed from Thursday December 04 2025 to Wednesday, December 10 2025 (both days inclusive). Transfer received at THK Associates (Pvt), Plot # 32C, 2 Jami Commercial Street 11, D.H.A. Phase 7, Karachi, the close of the business on Wednesday December 03 2025 will be treated valid.

The certificate holders who are interested to attend the ARM through Video Conference, are requested to get themselves registered at earliest but not later than 24 hours before ARM date and time at [info@firstequitymodaraba.com.pk](mailto:info@firstequitymodaraba.com.pk) and can also give their comments and suggestion

On behalf of the Board

**Qazi Obaid Ullah**  
Company Secretary

October 06 2025  
Karachi





## فرسٹ ایکویٹی مضاربہ

نوٹس برائے ٹرانسفر بک بند ہونا اور 25 ویں سالانہ جائزہ میٹنگ

25 ویں سالانہ جائزہ میٹنگ کا شیڈول:

فرسٹ ایکویٹی مضاربہ (ایف ای ایم) کے حصص داران کی پچیسویں سالانہ جائزہ میٹنگ (اے آر ایم) بدھ، 10 دسمبر 2025 کو صبح 11:00 بجے ویڈیو لنک کے ذریعے اور مضاربہ کے رجسٹرڈ آفس B-1004 لیکن اسکوائر بلڈنگ نمبر ۳، سرور شہید روڈ، کراچی سے منعقد ہوگی۔

ARM پر عام کاروبار:

اختتامی سال 30 جون 2025ء کیلئے مضاربہ کی کارکردگی کا جائزہ لینا۔

نفع کی تقسیم:

FEM کی شیئر ٹرانسفر بکس۔

بک بند ہونا:

FEM کی ٹرانسفر بک جمعرات، 04 دسمبر 2025ء سے بدھ، 10 دسمبر 2025ء تک (دونوں دن شامل) بند رہے گی۔ بدھ، 03 دسمبر 2025 کے کاروبار کے اختتام تک، THK Associates (Pvt.) Ltd.، پلاٹ نمبر C-32، 2 جامی کمرشل اسٹریٹ 11، ڈی ایچ اے فیز 7، کراچی پر موصول ہونے والی تمام ٹرانسفرز کو درست تصور کیا جائے گا۔

جو سرٹیفکیٹ ہولڈرز ویڈیو کانفرنس کے ذریعے ARM میں شرکت کے خواہشمند ہوں، انہیں مشورہ دیا جاتا ہے کہ وہ جلد از جلد لیکن ARM کی تاریخ وقت سے کم از کم 24 گھنٹے قبل [info@firstequitymodaraba.com.pk](mailto:info@firstequitymodaraba.com.pk) پر اپنی رجسٹریشن کروا دیں۔ وہ اپنے تبصرے اور تجاویز بھی ارسال کر سکتے ہیں۔

بورڈ کی جانب سے

قاضی عبید اللہ

کمپنی سیکریٹری

## UNDER CERTIFICATE OF POSTING

*If undelivered please return to:-*

**THK Associates (Pvt) Ltd.**

Plot No. 32-C, Jami Commercial,  
Street 2, D.H.A. Phase VII, Karachi,  
Tel: +92-21-35310191-2-3  
Email: [cst@thk.com.pk](mailto:cst@thk.com.pk)

