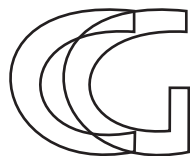


First Equity Modaraba



ANNUAL REPORT 2022

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



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 Financial 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 Management Committee

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 Shaheed Road,
Karachi

Tel: 35672815-8

Fax: 35686116

E-mail: info@firstequitymodaraba.com.pk

Room No. 503 - 504

5th Floor,

Pakistan Stock Exchange
Building, Karachi.

Tel: 32446020-3

Fax: 32460766

Auditors

Crowe Hussain Chaudhury & Co.

Chartered Accountants

F-4/2, Mustafa Avenue, Behind

The Forum, Block 9, Clifton

Karachi, Pakistan.

Tel: +92-21-35877806-10

www.crowe.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 2, D.H.A. Phase VII, Karachi,

Tel: +92-21-35310191-2-3

Email: sfc@thk.com.pk

General Counsel

Moshin M. Tayebaly & Co.

Advocates & Legal Consultants

FIRST EQUITY MODARABA

Rs.In '000

BALANCE SHEET	June2013	June2014	June2015	June2016	June2017	June2018	June2019	June2020	June2021	June2022
								Restated		
Authorised Capital	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Issued Subscribed & Paid-up-capital	524,400	524,400	524,400	524,400	524,400	524,400	524,400	524,400	524,400	524,400
Reserves	110,463	115,035	117,529	119,794	130,843	126,650	123,347	117,485	111,306	100,962
Revaluation Reserve on Investment	(7,355)	(13,150)	(20,170)	(25,286)	(30,023)	(37,125)	(53,437)	(29,970)	7,939	(68,012)
Deferred Liabilities	2,092	1,556	2,655	2,934	2,864	4,046	4,252	4,551	5,711	5,898
Creditors, accrued expenses and other liabilities	6,139	11,857	24,657	7,940	62,860	12,283	8,333	9,730	22,456	14,764
Profit distribution	-	19,665	8,914	6,817	31,464	-	-	-	22,600	-
Unclaimed profit distribution	26,003	25,967	27,618	27,845	28,730	29,642	29,561	29,560	29,554	30,448
Provision for taxation	3,773	-	-	-	-	-	-	-	-	-
	665,515	686,345	685,603	664,444	751,138	659,895	636,456	655,757	723,965	608,460
Tangible Assets	19,234	17,849	17,377	16,361	8,825	7,931	9,125	7,788	6,443	5,060
Intangible Assets	19,000	19,000	19,000	19,000	10,000	-	-	-	-	-
Deferred Costs	-	-	-	-	-	-	-	-	-	-
Investments	373,192	431,784	423,890	426,898	499,291	453,889	430,925	449,719	563,344	499,126
Morabaha/Musharaka Receivables	150,039	159,320	153,003	140,333	134,320	136,668	139,583	53,075	8,634	9,561
Advances, deposits prepayments and other receivables	54,475	48,501	52,048	51,063	57,308	49,780	52,439	54,418	62,092	84,037
Cash and Bank balance	49,575	9,889	20,285	10,789	41,394	11,626	4,384	90,758	83,451	10,676
	665,515	686,345	685,603	664,444	751,138	659,895	636,456	655,757	723,965	608,460
PROFIT & LOSS ACCOUNT										
Income / (loss)	53,722	46,938	34,684	30,680	82,329	17,246	19,814	16,691	44,880	22,850
Operating expenses	(25,093)	(22,242)	(21,775)	(21,587)	(34,290)	(21,439)	(23,117)	(22,552)	(25,989)	(25,789)
Modaraba company's Management fee	(989)	(3,307)	(1,511)	-	(5,526)	-	-	-	(1,889)	-
Sales tax on Modaraba Management Fee									(246)	-
Worker Welfare Fund									(335)	-
Taxation	(2,226)	-	-	-	-	-	-	-	-	(3,785)
Profit/ (Loss) for the year	28,629	24,696	11,398	9,093	42,513	(4,193)	(3,304)	(5,861)	16,421	(6,724)
Cash Distribution	-	3.75%	1.70%	1.30%	6.00%	-	-	-	5.00%	-
Earnings per certificate	0.127	0.471	0.217	0.173	0.81	(0.08)	(0.06)	(0.11)	0.31	(0.13)
Breakup value	11.97	12.33	12.03	11.93	12.52	11.71	11.33	11.67	12.27	-



ANNUAL SHARI'AH REVIEW REPORT OF
FIRST EQUITY MODARABA (FEM)
FOR THE YEAR ENDED JUNE 30, 2021

Mufti Abdul Qadir

Shariah Advisor

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

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

Ref: ASRR-22

Date: 5-10-22

Annual Shari'ah Review Report of
First Equity Modaraba (FEM)
for the year ended June 30, 2022

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, 2022 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 which 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. Moreover, the staff attended webinars on Islamic Finance and Anti Money Laundering during the period.

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

iv. To the best of 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, 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.

Abdul Qadir

**ANNUAL SHARI'AH REVIEW REPORT OF
FIRST EQUITY MODARABA (FEM)
FOR THE YEAR ENDED JUNE 30, 2021**

Charity:

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

Observations:

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

With reference to the settlement of the issues:

1. As 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 companies turned Non Shari'ah Compliant as per last accounts due to non-compliance with screening criteria highlighted categorically. On my query, the management confirmed to dispose of all the Non Shari'ah Compliant Shares accordingly in the subsequent months. Furthermore, the shares of the companies, whose trading is still suspended. On my query, the management has confirmed that such non Shari'ah compliant shares will be disposed of as soon as their trading become 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 some current accounts in conventional banks which were not closed as they were marked as "Dormant" as confirmed by the management.

3. As regards, Musharakah agreements, they are on the formats as approved by the Religious Board. However, no Musharakah Investment Agreement matured during the period.

Recommendations:

1. The Non Shariah Compliant Shares should be disposed of at earliest.
2. All accounts at conventional banks should be closed at earliest.
3. 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

Muhammad Qadir

Mufti Abdul Qadir
Shari'ah Advisor

Dated: October 5, 2022



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Modaraba **FIRST EQUITY MODARABA**
Year ending **JUNE 30, 2022**

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. Male:	3
b. Female:	1
2. The composition of board is as follows:

a) Independent Directors	1
b) Other Non-executive Director	2
c) Executive Directors	1
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 have 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.-

<p>a) <i>Audit Committee</i></p> <table style="width: 100%; border: none;"> <tr> <td style="padding-right: 20px;">Mr Qaiser Ahmed Magoon</td> <td style="text-align: right;">Chairman</td> </tr> <tr> <td>Ms Alizeh Bashir</td> <td style="text-align: right;">Member</td> </tr> <tr> <td>Mr Nadeem Maqbool</td> <td style="text-align: right;">Member</td> </tr> </table>	Mr Qaiser Ahmed Magoon	Chairman	Ms Alizeh Bashir	Member	Mr Nadeem Maqbool	Member	<p>b) <i>HR and Remuneration Committee</i></p> <table style="width: 100%; border: none;"> <tr> <td style="padding-right: 20px;">Mr Nadeem Maqbool</td> <td style="text-align: right;">Chairman</td> </tr> <tr> <td>Mr Adil A Ghaffar</td> <td style="text-align: right;">Member</td> </tr> <tr> <td>Mr Qaiser Ahmed Magoon</td> <td style="text-align: right;">Member</td> </tr> </table>	Mr Nadeem Maqbool	Chairman	Mr Adil A Ghaffar	Member	Mr Qaiser Ahmed Magoon	Member
Mr Qaiser Ahmed Magoon	Chairman												
Ms Alizeh Bashir	Member												
Mr Nadeem Maqbool	Member												
Mr Nadeem Maqbool	Chairman												
Mr Adil A Ghaffar	Member												
Mr Qaiser Ahmed Magoon	Member												
<p>c) <i>Risk Management Committee</i></p> <table style="width: 100%; border: none;"> <tr> <td style="padding-right: 20px;">Mr Nadeem Maqbool</td> <td style="text-align: right;">Chairman</td> </tr> <tr> <td>Mr Adil A Ghaffar</td> <td style="text-align: right;">Member</td> </tr> <tr> <td>Mr Qaiser Ahmed Magoon</td> <td style="text-align: right;">Member</td> </tr> </table>		Mr Nadeem Maqbool	Chairman	Mr Adil A Ghaffar	Member	Mr Qaiser Ahmed Magoon	Member						
Mr Nadeem Maqbool	Chairman												
Mr Adil A Ghaffar	Member												
Mr Qaiser Ahmed Magoon	Member												
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 regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. We confirm that there is no noncompliance with requirements of CCGR.

On behalf of the Board

Karachi
Dated October 05 2022

Adil A Ghaffar
Chief Executive Officer

REPORT OF THE DIRECTORS OF THE MODARABA COMPANY

Page 7

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, 2022.

Financial Results

FEM, incurred loss for the year amounted to Rs. (6.7) million as compared to profit of Rs 16.4 million for the last year translated in a loss per certificate of Rs. (0.13) as compared to earnings of Rs. 0.31 last year. The consolidated profit for the year is Rs 204 million as compared to Rs 261 million. Break-up value per certificate amounted to Rs. 10.63 as against Rs. 12.70 last year.

Financial Results

	Rupees
Income	22,439,295
Expenses	
Operating Expenses	(25,716,447)
Bank Charges	(73,056)
	(25,789,503)
Operating loss	(3,350,208)
Other Income	410,960
	(2,939,248)
Loss for the year before taxation	(2,939,248)
Taxation	(3,785,000)
Net loss for the year	(6,724,248)
Loss per Certificate	(0.13)

Dividend Distribution

Since the Modaraba sustained loss during the year, consequently there would be no announcement of profit distribution (2021: 5%). However to meet the regulations date of book closure would be from Tuesday December 11 2022 to Wednesday December 22 2022 (both days inclusive)

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 (77.038) million (2021: RS (38) 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. During the year, Regulatory changes were brought in and blanket tax exemption earlier given to Modarabas distributing 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.

Our Performance and Future Prospects

In our last annual review, we mentioned change in the business strategy from lending to investment. Stock market did not performed as envisaged. In Pakistan, stock market is always dependent on various factors including, but not limited to, political & economy stability, rupee parity, international oil prices, and interest rate, etc.. Though, Pakistan achieved decent GDP number but our trade & current account remained in deficit and slowly and gradually these gaps were enlarged due to one or the other pretext.

ETL's last year BMR investments alongwith various other factors, has yielded excellent results and ETL managed to earn profit of Rs 235m as compared to a profit of Rs. 225m. This translates into an EPS of Rs 9.38 per shares as compared to profit per share of Rs 9.00 last year. ETL's book value also increased substantially to Rs. 55.05 from Rs. 46.55 last year. Due to current business situation, ETL preferred to keep cash and did not declare dividends.

Since January 2020, globally the Covid pandemic affected the economical and business conditions. Alhamdulillah, your Modaraba having a cautious approach did not had any major impact.

With rising current account deficit, rupee parity, increasing oil prices, inflation numbers and increase in policy rate, etc. we still believe that Pakistan Stock Exchange index, KSE-100 and KMI 30 looks attractive. Though Monetary Policy Rate increased to 15% and purchasing power has been drastically affected, we believe that this situation will be diluted over a medium term and may take another year to offset this adverse impact.

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 2021. Long-term term visions curtailed for short-term benefits. This might be challenged in the Court of Law else it will bring adverse impact on the entire modaraba sector and we may see exits from the sector in the form of conversion from modarabas to companies.

We are pleased to share that our vision on sharia non-compliant listed securities has been recognized in the recently introduced Sharia guidelines by SECP

Shariah Advisor

As required under SCSAM, FEM's financial transactions were duly vetted and audited by the independent Shariah Advisor and his 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 meeting were held and attend by the Directors as follows:-



REPORT OF THE DIRECTORS OF THE MODARABA COMPANY

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

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:

- 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;
- Proper books of accounts of the Modaraba have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards (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.
- 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;
- 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;
- 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;
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2022, except for those disclosed in financial statements; and
- 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.

Pattern of Shareholding

Pattern of certificate holding as at 30th June 2022 is annexed with the Annual Report 2022.

Key Operating and Financial Data - is annexed with the Annual Report 2022.

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 Crowe Hussain Chaudhury & Co, Chartered Accountants, the Board has decided to recommend their name for the approval to the Registrar Modaraba

Acknowledgement

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

Karachi:
October 05, 2022

Adil A Ghaffar
Chief Executive Officer

- ☆ جیسا کہ کارپوریٹ گورننس کے ضابطہ کے تحت درکار ہے، منتظمین انتہائی مسرت کے ساتھ مطلع کرتے ہیں کہ۔
- ☆ کمپنی کی انتظامیہ کی جانب سے تیار کئے گئے مالی بیانیے، شفافیت کے ساتھ، کمپنی کی موجودہ حالت، عملیاتی نتائج، نقدی کا بہاؤ اور ادارتی تبدیلیاں پیش کرتے ہیں۔
- ☆ مضاربہ کی باضابطہ حسابی کتب برقرار رکھی گئی ہیں۔
- ☆ مالی بیانیوں کی تیاری میں مناسب محاسبتی پالیسیاں تسلسل کے ساتھ لاگو کی جاتی رہی ہیں جبکہ محاسبتی تخمینہ کاری معقول اور دانشمندانہ فیصلوں پر مبنی ہوتی ہیں۔
- ☆ مالی بیانیوں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS) کی پیروی کی گئی ہیں اور اس سے کسی انحراف کو سالانہ رپورٹ میں معقول انداز میں بیان کیا گیا ہے۔
- ☆ جملہ سال اندرونی نظم و نسق کا نظام موثر طرز سے ترتیب دیا گیا ہے اور مزید اصلاح کیلئے اس پر موثر انداز میں عملدرآمد و نگرانی جاری ہے۔
- ☆ مضاربہ کی صلاحیت کے بارے میں اس میں کوئی شک نہیں کہ اس کا کاروبار جاری و ساری ہے؛ اور
- ☆ اینٹی منی لانڈرنگ اور رسک مینجمنٹ پالیسی کے حوالے سے ایک مربوط انضباطی اور نگرانی کا نظام وضع کیا گیا ہے تاکہ مضاربہ کو ممکنہ طور پر درپیش مختلف قسم کے خطرات کی نشاندہی کی جاسکے، ان کا انتظام و انصرام کیا جاسکے اور رپورٹ کی جاسکے۔
- ☆ ٹیکس، ڈیویڈنڈ و چارجز وغیرہ کی مد میں کوئی قانونی ادائیگی 30 جون 2022 تک واجب ادا نہیں ہے ماسوائے اس کے جسے اس کے مالیاتی گوشواروں میں ظاہر کیا گیا ہو؛ اور
- ☆ اشاک آپیکھنج کے مندرجہ ضوابط میں تفصیلات کے مطابق کارپوریٹ گورننس کی بہترین عملدرآمدی کے سلسلے میں کوئی بنیادی انحراف نہیں کیا گیا ہے۔

حصص داری کا خاکہ:

30 جون 2022 تک سرٹیفیکیٹس کا خاکہ سالانہ رپورٹ 2022 کے ساتھ منسلک ہے۔

کلیدی عمل کاری اور مالی اعداد و شمار:

سالانہ رپورٹ 2022 کے ساتھ منسلک ہے۔

عملہ کی سبکدوشی پر فائدے:

مضاربہ کے خدمتی ضابطے اپنے مستقل ملازمین کیلئے بے سرمایہ وظیفہ اسکیم فراہم کرتے ہیں۔

محاسبہ کار:

محاسبہ کمیٹی کی تجویز اور موجودہ محاسبہ کار میسرز کرو و حسین چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی طرف سے دی گئی رضامندی کے تحت بورڈ نے ان کے نام کی منظوری کے لئے رجسٹرڈ مضاربہ کو سفارش کرنے کا فیصلہ کیا ہے۔

تسلیمات:

ہم، اپنے ملازمین کی تبدیلی کے ساتھ گئی انتھک محنت کو تسلیم کرتے ہیں اور اپنے کاروباری قربت داروں، گاہکوں اور مالی اداروں کی جانب سے بھروسے اور حمایت پر ان کے شکر گزار ہیں۔ مزید ہم اپنے گردش کاروں کی جانب سے رہنمائی اور معاونت کو بھی سراہتے ہیں جنہوں نے ہماری بھرپور حمایت کی اور ان کی جانب سے کی گئی اصلاحی کوششوں سے اچھی امید کے خواہاں ہیں۔

بورڈ کی جانب سے

کراچی، اکتوبر 05، اکتوبر، 2022ء

عادل اے غفار
چیف ایگزیکٹو آفیسر



(۲) تشکیل درج ذیل ہے:-

- 1 (الف) آزاد ڈائریکٹرز
2 (ب) نان ایگزیکٹو ڈائریکٹرز
1 (ج) ایگزیکٹو ڈائریکٹرز

زیر غور سال کے دوران، منتظمین کی جانب سے چار انتظامی اجلاس منعقد کئے گئے جو کہ درج ذیل ہیں:

سلسلہ نمبر	نام اراکین مجلس	اجلاسوں میں حاضری
1	جناب ندیم مقبول	4 میں سے 4
2	محترمہ علیزے بشیر	4 میں سے 3
3	جناب قیصر احمد گلون	4 میں سے 4
4	جناب عادل اے غفار	4 میں سے 4

بورڈ نے ممبران پر مشتمل درج ذیل کمیٹیاں تشکیل دی ہیں:

(الف) آڈٹ کمیٹی

- جناب قیصر احمد گلون
محترمہ علیزے بشیر
جناب ندیم مقبول
چیئر مین
ممبر
ممبر

(ب) ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی

- جناب ندیم مقبول
جناب عادل غفار
جناب قیصر احمد گلون
چیئر مین
ممبر
ممبر

(ج) رسک مینجمنٹ کمیٹی

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

کارپوریٹ گورننس کے ضابطے:

جیسا کہ پچھلے سالوں کی رپورٹ میں بیان کیا گیا ہے کہ بورڈ نے سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ ہدایات کے مطابق کارپوریٹ گورننس کو اختیار کرنے کا فیصلہ کیا ہے اور اسے مندرجہ ضابطوں کا حصہ بنایا ہے۔

تمام تر سرگرمیاں اسٹاک ایکسچینج کے مندرجہ ضوابطوں کے مطابق سرانجام دی گئیں۔ نظریاتی اور مقاصدی بیانیے، بنیادی اقدار اور ضابطہ طرز عمل مجلس منتظمہ کی جانب سے تیار و منظور کئے گئے ہیں اور ملازمین کے ساتھ تبادلہ خیال کئے گئے ہیں۔ اہم پالیسیاں جو کہ کارپوریٹ گورننس کے ضابطوں کے تحت درکار تھیں، مرتب کی گئیں اور مجلس منتظمہ کی جانب سے درجہ وار نظر ثانی کی گئیں۔

ہماری کارکردگی اور مستقبل کے امکانات:

اپنے آخری سالانہ جائزے میں، ہم نے قرض دینے سے لے کر سرمایہ کاری تک کاروباری حکمت عملی میں تبدیلی کا ذکر کیا ہے۔ اسٹاک مارکیٹ نے توقع کے مطابق کارکردگی کا مظاہرہ نہیں کیا۔ پاکستان میں، اسٹاک مارکیٹ ہمیشہ مختلف عوامل بشمول سیاسی اور اقتصادی استحکام، روپے کی برابری، تیل کی بین الاقوامی قیمتیں، اور شرح سود وغیرہ پر منحصر ہوتی ہے۔ اگرچہ پاکستان نے GDP کی معقول شرح نمو حاصل کی لیکن ہمارا تجارتی اور کرنٹ اکاؤنٹ خسارے میں رہا اور آہستہ آہستہ یہ فرق کسی نہ کسی وجہ سے بڑھتا گیا۔

ETL کی گزشتہ سال کی BMR سرمایہ کاری نے دیگر مختلف عوامل کے ساتھ شاندار نتائج حاصل کیے اور ETL گزشتہ سال کے منافع مبلغ 225 ملین روپے کے مقابلے میں مبلغ 235 ملین روپے کا منافع حاصل کرنے میں کامیاب رہا۔ جس کی تشریح کی جائے تو یہ گزشتہ سال کے فی حصص آمدنی مبلغ 9.00 روپے کے مقابلے میں مبلغ 9.38 روپے فی حصص آمدنی ہے۔ ETL کی بک ویلیو بھی گزشتہ سال کے مبلغ 46.55 روپے سے بڑھ کر مبلغ 55.05 روپے ہو گئی ہے۔ موجودہ کاروباری صورتحال کی وجہ سے، ETL نے نقد رقم رکھنے کو ترجیح دی اور منافع کا اعلان نہیں کیا۔

جنوری 2020 سے، عالمی سطح پر کورونا وائرس نے معاشی اور کاروباری حالات کو متاثر کیا۔ الحمد للہ، آپ کے مضاربہ کے محتاط انداز میں کوئی خاص اثر نہیں ہوا۔

بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے، روپے کی برابری، تیل کی قیمتوں میں اضافہ، افراط زر کی تعداد اور پالیسی ریٹ میں اضافہ وغیرہ کے ساتھ ہم اب بھی یقین رکھتے ہیں کہ پاکستان اسٹاک ایکسچینج انڈیکس، KSE-100 اور KMI 30 پر بڑھتا ہوا نظر آ رہا ہے۔ اگرچہ مانیٹری پالیسی کی شرح بڑھ کر 15 فیصد ہو گئی ہے اور قوت خرید بہت زیادہ متاثر ہوئی ہے، لیکن ہم سمجھتے ہیں کہ یہ صورت حال درمیانی مدت میں کم ہو جائے گی اور اس منفی اثرات کو دور کرنے میں مزید ایک سال لگ سکتا ہے۔

انتہائی افسوس کی بات ہے کہ 1980 کا تصور، نظریہ اور خواب جس کے تحت مضاربہ کے نام پر ہوم گراؤنڈ انڈسٹری بنائی گئی تھی اور جسے ”مضاربہ آرڈیننس 1980“ کے ذریعے ٹیکس پر چھوٹ دی گئی تھی، اسے فنانس بل 2021-2022 کے ذریعے واپس لے لیا گیا ہے۔ قلیل مدتی فوائد کے لیے طویل مدتی تصورات کو کم کیا گیا۔ اسے عدالت میں چیلنج کیا جاسکتا ہے بصورت دیگر یہ پورے مضاربہ سیکٹر پر منفی اثرات مرتب کرے گا اور ہم اس سیکٹر سے مضاربہ سے کمپنیوں میں تبدیلی کی صورت میں نکل سکتے ہیں۔

ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ SECP کی جانب سے حال ہی میں متعارف کرائے گئے شرعی رہنما اصولوں میں شرعی نان کمپلائنٹ لسٹڈ سیکورٹیز کے بارے میں ہمارے نظریہ کو تسلیم کیا گیا ہے۔

شرعی مشیر:

SCSAM کے تحت درکار، FEM کی مالی لین دین باضابطہ نگہداشت کی جا چکی ہیں اور خود مختار شرعیہ ایڈوائزرز کے ذریعے محاسبہ کی گئی ہیں جس کی رپورٹ منسلک ہے۔

بورڈ آف ڈائریکٹرز اور کمیٹیاں:

(1) ڈائریکٹرز کی کل تعداد

3

(الف) مرد

1

(ب) عورت

ڈائریکٹرز رپورٹ برائے مضاربہ کمپنی

فرسٹ ایکویٹی مضاربہ (FEM) کی انتظامی کمپنی پری میجر فنانشل سروسز (پرائیویٹ) لمیٹڈ کے ڈائریکٹرز اپنی رپورٹ اور مضاربہ کے آڈٹ شدہ مالیاتی بیانیے بمعہ مضاربہ اور اس کی مکمل ملکیتی ادارے ایکویٹی ٹیکسٹائل لمیٹڈ، کیپٹل فنانشل سروسز (پرائیویٹ) لمیٹڈ اور ایکس فنانشل سروسز (پرائیویٹ) لمیٹڈ کے مجموعی مالیاتی بیانیے برائے سال اختتام پذیر 30 جون 2022 پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

مالیاتی نتائج:

گذشتہ سال کے خسارہ مبلغ 16.4 ملین روپے کے مقابلے میں اس سال مبلغ (6.7) ملین روپے خسارہ ہوا، جس کی تشریح کی جائے تو گذشتہ سال فی حصص خسارہ مبلغ 0.31 روپے کے مقابلے میں اس سال فی حصص آمدنی مبلغ (0.13) روپے بنتا ہے۔ گذشتہ سال کے منافع مبلغ 261 ملین روپے کے مقابلے میں دوران سال مبلغ 204 ملین روپے کا مجموعی منافع حاصل ہوا جو کہ گذشتہ سال کے مبلغ 12.70 روپے کے مقابلے میں مبلغ 10.63 روپے کافی حصص بریک ویلو تھا۔

روپے میں	
22,439,295	آمدن
	اخراجات
(25,716,447)	عملیاتی اخراجات
(73,056)	بینک چارجز
(25,789,503)	
(3,350,208)	عملیاتی خسارہ
410,960	دیگر آمدن
(2,939,248)	قبل از ٹیکسیشن خسارہ برائے سال
(3,785,000)	ٹیکسیشن
(6,724,248)	خالص خسارہ برائے سال
(0.13)	فی سٹیک کیٹ خسارہ

منقسمہ/ڈیویڈنڈ کی تقسیم:

چونکہ دوران سال مضاربہ کو خسارہ ہوا ہے جس کے نتیجے میں منافع منقسمہ (2021: 5 فیصد) کا کوئی اعلان نہیں ہوا۔ تاہم قواعد و ضوابط کو پورا کرنے کے لیے شیئرز ان سرفیکس منگل 11 دسمبر 2022 سے بدھ 22 دسمبر 2022 تک (بشمول دونوں ایام) بند رہے گی۔

آڈیٹرز کا تبصرہ:

آڈیٹرز نے رائے زنی کی ہے کہ قابل خرید و فروخت سکیورٹیز کی فیئر ویلو کی لاگت کا حساب کتاب بین الاقوامی اکاؤنٹنگ معیار کی عدم تعمیل کی بنیاد پر ہے اور کسی بھی نفع/نقصان کو اس سال کے نفع/نقصان مبلغ (77.038) ملین روپے (2021 میں مبلغ (38) ملین روپے) کی مد میں وصول کیا جانا چاہئے۔ ہمارا آڈیٹرز کے تبصرہ کو قبول نہ کرنے کیلئے اصل موقف یہ ہے کہ پہلا، ہم مستقبل میں ان نقصانات کو مستقل نہیں سمجھتے اور دوسرا ہماری انڈسٹری اس تصور پر قائم کی گئی تھی کہ سالانہ بنیادوں پر جو کچھ کمایا جائے اسے تقسیم کیا جائے۔ ہمارے ریگولیشنز نے یہ لازم بنایا ہے کہ انکم ٹیکس اسٹیٹوٹس کلیم کرنے کیلئے مضاربہ اپنے سٹیکہولڈرز کو نقد ڈیویڈنڈ کی صورت میں سال کیلئے نفع کا 90 فیصد تقسیم کرے گی۔ لہذا فیئر ویلو کو لاگت میں لگانا یا تو ممکنہ سرمایہ کاری کے نفع کے مساوی ہو گا یا پھر لاگت کو وصول کرنے کے برابر ہو گا۔

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**TO THE CERTIFICATE HOLDERS 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 ("the Regulations") prepared by Board of Directors of Premier Financial Services (Private) Limited, the Modaraba Management company of First Equity Modaraba for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Modaraba 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. 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.

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 Modaraba Management Company's compliance for and on behalf of the Modaraba, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2022.



**Crowe Hussain Chaudhury Co.
Chartered Accountants**

Karachi.

Dated: **07 OCT 2022**

UDIN:CR2022102076T1SQoIP0



AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **FIRST EQUITY MODARABA** ("the Modaraba") as at June 30, 2022 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended 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 our audit.

These financial statements are the Modaraba Company's [Premier Financial Services (Private) Limited] responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our qualified opinion and, after due verification, we report that:

- (a) The Modaraba has recorded unrealized remeasurement loss of Rs. 77.038 million, in respect of investment in equity securities 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.
Had the Modaraba recorded the unrealized gain to the profit and loss account, its loss for the year would have been increased by Rs.77.038 million and other comprehensive income would have been decreased by Rs.77.036 million.
Except for the matter discussed in paragraph (a) above, in our opinion, proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- (b) Except for the matter discussed in paragraph (a) above, in our opinion:
- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- (c) Except for the matter discussed in paragraph (a) above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981 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, 2022 and of the profit and loss, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980),

Crowe Hussain Chaudhury & Co.
Chartered Accountants
Engagement Partner:
Imran Shaikh

Place: Karachi
Date: October 07, 2022

**BALANCE SHEET
AS AT JUNE 30, 2022**

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	Rupees	Note	2022 Rupees	2021 Rupees
<i>Equity & Liabilities</i>				
<i>Capital and reserves</i>				
Authorized Certificate Capital				
60,000,000 (2021: 60,000,000) modaraba certificates of Rs. 10 each			600,000,000	600,000,000
<hr/>				
Certificate holders' equity				
Issued, subscribed and paid-up certificate capital		6	524,400,000	524,400,000
Reserves		7	100,961,990	133,906,237
Remeasurement of defined benefit liability - Actuarial gain			1,364,966	738,541
Unrealised gain / (loss) on remeasurment of investment			(69,376,755)	7,200,492
<hr/>				
<i>Total certificates holders' equity</i>			557,350,201	666,245,270
 <i>Non-current liabilities</i>				
Deferred liability		8	5,897,659	5,710,591
Security deposit			200,000	-
<hr/>				
<i>Total non-current liabilities</i>			6,097,659	5,710,591
 <i>Current liabilities</i>				
Creditors, accrued and other liabilities		9	14,564,189	22,455,659
Unclaimed profit distribution			30,448,251	29,553,525
<hr/>				
<i>Total current liabilities</i>			45,012,440	52,009,184
<hr/>				
<i>Total equity and liabilities</i>			608,460,300	723,965,045
<hr/>				
Contingencies and commitments		10		



BALANCE SHEET AS AT JUNE 30, 2022

	Note	2022 Rupees	(Restated) 2021 Rupees
<i>Assets</i>			
<i>Non-Current Assets</i>			
Fixed assets			
-tangible	11	3,948,441	5,211,713
-intangible	12	-	-
Investment property	13	1,111,667	1,231,667
Long term investments	14	402,655,229	402,194,798
Advances-considered good		2,510,000	2,510,000
Deposits		1,750,000	1,750,000
<i>Total Non-Current Assets</i>		411,975,337	412,898,178
<i>Current Assets</i>			
Morabaha/Musharaka receivables-secured	15	9,560,623	8,634,174
Short term investments	16	96,471,948	161,149,390
Advances - considered Good	17	11,560,807	11,374,403
Trade deposits and prepayments	18	16,440,954	16,382,098
Other receivables	19	51,774,690	30,075,414
Bank balances	20	10,675,941	83,451,388
<i>Total Current Assets</i>		196,484,963	311,066,867
<i>Total Assets</i>		608,460,300	723,965,045

The annexed notes 1 to 42 form an integral part of these financial statements.

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2022**

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	Note	2022 Rupees	2021 Rupees
Income	21	22,439,295	31,044,309
Expenses			
Operating expenses	22	(25,716,447)	(25,978,571)
Financial charges	23	(73,056)	(10,126)
		(25,789,503)	(25,988,697)
Operating Profit / (loss)		(3,350,208)	5,055,612
Other income	24	410,960	13,835,210
Modaraba Management Company's Remuneration	25	-	(1,889,082)
Sales tax on Modaraba Management			
Company's Remuneration		-	(245,581)
Provision for Sindh Workers' Welfare Fund	26	-	(335,123)
Profit / (loss) before taxation		(2,939,248)	16,421,036
Taxation	27	(3,785,000)	-
<i>Net profit / (loss) for the year</i>		(6,724,248)	16,421,036
Earnings profit / (loss) per certificate - basic and diluted	28	(0.13)	0.31

The annexed notes 1 to 42 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

Nadeem Maqbool
Director
Premier Financial
Services (Private) Limited

Kaiser Ahmed Magoon
Director
Premier Financial
Services (Private) Limited



**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**

	2022 Rupees	2021 Rupees
Profit / (loss) for the year	(6,724,248)	16,421,036
Other comprehensive income		
- Items that will be subsequently reclassified:		
Unrealized gain / (loss) on remeasurement of investment	(79,358,596)	30,693,616
Gain realized on disposal of investments	2,320,919	6,671,976
	(77,037,677)	37,365,592
- Items that will not be subsequently reclassified:		
Remeasurement of defined benefit liability	626,425	738,541
Unrealized gain on remeasurement of investment held at 'fair value through other comprehensive income'	460,430	940,381
	(75,950,822)	39,044,514
Other comprehensive income / (loss)		
	(75,950,822)	39,044,514
Total comprehensive income / (loss) for the year	(82,675,070)	55,465,550

The annexed notes 1 to 42 form an integral part of these financial statements.

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

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30,2022

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	Note	2022 Rupees	2021 Rupees
CASHFLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		(2,939,248)	16,421,036
Adjustments for non-cash and other items:			
Depreciation	11 & 13	1,571,773	1,592,238
Provision for gratuity	8	1,005,160	762,371
Gain on sale of fixed assets	24	-	(17,117)
Dividend income	21	(24,897,689)	(2,797,704)
		(22,320,756)	(460,212)
Cash generated from / (used in) operations before working capital changes		(25,260,005)	15,960,824
Working capital changes:			
(Increase) / decrease in operating assets			
Morabaha / Musharaka receivables - secured		(926,449)	44,440,508
Advances		(186,404)	(116,401)
Trade deposits and prepayments		(58,856)	(1,202,571)
Other receivables		(21,699,276)	(5,648,445)
		(22,870,985)	37,473,090
Increase in operating liabilities			
Creditors, accrued and other liabilities		(7,891,469)	12,925,190
		(7,891,469)	12,925,190
Staff retirement benefit - gratuity paid		(191,667)	-
Dividend paid		(25,325,274)	(6,823)
Tax paid		(3,785,000)	(706,941)
Net cash generated from / (used in) operating activities		(85,324,399)	65,645,342

Qazi Obaid Ullah
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Premier Financial
Services (Private) Limited



CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30,2022

	2022 Rupees	2021 Rupees
CASHFLOWS FROM INVESTING ACTIVITIES		
Investments	(12,360,237)	(75,319,377)
Dividend received	24,897,689	2,797,704
Purchase of tangible assets	(188,500)	(271,500)
Payment against security deposits	200,000	(200,000)
Proceeds from sale of fixed assets	-	41,001
Net cash generated from / (used in) investing activities	12,548,952	(72,952,172)
Net (decrease) in cash and cash equivalents	(72,775,447)	(7,306,829)
Cash and cash equivalents at beginning of the year	83,451,388	90,758,217
Cash and cash equivalents at the end of the year	10,675,941	83,451,388

The annexed notes 1 to 42 form an integral part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

Description	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 loss	Total reserves			
----- Rupees -----									
Balance as at June 30, 2020	524,400,000	161,050,000	131,100,000	27,120,000	(201,784,799)	117,485,201	1,135,501	(31,105,481)	611,915,221
Profit for the year ended June 30, 2021	-	-	-	-	16,421,036	16,421,036	-	-	16,421,036
Other comprehensive income for the year	-	-	-	-	-	-	(396,960)	38,305,973	37,909,013
Transfer to statutory reserve	-	3,284,210	-	-	(3,284,210)	-	-	-	-
Profit distribution for the year	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2021	524,400,000	164,334,210	131,100,000	27,120,000	(188,647,973)	133,906,237	738,541	7,200,492	666,245,270
Balance as at July 01, 2021	524,400,000	164,334,210	131,100,000	27,120,000	(188,647,973)	133,906,237	738,541	7,200,492	666,245,270
Loss for the year ended June 30, 2022	-	-	-	-	(6,724,248)	(6,724,248)	-	-	(6,724,248)
Other comprehensive loss for the year	-	-	-	-	-	-	626,425	(76,577,247)	(75,950,822)
Profit distribution for the year	-	-	-	(9,798,964)	(16,421,036)	(26,220,000)	-	-	(26,220,000)
Balance as at June 30, 2022	524,400,000	164,334,210	131,100,000	17,321,036	(211,793,256)	100,961,990	1,364,966	(69,376,755)	557,350,201

* 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 42 form an integral part of these financial statements.

Qazi Obaid Ullah
Chief Financial Officer

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

Nadeem Maqbool
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Qaiser Ahmed Magoon
Director
Premier Financial
Services (Private) Limited



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 IMPACT OF COVID-19

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. The Modaraba is conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). The Modaraba will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, customers, partners, suppliers and stockholders. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.

3 BASIS OF PREPARATION

3.1 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

3.2 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.

3.3 Functional and presentation currency

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

3.4 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	5.1 & 5.2
b) Impairment of assets	5.1.1, 5.2, 5.4.1 & 5.12
c) Classification of investments	5.4
d) Income tax	5.6
e) Provision for staff gratuity	5.8

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (Annual periods beginning on or after)
- IFRS 3 - Revised Conceptual Framework (Amendments)	January 01, 2022
- IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2022
- IAS 16 – Property, Plant and Equipments: proceeds before intended use	January 01, 2022
- IAS 37 - Onerous Contracts: cost of fulfilling a contract	January 01, 2022



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

- IAS 1 - Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2023
- IAS 1 - Disclosure of Accounting Policies (Amendments)	January 01, 2023
- IAS 8 - Definition of Accounting Estimates (Amendments)	January 01, 2023
-IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)	January 01, 2023

The above standards and amendments are not expected to have any material impact on the Modaraba's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards

- IFRS 1 - First time adoption of IFRS
- IFRS 17 - Insurance Contracts
- IFRS 14 - Regulatory Deferral

IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the SECP through its S.R.O. 229 (I)/2020 and is effective for accounting period / year ending on or after June 30, 2024.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 replaces the previous revenue standards: IAS 18 "Revenue", IAS 11 "Construction Contracts", and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Management has undertaken a detailed assessment of the performance obligations associated with revenue streams and is of the view that application of IFRS 15 does not have any material impact on the current and prior year figures as well as the accounting policies applied for the recognition of revenue. Accordingly, no restatement of the information presented for prior year is required.

International Financial Reporting Standards (IFRS) 16 "Leases" has replaced IAS 17 "Leases", the former lease accounting standard, and has become effective from annual accounting periods beginning on or after January 1, 2020.

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position with only exception of short term and low value leases. Under

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

IFRS 16, a lessee shall recognize an asset (the right to use the leased item) based on the initial measurement of lease liability, plus (any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located) along with corresponding financial liability to pay rentals at the present value of future lease payments over the lease term, discounted using (the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.)

IFRS 16 - Leases

IFRS 16, 'Leases' (effective from annual reporting periods beginning on or after January 1, 2020) - IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The recognition criteria for lease is same as define in IAS 17 for lessor.

The Modarba has undertaken a detailed assessment of implication of adopted IFRS 16 "Leases" and is of the view that application of IFRS 16 does not have any material impact on the current and prior year figures as well as the accounting policies applied for "Leases". Accordingly, no restatement of the information presented for prior year is required.

4.2 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2021 are considered not to be relevant or to have any significant effect on the Modaraba's financial reporting and operations and are therefore not presented here.

4.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Modaraba

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after April 1, 2021 but are considered not to be relevant or to have any significant effect on the Modaraba's operations and are, therefore, not detailed in these financial statements, except for the following:

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IAS 1 - Presentation of financial statements	January 01, 2023
IAS 8 - Definition of accounting estimates (Amendment)	January 01, 2023

(a) Classification of liabilities - Amendment to IAS 1

The IASB issued a narrow-scope amendment to IAS 1, 'Presentation of Financial Statements', to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

(a) Classification of liabilities - Amendment to IAS 1

The IASB issued a narrow-scope amendment to IAS 1, 'Presentation of Financial Statements', to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

In particular, the amendment clarifies that:

- liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights;
- the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect the classification;
- the right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date; and
- Settlement is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments

The management has assessed that the impact of this amendment is not expected to be significant.

(b) Disclosure of accounting policies and definition of accounting estimates - Amendment to IAS 1 and IAS 8

The IASB amended IAS 1, 'Presentation of Financial Statements', to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

The amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The management has assessed that the impact of this amendment is not expected to be significant.

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

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

IFRS 14 - Regulatory Deferral Accounts

IFRS 17 - Insurance Contracts

The Modaraba expects that above new standards will not have any material impact on the Modaraba's financial statements in the period of application.

SIGNIFICANT ACCOUNTING POLICIES

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Page 27

5.1 Fixed Assets

5.1.1 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 11.

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 balance sheet 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 balance sheet 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.

5.1.2 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.

5.2 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. 13. 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 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 remaining estimated useful life.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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.

5.3 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.

5.4 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.

5.4.1 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);

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 account.

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 account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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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 account.

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 account.

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 profit and loss account in the period to which it relates.

5.4.2 Financial liabilities

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.

5.4.3 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 profit and loss account.

5.5 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

- (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. Unrealized suspense income is recognized in profit and loss account on receipt basis.

5.6 Taxation

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.

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.

5.7 Foreign currency translation

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.

5.8 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 8. Actuarial gains / losses are recognized over the average lives of the employees.

5.9 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 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.

5.10 Provisions

Provisions are recognized in the balance sheet 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.

5.11 Profit distribution to certificates holders

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

5.12 Impairment of Non-financial assets

The carrying amount of Modaraba'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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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5.13 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.

5.14 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.

5.15 Related party transactions

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

5.16 Cash and cash equivalents

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

5.17 Functional and reporting currency

Items include 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.

5.18 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 STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

6 ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL

2022	2021		2022	2021
--- Number of certificates ---			----- Rupees -----	
		Modaraba certificates of Rs. 10 each fully paid-up in cash		
46,220,000	46,220,000		462,200,000	462,200,000
		Modaraba certificates of Rs. 10 each issued as fully paid-up bonus certificates		
6,220,000	6,220,000		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>

6.1 Certificates held by the management company: 5,532,296 (2021: 5,532,296).

Note	2022	2021
	----- Rupees -----	
7 RESERVES		
Capital reserve		
Statutory reserve	164,334,210	164,334,210
Certificate premium account	131,100,000	131,100,000
Revenue reserve		
Accumulated loss	(211,793,256)	(188,647,973)
General reserve	17,321,036	27,120,000
	<u>100,961,990</u>	<u>133,906,237</u>

7.1 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.

8 DEFERRED LIABILITY

Staff gratuity	8.2	<u>5,897,659</u>	<u>5,710,591</u>
----------------	-----	------------------	------------------

8.1 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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Annual provision is based on actuarial valuation, which was carried out as at June 30, 2022 on September 21, 2022 using the Projected Unit Method.

	2 0 2 2	2 0 2 1
	----- Rupees -----	
8.2 Amount recognized in the balance sheet are as follows:		
Present value of defined benefit obligation	<u>5,897,659</u>	<u>5,710,591</u>
8.3 Movement in defined benefit obligation		
Opening balance	5,710,591	4,551,260
Charged for the defined benefit plan		
Current service cost	443,684	375,514
Net interest	561,476	386,857
Actuarial loss / (gain) on obligation	(626,425)	396,960
	378,735	1,159,331
Remeasurement of defined benefit liability		
Benefit paid	(191,667)	-
Closing balance	<u>5,897,659</u>	<u>5,710,591</u>

	----- Rates per annum -----	
8.4 Actuarial assumptions		
Valuation discount rate	10.00%	8.50%
Salary increase rate -short term (period of next one year)	13.25%	8.50%
Salary increase rate- long term	13.25%	8.50%

The expected maturity analysis of undiscounted retirement benefit obligation is:

	2 0 2 2
	Un-discounted payments
	----- Rupees -----
2023	131,818
2024	150,873
2025	172,968
2026	198,273
2027	232,060
2028 and onwards	43,393,487

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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 -----	----- Rupees -----
Discount rate	1%	5,477,158	6,371,698
Salary growth rate	1%	6,371,695	5,469,645

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.

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.

			2022	2021
	Note		----- Rupees -----	----- Rupees -----
9	CREDITORS, ACCRUED AND OTHER LIABILITIES			
	Modaraba Management fee payable	25	-	1,889,082
	Sales tax on Modaraba Management fee payable	25	-	245,581
	Provision for Sindh Workers' Welfare Fund	26	-	335,123
	Payable to clients	9.2	7,089,654	15,628,272
	Accrued expenses		4,517,505	4,124,933
	Other liabilities	9.1	2,957,030	232,668
			14,564,189	22,455,659

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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9.1 Other liabilities include Rs. 2,757,030 (2021: Rs. 232,668) payable to Premier Financial Services (Private) Limited.

9.2 Payable to clients include payable to related parties amounting to Rs. 887,555

10 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.

11 TANGIBLE ASSETS

2022										
Particulars	Cost			Accumulated depreciation				Book value as at June 30, 2022	Rate	
	As at July 01, 2021	Addition during the year	(deletion) during the year	As at June 30, 2022	As at July 01, 2021	Charged during the year / (disposal)	(disposal) during the year			As at June 30, 2022
----- Rupees -----									(%)	
Office premises	10,380,294	-		10,380,294	6,878,907	519,015		7,397,922	2,982,372	5
Furniture & fixtures	105,059	-		105,059	105,057	-		105,057		20
Motor vehicles	4,034,135	-	(1,288,500)	2,745,635	2,721,067	763,903	(1,288,500)	2,196,470	549,164	20
Computers	670,248	113,500		783,748	608,725	54,055		662,780	120,968	33
Office equipments	987,245	75,000		1,062,245	651,510	114,800		766,310	295,935	20
Total	16,176,981	188,500	(1,288,500)	15,076,981	10,965,266	1,451,773	(1,288,500)	11,128,540	3,948,441	

2021										
Particulars	Cost			Accumulated depreciation				Book value as at June 30, 2021	Rate	
	As at July 01, 2020	Addition during the year	(deletion) during the year	As at June 30, 2021	As at July 01, 2020	Charged during the year	(disposal) during the year			As at June 30, 2021
----- Rupees -----									(%)	
Office premises	10,380,294	-		10,380,294	6,359,888	519,019		6,878,907	3,501,385	5
Furniture & fixtures	105,059	-		105,059	105,057	-		105,057		20
Motor vehicles	4,034,135	-		4,034,135	1,914,240	806,827		2,721,067	1,313,068	20
Computers	656,248	14,000		670,248	561,843	46,882		608,725	61,523	33
Office equipments	1,002,745	257,500	(273,000)	987,245	801,116	99,510	(249,116)	651,510	335,735	20
Total	16,178,481	271,500	(273,000)	16,176,981	9,742,144	1,472,238	(249,116)	10,965,266	5,211,713	



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	Note	2 0 2 2 ----- Rupees -----	2 0 2 1 ----- Rupees -----
12 INTANGIBLE ASSETS			
Cost	12.1	10,000,000	10,000,000
Advance against TREC		(10,000,000)	(10,000,000)
		<u><u>-</u></u>	<u><u>-</u></u>

12.1 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.

13 INVESTMENT PROPERTY

Particulars	2 0 2 2							Book value as at June 30, 2022	Rate
	Cost			Accumulated depreciation					
	As at July 01, 2021	Addition / (deletion) during the year	As at June 30, 2022	As at July 01, 2021	Charged during the year / (disposal)	As at June 30, 2022			
	----- Rupees -----								(%)
Office premises	2,400,000	-	2,400,000	1,168,333	120,000	1,288,333	1,111,667	5	
	<u>2,400,000</u>	<u>-</u>	<u>2,400,000</u>	<u>1,168,333</u>	<u>120,000</u>	<u>1,288,333</u>	<u>1,111,667</u>		

Particulars	2 0 2 1							Book value as at June 30, 2021	Rate
	Cost			Accumulated depreciation					
	As at July 01, 2020	Addition / (deletion) during the year	As at June 30, 2021	As at July 01, 2020	Charged during the year / (disposal)	As at June 30, 2021			
	----- Rupees -----								(%)
Office premises	2,400,000	-	2,400,000	1,048,333	120,000	1,168,333	1,231,667	5	
	<u>2,400,000</u>	<u>-</u>	<u>2,400,000</u>	<u>1,048,333</u>	<u>120,000</u>	<u>1,168,333</u>	<u>1,231,667</u>		

13.1 The fair value of investment property as at June 30, 2022 Rs. 6,427,200 (2021: Rs. 5,891,600) as per valuation report of independent valuer.

	Note	2 0 2 2 ----- Rupees -----	2 0 2 1 ----- Rupees -----
14 LONG TERM INVESTMENT			
Investment in subsidiaries	14.1	350,000,000	350,000,000
		<u>350,000,000</u>	<u>350,000,000</u>
Investment in equity securities			
- held at fair value through other comprehensive income			
Un-listed securities	14.2	52,655,229	52,194,798
		<u>52,655,229</u>	<u>52,194,798</u>
		<u><u>402,655,229</u></u>	<u><u>402,194,798</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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14.1 Investment in subsidiaries

2022	2021			2022	2021
Numbers	Numbers			Rupees	Rupees
		Capital Financial Services (Private) Limited	14.1.1	50,000,000	50,000,000
500,000	500,000	Apex Financial Services (Private) Limited	14.1.1	50,000,000	50,000,000
500,000	500,000	Equity Textiles Limited	14.1.2	250,000,000	250,000,000
25,000,000	25,000,000				
26,000,000	26,000,000			350,000,000	350,000,000

14.1.1 The 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. 25.06 (2021: Rs. 85.17) and Rs. 30.57 (2021: 83.80) as per financial statements as at June 30, 2022 un-audited by Crowe Hussain Chaudhry & Co, Chartered Accountants.

14.1.2 Equity Textiles Limited is a wholly owned subsidiary of the Modaraba. Net assets value per share of Equity Textiles Limited is Rs. 55.06 (2021: Rs. 46.55) as per financial statements as at June 30, 2022 audited by BDO Ebrahim & Company, Chartered Accountants.

14.2 Investment in equity securities

14.2.1 Unlisted securities

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

2022	2021	Name of investee	Note	2022	2021
Numbers	Numbers			Rupees	Rupees
		Sapphire Power Generation Limited	14.2.2.1	4,332,894	4,358,000
50,000	50,000	ISE Towers REIT Management Company Limited	14.2.2.2	48,280,534	47,794,997
3,034,603	3,034,603	Callmate Telips Telecom Limited	14.2.2.3	1	1
78,150	78,150	Javed Omer Vohra & Company Limited	14.2.2.4	41,800	41,800
22,000	22,000				
3,184,753	3,184,753			52,655,229	52,194,798

14.2.2.1 Net assets value per share of Sapphire Power Generation Limited is Rs. 86.66 (2021: Rs. 87.16) as per financial statements as at June 30, 2021 audited by Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants.

14.2.2.2 Net assets value per share of ISE Towers REIT Management Company Limited Rs. 15.91 (June 30, 2021: Rs. 15.75) as per financial statements as at March 31, 2022 audited by BDO Ebrahim & Company, Chartered Accountants.

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

- 14.2.2.4** 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)

	Note	2 0 2 2 ----- Rupees -----	2 0 2 1 ----- Rupees -----
15 MORABAHA / MUSHARAKA RECEIVABLES - SECURED			
Musharaka - considered good	16.1 &	9,560,623	8,634,174
Morabaha - considered doubtful	16.2	17,380,055	17,380,055
		26,940,678	26,014,229
Provision for non performing assets		(17,380,055)	(17,380,055)
		9,560,623	8,634,174

- 15.1** The Modaraba had entered into Morabaha and Musharaka agreements under which the Modaraba had provided funds for working capital requirements on profit and loss sharing basis. These are secured against pledge, hypothecation of stock and receivables, demand promissory notes, personal guarantee of directors / proprietors and mortgage of property. Expected rate of profit on Musharaka transactions during the year range between 12% to 16% per annum (2021: 12% to 16% per annum). & maturity date between 01, January 2023 to 31, March 2023

- 15.2** All the amounts are short term. The carrying amount is considered a reasonable approximation of fair value.

	Note	2 0 2 2 ----- Rupees -----	2 0 2 1 ----- Rupees -----
16 SHORT TERM INVESTMENT			
Investment classified at fair value through profit and loss account			
Listed securities	16.1	96,471,948	161,149,390

16.1 Listed securities

2 0 2 2	2 0 2 1	Name of investee	2 0 2 2	2 0 2 1
----- Numbers -----			----- Rupees -----	

Oil and gas

300,870	78,400	Sui Northern Gas Pipeline Limited	10,292,763	3,808,672
100,598	140,000	Oil & Gas Development Company Limited	7,914,045	13,304,200

Chemicals

98,500	-	Ghani Global Glass Limited	1,087,440	-
25,000	-	Ghani Gases holding Limited	412,750	-

Food & Personal Care Products

639,000	678,000	Al-Shaheer Corporation Limited	5,776,560	13,512,540
-	21,000	Clover Pakistan Limited	-	1,363,740
165,675	211,113	Unity Foods Limited	3,325,097	9,398,751

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2022	2021	Name of investee	2022	2021
----- Numbers -----			----- Rupees -----	
		Construction and materials		
12,500	12,500	Bestway Cement Limited	1,587,250	2,019,000
279,000	279,000	Dewan Cement Limited	1,506,600	3,141,540
362,775	345,500	Fly Cement Limited	2,604,725	7,352,240
4,400	4,400	Cherat Cement Company Limited	409,376	780,472
1,350,000	1,350,000	Power Cement Limited	7,182,000	12,973,500
80,000	80,000	Fauji Cement Company Limited	1,133,600	1,840,000
		Maple Leaf Cement Factory Limited	5,893,925	5,849,010
215,500	124,500			
1,845	-	Pioneer Cement Limited	111,309	-
		Pharma and biotech		
10,840	13,339	The Searle Pakistan Limited	1,181,777	3,236,308
		Paper & Board		
59,400	59,400	Roshan Packages Limited	882,684	1,956,636
		Engineering		
13,375	27,500	Agha Steel Industries Limited	209,720	927,575
		Cable and Electrical goods		
123,500	-	Pak Elektron Limited	1,962,415	-
		Personal Care		
67,500	-	Treet Corporation Limited	1,969,650	-
		Textile Composites		
210,000	210,000	International Knitwear Limited	2,100,000	3,015,600
25,453	9,000	Nishat Mills Limited	1,881,231	839,700
		Miscellaneous		
40,050	4,000	EcoPack Limited	1,165,455	181,360
3,000	10,000	Pakistan Hotel Developers Limited	427,230	1,020,000
		Fertilizer		
-	35,000	Engro Fertilizer limited	-	2,459,450
		Modarabas		
38,000	38,000	First UDL Modaraba	266,000	380,000
		Automobile Assembler		
24,000	37,500	Ghandhara Industries Limited	3,791,280	10,463,250
		Fixed line telecommunication		
709,500	709,500	Pakistan Telecommunication Company Limited	4,938,120	8,400,480
999,000		Worldcall Telecom Limited	1,328,670	
		Securities Companies		
1,602,953	1,602,953	Pakistan Stock Exchange Limited	16,398,209	35,761,881



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

2022	2021	Name of investee	2022	2021
----- Numbers -----			----- Rupees -----	
		Cable & electrical goods		
444,750	474,750	Waves Singer Pakistan Limited	5,661,667	12,941,685
		Power Generation Distribution & Electricity		
1,010,000	1,010,000	K-Electric Limited	3,070,400	4,221,800
<u>9,016,984</u>	<u>7,565,355</u>		<u>96,471,948</u>	<u>161,149,390</u>

17 ADVANCES - CONSIDERED GOOD

Employee	17.1	90,769	211,396
Advance tax		11,470,038	11,163,007
		-	-
		<u>11,560,807</u>	<u>11,374,403</u>

17.1 The maximum aggregate amount due from employees at the end of any month during the year was Rs. 192,396 (2021: Rs. 311,015). These are secured against the property documents retained by the Modaraba.

	2022	2021	
	----- Rupees -----		
18 TRADE DEPOSITS AND PREPAYMENTS			
Deposits	15,966,856	15,966,856	
Prepayments	474,098	415,242	
	<u>16,440,954</u>	<u>16,382,098</u>	
19 OTHER RECEIVABLES			
Receivable from clients	19.1 & 19.1.1	18,485,086	18,626,369
Others	19.2	33,289,604	11,449,045
		<u>51,774,690</u>	<u>30,075,414</u>

19.1 Receivable from clients

Considered good		18,485,086	18,626,369
Considered doubtful		12,500,000	12,500,000
		<u>30,985,086</u>	<u>31,126,369</u>
Less: Provision for doubtful debts		<u>(12,500,000)</u>	<u>(12,500,000)</u>
		<u>18,485,086</u>	<u>18,626,369</u>

19.1.1 Movement in provision for doubtful debts

Opening provision		12,500,000	12,500,000
Charge for the year		-	-
		<u>12,500,000</u>	<u>12,500,000</u>

19.1 Receivable from clients and others include receivable from related parties amounting to Rs. 31,383 (2021: Rs. 62,600).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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	Note	2 0 2 2 ----- Rupees -----	2 0 2 1 -----
20 BANK BALANCE			
-in current accounts		1,983,587	1,372,601
-in Islamic Bank	20.1	8,692,354	82,078,787
		<u>10,675,941</u>	<u>83,451,388</u>

20.1 These carry profit at rates ranging from 3.5% to 7.0% (June 30, 2021: 3.5% to 7.0%) per annum.

	Note	2 0 2 2 ----- Rupees -----	2 0 2 1 -----
21 INCOME			
Profit on Musharaka		926,449	2,669,092
Brokerage commission		987,599	3,085,336
Capital gain / (loss)		(5,972,442)	22,492,178
Dividend		24,897,689	2,797,704
Rental		1,600,000	-
		<u>22,439,295</u>	<u>31,044,309</u>

22 OPERATING EXPENSES

Salaries, allowances and benefits	22.1	8,447,931	8,217,122
Traveling, conveyance and entertainment		435,345	568,402
Telephone and postage		427,687	1,159,604
Electricity		645,703	519,255
Insurance		604,266	534,772
Printing, stationery and advertisement		840,055	600,137
Fees and subscriptions		2,207,061	2,333,182
Vehicle running and maintenance		2,168,846	1,782,243
Depreciation	11 & 13	1,571,773	1,592,238
Facilities and services		4,374,290	4,368,040
Repair and maintenance		1,614,895	1,821,448
Annual review meeting		238,098	87,779
Auditor's remuneration	22.3	676,510	529,050
Legal and professional		426,396	497,862
Training and development		3,000	97,500
Shariah advisor		225,000	225,000
KSE & SECP Charges		569,005	780,486
Others		240,586	264,451
		<u>25,716,447</u>	<u>25,978,571</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

22.1 Remuneration of executives and other employees

The aggregate amount charged in the financial statements for remuneration, including benefits to 7 (2021: 7) employees of the Modaraba is:

	2 0 2 2		2 0 2 1	
	Executives	Other employees	Executives	Other employees
	----- Rupees -----			
Salaries and allowances	2,870,400	2,869,760	2,939,600	2,258,300
Leave fare & encashment	338,340	332,233	432,000	136,450
Expenses reimbursed:				
- Medical	423,681	306,757	250,997	285,496
	3,632,421	3,508,750	3,622,597	2,680,246

22.2 Salaries, allowances and benefits include provision for gratuity of Rs. 1,006,160 (2021: Rs. 762,371). Officers are also provided with free use of the Modaraba maintained cars.

	2 0 2 2		2 0 2 1	
	----- Rupees -----			
22.3 Auditors' remuneration				
Audit fee		275,000		250,000
Half yearly review		30,000		30,000
Other fees		371,510		249,050
		676,510		529,050
23 FINANCIAL CHARGES				
Bank charges		73,056		10,126
		73,056		10,126
24 OTHER INCOME				
Profit on Investment account		165,379		818,093
Sindh revenue Board input Tax		245,581		
Gain on disposal of fixed assets		-		17,117
Business management compensation		-		13,000,000
		410,960		13,835,210

25 MODARABA MANAGEMENT COMPANY'S FEE

In accordance with the Modaraba Companies and Modaraba Rules, 1981, a management fee at the rate of 10% of annual profits is payable to the Management Company. Accordingly, the Modaraba has recognised nil liability for the year (June 30, 2021: Rs. 1.889 million). Furthermore during the year, nil amount was charged on account of sales tax on Management fee (June 30, 2021: Rs. 0.246 million) levied through Sindh Sales Tax on Services Act, 2011.

**NOTES TO THE FINANCIAL STATEMENTS
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26 PROVISION FOR SINDH WORKERS' WELFARE FUND

The Finance Act, 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. As a result of these amendments, Workers' Welfare Fund (WWF) is payable at the rate of 2% of the profit before taxation as per the financial statements or taxable income as per the return of income, whichever is higher. The Sindh Assembly, on June 04, 2015, passed The Sindh Workers Welfare Fund Act, 2014 (the SWWF Act). As per Section 5(1) of the WWF Act, contributions are payable with effect from the date of closing of account on or after December 31, 2013, that corresponds to Modaraba's accounting year ended on June 30, 2014. During the year, the management has made a nil provision (June 30, 2021: Rs. 0.335 million) in respect of this liability.

	2022	2021
	(Rupees)	
27 TAXATION		
Current tax	3,785,000	-
	3,785,000	-

27.1 The Finance Bill, 2021 has validated and given legislative effect to the Tax Law (Second Amendment) Ordinance 2021 enacted on March 22, 2021 with effect from July 01, 2021 whereby Clause 100 of the Part 1 of Second Schedule of the Income Tax Ordinance, 2001 relating to the income tax exemption available to Modarabas has been withdrawn. Accordingly, provision for income tax has been booked in these financial statements.

28 DEFERED TAXATION

	2022	2021
	(Rupees)	
Taxable temporary differences		
Investment in unlisted shares	2,975,683	-
	2,975,683	
Deductible temporary differences		
Fixed assets	(995,996)	-
Provision against receivable from client	(3,625,000)	-
Provision against Musharaka receivable	(5,040,216)	-
Short term investment	(11,233,891)	-
Deferred liability (For gratuity)	(1,710,321)	-
	(22,605,424)	-
Net deferred income tax asset	(19,629,741)	-
Unrecognized deferred income tax asset	19,629,741	-
	-	-

28.1 Deferred tax asset as at June 30, 2022 amounting to Rs. 19,629,741 (2020: Rs. nil) 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.

**29 EARNINGS / (LOSS) PER CERTIFICATE -
BASIC AND DILUTED**

Profit / (loss) for the year	(6,724,248)	16,421,036
	----- Numbers -----	
Weighted average number of certificates outstanding during the year	52,440,000	52,440,000
Earnings / (loss) per certificate - basic and diluted	(0.13)	0.31



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

30 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:

	2 0 2 2	Rupees	2 0 2 1
Investment	499,127,177		563,344,188
Morabaha/Musharaka receivables-secured	9,560,623		8,634,174
Advances-considered good	14,070,807		13,884,403
Trade deposits and prepayments	18,190,954		18,132,098
Other receivables	51,774,690		30,075,414
	592,724,251		634,070,278

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 STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

2 0 2 2				
Particulars	Less than one year	Over one year but less than five years	Over five years	Total
-----Rupees-----				
Assets				
Long term investments	-	52,655,229	350,000,000	402,655,229
Morabaha & Musharaka receivables	9,560,623	-	-	9,560,623
Short term investments	96,471,948	-	-	96,471,948
Advances	11,560,807	2,510,000	-	14,070,807
Trade deposits	15,966,856	1,750,000	-	17,716,856
Other receivables	51,774,690	-	-	51,774,690
Bank balances	10,675,941	-	-	10,675,941
	196,010,864	56,915,229	350,000,000	602,926,093
Liabilities				
Deferred liability	-	-	5,897,659	5,897,659
Security Deposit	-	200,000	-	200,000
Creditors, accrued and other liabilities	14,564,189	-	-	14,564,189
Unclaimed profit distribution	30,448,251	-	-	30,448,251
	45,012,440	200,000	5,897,659	51,110,099
Net balance	150,998,424	56,715,229	344,102,341	544,819,249

2 0 2 1				
Particulars	Less than one year	Over one year but less than five years	Over five years	Total
-----Rupees-----				
Assets				
Long term investments	-	52,194,798	350,000,000	402,194,798
Morabaha & Musharaka receivables	8,634,174	-	-	8,634,174
Short term investments	161,149,390	-	-	161,149,390
Advances	11,374,403	2,510,000	-	13,884,403
Trade deposits	15,966,856	1,750,000	-	17,716,856
Other receivables	30,075,414	-	-	30,075,414
Bank balances	83,451,388	-	-	83,451,388
	310,651,624	56,454,798	350,000,000	717,106,422
Liabilities				
Deferred liability	-	-	5,710,591	5,710,591
Creditors, accrued and other liabilities	22,455,659	-	-	22,455,659
Unclaimed profit distribution	29,553,525	-	-	29,553,525
	52,009,184	-	5,710,591	57,719,775
Net balance	258,642,440	56,454,798	344,289,409	659,386,647



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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.

31 FAIR VALUE OF FINANCIAL INSTRUMENTS

The 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 STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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31.1 Financial instruments by category	2 0 2 2	Rupees	2 0 2 1
Financial assets:			
At amortized cost			
Morabaha/Musharaka receivables	9,560,623		8,634,174
Advances	14,070,807		13,884,403
Trade deposits	17,716,856		17,716,856
Other receivables	51,774,690		30,075,414
Bank balances	10,675,941		83,451,388
Financial assets at fair value through profit or loss			
Short term investments	96,471,948		161,149,390
Financial assets at fair value through other comprehensive income			
Long term investments	52,655,229		52,194,798
	252,926,094		367,106,423
Financial assets at cost			
Long term investment in subsidiary	350,000,000		350,000,000
Financial liabilities:			
Financial liabilities at amortized cost			
Deferred liability	5,897,659		5,710,591
Security deposit	200,000		-
Creditors, accrued and other liabilities	14,564,189		22,455,658
Unclaimed profit distribution	30,448,251		29,553,525
	51,110,099		57,719,774
On balance sheet gap	551,815,995		659,386,649



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

32 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.

2 0 2 2					
Particulars	Up to one month	Over one month to one year	Over one year to five years	Over five years	Total
----- Rupees -----					
Assets					
Long term investments	-	-	52,655,229	350,000,000	402,655,229
Morabaha & Musharaka receivables	-	9,560,623	-	-	9,560,623
Short term investments	-	96,471,948	-	-	96,471,948
Advances	-	90,769	2,510,000	-	2,600,769
Trade deposits	-	15,966,856	1,750,000	-	17,716,856
Other receivables	-	51,774,690	-	-	51,774,690
Bank balances	-	10,675,941	-	-	10,675,941
	-	184,540,826	56,915,229	350,000,000	591,456,055
Liabilities					
Deferred liability	-	-	-	5,897,659	5,897,659
Security deposit	-	-	200,000	-	200,000
Creditors, accrued and other liabilities	-	14,564,189	-	-	14,564,189
Unclaimed profit distribution	-	30,448,251	-	-	30,448,251
	-	45,012,440	200,000	5,897,659	51,110,099
Net balance	-	139,528,386	56,715,229	344,102,341	540,345,956

2 0 2 1					
Particulars	Up to one month	Over one month to one year	Over one year to five years	Over five years	Total
----- Rupees -----					
Assets					
Long term investments	-	-	52,194,798	350,000,000	402,194,798
Morabaha & Musharaka receivables	-	8,634,174	-	-	8,634,174
Short term investments	-	161,149,390	-	-	161,149,390
Advances	-	211,396	2,510,000	-	2,721,396
Trade deposits and prepayments	-	15,966,856	1,750,000	-	17,716,856
Other receivables	-	30,075,414	-	-	30,075,414
Bank balances	-	83,451,388	-	-	83,451,388
	-	299,488,617	56,454,798	350,000,000	705,943,415
Liabilities					
Deferred liability	-	-	-	5,710,591	5,710,591
Creditors, accrued and other liabilities	-	22,455,658	-	-	22,455,658
Unclaimed profit distribution	-	29,553,525	-	-	29,553,525
	-	52,009,183	-	5,710,591	57,719,774
Net balance	-	247,479,434	56,454,798	344,289,409	648,223,641

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

33 YIELD / PROFIT RATE RISK EXPOSURE

Description	Effective yield / profit risk %	2 0 2 2						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	
		-----Rupees-----						
Financial assets								
Long term investments		-	-	-	-	402,655,229	402,655,229	402,655,229
Morabaha/Musharaka receivables	12% to 16%	9,560,623	-	9,560,623	-	-	-	9,560,623
Short term investments		96,471,948	-	96,471,948	-	-	-	96,471,948
Advances		-	-	-	90,769	2,510,000	2,600,769	2,600,769
Trade deposits		-	-	-	15,966,856	1,750,000	17,716,856	17,716,856
Other receivables		-	-	-	51,774,690	-	51,774,690	51,774,690
Bank balances	3.5% to 7%	8,692,354	-	8,692,354	1,983,587	-	1,983,587	10,675,941
		<u>114,724,925</u>	-	<u>114,724,925</u>	<u>69,815,901</u>	<u>406,915,229</u>	<u>476,731,130</u>	<u>591,456,055</u>
Financial Liabilities								
Deferred liability		-	-	-	-	5,897,659	5,897,659	5,897,659
Security deposit		-	-	-	-	200,000	200,000	200,000
Creditors, accrued and other liabilities		-	-	-	14,564,189	-	14,564,189	14,564,189
Unclaimed profit distribution		-	-	-	30,448,251	-	30,448,251	30,448,251
		-	-	-	<u>45,012,440</u>	<u>6,097,659</u>	<u>51,110,099</u>	<u>51,110,099</u>
On Balance Sheet Gap		<u>114,724,925</u>	-	<u>114,724,925</u>	<u>24,803,461</u>	<u>400,817,570</u>	<u>425,621,031</u>	<u>540,345,956</u>

- 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.

Description	Effective yield / profit risk % age	2 0 2 1						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	
		-----Rupees-----						
Financial assets								
Long term investments		-	-	-	-	402,194,798	402,194,798	402,194,798
Morabaha/Musharaka receivables	12% to 16%	8,634,174	-	8,634,174	-	-	-	8,634,174
Short term investments		161,149,390	-	161,149,390	-	-	-	161,149,390
Advances		-	-	-	211,396	2,510,000	2,721,396	2,721,396
Trade deposits		-	-	-	15,966,856	1,750,000	17,716,856	17,716,856
Other receivables		-	-	-	30,075,414	-	30,075,414	30,075,414
Bank balances	2% to 5%	82,078,787	-	82,078,787	1,372,601	-	1,372,601	83,451,388
		<u>251,862,351</u>	-	<u>251,862,351</u>	<u>47,626,266</u>	<u>406,454,798</u>	<u>454,081,064</u>	<u>705,943,415</u>
Financial liabilities								
Deferred liability		-	-	-	-	5,710,591	5,710,591	5,710,591
Creditors, accrued and other liabilities		-	-	-	22,455,658	-	22,455,658	22,455,658
Unclaimed profit distribution		-	-	-	29,553,525	-	29,553,525	29,553,525
		-	-	-	<u>52,009,183</u>	<u>5,710,591</u>	<u>57,719,774</u>	<u>57,719,774</u>
On balance sheet Gap		<u>251,862,351</u>	-	<u>251,862,351</u>	<u>(4,382,917)</u>	<u>400,744,207</u>	<u>396,361,290</u>	<u>648,223,641</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

34 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 Others.

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	2 0 2 2					2 0 2 1
	Musharaka facility	Brokerage operation	Capital market	Others	Total	Total
	-----Rupees-----					
Segment revenues	926,449	987,599	18,925,247	2,010,960	22,850,255	44,879,519
Segment result	926,449	(3,317,042)	18,925,247	2,010,960	18,545,614	38,630,137
Unallocated cost						
Operating expenses					(21,484,862)	(19,729,189)
Financial charges					-	(10,126)
Management fee					-	(1,889,082)
Service Sales Tax					-	(245,581)
WWF					-	(335,123)
Profit / (loss) before taxation					(2,939,248)	16,421,036
Taxation					(3,785,000)	-
Profit / (loss) for the year					(6,724,248)	16,421,036
Other information						
Segment assets	9,560,623	19,431,037	152,465,238	1,111,667	182,568,565	243,736,397
Unallocated assets					425,891,735	480,228,648
Total assets					608,460,300	723,965,045
Segment liabilities	-	7,089,654	-	400,000	7,489,654	15,628,272
Unallocated liabilities					43,620,445	42,091,502
Total liabilities					51,110,099	57,719,774

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 STATEMENTS
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		----- 2 0 2 2 -----	Rupees	----- 2 0 2 1 -----
35.1	Balance outstanding at year end			
	Modaraba Management Company			
	Current account payable	2,757,030		232,668
	Modaraba Management fee	-		1,889,082
	Subsidiary companies			
	Investment in Equity Textiles Limited	250,000,000		250,000,000
	Investment in Capital Financial Services (Private) Limited	50,000,000		50,000,000
	Investment in Apex Financial Services (Private) Limited	50,000,000		50,000,000
	Receivable from / payable to wholly owned subsidiary companies	31,772,196		10,170,064
	Other related parties (including key management personnel)			
	Deferred liability staff gratuity	5,897,659		5,710,591
	Brokerage house client receivable	31,864		62,600
35.2	Transactions during the year			
	Modaraba Management Company			
	Reimbursement	4,374,290		4,368,040
	Other related parties (including key management personnel)			
	Contribution to staff gratuity fund	1,006,160		762,371
	Subsidiary companies			
	Reimbursement of expenses from:			
	Apex Financial Services (Private) Limited	Wholly owned subsidiary	-	5,000,000
	Capital Financial Services (Private) Limited	Wholly owned subsidiary	-	8,000,000
	Services acquired	Key Management Personnel / Associated company	590,492	544,160
	Brokerage commission earned	Key Management Personnel / Associated company	59,400	478,128

36. NET CAPITAL BALANCE

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The Net Capital Balance as required under Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines is calculated as follows:

Description	Valuation	Note	2022 Rupees
Current assets			
Cash and bank balances	As per book value	36.1	10,675,941
Trade receivables	Book value less overdue for more than 14 days		35,344
Investment in listed securities in the name of brokerage house	Securities marked to market less 15% discount		68,088,356
Securities purchased for client			5,618,287
PIBS	Marked to market less 5% discount		-
			84,417,928
Current liabilities			
Trade payables	Book value less overdue for more		561,702
Other payables	As per book values		44,450,738
			45,012,440
Net capital balance as at June 30, 2022			39,405,488
36.1. Cash and bank balances			
	Bank balance pertaining to brokerage house		3,295,464
	Bank balance pertaining to clients		7,380,477
			10,675,941

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

37. COMPUTATION OF LIQUID CAPITAL

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
I. Assets				
1.1	Property & Equipment	5,060,108	100%	-
1.2	Intangible Assets	-	-	-
1.3	Investment in Govt. Securities (150,000*99)	-	-	-
	Investment in Debt. Securities			
	If listed than:			
	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.	-	-	-
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.	-	-	-
	If unlisted than:			
	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.	-	-	-
	Investment in Equity Securities			
	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.	80,103,948	16,954,240	63,149,708
	ii. If unlisted, 100% of carrying value.	52,655,229	52,655,229	-
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
1.5	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	16,368,000	16,368,000.00	-
1.6	Investment in subsidiaries	350,000,000	350,000,000	-
	Investment in associated companies/undertaking			
1.7	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	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	1,775,000	1,775,000	-
1.9	Margin deposits with exchange and clearing house.	1,350,000	-	1,350,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	16,415,954	16,415,954	-
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	Dividends receivables.	-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)	-	-	-
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	90,769	-	90,769
	ii. Receivables other than trade receivables	33,289,604	33,289,604	-
	Receivables from clearing house or securities exchange(s)			
1.16	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	claims on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-
	Receivables from customers			
	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.	-	-	-
	<i>i. Lower of net balance sheet value or value determined through adjustments.</i>			



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.17	ii. In case receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount after deducting haircut	-	-	-
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, iii. Net amount after deducting haircut	-	-	-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. Balance sheet value	35,344	-	35,344
	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. v. Lower of net balance sheet value or value determined through adjustments	18,485,086	4,800,168	4,800,168
	vi. 100% haircut in the case of amount receivable from related parties.			
	Cash and Bank balances			
1.18	I. Bank Balance-proprietary accounts	3,295,464	-	3,295,464
	ii. Bank balance-customer accounts	7,380,477	-	7,380,477
	iii. Cash in hand	-	-	-
1.19	Total Assets	585,887,198	492,290,060	80,101,930
2. Liabilities				
2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	7,089,654	-	7,089,654
2.2	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	38,122,786	-	38,122,786
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	Non-Current Liabilities			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease	-	-	-
	b. Other long-term financing	-	-	-
	ii. Staff retirement benefits	5,897,659	-	5,897,659
	iii. 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. e. Auditor is satisfied that such advance is against the increase of capital.	-	-	-
	iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Subordinated Loans			
2.4	<p>i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified:</p> <p>a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period</p> <p>b. No haircut will be allowed against short term portion which is repayable within next 12 months.</p> <p>c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.</p> <p>ii. Subordinated loans which do not fulfill the conditions specified by SECP</p>	-	-	-
2.5	Total Liabilities	51,110,099	-	51,110,099
3. Ranking Liabilities Relating to :				
3.1	Concentration in Margin Financing 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 financees.	-	-	-
3.2	Concentration in securites lending and borrowing 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	-	-	-
3.3	Net underwriting Commitments (a) in the case of right issue : if the market value of securites 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 issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting (b) in any other case : 12.5% of the net underwriting commitments	-	-	-
3.4	Negative equity of subsidiary 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	Foreign exchange agreements and foreign currency positions 5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurrency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
3.7	Repo adjustment In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securites. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
3.8	Concentrated proprietary positions 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	-	-	-
3.9	Opening Positions in futures and options i. In case of customer positions, the total margin requiremets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Short sell positions			
3.10	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	Total Ranking Liabilities	-	-	-
		<u>534,777,099</u>	Liquid Capital	<u>28,991,831</u>

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.19)	80,101,930
(ii) Less: Adjusted value of liabilities (serial number 2.5)	(51,110,099)
(iii) Less: Total ranking liabilities (series number 3.11)	-
	<u>28,991,931</u>

Note: Commission may issue guidelines and clarifications in respect of the treatment of any component of Liquid Capital including any modification, deletion and inclusion in the calculation of Adjusted value of assets and liabilities to address any practical difficulty.

38 NUMBER OF EMPLOYEES

Total number of employees of the Modaraba as at June 30, 2022 are 7 (2021: 7). Average number of employees of the Modaraba during the year 7 (2021: 7).

39 CAPITAL ADEQUACY LEVEL

Total assets	603,460,300	718,965,043
Less: Total liabilities	(51,110,099)	(57,719,775)
Capital adequacy level	<u>552,350,201</u>	<u>661,245,268</u>

40 CORRESPONDING FIGURES

Figures have been rounded off to the nearest rupee.

41 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on October 05, 2022.

42 GENERAL

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

42.2 The corresponding figures, wherever necessary, have been re-arranged / re-classified for the purpose of comparison.

42.3 Prior year figures have been reclassified for the purpose of better presentation and comparison.

FIRST EQUITY MODARABA

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**

*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, 2022*



AUDITORS' REPORT TO THE CERTIFICATE HOLDERS



Crowe Hussain Chaudhury & Co.

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Behind The Forum
Block 9, Clifton, Karachi, Pakistan.
Tel: +92 21 35877806-10
Web: www.crowe.pk

Other Offices in Lahore & Islamabad


AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **FIRST EQUITY MODARABA** (the holding company / Modaraba) and its subsidiary companies as at June 30, 2022 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of **First Equity Modaraba, Apex Financial Services (Private) Limited and Capital Financial Services (Private) Limited** except for **Equity Textile Limited** which was audited by another firm of chartered accountants whose reports have been furnished to us and our opinion is so far as it relates to the amount included for such companies is based solely on the report of such other auditor. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standard on Auditing and accordingly included such test of accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Modaraba and, its two subsidiaries named Apex Financial Services (Private) Limited and Capital Financial Services (Private) Limited have booked loss of Rs. 109.719 million (2021: gain amounting to Rs. 56.434), 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. Had the Modaraba and two above mentioned subsidiaries charged the gain to the profit and loss account, profit for the year would have been decreased by Rs. 109.719 million (2021: increased by Rs. 56.434 million).

In our opinion, except for the effects of the matter described in paragraphs above, the consolidated financial statements present fairly the financial position of the **FIRST EQUITY MODARABA** and its subsidiary companies as at June 30, 2022 and the results of their operations for the year then ended.


Crowe Hussain Chaudhury & Co
Chartered Accountants
Engagement Partner:
Imran Shaikh.

Place: Karachi

Date: 07 OCT 2022

UDIN Number:AR202210207COZcV37e5

CONSOLIDATED BALANCE SHEET

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AS AT JUNE 30, 2022

	Note	----- 2 0 2 2 ----- Rupees	----- 2 0 2 1 -----
EQUITY AND LIABILITIES			
Authorized certificate capital			
60,000,000 (2021: 60,000,000) modaraba certificates of Rs. 10 each		<u>600,000,000</u>	<u>600,000,000</u>
Certificate holders' equity			
Certificate capital	6	524,400,000	524,400,000
Reserves	7	692,752,037	476,953,955
Remeasurement of defined benefit liability - actuarial gain		1,364,966	738,541
Surplus on revaluation of fixed assets	8	514,549,578	571,721,754
Unrealised loss on remeasurement of investments		(124,338,089)	(12,014,977)
Total certificates holders' equity		<u>1,608,728,493</u>	<u>1,561,799,273</u>
Non-current liabilities			
Long term financing	9	468,564	37,408,022
Liability against assets subject to finance lease	10	38,951,091	53,999,829
Deferred liabilities	11	292,865,388	148,220,667
Deferred capital grant	12	2,203,671	2,938,227
GIDC payable	15.1	204,854,050	-
Security deposit		200,000	-
Total non-current liabilities		<u>539,542,764</u>	<u>242,566,745</u>
Current liabilities			
Short term borrowings	13	225,098,900	29,043,486
Current portion of long term liabilities	14	60,349,397	80,591,233
Creditors, accrued and other liabilities	15	493,626,987	800,678,018
Accrued mark up	16	6,768,395	4,816,295
Taxation - net	31	-	21,406,856
Current portion of deferred capital grant	12	4,229,944	5,639,926
Unclaimed profit distribution		30,448,251	29,553,525
Total current liabilities		<u>820,521,874</u>	<u>971,729,339</u>
Total equity and liabilities		<u>2,968,793,131</u>	<u>2,776,095,357</u>
Contingencies and commitments	17		



CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2022

ASSETS	Note	----- 2 0 2 2 ----- Rupees -----	----- 2 0 2 1 -----
Non-current assets			
Fixed assets			
- tangible	18	1,294,261,015	1,431,420,593
- intangible	19	13,443,664	13,826,293
Investment property	20	1,111,667	1,231,667
Long term investments	21	52,655,229	52,194,798
Advances		2,510,000	2,510,000
Deposits		8,987,800	9,513,700
Total non-current assets		1,372,969,375	1,510,697,052
Current assets			
Stores and spares	22	48,258,791	43,805,958
Stock in trade	23	577,914,926	254,040,783
Trade debts	24	426,922,574	348,950,910
Morabaha / Musharaka receivables-secured	25	9,560,623	8,634,174
Short term investments	26	142,431,293	242,843,718
Advances - considered good	27	11,961,484	44,380,621
Trade deposits and prepayments	28	101,748,790	93,684,934
Other receivables	29	83,650,677	51,869,312
Tax refund from government authorities	30	45,722,860	53,155,768
Taxation - net	31	45,511,798	-
Cash and bank balances	32	102,139,941	124,032,127
Total current assets		1,595,823,757	1,265,398,305
Total assets		2,968,793,131	2,776,095,357

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

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**

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2022

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	Note	----- 2 0 2 2 ----- Rupees	----- 2 0 2 1 -----
Income - net	33	518,331,592	417,605,418
Expenditures			
Operating expenses	34	(86,562,150)	(77,800,565)
Distribution and selling expenses	35	(22,335,838)	(17,912,387)
		(108,897,988)	(95,712,952)
Operating profit		409,433,604	321,892,466
Financial charges	36	(37,021,399)	(40,358,588)
Other income	37	22,175,394	2,725,869
Other charges	38	(29,825,258)	(12,155,858)
		364,762,340	272,103,889
Modaraba Management Company's fee	39	-	(1,889,082)
Sales tax on Modaraba Management Company's fee	39	-	(245,581)
Provision for Sindh Workers' Welfare Fund	40	-	(4,954,349)
Profit before taxation		364,762,340	265,014,877
Taxation			
- current	41	(56,487,284)	(67,625,643)
- prior		39,778,503	(1,306,300)
- deferred		(144,457,652)	65,261,912
		(161,166,433)	(3,670,031)
Profit after taxation		203,595,907	261,344,846
Earnings per certificate - basic and diluted			
	42	3.88	4.98

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

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



FOR THE YEAR ENDED JUNE 30, 2022

	----- 2 0 2 2 -----	Rupees ----- 2 0 2 1 -----
Profit for the year	203,595,907	261,344,846
Other comprehensive income		
Items that will be subsequently reclassified:		
Unrealized (loss) / gain on remeasurement of investments	(115,104,462)	49,761,954
Gain realised on disposal of investments	2,320,919	6,671,976
	(112,783,542)	56,433,930
Items that will not be subsequently reclassified:		
Remeasurement of defined benefit liability	626,425	(396,960)
Unrealized gain on remeasurement of investment held at FVTOCI	460,430	940,381
Revaluation surplus - net of deferred taxation	-	243,855,749
Other comprehensive (loss) / income	(111,696,687)	300,833,100
Total comprehensive income for the year	91,899,220	562,177,946

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

FIRST EQUITY MODARABA

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

CONSLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

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	Note	----- 2 0 2 2 -----	Rupees ----- 2 0 2 1 -----
Cash flows from operating activities			
(Loss) before taxation		364,762,340	265,014,877
Adjustments for:			
Depreciation		144,007,855	117,970,441
Amortization on intangible asset		382,629	425,144
Exchange loss on import		-	-
Provision for gratuity		1,005,160	762,371
Dividend income		(24,897,689)	(3,466,359)
(Gain) on sale of asset		(1,981,277)	(637,373)
Bad debts		-	-
Financial charges		36,947,778	40,358,588
		155,464,456	155,412,812
Cash generated from operations before working capital changes		520,226,796	420,427,689
Working Capital changes			
(increase)/decrease in operating assets			
Store, Spares and Loose tools		(4,452,833)	8,486,569
Stock-in-trade		(323,874,143)	53,612,326
Trade debts		(77,971,665)	(241,452,894)
Morabaha/ Musharaka receivables		(926,449)	44,440,508
Advances		32,419,137	(28,337,637)
Trade deposits and prepayments		(8,063,856)	(15,097,673)
Other receivables		(31,781,365)	(21,883,792)
Tax refund from government authorities		18,962,117	-
(Decrease) / increase in operating liabilities			
Short term borrowing		196,055,414	(100,264,388)
Creditors, accrued and other liabilities		(307,051,031)	82,394,302
		(506,684,673)	(218,102,679)
Staff retirement benefit-gratuity paid		(191,667)	-
Financial charges paid		(34,995,678)	(42,687,450)
Dividend paid		(25,325,274)	(6,823)
Taxes paid		(95,156,543)	(59,227,475)
Net cash generated from operating activities		(142,127,039)	100,403,263



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	Note	----- 2 0 2 2 -----	Rupees ----- 2 0 2 1 -----
Cash flows from investing activities			
Investments		(12,371,218)	(106,175,179)
Long term deposits		525,900	(3,729,000)
Proceeds from sale of tangible assets		2,735,000	941,001
Dividend received		6,147,688	3,466,359
Capital work in progress		-	4,877,875
Purchases of tangible assets		(7,482,000)	(76,804,443)
Payment against Security Deposit		200,000	(200,000)
Net cash (used in) investing activities		(10,244,630)	(177,623,387)
Cash flows from financing activities			
Additions in liabilities against asset subject to finance lease		(15,383,195)	30,065,526
GDC Payable		204,854,050	
Deferred capital grant		(2,144,538)	8,578,153
Long term financing		(56,846,837)	61,659,378
Net cash (used in) financing activities		130,479,480	100,303,057
Net (decrease) / increase in cash and cash equivalents		(21,892,189)	23,082,934
Cash and cash equivalents at beginning of the year		124,032,130	100,949,196
Cash and cash equivalents at the end of the year		102,139,941	124,032,130

The annexed notes from 1 to 51 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 CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

Description	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) / gain on remeasurement of investments	Total
Balance as at June 30, 2020	524,400,000	161,050,000	131,100,000	27,120,000	(140,090,447)	179,179,553	1,135,501	364,295,561	(61,776,931)	1,007,233,684
Profit for the year	-	-	-	-	261,344,846	261,344,846	-	-	-	261,344,846
Other comprehensive income / (loss) for the year	-	-	-	-	-	-	(396,960)	-	49,761,954	49,364,994
Revaluation surplus during the year	-	-	-	-	-	-	-	243,855,749	-	243,855,749
Incremental depreciation on revaluation surplus net off deferred tax	-	-	-	-	36,429,556	36,429,556	-	(36,429,556)	-	-
Transfer to statutory reserve	-	3,284,210	-	-	(3,284,210)	-	-	-	-	-
Profit distribution for the year	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2021	524,400,000	164,334,210	131,100,000	27,120,000	154,399,745	476,953,955	738,541	571,721,754	(12,014,977)	1,561,799,273
Profit for the year	-	-	-	-	203,595,907	203,595,907	-	-	-	203,595,907
Profit distribution	-	-	-	(9,798,964)	(35,171,036)	(44,970,000)	-	-	-	(44,970,000)
Other comprehensive income / (loss) for the year	-	-	-	-	-	-	626,425	-	(112,323,112)	(111,696,687)
Incremental depreciation on revaluation surplus net off deferred tax	-	-	-	-	57,172,175	57,172,175	-	(57,172,175)	-	-
Balance as at June 30, 2022	524,400,000	164,334,210	131,100,000	17,321,036	379,996,790	692,752,036	1,364,966	514,549,578	(124,338,089)	1,608,729,493

* 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 55 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 CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

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.

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.

1.4 Apex Financial Services (Private) Limited

Apex Financial Services (Private) Limited was incorporated in Pakistan 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.

FOR THE YEAR ENDED JUNE 30, 2022

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 DISCLOSURE OF IMPACT OF COVID - 19 PANDEMIC ON FINANCIAL STATEMENTS OF THE GROUP

The COVID – 19 pandemic has taken a toll on all economies around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators/ governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

COVID-19 may affect the lending institutions on a number of fronts including increase in overall credit risk pertaining to the financing portfolio, difficulties in timely recovery of dues owing to slowdown in the economic activity etc. and reduction in policy rates by SBP on its profitability.

The SBP has also responded to the crisis by cutting the policy rate by 625 basis points since beginning of the year. The management of the Group is closely monitoring the situation, and in response to the developments, taking all possible precautions and measures to safeguard health and safety of employees and other stakeholders. The management has evaluated and concluded that there is no material implication of COVID - 19.

3 BASIS OF PREPARATION**3.1 Statement of compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountant of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Islamic Financial Accounting Standards (IFASs) and directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Islamic Financial Accounting Standards (IFASs) or the directives issued by SECP shall prevail.

3.2 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.

3.3 Functional and presentation currency

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

3.4 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	5.1 & 5.2
b) Impairment of assets	5.18
c) Classification of investments	5.3
d) Income tax	5.11
e) Provision for staff gratuity	5.13

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Group

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

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Standard or Interpretation	Effective date (Annual periods beginning on or after)
- IFRS 3 - Revised Conceptual Framework (Amendments)	January 01, 2022
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2022
- IAS 16 – Property, Plant and Equipments: proceeds before intended use	January 01, 2022
- IAS 37 - Onerous Contracts: cost of fulfilling a contract	January 01, 2022
- IAS 1 - Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2023
- IAS 1 - Disclosure of Accounting Policies (Amendments)	January 01, 2023
- IAS 8 - Definition of Accounting Estimates (Amendments)	January 01, 2023
-IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)	January 01, 2023

The above standards and amendments are not expected to have any material impact on the Modaraba's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards

- IFRS 1 - First time adoption of IFRS
- IFRS 17 - Insurance Contracts
- IFRS 14 - Regulatory Deferral

IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the SECP through its S.R.O. 229 (I)/2020 and is effective for accounting period / year ending on or after June 30, 2024.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 replaces the previous revenue standards: IAS 18 "Revenue", IAS 11 "Construction Contracts", and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Management has undertaken a detailed assessment of the performance obligations associated with revenue streams and is of the view that application of IFRS 15 does not have any material impact on the current and prior year figures as well as the accounting policies applied for the recognition of revenue. Accordingly, no restatement of the information presented for prior year is required.



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IFRS 16 - Leases

IFRS 16, 'Leases' (effective from annual reporting periods beginning on or after January 1, 2020) - IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The recognition criteria for lease is same as define in IAS 17 for lessor.

The Modarba has undertaken a detailed assessment of implication of adopted IFRS 16 "Leases" and is of the view that application of IFRS 16 does not have any material impact on the current and prior year figures as well as the accounting policies applied for "Leases". Accordingly, no restatement of the information presented for prior year is required.

4.2 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2021 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations and are therefore not presented here.

4.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Group

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after April 1, 2021 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these financial statements, except for the following:

Standard or interpretation	Effective date (Annual periods beginning on or after)
IAS 1 - Presentation of financial statements	January 01, 2023
IAS 8 - Definition of accounting estimates (Amendment)	January 01, 2023

(a) Classification of liabilities - Amendment to IAS 1

The IASB issued a narrow-scope amendment to IAS 1, 'Presentation of Financial Statements', to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

In particular, the amendment clarifies that:

- liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights;

FOR THE YEAR ENDED JUNE 30, 2022

- the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect the classification;
- the right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date; and
- Settlement is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments

The management has assessed that the impact of this amendment is not expected to be significant.

(b) Disclosure of accounting policies and definition of accounting estimates - Amendment to IAS 1 and IAS 8

The IASB amended IAS 1, 'Presentation of Financial Statements', to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

The amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The management has assessed that the impact of this amendment is not expected to be significant.

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

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

IFRS 14 - Regulatory Deferral Accounts

IFRS 17 - Insurance Contracts

The Group expects that above new standards will not have any material impact on the Group's financial statements in the period of application.

5 SIGNIFICANT ACCOUNTING POLICIES

The significant 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.

5.1 Fixed assets**5.1.1 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.



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FOR THE YEAR ENDED JUNE 30, 2022

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 19. 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.

5.1.2 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.

5.1.3 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.

5.1.4 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.

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FOR THE YEAR ENDED JUNE 30, 2022

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5.1.5 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.

5.2 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.

5.3 Financial instruments

5.3.1 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 account.



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FOR THE YEAR ENDED JUNE 30, 2022

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 account.
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 account.
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 account.

- **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 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.

5.3.2 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.

5.4 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.

5.5 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

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FOR THE YEAR ENDED JUNE 30, 2022

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Waste

Net realizable value

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

5.6 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.

5.7 Other receivables

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

5.8 Creditors, accrued and other liabilities

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.

5.9 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.

5.10 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.

5.11 Taxation

5.11.1 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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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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 substantively 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.

5.11.2 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.

5.12 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

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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.

5.13 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 11 of these financial statements. Actuarial gains / losses are recognized over the average lives of the employees.

Employee compensated absences

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

5.14 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.

5.15 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.

5.16 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.

5.17 Profit distribution to certificates holders

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

5.18 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.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

5.19 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.

5.20 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.

5.21 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.

5.22 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.

5.23 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.

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5.24 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

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.

6 CERTIFICATE CAPITAL

2022	2021		2022	2021
---- No. of certificates ----			----- Rupees -----	
46,220,000	46,220,000	Modaraba certificates of Rs. 10 each fully paid-up in cash	462,200,000	462,200,000
6,220,000	6,220,000	Modaraba certificates of Rs. 10 each issued as fully paid-up bonus certificates	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>

6.1 Certificates held by the Management Company: 5,532,296 (2021: 5,532,296).

7 RESERVES

Capital reserves

Statutory reserve	164,334,210	164,334,210
Certificate premium account	131,100,000	131,100,000

Revenue reserve

Accumulated profit	379,996,791	154,339,745
General reserve	17,321,036	27,120,000
	<u>692,752,037</u>	<u>476,953,955</u>



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

7.1 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. Thereafter, a sum not less than 5% of the after tax profit is required to be transferred to the statutory reserve.

8 SURPLUS ON REVALUATION OF FIXED ASSETS

Opening balance		805,241,906	513,092,339
Movement of revaluation surplus during the year	8.1	(80,524,190)	292,149,567
Movement of deferred tax during the year	8.2	(210,168,138)	(233,520,153)
Closing balance		<u>514,549,578</u>	<u>571,721,753</u>

8.1 Movement of revaluation surplus

Surplus recognised during the year	8.3	-	343,458,801
Less: transfer to unappropriated profit in respect of incremental depreciation charged during the year - (net of deferred tax)		(57,172,175)	(36,429,556)
Related deferred tax liability		(23,352,015)	(14,879,678)
		<u>(80,524,190)</u>	<u>292,149,567</u>

Note ----- 2 0 2 2 ----- Rupees ----- 2 0 2 1 -----

8.2 Movement of deferred tax liability

Opening balance		233,520,153	148,796,779
Effect of surplus recognized during the year			99,603,052
Less: incremental depreciation charged during the year transferred to the profit and loss account.		(23,352,015)	(14,879,678)
Closing balance		<u>210,168,138</u>	<u>233,520,153</u>

8.3 Revaluation surplus recognized during the year

Building	8.3.1	-	169,509,540
Plant and machinery	8.3.2	-	173,949,261
		<u>-</u>	<u>343,458,801</u>

8.3.1 This represents net surplus on revaluation of Group's factory building, colony building, plant and machinery, generators, electric installation and factory equipment carried out as on June 30, 2021.

8.3.2 The surplus on revaluation of property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

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	Note	2022	Rupees	2021
9	LONG TERM FINANCING			
	Secured - financial institutions			
	Habib Bank Limited - Term loan	9.1	-	5,876,224
	The Bank of Punjab - Salary refinance scheme	9.2	30,353,884	64,996,847
	Habib Metropolitan Bank - Term loan	9.3	15,821,250	32,148,899
			<u>46,175,134</u>	<u>103,021,970</u>
	Less: Current portion shown under current liabilities		<u>(45,706,570)</u>	<u>(65,613,948)</u>
			<u>468,564</u>	<u>37,408,022</u>
9.1	Habib Bank Limited - Demand finance			
	Demand finance II	9.1.1	-	5,876,224
			<u>-</u>	<u>5,876,224</u>
9.1.1	This facility is obtained for the modernisation and upgradation of plant and machinery and is secured against exclusive charge of Rs. 50 million on assets to be imported under the sanctioned term loan limit amounting to Rs. 50 million. This finance carries mark up at 6 months KIBOR plus 2% per annum payable on quarterly basis. This facility is repayable in 10 equal quarterly installments with 6 month grace period commencing from April 10, 2018.			
		Note	2022	Rupees
9.2	The Bank of Punjab			
	Salary refinance scheme	9.2.1	30,353,884	64,996,847
			<u>30,353,884</u>	<u>64,996,847</u>
9.2.1	This amount is payable against Salary refinance scheme as per SBP refinance payroll/salary/wages scheme. This loan was disbursed in two trenches amounting to Rs. 50 million and 48.1 million and carried markup at the rate of SBP Rate + 200 bps pa and SBP Rate + 300 bps pa, respectively. The loan is repayable in 8 equal quarterly installments commencing from June, 2021. The charge over the said project ranks first to pari passu with the charge registered with Bank of Punjab amounting to Rs. 134 million over all present and future fixed assets of the Group duly registered with SECP inclusive of 25% margin.			
9.3	Habib Metropolitan Bank	Note	2022	Rupees
	Term loan	9.3.1	15,821,250	32,148,899
			<u>15,821,250</u>	<u>32,148,899</u>
9.3.1	This facility is obtained for the modernization and upgradation of plant and machinery and is secured against exclusive hypothecation charge of Rs. 125.340 million (2021: Rs. 125.340 million)			



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

on assets to be imported under the sanctioned term loan limit amounting to Rs. 75 million (2021: Rs. 75 million). This finance carries mark up at three months KIBOR plus 2.5% per annum payable on quarterly basis. This facility is repayable in 18 equal quarterly installments commencing from March 06, 2017.

10 LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

Secured		
Opening balance	68,977,114	38,911,588
Additions during the year	-	37,290,000
	68,977,114	76,201,588
Payments / adjustments during the year	(15,383,195)	(7,224,474)
	53,593,919	68,977,114
 Less: Payable within one year shown under current liabilities	 (14,642,828)	 (14,977,285)
	38,951,091	53,999,829

This represents finance lease entered into with financial institution for vehicles and plant and machinery. Financing at the rate of 3 and 6 month KIBOR plus ranging from 2.50% to 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 Group upon the payment of residual values of the assets. The future minimum lease payments to which the Group is committed under the lease agreements and the periods in which they will become due are as follows:

Description	2 0 2 2			2 0 2 1		
	Upto one year	One to five years	Total	Upto one year	One to five years	Total
	----- Rupees -----					
Minimum lease payments outstanding	18,647,256	42,953,040	61,600,296	20,919,998	60,969,365	81,889,363
Financial charges not due	(4,004,428)	(4,001,949)	(8,006,377)	(5,550,872)	(7,361,377)	(12,912,249)
Present value of minimum lease payments	14,642,828	38,951,091	53,593,919	15,369,126	53,607,988	68,977,114
Payable within one year shown under current liabilities	(14,642,828)	-	(14,642,828)	(14,977,285)	-	(14,977,285)
Total	-	38,951,091	38,951,091	391,841	53,607,988	53,999,829

FIRST EQUITY MODARABA

		----- 2 0 2 2 -----	----- 2 0 2 1 -----
		Rupees	
11	DEFERRED LIABILITIES		
	Deferred taxation	11.1 286,967,729	142,510,076
	Staff gratuity	11.2 5,897,659	5,710,591
		292,865,388	148,220,667
11.1	Deferred taxation liability / asset		

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

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		2 0 2 2	2 0 2 1
	Note	----- Rupees -----	
Deferred tax liabilities			
Accelerated tax depreciation allowance		74,124,731	79,039,746
Surplus on revaluation of investments		1,882,249	1,882,249
Revaluation of operating fixed assets		210,168,137	233,520,152
Lease rentals		3,812,565	1,608,847
		289,987,682	316,050,994
Deferred tax assets			
Provision for bad debts against local debtors		(3,019,953)	(3,019,954)
Turnover tax		-	(170,520,964)
		(3,019,953)	(173,540,918)
		286,967,729	142,510,076
11.2 Staff gratuity	11.2.2	5,897,659	5,710,591

11.2.1 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, 2022 on September 21, 2022 using the Projected Unit Method.

11.2.2 Amount recognized in the balance sheet is as follow:

Present value of defined benefit obligation		5,897,659	5,710,591
Total defined benefit obligation		5,897,659	5,710,591

11.2.3 Movement in defined benefit obligation

Opening balance		5,710,591	4,551,260
Charged for the defined benefit plan			
Current service cost		443,684	375,514
Net interest		561,476	386,857
Actuarial loss / (gain) on obligation		(626,425)	396,960
		378,735	1,159,331
Benefits paid		(191,667)	-
Closing balance		5,897,659	5,710,591



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

11.2.4 Actuarial assumptions	----- Rate per anum -----	
Valuation discount rate	10.00%	10.00%
Salary increase rate -Short term (period of next one year)	13.25%	10.00%
Salary increase rate- long term	13.25%	10.00%

The expected maturity analysis of undiscounted retirement benefit obligation is:

	2 0 2 2
	Un-discounted payments
	----- Rupees -----
2023	131,818
2024	150,873
2025	172,968
2026	198,273
2027	232,060
2028 and onwards	43,393,487

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:

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

Discount rate	1 %	5,477,158	6,371,698
Salary growth rate	1 %	6,371,695	5,469,645

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 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.

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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	----- 2 0 2 2 -----	Rupees ----- 2 0 2 1 -----
12 DEFERRED CAPITAL GRANT			
Capital grant		6,433,615	8,578,153
Current portion of deferred capital grant		(4,229,944)	(5,639,926)
	12.1	<u>2,203,671</u>	<u>2,938,227</u>
12.1	In prior year, the Company received term finance facility from Bank of Panjab under Refinancing Scheme of the State Bank of Pakistan amounting to Rs. 98.1 million specifically for paying salaries and wages to Group's employees. The tenor of the financing is two and half year inclusive 6-Months Grace period and are repayable in 8 equal monthly installments commencing from March 2021. Subsequent to year end, ICAP issued the guidance for accounting of said financing through circular No. 11/2020, and based on this, the Group recognized the deferred capital grant in accordance with the requirements of 'IAS 20-Accounting for Government Grants and Disclosure of Government Assistance'.		
	Note	----- 2 0 2 2 -----	Rupees ----- 2 0 2 1 -----
13 SHORT TERM BORROWING			
Secured - financial institutions (Running finance arrangements)			
Habib Bank Limited - Pledged	13.1	152,097,578	-
Habib Bank Limited - Hypothecation	13.2	9,593,462	9,076,492
Habib Metropolitan Bank - Pledged	13.3	-	19,966,836
Bank of Punjab FIM	13.4	63,407,860	158
		<u>225,098,900</u>	<u>29,043,486</u>
13.1	The facility is obtained for import / purchase of raw cotton bales and to finance working capital inventory. This facility is secured against pledge of raw cotton with 10% margin and pledge of cotton / blended yarn with 15% margin of ETL. The finance carries mark-up at the rate of 1 month KIBOR + 150 basis points to be calculated on monthly basis. The total sanctioned limit is Rs. 190 million (2021: Rs. 90 million).		
13.2	The facility was obtained for working capital requirements. This facility was secured against first pari passu charge of Rs. 57 million on stocks and receivables of the ETL. The finance markup at the rate of 1 month KIBOR plus 125 basis points to be calculated on monthly basis. The total sanctioned limit is Rs. 10 million (2021: Rs. 10 million).		
13.3	The facility is obtained for import / purchase of raw cotton bales and to finance working capital inventory with a 10% margin. This facility is secured against first pari passu charge of Rs. 302 million on stocks and receivables of the ETL. The finance carries markup at the rate of 6 month KIBOR plus 200 basis points (2021: 200 basis points) to be calculated on monthly basis. The total sanctioned limit is Rs. 250 million (2021: Rs. 125 million).		



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022**

13.4 The facility is obtained for import / purchase of raw cotton bales and to finance working capital inventory with a 15% margin. This facility is secured against pledge over ginned/raw cotton of Rs. 267 million of ETL. The finance carries markup at the rate of 3 month KIBOR plus 200 basis points (Nil) to be calculated on monthly basis. The total sanctioned limit is Rs. 200 million (2021: 200 million).

14	Note	2022	Rupees	2021
CURRENT PORTION OF LONG TERM LIABILITIES				
Secured – Banking Companies				
Bank of Punjab - Salary Refinance		32,557,555		43,410,074
Habib Bank Limited - Term loan		-		5,876,224
Habib Metropolitan Bank -Term Loan		13,149,015		16,327,650
		45,706,569		65,613,948
Liabilities against asset subject to finance lease	10	14,642,828		14,977,285
		60,349,397		80,591,233
15				
CREDITORS, ACCRUED AND OTHER LIABILITIES				
Modaraba Management fee payable	39	-		1,889,082
Sales tax on Modaraba Management fee payable	39	-		245,581
Creditors	15.2	161,779,206		208,101,544
Accrued expenses	15.3	253,287,758		467,751,776
Payable to clients	15.4	12,089,654		15,628,272
Advance from customer		44,573		492,141
Sale tax payable		6,555,726		68,310,318
Withholding tax payable		18,483,006		18,424,243
Provision for Sindh Workers' Welfare Fund	40	18,174,653		7,446,535
Workers' Profit Participation fund		20,255,381		12,155,858
Other liabilities	15.1	2,957,030		232,668
		493,626,987		800,678,018

15.1 Other liabilities include Rs.2,757,030 (2021: Rs.232,668) payable to Premier Financial Services (Pvt) Ltd.

15.2 This include an amount of Rs. 13.214 million (2021; Rs.24.01 million) due to associated company.

15.3 This include the amount 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 in favour of recovery for GIDC arrears. The liability is recognized as per guideline issued by Institute of Chartered Accountants of Pakistan dated January 21, 2021.

15.4 Payable to clients include payable to related parties amounting to Rs. 877,555.

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FOR THE YEAR ENDED JUNE 30, 2022

			2022	Rupees	2021
	Note		-----		-----
16	ACCRUED MARK-UP				
	Financial institutions		<u>6,768,395</u>		<u>4,816,295</u>
			<u><u>6,768,395</u></u>		<u><u>4,816,295</u></u>

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

There is a contingent liability in respect of bank guarantees issued by the ETL's banker in the ordinary course of business in favor of Sui Southern Gas Company Limited, Excise and Taxation and HESCO aggregating to Rs. 61.689 million (2021: Rs. 50.236 million).

During 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. The Company has filed appeal to the Honorable High Court of Sindh and subsequently, the Honorable 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.

During prior year, 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(2) of Sales Tax Act, 1990 on the sale of goods to M/s Vezel Enterprises. who had Blacklisted after supplies dates. The Company has filed appeal to the Honorable High Court of Sindh and subsequently, the Honorable 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.

During current 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.10,594,358/- 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 aslo had also paid Rs.1,059,436/- 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 been made in these financial statements in respect of this matter.

During current 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.135,069/- for the period July, 2021 to November, 2021 Subsequently, he has passed an order No.30/74 of 2022 for recovery of demand for Rs.141,822/- 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, 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.

During current 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.413,000/- The Company had filed an appeal before the Commissioner (Appeal) for impugned demand in term of section 45-B of Sales tax Act, 1990. The Commissioner of Appeal restrained order passed order had passed DCIR. 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.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

During current 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.413,000/- The Company had filed an appeal before the Commissioner (Appeal) for impugned demand in term of section 45-B of Sales tax Act, 1990. The Commissioner of Appeal restrained order passed order had passed DCIR. 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.

During current year, the Deputy Commissioner Inland Revenue, (DCIR) has issued show cause notice u/s 161 (IA) Read with Section 182 and Section 205 of Income Tax Ordinance, 2001. for Monitoring of withholding Taxes for the tax year 2019. Subsequently, has passed an order under section 161/205/182 of Income tax Ordinance, 2001 for recovery of demand for Rs.12,330,201/- The Company has filed an appeal before the Commissioner (Appeal) for impugned demand in term of section 127(4) of the Income tax Ordinance, 2001. The Company also had also paid Rs.1,233,020/- 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 been made in these financial statements in respect of this matter.

During current year, the Deputy Commissioner Inland Revenue, (DCIR) Enforcement has issued a Notice u/s 221(1) of Income Tax Ordinance, 2001 for rectification of mistake apparent from record for the tax year 2019. Subsequently, has passed an order under section 221(1) of Income tax Ordinance, 2001 for recovery of demand for Rs.4,823,491/- The Company has filed an appeal before the Commissioner (Appeal) for impugned demand in term of section 127(4) of the Income tax Ordinance, 2001. 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.

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

17.2 Commitments

Commitment in respect of letters of credit as at the reporting date amounting to Rs. 488 million (2021: 269.2 million).

		2022	2021
		----- Rupees -----	
Note			
18	TANGIBLE		
	Operating fixed assets	<u>1,294,261,015</u>	<u>1,431,420,593</u>

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18.1

Particulars	2022										Rate
	Cost					Accumulated depreciation				Book value	
	As at July 01, 2021	Addition	Deletion	Revaluation surplus	As at June 30, 2022	As at July 01, 2021	Charged during the year	Disposal	As at June 30, 2022	As at June 30, 2022	
	----- Rupees -----										(%)
Owned											
Leasehold land	40,140,000	-	-	-	40,140,000	5,617,258	345,227	-	5,962,485	34,177,515	1
Factory building	489,002,349	-	-	-	489,002,349	226,199,177	26,280,317	-	252,479,494	236,522,855	10
Colony building	168,134,526	-	-	-	168,134,526	60,968,397	10,716,613	-	71,685,010	96,449,516	10
Plant & machinery	1,991,154,104	-	-	-	1,991,154,104	1,156,514,135	83,463,996	-	1,239,978,131	751,175,973	10
Gas generator	127,096,543	-	-	-	127,096,543	82,956,458	4,414,008	-	87,370,466	39,726,077	10
Electric installations	93,701,904	-	-	-	93,701,904	61,352,286	3,234,962	-	64,587,248	29,114,656	10
Office premises	25,450,810	-	-	-	25,450,810	14,179,416	1,162,915	-	15,342,331	10,108,479	5
Grid Station	32,179,692	-	-	-	32,179,692	14,942,394	1,723,730	-	16,666,124	15,513,568	10
Office equipments	1,377,225	75,000	-	-	1,452,225	940,015	149,475	-	1,089,490	362,735	20
Factory equipment	6,987,870	-	-	-	6,987,870	3,979,075	300,880	-	4,279,955	2,707,915	20
Computers	3,831,546	113,500	-	-	3,945,046	2,678,216	365,799	-	3,044,015	901,031	33 & 20
Motor vehicles	21,556,437	7,293,500	(3,899,320)	-	24,950,617	14,597,636	3,126,546	(3,145,595)	14,578,587	10,372,030	20
Furniture & fixtures	1,472,609	-	-	-	1,472,609	1,102,328	109,280	-	1,211,608	261,001	20
Right of use asset											
Lease Asset - Vehicle	13,254,560	-	-	-	13,254,560	3,675,315	1,915,851	-	5,591,166	7,663,394	20
Lease Asset - Machinery	73,995,111	-	-	-	73,995,111	8,212,588	6,578,252	-	14,790,840	59,204,270	10
Total	3,089,335,285	7,482,000	(3,899,320)	-	3,092,917,965	1,657,914,694	143,887,851	(3,145,595)	1,798,656,950	1,294,261,015	



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

Particulars	2021										Rate
	Cost					Accumulated depreciation				Book value	
	As at July 01, 2020	Addition	Deletion	Revaluation surplus	As at June 30, 2021	As at July 01, 2020	Charged during the year	Disposal	As at June 30, 2021	As at June 30, 2021	
	-----Rupees-----										(%)
Owned											
Leasehold land	40,140,000	-	-	-	40,140,000	5,268,543	348,715	-	5,617,258	34,522,742	1
Factory building	354,452,561	14,887,303	-	119,662,485	489,002,349	211,611,720	14,587,457	-	226,199,177	262,803,172	10
Colony building	115,605,130	2,682,341	-	49,847,055	168,134,526	54,872,813	6,095,584	-	60,968,397	107,166,129	10
Plant & machinery	1,817,541,495	15,613,604	-	157,999,005	1,991,154,104	1,081,846,305	74,667,830	-	1,156,514,135	834,639,964	10
Gas generator	118,705,138	-	-	8,391,405	127,096,543	78,984,382	3,972,076	-	82,956,458	44,140,085	10
Electric installations	87,551,967	-	-	6,149,937	93,701,904	58,441,210	2,911,076	-	61,352,286	32,349,618	10
Office premises	25,450,810	-	-	-	25,450,810	13,016,497	1,162,919	-	14,179,416	11,271,394	5
Grid Station	32,179,692	-	-	-	32,179,692	13,027,139	1,915,255	-	14,942,394	17,237,298	10
Office equipments	1,281,725	368,500	(273,000)	-	1,377,225	1,074,224	114,907	(249,116)	940,015	437,210	20
Factory equipment	6,415,872	-	-	571,998	6,987,870	3,708,320	270,755	-	3,979,075	3,008,795	20
Computers	2,484,970	1,346,576	-	-	3,831,546	2,185,985	492,231	-	2,678,216	1,153,330	33 & 20
Motor vehicles	22,595,437	-	(1,039,000)	-	21,556,437	12,588,195	2,768,697	(759,256)	14,597,636	6,958,801	20
Furniture & fixtures	1,472,609	-	-	-	1,472,609	1,061,187	41,141	-	1,102,328	370,281	20
Right of use asset											
Lease Asset - Vehicle	7,338,860	5,915,700	-	-	13,254,560	2,389,690	1,285,620	-	3,675,310	9,579,250	20
Lease Asset - Machinery	37,167,775	35,990,419	-	836,917	73,995,111	996,410	7,216,178	-	8,212,588	65,782,524	10
Total	2,670,384,041	76,804,443	(1,312,000)	343,458,801	3,089,335,285	1,541,072,619	117,850,441	(1,008,372)	1,657,914,690	1,431,420,593	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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FOR THE YEAR ENDED JUNE 30, 2022

18.1.1 Depreciation for the year has been allocated as follows:

	Note	2022 ----- Rupees	2021 -----
Modaraba business			
Administrative expense		1,451,773	1,472,238
Brokerage business			
Administrative expense		1,067,859	1,177,510
Textile Business			
Cost of sale		137,353,593	112,166,226
Administrative expense		4,014,626	3,034,467
		<u>143,887,851</u>	<u>117,850,441</u>

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

	Note	2022 ----- Rupees	2021 -----
Factory building		46,738,733	51,931,925
Colony building		10,189,425	11,321,583
Plant & machinery		408,816,053	412,942,531
Gas generator		12,345,893	13,717,659
Electric installations		8,901,794	9,890,882
Factory equipment		1,241,187	1,379,097
Machinery - right of use asset		59,204,270	64,945,605
		<u>547,437,356</u>	<u>566,129,282</u>

18.2 Fair value measurement

18.2.1 Fair value of factory building, colony building, plant and machinery, generators, electric installations and factory equipment was based on the valuation carried out on June 30, 2021 by an independent valuer M/s Joseph Lobo (Private) Limited on the basis of market value.

18.2.2 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.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

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.

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

	Note	2022	Rupees	2021
		-----		-----
Opening balance (level 3 recurring fair values)		979,920,986		843,405,617
Additions - Cost		-		51,604,023
Depreciation charge		(97,992,098)		(89,037,915)
Revaluation surplus		-		173,949,261
Closing balance (level 3 recurring fair values)		881,928,888		979,920,986

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

	Note	2022	Rupees	2021
		-----		-----
19 INTANGIBLE				
Cost	19.1	10,000,000		10,000,000
Intangible asset transfer from capital work in progress	19.2	3,443,664		3,826,293
		13,443,664		13,826,293

19.1 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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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FOR THE YEAR ENDED JUNE 30, 2022

	2 0 2 2	2 0 2 1
	----- Rupees -----	
19.2 Intangible asset transfer from capital work in progress		
Net carrying value basis		
Opening book value	3,826,293	4,251,437
Additions (at cost)		-
Amortization charged	(382,629)	(425,144)
Closing net book value	3,443,664	3,826,293
Gross carrying value basis		
Cost	4,475,196	4,475,196
Accumulated amortization	(1,031,532)	(648,903)
Net book value	3,443,664	3,826,293
Amortization rate per annum	10%	10%

20 INVESTMENT PROPERTY

2 0 2 2								
Particulars	Cost			Accumulated depreciation			Book value	Rate
	As at July 01, 2021	Addition / Transfer	As at June 30, 2022	As at July 01, 2021	Charged during the year	As at June 30, 2022	As at June 30, 2022	
	----- Rupees -----							
Office premises	2,400,000	-	2,400,000	1,168,333	120,000	1,288,333	1,111,667	5
	2,400,000	-	2,400,000	1,168,333	120,000	1,288,333	1,111,667	
2 0 2 1								
Particulars	Cost			Accumulated depreciation			Book value	Rate
	As at July 01, 2020	Addition / Transfer	As at June 30, 2021	As at July 01, 2020	Charged during the year	As at June 30, 2021	As at June 30, 2021	
	----- Rupees -----							
Office premises	2,400,000	-	2,400,000	1,048,333	120,000	1,168,333	1,231,667	5
	2,400,000	-	2,400,000	1,048,333	120,000	1,168,333	1,231,667	

20.1 The fair value of investment property as at June 30, 2022 Rs. 6,427,200 (2021: Rs. 5,891,600) as per valuation report of independent valuer.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

		Note	2022 ----- Rupees -----	2021 ----- Rupees -----
21	LONG TERM INVESTMENT			
	Investment in equity securities			
	- Investments classified at fair value through other comprehensive income			
	Unlisted securities	21.1	52,655,229	52,194,798
			52,655,229	52,194,798

21.1 Unlisted securities

	2022 ----- Number -----	2021 ----- Rupees -----	Name of investee	Note	2022 ----- Rupees -----	2021 ----- Rupees -----
	50,000	50,000	Sapphire Power Generation Limited	21.1.1	4,332,894	4,358,000
	3,034,603	3,034,603	ISE Towers REIT Management Company Limited	21.1.2	48,280,534	47,794,997
	78,150	78,150	Callmate Telips Telecom Limited	21.1.3	1	1
	22,000	22,000	Javed Omer Vohra & Company Limited	21.1.4	41,800	41,800
	3,184,753	3,184,753			52,655,229	52,194,798

21.1.1 Net assets value per share of Sapphire Power Generation Limited is Rs. 86.66 (2021: Rs. 87.16) as per financial statements as at June 30, 2021 audited by Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants.

21.1.2 Net assets value per share of ISE Towers REIT Management Company Limited Rs. 15.91 (June 30, 2021: Rs. 15.75) as per financial statements as at March 31, 2022 audited by BDO Ebrahim & Company, Chartered Accountants.

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

21.1.4 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)

		Note	2022 ----- Rupees -----	2021 ----- Rupees -----
22	STORES AND SPARES			
	Store in hand		48,258,791	43,805,958

22.1 Stores and spares also includes items which may qualify to be a capital expenditures but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditures that are also capitalized in cost of respective assets.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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FOR THE YEAR ENDED JUNE 30, 2022

		Note	2022	Rupees	2021

23	STOCK IN TRADE				
	Raw material				
	- in hand		458,858,515		131,617,935
	Work in process		13,607,655		28,099,416
	Finished goods	23.1	105,448,755		94,323,432
			<u>577,914,926</u>		<u>254,040,783</u>

23.1 The carrying amount of finished goods includes inventories amounting to Rs. 83.267 million (2021: 0.903 million) which were carried at net realizable value.

		Note	2022	Rupees	2021

24	TRADE DEBTS				
	Unsecured - considered good		437,336,207		359,364,543
	Less: Provision for bad debts against local debtors		<u>(10,413,633)</u>		<u>(10,413,633)</u>
			<u>426,922,574</u>		<u>348,950,910</u>

25 Morabaha / Musharaka receivables-secured

	Musharaka - considered good	26.1 &	9,560,623		8,634,174
	Morabaha - considered doubtful	26.2	<u>17,380,055</u>		<u>17,380,055</u>
			26,940,678		26,014,229
	Provision for non performing assets		<u>(17,380,055)</u>		<u>(17,380,055)</u>
			<u>9,560,623</u>		<u>8,634,174</u>

25.1 The Modaraba had entered into Morabaha and Musharaka agreements under which the Modaraba had provided funds for working capital requirements on profit and loss sharing basis. These are secured against pledge, hypothecation of stock and receivables, demand promissory notes, personal guarantee of directors / proprietors and mortgage of property. Expected rate of profit on Musharaka transactions during the year range between 12% to 16% per annum (2021: 12% to 16% per annum). & maturity date between 01, January 2023 to 31, March 2023

25.2 All the amounts are short term. The carrying amount is considered a reasonable approximation of fair value.

		Note	2022	Rupees	2021

26	SHORT TERM INVESTMENTS				
	Investment classified as financial asset at fair value through profit or loss				
	Listed securities	26.1	<u>142,431,293</u>		<u>242,843,718</u>



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

26.1 Listed securities

2022	2021	Name of investee	2022	2021
----- Numbers -----	----- Rupees -----		----- Rupees -----	----- Rupees -----
Oil and gas				
108,598	148,000	Oil & Gas Development Co Ltd	10,922,123	14,064,440
308,870	78,400	Sui Northern Gas Pipeline Ltd.	8,187,725	3,808,672
90,000	90,000	Byco Petroleum Pakistan Ltd	480,600	1,044,900
645,002	833,002	Hascol Petroleum Ltd	2,721,908	7,438,708
68,400	29,000	Hi-Tech Lubricants Ltd	2,712,060	4,609,150
Food				
21,000	21,000	Clover Pakistan Limited	419,580	1,363,740
639,000	678,000	Al-Shaheer Corporation Limited	5,776,560	13,512,540
317,675	211,113	Unity Foods Limited	5,260,057	9,398,751
Chemicals				
98,500	-	Ghani Global Glass Limited	1,087,440	-
-	35,000	Engro Fertilizers Limited	-	2,459,450
25,000	-	Ghani Gases Limited	412,750	-
-	15,000	Lotte Chemical Pakistan Limited	-	231,600
Construction and materials				
12,500	12,500	Bestway Cement Limited	1,587,250	2,019,000
449,000	456,000	Dewan Cement Limited	2,532,600	5,134,560
80,000	80,000	Fauji Cement Company Limited	1,133,600	1,840,000
378,525	360,500	Fly Cement Company Limited	2,717,810	7,671,440
4,400	4,400	Cherat Cement Company Limited	409,376	780,472
215,500	124,500	MapleLeaf Cement Limited	5,893,925	5,849,010
32,000	-	Hyderi Construction	528,320	-
1,845	-	Ponior Cement Ltd.	111,309	-
1,756,500	1,756,500	Power Cement Limited	9,328,320	16,879,965
Transport				
718,433	808,433	Pakistan International Bulk Terminals Limited	4,279,042	9,199,968
Pharma and biotech				
10,840	18,339	The Searle Pakistan Limited	1,181,777	4,449,408
Automobile and parts				
333,500	333,500	Ghani Automobile Limited	2,820,180	3,024,845
936	542	Millat Tractors Limited	816,744	585,149
39,000	42,500	Gandhara Industries Limited	6,160,830	11,858,350
Paper & Board				
59,400	59,400	Roshan Packages Limited	882,684	1,956,636
70,000	101,000	Merit Packaging Limited	615,300	1,783,660
Engineering				
12,000	-	Huffaz Seamless Pipes Industries Limited	120,000	-
108,500	135,000	Amreli Steel Limited	2,543,240	5,864,400
13,375	27,500	Agha Steel Industries Limited	209,720	927,575

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

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2022	2021	Name of investee	2022	2021
----- Numbers -----			----- Rupees -----	
		Textile Composites		
25,453	210,000	International Knitwear Limited	2,100,000	3,015,600
12,500	-	Amtex Limited	7,000	-
25,453	9,000	Nishat Mills Limited	1,881,231	839,700
241,500	241,500	Azgard Nine Limited	2,482,620	8,184,435
		Miscellaneous		
2,461	2,461	United Distributors Limited	78,752	123,665
-	32,000	Haydari Construction Company Limited	-	-
67,500	-	United Brands Ltd	1,969,650	-
3,000	44,500	Pakistan Hotel Developers Limited	427,230	4,539,000
250,000	250,000	Pace Pakistan Limited	755,000	1,805,000
		Telecommunication		
709,500	709,500	Pakistan Telecommunication Company Limited	4,938,120	8,400,480
78,500	-	Telecard Ltd	832,100	-
18,000	11,500	TRG Pakistan Limited	1,380,890	1,912,795
45,000	44,000	Netsol Technologies Limited	4,488,300	7,479,120
1,502,000	203,000	Worldcall Telecom Limited	2,001,720	803,880
46,500	10,000	EcoPack Limited	1,357,515	453,400
2,000	-	EMCO Industries	51,500	-
		Modarabas		
38,000	38,000	First UDL Modaraba	266,000	380,000
		Cable & electrical goods		
123,500	-	Pak Electron Limited	1,962,415	-
4,544,750	474,750	Waves Singer Pakistan Limited	6,930,668	12,941,685
		Power Generation & Distribution		
1,275,000	1,275,000	K-Electric Limited	3,070,400	5,329,500
		Insurance		
1,579,749	1,579,749	Premier Insurance Limited	5,623,928	8,688,653
		Securities Companies		
1,801,453	1,801,453	Pakistan Stock Exchange Limited	17,973,424	40,190,416
19,145,118	13,363,542		142,431,293	242,843,718



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

27	ADVANCES - CONSIDERED GOOD	Note	2022 ----- Rupees -----	2021 -----
	To employees		5,754,091	5,141,378
	To supplier of goods		443,730	21,838,753
	Against letter of credit	27.1	5,763,663	17,400,490
			<u>11,961,484</u>	<u>44,380,621</u>
27.1	This represents advances against import of raw material and store and spares.			
28	TRADE DEPOSITS AND PREPAYMENTS			
	Deposits		15,966,856	15,966,856
	Margin deposit		85,302,836	77,302,836
	Prepayments		479,098	415,242
			<u>101,748,790</u>	<u>93,684,934</u>
29	OTHER RECEIVABLES			
	Receivable from clients	29.1	18,485,086	18,626,369
	Dividend		-	119,000
	Sale tax recievables		53,202,809	27,782,729
	Cotton claims		99,918	100,588
	Others		11,862,863	5,240,626
			<u>83,650,677</u>	<u>51,869,312</u>
29.1	Receivable from clients			
	Considered good		18,485,086	18,626,369
	Considered doubtful		12,500,000	12,500,000
			<u>30,985,086</u>	<u>31,126,369</u>
	Less: Provision for doubtful debts		<u>(12,500,000)</u>	<u>(12,500,000)</u>
			<u>18,485,086</u>	<u>18,626,369</u>
30	TAX REFUND FROM GOVERNMENT AUTHORITIES			
	Sales tax refundable		-	18,962,117
	Income tax refundable		45,722,860	34,193,651
			<u>45,722,860</u>	<u>53,155,768</u>
31	TAXATION - NET			
	Advance income tax		105,771,929	46,116,790
	Less: Provision for taxation		(60,260,131)	(67,523,646)
			<u>45,511,798</u>	<u>(21,406,856)</u>
32	CASH AND BANK BALANCE			
	Cash in hand		650,011	81,381
	Bank balances			
	-in current accounts		15,811,272	40,174,673
	-in saving accounts	32.1	85,678,658	83,776,073
			<u>102,139,941</u>	<u>124,032,127</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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FOR THE YEAR ENDED JUNE 30, 2022

32.1 Effective mark-up rate in respect of PLS accounts ranges from 5% to 10% (2021: 5% to 11%) per annum.

			2 0 2 2	Rupees	2 0 2 1
33	INCOME - NET	Note	-----	-----	-----
	Income from modaraba's business	33.1	4,203,564		72,239,194
	Income from textile's business	33.2	514,128,028		345,366,224
			<u>518,331,592</u>		<u>417,605,418</u>
33.1	Income from modaraba's business				
	Profit on musharaka		926,449		2,669,093
	Brokerage commission		987,599		3,085,336
	Capital (loss) / gain		(25,374,691)		63,018,406
	Dividends		26,064,207		3,466,359
	Rentals		1,600,000		-
			<u>4,203,564</u>		<u>72,239,194</u>
33.2	Income from textile's business				
	Sales				
	- Local		5,972,490,219		4,342,827,442
	- Raw Material Sales		7,148,835		-
	- Waste sales		200,332,694		125,623,668
	- Scrap Sales		3,115,533		1,269,571
			<u>6,183,087,281</u>		<u>4,469,720,681</u>
	Commission to selling agent		(163,362,786)		(110,053,369)
			<u>6,019,724,495</u>		<u>4,359,667,312</u>
	Cost of sale	33.3	(5,505,596,467)		(4,014,301,088)
			<u>514,128,028</u>		<u>345,366,224</u>
33.3	Cost of sale				
	Raw material consumed	33.3.1	4,742,718,739		3,398,878,147
	Store consumed		62,443,397		43,592,918
	Packing material consumed		51,635,504		44,437,797
	Salaries, wages and other benefits		252,828,999		206,060,038
	Fuel and power		231,752,704		234,143,111
	Insurance		9,927,018		9,506,341
	Repair & maintenance		6,988,589		4,039,514
	Depreciation	18.1.1	137,208,555		112,166,226
	Other manufacturing overheads		6,726,526		4,935,010
			<u>5,502,230,031</u>		<u>4,057,759,102</u>
	Work in Process				
	-opening stock		28,099,416		14,635,008
	-closing Stock		(13,607,655)		(28,099,416)
	Cost of goods manufactured		<u>5,516,721,790</u>		<u>4,044,294,694</u>
	Finished goods				
	-opening stock		94,323,432		64,329,826
	-closing Stock		(105,448,755)		(94,323,432)
			<u>5,505,596,467</u>		<u>4,014,301,088</u>



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FOR THE YEAR ENDED JUNE 30, 2022

33.3.1 Raw material consumed

Opening stock	131,617,935	228,688,274
Purchased during the year	5,069,959,319	3,301,807,808
	5,201,577,254	3,530,496,082
Closing stock	(458,858,515)	(131,617,935)
	4,742,718,739	3,398,878,147

	Note	2 0 2 2	Rupees	2 0 2 1
34 OPERATING EXPENSES				
Salaries, allowances and benefits	34.2	30,483,874		28,163,239
Director & CEO fee		5,142,165		4,533,497
Travelling, conveyance and entertainment		2,037,535		1,363,235
Telephone and postage		851,331		1,626,618
Rent, rates and taxes		4,746,888		4,515,908
Electricity		1,612,202		1,209,427
Insurance		1,470,582		1,327,399
Printing, stationery and advertising		1,308,916		1,076,847
Fees and subscriptions		10,788,659		5,940,946
Vehicle running and maintenance		5,143,042		4,846,164
Depreciation	18.1.1 & 20	6,799,275		5,804,215
Facilities and utilities		4,374,290		4,368,040
Repair and maintenance		3,282,150		3,974,042
Office Rent		3,635,296		3,635,294
Annual review meeting		238,098		87,779
Auditors' remuneration	34.3	1,151,030		893,850
Legal and professional		1,759,975		2,455,102
Shariah Advisor		225,000		225,000
Training and development		3,000		97,500
PSX & SECP charges		569,028		738,610
Withholding & CVT tax		-		41,876
Amortization Expense		382,632		425,144
Cartage expense		86,630		98,350
Others		470,552		352,482
		86,562,150		77,800,565

34.1 Remuneration of officers and other employees

	2 0 2 2		2 0 2 1	
	Officers	Other employees	Officers	Other employees
	----- Rupees -----		----- Rupees -----	
Salaries and allowances	2,870,400	2,869,760	2,939,600	2,258,300
Leave fare and encashments	338,340	332,233	432,000	136,450
Expenses reimbursed:				
- Medical	423,681	306,757	250,997	285,496
	3,632,421	3,508,750	3,622,597	2,680,246

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*Page 101***FOR THE YEAR ENDED JUNE 30, 2022**

34.2 Salaries, allowances and benefits include provision for gratuity of Rs. 1,006,160 (2021: Rs. 762,371). Officers are also provided with free use of the Modaraba maintained cars.

	Note	2 0 2 2 ----- Rupees -----	2 0 2 1 -----
34.3 Auditor's remuneration			
Audit fee		741,520	614,800
Half yearly review		30,000	30,000
Other fees		379,510	249,050
		<u>1,151,030</u>	<u>893,850</u>
35 DISTRIBUTION AND SELLING EXPENSES			
Freight loading and unloading		17,444,836	15,488,060
Clearing forwarding exports		4,891,002	2,424,327
		<u>22,335,838</u>	<u>17,912,387</u>
36 FINANCIAL CHARGES			
Mark up / interest on:			
Long term loan - secured		4,950,907	5,948,012
Short term loan & running finance - secured		18,654,977	23,313,986
Finance lease		6,873,675	6,284,625
Bank charges		6,541,840	4,811,965
		<u>37,021,399</u>	<u>40,358,588</u>
37 OTHER INCOME			
Profit on PLS deposits		3,618,908	828,078
Gain on sale of fixed assets		1,981,277	637,373
Finance income on GIDC		16,329,628	-
Interest income		245,581	1,260,418
		<u>22,175,394</u>	<u>2,725,869</u>
38 OTHER CHARGES			
Workers' Welfare Fund		9,569,877	4,954,349
Workers' Profit Participation Fund		20,255,381	12,155,858
		<u>29,825,258</u>	<u>17,110,207</u>
39 MODARABA MANAGEMENT COMPANY'S FEE			

In accordance with the Modaraba Companies and Modaraba Rules, 1981, a management fee at the rate of 10% of annual profits is payable to the Management Company. Accordingly, the Modaraba has recognised nil liability for the year (June 30, 2021: Rs. 1.889 million). Furthermore during the year, nil amount was charged on account of sales tax on Management fee (June 30, 2021: Rs. 0.246 million) levied through Sindh Sales Tax on Services Act, 2011.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

40 PROVISION FOR SINDH WORKERS' WELFARE FUND

The Finance Act, 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. As a result of these amendments, Workers' Welfare Fund (WWF) is payable at the rate of 2% of the profit before taxation as per the financial statements or taxable income as per the return of income, whichever is higher. The Sindh Assembly, on June 04, 2015, passed The Sindh Workers Welfare Fund Act, 2014 (the SWWF Act). As per Section 5(1) of the WWF Act, contributions are payable with effect from the date of closing of account on or after December 31, 2013, that corresponds to Modaraba's accounting year ended on June 30, 2014. During the year, the management has made a nil provision (June 30, 2021: Rs. 0.335 million) in respect of this liability.

41 TAXATION

The charge for current tax is based on taxable income at current rates of taxation after taking into account tax credits and rebates available and minimum tax as applicable under the Income Tax Ordinance, 2001.

The return of the Modaraba was filed upto 2021 which is deemed assessment subject to audit under section 177 of the Income Tax Ordinance, 2001 (the Ordinance). The assessment of the Modaraba for the tax year 2016 and 2018 is in process under section 177 of the Ordinance which is not yet finalized.

However, the Finance Act, 2021 clause 100 of the Part 1 of Second Schedule of the Income Tax Ordinance, 2001 relating to the income tax exemption available to Modarabas has been withdrawn. Accordingly, no provision for income tax is required in the annual accounts for year ended June 30, 2021.

42 EARNINGD PER CERTIFICATE - BASIC AND DILUTED	Note	2022	Rupees	2021
Profit for the year		203,595,907		261,344,846
		----- Numbers -----		
Weighted average number of certificates outstanding during the year		52,440,000		52,440,000
		----- Rupees -----		
Earnings per certificate - basic and diluted		3.88		4.98

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

43 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

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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/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 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:

	Note	2022 ----- Rupees -----	2021 -----
Investment		195,086,522	295,038,516
Trade debts		426,922,574	348,950,910
Morabaha/Musharaka receivables-secured		9,560,623	8,634,174
Advances-considered good		14,471,484	46,890,621
Trade deposits and prepayments		110,736,590	103,198,634
Other receivables		83,650,677	51,869,312
		840,428,470	854,582,167

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.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

2 0 2 2				
Particulars	Less than one year	Over one year but less than five years	Over five years	Total
----- Rupees -----				
Assets				
Long term investments	-	52,655,229	-	52,655,229
Trade debts	426,922,574	-	-	426,922,574
Morabaha & musharaka receivables	9,560,623	-	-	9,560,623
Short term investments	142,431,293	-	-	142,431,293
Advances	11,961,484	2,510,000	-	14,471,484
Trade deposits	101,269,692	8,987,800	-	110,257,492
Other receivables	83,650,677	-	-	83,650,677
Bank balances	102,139,941	-	-	102,139,941
	877,936,285	64,153,029	-	942,089,313
Liabilities				
Security Deposit	-	200,000	-	200,000
Long term financing	-	468,564	-	468,564
Liabilities against asset subject to finance lease	14,642,828	38,951,091	-	53,593,919
Current portion of long term liabilities	45,706,570	-	-	45,706,570
Short term borrowings	225,098,900	-	-	225,098,900
Creditors, accrued and other liabilities	493,626,987	-	-	493,626,987
Accrued mark up	6,768,395	-	-	6,768,395
Unclaimed profit distribution	30,448,251	-	-	30,448,251
	816,291,930	39,619,655	-	855,911,585
Net balance	61,644,354	24,533,374	-	86,177,727

2 0 2 1				
Particulars	Less than one year	Over one year but less than five years	Over five years	Total
----- Rupees -----				
Assets				
Long term investments	-	52,194,798	-	52,194,798
Trade debts	348,950,910	-	-	348,950,910
Morabaha & musharaka receivables	8,634,174	-	-	8,634,174
Short term investments	242,843,718	-	-	242,843,718
Advances	44,380,621	2,510,000	-	46,890,621
Trade deposits	93,684,934	9,513,700	-	103,198,634
Other receivables	51,869,312	-	-	51,869,312
Bank balances	124,032,127	-	-	124,032,127
	914,395,796	64,218,498	-	978,614,294
Liabilities				
Long term financing	-	37,408,021	-	37,408,022
Liabilities against asset subject to finance lease	14,977,285	53,999,829	-	68,977,114
Current portion of long term liabilities	65,613,948	-	-	65,613,948
Short term borrowings	29,043,486	-	-	29,043,486
Creditors, accrued and other liabilities	800,678,018	-	-	800,678,018
Accrued mark up	4,816,295	-	-	4,816,295
Unclaimed profit distribution	29,553,525	-	-	29,553,525
	944,682,557	91,407,851	-	1,036,090,408
Net balance	(30,286,760)	(27,189,352)	-	(57,476,113)

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 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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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FOR THE YEAR ENDED JUNE 30, 2022

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 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.

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.

44 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.

44.1	Financial instruments by category	Note	2 0 2 2	Rupees	2 0 2 1
	Financial assets				
	At amortized cost				
	Morabaha/Musharaka receivables		9,560,622		8,634,173
	Trade debts		426,922,574		348,950,910
	Advances		14,471,484		46,890,621
	Trade deposits		110,736,590		103,198,634
	Other receivables		83,650,677		51,869,312
	Bank balances		102,139,941		124,032,127
	Financial assets at fair value through profit or loss				
	Short term investments		142,431,293		242,843,718
	Financial assets at fair value through OCI				
	Long term investments		52,655,229		52,194,798
			942,568,410		978,614,294
	Financial liabilities				
	Financial liabilities at amortized cost				
	Security Deposit		200,000		-
	Long term financing		468,564		37,408,022
	Liabilities against asset subject to finance lease		38,951,091		53,999,829
	Short term borrowing		225,098,900		29,043,486
	Current portion of long term liabilities		60,349,397		80,591,233
	Creditors, accrued and other liabilities		493,626,987		800,678,018
	Accrued mark up		6,768,395		4,816,295
	Unclaimed profit distribution		30,448,251		29,553,525
			855,911,585		1,036,090,408
	On balance sheet gap		86,656,825		(57,476,113)



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

45 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.

Particulars	2 0 2 2				Total
	Upto one month	over one month to one year	over one year to five years	over five years	
----- Rupees -----					
Assets					
Long term investments	-	-	52,655,229	-	52,655,229
Trade debts	-	426,922,574	-	-	426,922,574
Morabaha & musharaka receivables	-	9,560,623	-	-	9,560,623
Short term investments	-	142,431,293	-	-	142,431,293
Advances	-	11,961,484	2,510,000	-	14,471,484
Trade deposits	-	101,269,692	8,987,800	-	110,257,492
Other receivables	-	83,650,677	-	-	83,650,677
Bank balances	-	102,139,941	-	-	102,139,941
	-	877,936,285	64,153,029	-	942,089,312
Liabilities					
Long term financing	-	-	468,564	-	468,564
Deferred capital grant	-	-	2,203,671	-	2,203,671
Liabilities against asset subject to finance lease	-	-	38,951,091	-	38,951,091
Deferred liabilities	-	-	5,897,659	-	5,897,659
Short term borrowings	-	225,098,900	-	-	225,098,900
Current portion of long term liabilities	-	60,349,397	-	-	60,349,397
Creditors, accrued and other liabilities	-	493,626,987	-	-	493,626,987
Accrued mark up	-	6,768,395	-	-	6,768,395
Current portion of deferred capital grant	-	4,229,944	-	-	4,229,944
Unclaimed profit distribution	-	30,448,251	-	-	30,448,251
	-	820,521,874	47,520,985	-	868,042,859
Net balance	-	57,414,410	16,632,044	-	74,046,453

Particulars	2 0 2 1				Total
	Upto one month	over one month to one year	over one year to five years	over five years	
----- Rupees -----					
Assets					
Long term investments	-	-	52,194,798	-	52,194,798
Trade debts	-	348,950,910	-	-	348,950,910
Morabaha & musharaka receivables	-	8,634,174	-	-	8,634,174
Short term investments	-	242,843,718	-	-	242,843,718
Advances	-	44,380,621	2,510,000	-	46,890,621
Trade deposits	-	93,684,934	9,512,700	-	103,197,634
Other receivables	-	51,869,312	-	-	51,869,312
Bank balances	-	124,032,127	-	-	124,032,127
	-	914,395,796	64,217,498	-	978,613,294
Liabilities					
Long term financing	-	-	37,408,022	-	37,408,022
Liabilities against asset subject to finance lease	-	14,977,285	53,999,829	-	68,977,114
Short term borrowings	-	29,043,486	-	-	29,043,486
Current portion of long term liabilities	-	65,613,948	-	-	65,613,948
Creditors, accrued and other liabilities	-	800,678,018	-	-	800,678,018
Accrued mark up	-	4,816,295	-	-	4,816,295
Unclaimed profit distribution	-	29,553,525	-	-	29,553,525
	-	944,682,557	91,407,851	-	1,036,090,408
Net balance	-	(30,286,761)	(27,190,353)	-	(57,477,114)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
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46 YIELD / PROFIT RATE RISK EXPOSURE

2022								
Description	Effective yield / profit risk % age	Yield / profit bearing maturing			Non yield / profit bearing maturing			Total
		Within one year	After one year	Sub-total	Within one year	After one year	Sub-total	
----- Rupees -----								
Financial assets								
Long term Investments		-	-	-	-	52,655,229	52,655,229	52,655,229
Trade debts		-	-	-	426,922,574	-	426,922,574	426,922,574
Morabaha / Musharika receivables	12% to 16%	9,560,623	-	9,560,623	-	-	-	9,560,623
Short term Investments		-	-	-	142,431,293	-	142,431,293	142,431,293
Advances		-	-	-	11,961,484	2,510,000	14,471,484	14,471,484
Trade deposits		-	-	-	101,269,692	8,987,800	110,257,492	110,257,492
Other receivables		-	-	-	83,650,677	-	83,650,677	83,650,677
Bank balances	5% to 10%	85,678,658	-	85,678,658	16,461,283	-	16,461,283	102,139,941
		95,239,281	-	95,239,281	782,697,004	64,153,029	846,850,032	942,089,313
Financial Liabilities								
Security deposit		-	-	-	-	200,000	-	200,000
Long term financing		-	468,564	468,564	-	-	-	468,564
Liabilities against asset subject to finance lease		-	38,951,091	38,951,091	-	-	-	38,951,091
Short term borrowings		225,098,900	-	225,098,900	-	-	-	225,098,900
Current portion of long term liabilities		60,349,397	-	60,349,397	-	-	-	60,349,397
Creditors, accrued and other liabilities		-	-	-	493,626,987	-	493,626,987	493,626,987
Accrued markup		-	-	-	6,768,395	-	6,768,395	6,768,395
Unclaimed profit distribution		-	-	-	30,448,251	-	30,448,251	30,448,251
		285,448,297	39,419,655	324,867,952	530,843,632	200,000	530,843,633	855,911,585
On balance sheet gap		<u>(190,209,016)</u>	<u>(39,419,655)</u>	<u>(229,628,671)</u>	<u>251,853,371</u>	<u>63,953,029</u>	<u>316,006,399</u>	<u>86,177,728</u>

- 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.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

2021								Total
Description	Effective yield / profit risk % age	Yield / profit bearing maturing			Non yield / profit bearing maturing			
		Within one year	After one year	Sub-total	Within one year	After one year	Sub-total	
----- Rupees -----								
Financial assets								
Long term Investments		-	-	-	-	32,187,831	32,187,831	32,187,831
Trade debts		-	-	-	107,498,016	-	107,498,016	107,498,016
Morabaha/Musharika receivables	12% to 16%	53,074,682	-	53,074,682	-	-	-	53,074,682
Shrort term Investments		-	-	-	85,964,713	-	85,964,713	85,964,713
Advances		-	-	-	16,042,984	2,510,000	18,552,984	18,552,984
Trade deposits		-	-	-	78,174,590	5,784,700	83,959,290	83,959,290
Other receivables		-	-	-	29,985,520	-	29,985,520	29,985,520
Bank balances	5% to 11%	89,479,798	-	89,479,798	11,469,398	-	11,469,398	100,949,196
		142,554,480	-	142,554,480	329,135,221	40,482,531	369,617,752	512,172,231
Financial Liabilities								
Security deposit		-	-	-	200,000	-	-	200,000
Long term financing		-	37,648,555	37,648,555	-	-	-	37,648,555
Liabilities against asset subject to finance lease		-	34,206,452	34,206,452	-	-	-	34,206,452
Short term borrowings		129,307,874	-	129,307,874	-	-	-	129,307,874
Current portion of long term liabilities		8,419,173	-	8,419,173	-	-	-	8,419,173
Creditors, accrued and other liabilities		-	-	-	720,322,663	-	720,322,663	720,322,663
Accrued markup		-	-	-	7,145,156	-	7,145,156	7,145,156
Unclaimed profit distribution		-	-	-	29,560,348	-	29,560,348	29,560,348
		137,727,047	71,855,007	209,582,054	757,228,167	-	757,028,167	966,810,221
On balance sheet gap		4,827,433	(71,855,007)	(67,027,574)	(428,092,946)	40,482,531	(387,410,415)	(454,637,990)

47 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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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FOR THE YEAR ENDED JUNE 30, 2022

Description	2 0 2 2						2 0 2 1
	Musharaka facility	Brokerage operations	Capital market	Textile business	Others	Total	Total
	----- Rupees -----						
Segment revenues	926,449	987,599	18,925,247	6,019,724,495	2,010,960	6,042,574,750	4,434,632,374
Segment result	926,449	(3,317,042)	18,925,247	514,128,028	2,010,960	532,673,642	414,081,905
Unallocated cost							
Operating expenses						(78,728,807)	(71,551,183)
Distribution and selling expenses						(22,335,838)	(17,912,387)
Financial charges						(37,021,399)	(40,358,588)
Other charges						(29,825,258)	(12,155,858)
Management fee with sales tax						-	(2,134,663)
Workers' Welfare Fund						-	(4,954,349)
Profit / (loss) before taxation						364,762,340	265,014,877
Taxation						(161,166,433)	(3,670,031)
Profit / (Loss) for the year						203,595,907	261,344,846
Other information							
Segment assets	9,560,623	19,431,037	152,465,238	2,675,628,805	1,111,667	2,858,197,370	2,663,610,435
Unallocated assets	-	-	-	-	-	110,595,761	112,484,921
Total assets	9,560,623	19,431,037	152,465,238	2,675,628,805	1,111,667	2,968,793,131	2,776,095,356
Segment liabilities	-	7,089,654	-	1,299,244,513	400,000	1,306,734,167	1,167,456,661
Unallocated liabilities	-	-	-	-	-	53,330,471	46,839,423
Total liabilities	-	7,089,654	-	1,299,244,513	400,000	1,360,064,638	1,214,296,084
						1,611,594,169	1,561,799,272

48 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:

	2 0 2 2	2 0 2 1
	----- Rupees -----	
48.1 Balance outstanding at year end		
Modaraba Management Company		
- Current account payable	2,757,030	232,668
- Modraba Management remuneration	-	1,889,082
Receivable from wholly owned subsidiairy company	31,772,196	10,455,064
Other related parties (other than key management personnel)		
- Deferred liability staff gratuity	5,897,659	5,710,591
- Brokerage house clients recievables	31,864	62,600
- Recievables	349,099	349,099
- Trade and other payable	49,247,790	24,239,196



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

48.2 Transactions during the year

Modaraba Management Company

- Facilities & services and electricity	4,374,290	4,368,040
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Other related parties

Services acquired	590,492	544,160
Brokerage commission earned	59,400	478,128
Insurance Claim receivable	274,058	141,843
Services rendered	65,588,244	29,921,929
Contribution towards employees'	6,973,822	4,611,121
Profit on Subordinated loan from Sponsor	13,096,393	11,637,351
Contribution to staff gratuity fund	1,006,160	762,371

49. NET CAPITAL BALANCE

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Net Capital Balance as required under Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines is calculated as follows:

DESCRIPTION	VALUATION	Note	2022 <u>Rupees</u>
CURRENT ASSETS			
Cash and bank balances	As per book value	49.1	10,675,941
Trade receivables	Book value less overdue for more than 14 days		35,344
Investment in listed securities in the name of brokerage house	Securities marked to market less 15% discount		68,088,356
Securities purchased for client			5,618,287
PIBS	Marked to market less 5% discount		-
			84,417,928
CURRENT LIABILITIES			
Trade payables	Book value less overdue		561,702
Other payables	As per book values		44,450,738
			45,012,440
Net capital balance as at June 30, 2022			39,405,488
49.1 Cash and bank balances			
	Bank balance pertaining to brokerage house		3,295,464
	Bank balance pertaining to clients		7,380,477
			10,675,941

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

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50. Parent's computation of liquid capital

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
I. Assets				
1.1	Property & Equipment	5,060,108	100%	-
1.2	Intangible Assets	-	-	-
1.3	Investment in Govt. Securities (150,000*99)	-	-	-
Investment in Debt. Securities				
If listed than:				
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.				
If unlisted than:				
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.				
Investment in Equity Securities				
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.				
ii. If unlisted, 100% of carrying value.				
iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.				
iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)				
1.5		80,103,948	16,954,240	63,149,708
		52,655,229	52,655,229	-
		-	-	-
		16,368,000	16,368,000.00	-
1.6	Investment in subsidiaries	350,000,000	350,000,000	-
Investment in associated companies/undertaking				
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.				
1.7		-	-	-
		-	-	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	1,775,000	1,775,000	-
1.9	Margin deposits with exchange and clearing house.	1,350,000	-	1,350,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	16,415,954	16,415,954	-
Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)				
1.12	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	-	-
1.13	Dividends receivables.	-	-	-
Amounts receivable against Repo financing.				
1.14	Amount paid as purchaser under the REPO agreement. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)	-	-	-
i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months				
1.15		90,769	-	90,769
ii. Receivables other than trade receivables				
		33,289,604	33,289,604	-
Receivables from clearing house or securities exchange(s)				
100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.				
1.16		-	-	-
claims on account of entitlements against trading of securities in all markets including MtM gains.				
		-	-	-
Receivables from customers				
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.				
i. Lower of net balance sheet value or value determined through adjustments.				
		-	-	-



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.17	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount after deducting haircut	-	-	-
	iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, iii. Net amount after deducting haircut	-	-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. Balance sheet value	35,344	-	35,344
	v. Incase 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. v. Lower of net balance sheet value or value determined through adjustments	18,485,086	4,800,168	4,800,168
	vi. 100% haircut in the case of amount receivable form related parties.			
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	3,295,464	-	3,295,464
	ii. Bank balance-customer accounts	7,380,477	-	7,380,477
	iii. Cash in hand	-	-	-
1.19	Total Assets	585,887,198	492,290,060	80,101,930
2. Liabilities				
2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	7,089,654	-	7,089,654
2.2	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	38,122,786	-	38,122,786
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	-	-	-
2.3	Non-Current Liabilities			
	i. Long-Term financing	-	-	-
	a. Long-Term financing obtained from financial instituion: Long term portion of financing obtained from a financial institution including amount due against finance lease	-	-	-
	b. Other long-term financing	-	-	-
	ii. Staff retirement benefits	5,897,659	-	5,897,659
	iii. 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. Boad 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.			
e. Auditor is satisfied that such advance is against the increase of capital.				
	iv. Other liabilities as per accounting principles and included in the financial statements	-	-	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Subordinated Loans			
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified:			
2.4	a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period	-	-	-
	b. No haircut will be allowed against short term portion which is repayable within next 12 months.			
	c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.			
	ii. Subordinated loans which do not fulfill the conditions specified by SECP	-	-	-
2.5	Total Liabilities	51,110,099	-	51,110,099
3. Ranking Liabilities Relating to :				
	Concentration in Margin Financing			
3.1	The amount calculated client-to- client basis by which any amount receivable from any of the financies exceed 10% of the aggregate of amounts receivable from total financies.	-	-	-
	Concentration in securites lending and borrowing			
	The amount by which the aggregate of:			
3.2	(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			
	Net underwriting Commitments			
	(a) in the case of right issue : if the market value of securites is less than or equal to the subscription price; the aggregate of:			
3.3	(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 issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting			
	(b) in any other case : 12.5% of the net underwriting commitments	-		
	Negative equity of subsidiary			
3.4	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
	Foreign exchange agreements and foreign currency positions			
3.5	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurrency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
	Repo adjustment			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securites.			
3.7	In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
	Concentrated proprietary positions			
3.8	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	-	-	-



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Opening Positions in futures and options			
3.9	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	-	-	-
	Short sell positions			
3.10	i. In case 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. In case 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	Total Ranking Liabilities	-	-	-

534,777,099 Liquid Capital 28,991,831

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.19)	80,101,930
(ii) Less: Adjusted value of liabilities (serial number 2.5)	(51,110,099)
(iii) Less: Total ranking liabilities (series number 3.11)	-
	<u>28,991,931</u>

Note: Commission may issue guidelines and clarifications in respect of the treatment of any component of Liquid Capital including any modification, deletion and inclusion in the calculation of Adjusted value of assets and liabilities to address any practical difficulty.

51 NUMBER OF EMPLOYEES

Total number of employees of the Group as at June 30, 2022 are 565 (2021: 581). Average number of employees of the Group 599 (2021: 592).

52 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on October 05, 2022.

53 GENERAL

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

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

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**

**FIRST EQUITY MODARABA NOTICE OF
TRANSFER BOOK CLOSURE
AND 22ND ANNUAL REVIEW MEETING**

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Schedule of 22nd Annual Review Meeting

The 22nd Annual Review Meeting (ARM) of certificate holders of First Equity Modaraba (FEM) will be held on Wednesday December 22, 2022 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, 2022.

Book Closure

The certificate transfer book of the FEM shall remain closed from Tuesday December 11 2022 to Wednesday December 22 2022 (both days inclusive). All transfers received by our certificate Registrar M/s THK Associates (Pvt) Ltd. Plot # 32C, 2 Jami Commercial Street 11, D.H.A. Phase 7, Karachi before the close of business on Monday, December 10, 2022 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 and can also give their comments and suggestion

On behalf of the Board

Qazi Obaid Ullah
Company Secretary

October 05 2022
Karachi



فرسٹ ایکویٹی مضاربہ نوٹس برائے نفع کی تقسیم، ٹرانسفر بک بند ہونا اور 22 ویں سالانہ جائزہ میٹنگ

22 ویں سالانہ جائزہ میٹنگ کا شیڈول:

فرسٹ ایکویٹی مضاربہ (ایف ای ایم) کے حصص داران کی ایکسویں سالانہ جائزے کی میٹنگ (اے آر ایم) بروز بدھ مورخہ 22 دسمبر 2022ء کو صبح 11:00 بجے بذریعہ ویڈیو لنک مضاربہ کے رجسٹرڈ آفس B-1004، بلیکسن اسکوائر بلڈنگ نمبر 3، سرور شہید روڈ، کراچی میں منعقد ہوگی۔

ARM پر عام کاروبار:

اختتامی سال 30 جون 2022ء کیلئے مضاربہ کی کارکردگی کا جائزہ لینا۔

بک بند ہونا:

FEM کی شیئر ٹرانسفر بک منگل 11 دسمبر 2022ء سے بدھ 22 دسمبر 2022ء تک (بشمول دونوں ایام) بند رہے گی۔ تمام ٹرانسفرز جو کہ ہمارے سر ٹیکلیٹ رجسٹر اریسٹرز ٹی ایچ کے ایسوسی ایشن (پرائیویٹ) لمیٹڈ پلاٹ نمبر 32C، 2 جامی کمرشل اسٹریٹ 11، ڈی ایچ اے فیر 7، کراچی کی جانب سے بروز پیر 10 دسمبر 2022ء سے پہلے یعنی کاروبار کی بندش سے پہلے پہلے وصول کئے جائیں گے صرف انہیں درست تصور کیا جائے گا۔

شوٹکیٹ ہولڈرز جو ویڈیو کانفرنس کے ذریعے ARM میں شرکت کرنے میں دلچسپی رکھتے ہیں، ان سے درخواست کی جاتی ہے کہ وہ ARM کی تاریخ اور وقت سے 24 گھنٹے قبل اپنے آپ کو جلد از جلد رجسٹر کروائیں اور وہ info@firstequitymodaraba.com.pk پر اپنی رائے اور مشورہ دے سکتے ہیں۔

یورڈ کی جانب سے

قاضی عبید اللہ
کمپنی سیکریٹری

05 اکتوبر 2022ء

کراچی

PATTERN OF HOLDING OF CERTIFICATES
BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2022

Number of Certificate Holders	Certificate Holding From	To	Total Certificates Held	PERCENTAGE
1851	1	100	103063	0.1965
1004	101	500	252684	0.4819
1049	501	1000	716799	1.3669
618	1001	5000	1348151	2.5708
133	5001	10000	1015238	1.9360
43	10001	15000	553771	1.0560
18	15001	20000	317552	0.6056
13	20001	25000	296495	0.5654
14	25001	30000	392437	0.7484
5	30001	35000	162952	0.3107
6	35001	40000	221658	0.4227
4	40001	45000	169734	0.3237
11	45001	50000	540928	1.0315
4	50001	55000	206000	0.3928
6	55001	60000	345872	0.6596
2	60001	65000	122550	0.2337
7	65001	70000	465146	0.8870
1	70001	75000	74100	0.1413
3	75001	80000	233968	0.4462
2	80001	85000	164344	0.3134
1	85001	90000	85798	0.1636
4	95001	100000	394200	0.7517
1	100001	105000	102042	0.1946
1	105001	110000	109940	0.2096
4	115001	120000	465180	0.8871
1	125001	130000	128875	0.2458
2	130001	135000	269160	0.5133
2	135001	140000	274880	0.5242
1	140001	145000	142500	0.2717
2	145001	150000	297356	0.5670
2	150001	155000	304312	0.5803
2	155001	160000	319516	0.6093
1	160001	165000	162745	0.3103
1	170001	175000	171630	0.3273
1	185001	190000	187500	0.3576
1	190001	195000	191195	0.3646
1	200001	205000	202262	0.3857
1	205001	210000	205994	0.3928
1	225001	230000	228031	0.4348
1	245001	250000	247000	0.4710
2	250001	255000	503916	0.9609
1	265001	270000	267198	0.5095
1	280001	285000	280835	0.5355
1	285001	290000	289081	0.5513
1	290001	295000	292214	0.5572
1	305001	310000	308197	0.5877
1	340001	345000	343000	0.6541
1	410001	415000	411184	0.7841
1	430001	435000	431000	0.8219
1	470001	475000	471538	0.8992
1	635001	640000	636500	1.2138
1	645001	650000	645250	1.2305
1	695001	700000	699694	1.3343
1	995001	1000000	1000000	1.9069
1	1005001	1010000	1006550	1.9194
1	1320001	1325000	1321804	2.5206
1	1430001	1435000	1433500	2.7336
1	1845001	1850000	1848000	3.5240
1	2580001	2585000	2585000	4.9294
1	3020001	3025000	3023697	5.7660
1	3235001	3240000	3236500	6.1718
1	3475001	3480000	3478000	6.6323
1	4675001	4680000	4680000	8.9245
1	5240001	5245000	5244000	10.0000
1	5805001	5810000	5809784	11.0789
4851			Company Total 52440000	100.0000



**PATTERN OF HOLDING OF CERTIFICATES
BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2022**

Categories of Certificate Holders	Number of Certificate Holders	Certificates Held	Percentage %
DIRECTORS, CEO & CHILDREN	6	738516	1.4083
ASSOCIATE COMPANIES	6	12214893	23.2931
NIT & ICP	2	1700	0.0032
BANKS, DFI & NBF	8	115122	0.2195
INSURANCE COMPANIES	4	1323409	2.5237
MUTUAL FUNDS	1	50	0.0001
GENERAL PUBLIC (LOCAL)	3639	31064175	59.2376
GENERAL PUBLIC (FOREIGN)	1147	971798	1.8532
OTHERS	35	6009337	11.4595
MODARABAS	3	1000	0.0019
Company Total	4851	52440000	100.0000

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: sfc@thk.com.pk