

FIRST PRUDENTIAL MODARABA

ANNUAL REPORT
JUNE 30, 2023

MANAGED BY
AWWAL MODARABA MANAGEMENT LIMITED

Vision

Awwal Modaraba Management Limited (AMML) will play a role in the economic process and development of Pakistan by providing a range of advisory services and financial support, through Sharia compliant modes; to viable projects in high growth, capital starved sectors of the economy.

Mission

Awwal Modaraba Management Limited (AMML) aims to be at the vanguard of innovation in modaraba management services, offering the best solutions to our customers, value to our certificate holders and modaraba investors, complemented with a challenging, equal opportunity to our employees.

FIRST PRUDENTIAL MODARABA

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Khalid Aziz Mirza	Chairman	Independent Director
Mr. Shahid Ghaffar		Independent Director
Mr. Aamir Shamim		Non-Executive Director
Mr. Abdul Jaleel Shaikh		Non-Executive Director
Mr. Karim Hatim		Chief Executive Officer

Audit Committee

Mr. Shahid Ghaffar	Chairman
Mr. Khalid Aziz Mirza	Member
Mr. Abdul Jaleel Shaikh	Member

Human Resource and Remuneration Committee

Mr. Khalid Aziz Mirza	Chairman
Mr. Aamir Shamim	Member
Mr. Karim Hatim	Member

Company Secretary

Ms. Misbah Asjad

Chief Financial Officer

Mr. Aftab Afroz Mahmoodi

Auditor

BDO Ebrahim & Co, Chartered Accountants

Bankers

Habib Bank Limited
Dubai Islamic Bank

Certificate Registrar

C&K Management Associates (Pvt.) Limited
404, Trade Tower, Abdullah Haroon Road,
Near Metropole Hotel, Karachi – 75530
Phone: 021-35687839 & 021-35685930

Legal Advisor

Ahmed & Qazi
S & B Durrani Law Associates

Shariah Advisor

Al-Hamd Shariah Advisory Services (Pvt) Limited

Registered & Head Office

3rd Floor, Horizon Vista, Plot No:
Commercial 10, Block-4, Clifton, Karachi
Phone : 021- 35361215-9,Fax: 021-
35374275

First Prudential Modaraba
Summery of key operating and financial data of the Modaraba for last 6 years
Year ended June 30, 2023
.....Rupees in millions.....

Year	2023	2022 Restated	2021	2020	2019	2018
Paid-up Capital	1293.916	1293.916	872.177	872.177	872.177	872.177
Statutory Reserve	157.982	157.982	153.623	151.747	151.747	151.283
Reserve arising out of merger	(208.031)	(208.031)	-	-	-	-
Certificate Holders Equity	734.975	657.317	429.947	420.571	425.973	423.065
Nos.of Modaraba Certificates	129.391	129.391	87.217	87.217	87.217	87.217
Current liabilities	253.589	247.692	107.869	58.866	51.769	52.951
Non-current Assets	642.348	467.128	119.168	132.438	234.746	279.404
Current Assets	365.822	455.996	429.637	344.901	258.657	215.299
Profit / (Loss) before Taxation	96.29	24.079	9.376	(3.705)	3.900	(19.564)
Taxation	2.255	(3.440)	-	(1.697)	(1.578)	-
Earning / (Loss) per Certificate (Rs)	0.76	0.16	0.11	(0.06)	0.03	(0.22)



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

نحمده و نصلى على رسوله الكريم

Annual Shariah Advisor's Report

For the period ended June 30, 2023

We have reviewed the affairs of **First Prudential Modaraba** for the year ended June 30, 2023 in accordance with the requirements of the Circular No.8 of 2012, issued by the Securities and Exchange Commission of Pakistan, regarding Shariah Compliance and Shariah Audit Mechanism for Modarabas.

SHARIAH COMPLIANCE:

The Modaraba has a mechanism to strengthen the *Shariah* compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the *Shariah* principles;

REVIEW OF OPERATIONS:

Based on our review, the following were the major activities/developments in respect of Shariah that took place during this period:

BANK ACCOUNTS:

We confirm that for investment and operational purposes, Modaraba is operating the Bank accounts maintained with Islamic Banks or Islamic windows of commercial banks.

FRESH DISBURSEMENTS:

DIMINISHING MUSHARAKAH

Modaraba disbursed number of Diminishing Musharakah facilities to its clients. We confirm that these transactions are in accordance with Shariah.

DIVIDEND PURIFICATION:

Modaraba has effectively performed process of dividend purification of equities and transferred charitable amount into charity payable account.

TAKAFUL:

For risk mitigation, all fixed assets whether own, Diminishing Musharakah or against any other financing facility are covered under Takaful only.

EQUITY SHARES:

Modaraba's entire equity investments were made in approved Shariah compliant scripts. However the Modaraba holds 843,975 shares in LSE Financial Services Limited last year. LSE Financial Services Limited underwent a demerger and transferred its shares to LSE Ventures Limited and LSE PropTech Limited. Similarly, Data Textiles Limited merged and transferred its shares to the same two entities. Subsequently, both entities were listed on the Pakistan Stock Exchange in June 2023.



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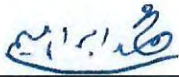


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As of now, we do not have access to the annual accounts for these companies, which is essential for conducting Shariah screening. Consequently, we cannot determine the Shariah compliance status for any of these entities at this stage. We plan to conduct a thorough review once the financials become available and will include the findings in our upcoming report.

CONCLUSION:

By the grace of Almighty ALLAH, after introduction of Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas by Securities & Exchange Commission of Pakistan (SECP), through Circular No. 8 of 2012 the Management of First Prudential Modaraba has effectively shown its sincerity to comply with Shariah Rulings in its true spirit, therefore, the business operations of First Prudential Modaraba are Shari'ah compliant up to the best of our knowledge.



MUFTI MUHAMMAD IBRAHIM ESSA

For and on behalf of

Alhamd Shariah Advisory Services (Pvt.) Limited

26th September 2023



MUFTI UBAID UR RAHMAN ZUBAIRI

For and on behalf of



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Chairman's Review

I am pleased to present my review as Chairman of the Board of Directors of Awwal Modaraba Management Limited, the management company of First Prudential Modaraba.

The fiscal year 2023 remained a difficult year for Pakistan as it faced multiple macroeconomic challenges. The 2022 monsoon floods, hike in global commodity prices and local power costs coupled with significant currency devaluation has led to high inflation with average FY23 CPI reaching 29.2%. As a result, State Bank of Pakistan ("SBP") gradually increased the interest rates to a high of 22.0% to combat inflationary pressures. Also, political uncertainty prevails affecting economic decision-making.

The new fiscal year has opened on a positive note as IMF and Pakistan entered into an agreement for the provision of USD 3bn in bailout funds under a stand-by arrangement (SBA) for nine months, of which USD 1.2bn was promptly disbursed. This was followed by additional inflows of USD 3bn from Saudi Arabia and UAE and timely rollover from China, all of which boosted the SBP reserves to USD 8.2bn in July 2023 compared to USD 4.5bn at the end of June 2023. This led to an upgrade in Pakistan's sovereign rating by Fitch from CCC- to CCC due to the improved external outlook and has averted the risk of near-term default. This is a welcome development, that will enable Pakistan unlock further funding from bilateral and multilateral sources helping in rebuilding foreign exchange reserves.

Going forward, health of the economy depends upon the status of the IMF program, political stability, direction of interest rates and any inflationary pressures arising from increases in power and fuel costs.

During the year under review, First Pak Modaraba and KASB Modaraba were merged into First Prudential Modaraba after receiving due approvals from the regulatory authorities. There was significant improvement in profitability of the modaraba with net profits after taxes amounting to PKR 87.30 Million in FY2023. This was brought about by increase in the topline due to increasing interest rate scenario, curtailment of operating costs, and sound underwriting as well as ongoing recoveries. The outstanding portfolio amounted to PKR 653.44 Million on June 30, 2023. Total revenues amounted to PKR 177.38 Million in FY2023 compared to PKR 81.04 Million in FY2022. Operating expenses were rationalized to PKR 61.80 Million compared to PKR 38.74 Million in the previous year. Financial charges related to the PKR 150 Million loan drawn from the parent company increased from PKR 10.75 Million to PKR 31.77 Million in FY2023 due to a sharp rise in interest rates. Management fee amounted to PKR 10.95 Million up from PKR 3.58 Million in the previous year. Profit after taxation amounted to PKR 87.30 Million in FY2023 up from PKR 20.64 Million in the previous year.

The Board of Directors of the management company comprises six members, including two Independent Non-Executive Directors and one female Director. The Board performs its statutory duties and fulfils its responsibilities by ensuring that the Modaraba has a capable leadership and an effective executive management team. The board, on quarterly basis, undertakes an overall review of business risks to ensure that Management maintains a sound system of risk identification, risk management and related systemic internal controls to safeguard assets, resources, reputation and interest of the company and its stakeholders.

On behalf of the Board, I take this opportunity to thank all our customers, investors, regulators and other stakeholders for placing their trust in the Modaraba.



Khalid Aziz Mirza
Chairman

Dated: 30 September 2023

DIRECTORS' REPORT

The Board of Directors of Awwal Modaraba Management Limited, the management company of **First Prudential Modaraba**, is pleased to present the Directors' Report together with Audited Financial Statements of First Prudential Modaraba for the year ended 30 June 2023.

Economic Review & Outlook

FY2023 became an increasingly difficult year for Pakistan as we faced multiple macroeconomic challenges. The 2022 monsoon floods, hike in global commodity prices and PKR devaluation, along with constantly increasing power and fuel costs, has seen rising inflation which is affecting business activity. Inflation clocked at an average CPI reading of 29.2% in FY2023 and in order to curb inflation, State Bank of Pakistan ("SBP") steadily increased interest rates to 22.0%.

The new fiscal year has opened on a positive note as IMF and Pakistan entered into an agreement for the provision of USD 3bn in bailout funds under a stand-by arrangement (SBA) for nine months, of which USD 1.2bn was promptly disbursed. This was followed by additional inflows of USD 3bn from Saudi Arabia and UAE and timely rollover from China which boosted the SBP reserves to USD 8.2bn in July 2023 compared to USD 4.5bn at the end of June 2023. It led to an upgrade in Pakistan's sovereign rating by Fitch from CCC- to CCC due to the improved external outlook and has averted the risk of near-term default. This is a welcome development that will enable Pakistan unlock further funding from bilateral and multilateral sources helping in rebuilding foreign exchange reserves and maintaining exchange rate parity.

PKR /USD touched around 330, but has rebounded now to below 300 with some action taken against hoarders. SBP maintained the Policy Rate in the last monetary policy meeting in September 2023 which has buoyed the spirits of the business community.

Going forward updates on the IMF program and flows from bilateral and multilateral sources will provide a road map for fiscal and monetary actions in the medium term. Direction of power and fuel prices will continue to have a significant impact on business activity in the country.

Financial snapshot

During the year under review, First Pak Modaraba and KASB Modaraba were merged into First Prudential Modaraba after receiving due approvals from the regulatory authorities. The merger was undertaken with the perspective to achieve economic size for the modarabas from view of undertaking business as well as to achieve operational efficiency.

During the year under review, First Pak Modaraba and KASB Modaraba were merged into First Prudential Modaraba after receiving due approvals from the regulatory authorities. There was significant improvement in profitability of the modaraba with net profits after taxes amounting to PKR 87.30 Million in FY2023. This was brought about by increase in topline due to increasing interest rate scenario, curtailment of operating costs, and sound underwriting with ongoing recoveries.

Currently, new disbursements have slowed down in view of the current stressed economic situation of the country. Management is viewing credit requests very conservatively due to concerns on business health in current economic scenario.

Financial Performance

Operating Results

	30 June 2023 (Rupees '000')	30 June 2022 (Rupees '000')
Balance Sheet		
Certificate capital	1,293,916	1,293,916
Total equity	734,217	657,317
Diminishing Musharaka	653,441	649,870
Investment Properties	74,180	50,105
Profit & Loss		
Revenue	223,816	83,610
Operating expenses	93,572	49,490
Profit/(loss) before Management Fee	109,096	28,159
Taxation	2,255	(3,440)
Net profit for the year	98,545	20,638
Appropriations		
Profit distribution @ 3.00% (2022: 1.70%)	38,817	14,827
Statutory reserve	-	4,360
Earnings per certificate	0.76	0.16

Profit Distribution

The Board in its meeting held on 30 September 2023 has approved cash dividend of PKR 0.30 (3.00%) per certificate PKR 10 each, subject to deduction of zakat and tax at source where applicable, for the year ended 30 June 2023.

Governance & Shariah Compliance

The Board of Directors is committed to ensure compliance with various requirements of the Pakistan Stock Exchange and Securities and Exchange Commission of Pakistan (SECP). The Modaraba is in compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, relevant for the year ended 30 June 2023.

Shariah Advisor is involved from the outset to ensure that prospective clients' business and proposed transaction structure are in line with Shariah principles. Strong emphasis is placed on good governance and implementation of all policies in spirit. The Board of Directors comprise independent directors to ensure external oversight.

Corporate and Financial Reporting Framework

The Board of Directors is pleased to report that:

- The financial statements, prepared by the management of the Modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
 - Proper books of account 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, as applicable to Modarabas in Pakistan, have been followed in preparation of financial statements.
 - The system of internal control is sound in design and has been effectively implemented and monitored.
 - There are no significant doubts upon the Modaraba's ability to continue as a going concern.
 - There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
 - There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on 30 June 2023 except for those disclosed in the financial statements.
- During the year under review, four (4) meetings of the Board of Directors were held. Attendance by each director was as follows:

Name of Director	No. of Meetings attended
Mr. Khalid Aziz Mirza	4
Mr. Shahid Ghaffar	4
Ms. Ayesha Aziz**	4
Mr. Abdul Jaleel Shaikh	4
Mr. Saiyid Najam Rizvi*	2
Mr. Ahmed Ateeq***	2
Mr. Karim Hatim (CEO)	4

Change in Directors

- * Mr. Saiyid Najam Rizvi resigned as a non-executive director of the Company with effect from October 28, 2022 and Mr. Ahmed Ateeq was nominated on the Board of the Company by Pak Brunei Investment Company (Holding Company of Management Company) in place of Mr. Saiyid Najam Rizvi with immediate effect.
- ** Ms. Ayesha Aziz resigned as a non-executive director of the Company with effect from May 31, 2023 and Mr. S. M. Aamir Shamim was nominated on the Board of the Company by Pak Brunei Investment Company (Holding Company of Management Company) in place of Ms. Ayesha Aziz with effect from June 01, 2023.
- ***Mr. Ahmed Ateeq resigned as a non-executive director of the Company with effect from September 08, 2023 and Ms. Humaira Siddique was nominated on the Board of the Company by Pak Brunei Investment Company (Holding Company of Management Company) in place of Mr. Ahmed Ateeq with effect from September 20, 2023. Ms. Siddique will assume the charge of office once her appointment has been approved by the Registrar Modaraba.

The Board of Directors would like to place on record sincerest appreciation for the contributions of the outgoing directors namely Ms. Ayesha Aziz, Mr. Ahmed Ateeq and Mr. Saiyid Najam Rizvi.

The Board has formed an Audit Committee in compliance with the requirements of the Code of Corporate Governance. The Committee comprises of four members. The Chairman of the Audit Committee is an Independent Director. The Committee reviews the periodic financial statements and examines the adequacy of financial policies and practices to ensure that an efficient and strong system of internal control is in place. The Committee also reviews the audit reports issued by the Internal

Audit Department. The Audit Committee is also responsible for recommending to the Board of Directors the appointment of external auditors.

- During the year under review, four (4) meetings of the Audit Committee were held. Attendance by each member was as follows:

Name of Member	No. of Meetings attended
Mr. Shahid Ghaffar	4
Mr. Khalid Aziz Mirza	4
Mr. Abdul Jaleel Shaikh	4
Mr. Saiyid Najam Rizvi*	2
Mr. Ahmed Ateeq***	2

- Two meetings of Human Resource and Remuneration Committee (HR&RC) were held during the year.
- The pattern of holding of certificates by the certificate-holders is included in this annual report.
- The Directors, CEO, CFO, Company Secretary, their spouses and minor children did not carry out any transaction in the certificates of Modaraba during the year under review.

The Board of Directors

The total number of directors are 6 including CEO as per the following:

- Male: 5
- Female: 1

The current composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Khalid Aziz Mirza Mr. Shahid Ghaffar
Other Non-Executive Directors	Mr. S. M. Aamir Shamim Mr. Abdul Jaleel Shaikh Ms. Humaira Siddique (subject to clearance from SECP)*
Chief Executive Officer	Mr. Karim Hatim

*Ms. Siddique will assume the charge of office once her appointment has been approved by the Registrar Modaraba.

Director's Remuneration

The remuneration of a Director for attending meetings of the Board or any Committee of the Board is determined under the Director's Compensation Policy adopted by Awwal Modaraba Management Limited. Under the said policy, an independent director is entitled to receive the prescribed fee as determined by the Board of Directors only for attending the Board Meeting. Further, the nominee directors / Chief Executive Officer / any other director in whole time remunerated service with the Company are not entitled to any payment for attending meetings of the Board or any Committee of the Board. However, all the directors are entitled to be paid all traveling, hotel and other expenses incurred by them in attending and returning from meetings of the Directors or any committee of Directors or General Meeting of the company in connection with the business of the Company.

Auditors

On the recommendation of the Audit Committee, the Board has approved the present auditors M/s BDO Chartered Accountants, being eligible for appointment and upon their consent to act as auditors, have been appointed as external auditors of the Modaraba for the year ending 30 June 2024.

However, their appointment will be subject to the approval of Registrar of Modaraba Companies and Modarabas.

Shariah Advisor's Report

The Modaraba continues to seek guidance from its Shari'ah Advisor, Mufti Muhammad Ibrahim Essa as and when required to ensure full compliance to Shari'ah Audit mechanism developed in consultation with Registrar Modaraba. The internal audit department has also been trained to handle the day-to-day affairs of the Modaraba ensuring complete adherence to Shari'ah policies and principles. The Shari'ah Advisor Report issued for the affairs of the Modaraba for the year ended 30 June 2023 is attached in the Annual Financial Statements.

Future Outlook

The Modaraba is entering a period of transition marked by the divestment of the Holding Company's interest in the Modaraba Management Company. While it introduces certain challenges and uncertainties, the Board of Directors remain committed to steer through this transition with resilience.

Acknowledgments

The Board of Directors would further like to acknowledge and appreciate SECP and Registrar Modaraba for their continuous guidance and support. Also, we would like to avail this opportunity to thank our customers and investors for placing their trust in the Modaraba.

On behalf of the Board



Karim Hatim
Chief Executive
Date: 30 September, 2023



Abdul Jaleel Shaikh
Director

ڈائریکٹرز رپورٹ

اول مضاربہ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز، فرسٹ پرنٹیشنل مضاربہ کی انتظامی کمپنی، 30 جون 2023 کو ختم ہونے والے سال کے لیے فرسٹ پرنٹیشنل مضاربہ کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

اقتصادی جائزہ اور آؤٹ لک

مالی سال 2023 پاکستان کے لیے ایک بڑھتا ہوا مشکل سال بن گیا کیونکہ ہمیں متعدد معاشی چیلنجوں کا سامنا تھا۔ 2022 کے مون سون کے سیلاب، اجناس کی عالمی قیمتوں میں اضافہ اور PKR کی قدر میں کمی کے ساتھ ساتھ بجلی اور ایندھن کی مسلسل بڑھتی ہوئی قیمتوں نے مہنگائی میں اضافہ دیکھا ہے جس سے کاروباری سرگرمیاں متاثر ہو رہی ہیں۔ FY2023 میں افراط زر کی اوسط CPI ریڈنگ 29.2% تک پہنچ گئی اور افراط زر کو روکنے کے لیے، اسٹیٹ بینک آف پاکستان ("SBP") نے شرح سود کو 22.0% تک بڑھا دیا۔ نئے مالی سال کا آغاز ایک مثبت نوٹ پر ہوا ہے کیونکہ IMF اور پاکستان نے نومبر کے لیے اسٹیٹ بینک آف پاکستان (SBA) کے تحت بیل آؤٹ فنڈز میں 3bn USD کی فراہمی کے لیے ایک معاہدہ کیا تھا، جس میں سے 1.2bn USD فوری طور پر تقسیم کیے گئے تھے۔ اس کے بعد سعودی عرب اور متحدہ عرب امارات سے 3bn USD کی اضافی آمد اور چین کی طرف سے بروقت رول اوور ہوا جس نے جون 2023 کے آخر میں 4.5bn USD کے مقابلے جولائی 2023 میں اسٹیٹ بینک کے ذخائر کو بڑھا کر 8.2bn USD کر دیا۔

اس نے بہتر بیرونی آؤٹ لک کی وجہ سے فچ کی طرف سے پاکستان کی خود مختار درجہ بندی کو CCC- سے CCC میں اپ گریڈ کرنے کا باعث بنا اور اس نے قریب المدت ڈیفالٹ کے خطرے کو ٹال دیا۔ یہ ایک خوش آئند پیشرفت ہے جو پاکستان کو دو طرفہ اور کثیر جہتی ذرائع سے مزید فنڈز حاصل کرنے کے قابل بنائے گی جس سے زرمبادلہ کے ذخائر کی تعمیر نو اور شرح مبادلہ کی برابری کو برقرار رکھنے میں مدد ملے گی۔

330USD/PKR کے قریب پہنچ گیا، لیکن ذخیرہ اندوزوں کے خلاف کچھ کارروائی کے ساتھ اب یہ 300 سے نیچے پہنچ گیا ہے۔ SBP نے ستمبر 2023 میں مانیٹری پالیسی کے آخری اجلاس میں پالیسی ریٹ کو برقرار رکھا جس سے کاروباری برادری کے حوصلے بلند ہوئے۔

آئی ایم ایف پروگرام کے بارے میں اپ ڈیٹس اور دو طرفہ اور کثیر جہتی ذرائع سے آنے والی تازہ کاری درمیانی مدت میں مالیاتی اور مالیاتی اقدامات کے لیے روڈ کا نقشہ فراہم کرے گی۔ بجلی اور ایندھن کی قیمتوں کی سمت ملک میں کاروباری سرگرمیوں پر نمایاں اثر ڈالتی رہے گی۔

مالی سنیپ شاٹ

زیر نظر سال کے دوران، فرسٹ پاک مضاربہ اور کے اے ایس بی مضاربہ کو ریگولیٹری اتھارٹیز سے مناسب منظوری حاصل کرنے کے بعد فرسٹ پرنٹیشنل مضاربہ میں ضم کر دیا گیا۔ انضمام کا آغاز اس نقطہ نظر سے کیا گیا تھا کہ مدارس کے لیے کاروبار کے حوالے سے معاشی

حجم حاصل کیا جاسکے اس کے ساتھ ساتھ آپریشنل کارکردگی کو بھی حاصل کیا جاسکے۔

زیر نظر سال کے دوران، فرسٹ پاک مضاربہ اور کے اے ایس بی مضاربہ کوریگیو لیٹری اتھارٹیز سے مناسب منظوری حاصل کرنے کے بعد فرسٹ پروڈکشنل مضاربہ میں ضم کر دیا گیا۔ مالی سال 2023 میں 87.30PKR ملین ٹیکسوں کے بعد خالص منافع کے ساتھ مضاربہ کے منافع میں نمایاں بہتری آئی ہے۔ یہ شرح سود کے بڑھتے ہوئے منظر نامے، آپریٹنگ اخراجات میں کمی، اور جاری ریکوری کے ساتھ درست انڈر رائٹنگ کی وجہ سے ٹاپ لائن میں اضافے کے باعث ہوا۔

فی الحال، ملک کی موجودہ تناؤ زدہ معاشی صورتحال کے پیش نظر نئی ادائیگیوں میں کمی آئی ہے۔ موجودہ معاشی منظر نامے میں کاروباری صحت پر تھویش کی وجہ سے انتظامیہ کریڈٹ کی درخواستوں کو انتہائی قدامت پسندی سے دیکھ رہی ہے۔

مالیاتی کارکردگی

30 جون 2022	30 جون 2023	آپریٹنگ نتائج
(روپے '000)	(روپے '000)	
		بیلنس شیٹ
1,293,916	1,293,916	سٹوکیٹ کیپٹل
657,317	734,217	کل ایکویٹی
649,870	653,441	مشارکہ کم کرنا
50,105	74,180	انوسٹمنٹ پراپرٹیز
		نفع نقصان
83,610	223,816	آمدنی
49,490	93,572	آپریٹنگ اخراجات
28,159	109,096	مینجمنٹ فیس سے پہلے منافع / (نقصان)
(3,440)	2,255	ٹیکسیشن
20,638	98,545	سال کا خالص منافع
		مختصات
14,827	38,817	منافع کی تقسیم @ 3.00% (2022: 1.70%)
4,360	-	قانونی ریزرو
0.16	0.76	آمدنی فی سٹوکیٹ
		منافع کی تقسیم

بورڈ نے 30 ستمبر 2023 کو ہونے والی اپنی میٹنگ میں 0.30PKR (3.00%) فی سٹوکیٹ 10PKR ہر ایک کے نقد

ڈیویڈنڈ کی منظوری دی ہے، جس کا اطلاق 30 جون 2023 کو ختم ہونے والے سال کے لیے زکوٰۃ اور ٹیکس کی کٹوتی سے ہوتا ہے۔

گورننس اور شریعت کی تعمیل

بورڈ آف ڈائریکٹرز پاکستان اسٹاک ایکسچینج اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی مختلف ضروریات کی تعمیل کو یقینی بنانے کے لیے پر عزم ہے۔ مضاربہ 30 جون 2023 کو ختم ہونے والے سال کے لیے متعلقہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تقاضوں کے مطابق ہے۔

شرعیہ ایڈوائز شروع سے اس بات کو یقینی بنانے کے لیے شامل ہے کہ ممکنہ کلائنٹس کا کاروبار اور مجوزہ لین دین کا ڈھانچہ شرعی اصولوں کے مطابق ہو۔ اچھی حکمرانی اور تمام پالیسیوں کو روح کے مطابق نافذ کرنے پر زور دیا جاتا ہے۔ بورڈ آف ڈائریکٹرز بیرونی نگرانی کو یقینی بنانے کے لیے آزاد ڈائریکٹرز پر مشتمل ہوتا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

بورڈ آف ڈائریکٹرز کو یہ اطلاع دیتے ہوئے خوشی ہو رہی ہے کہ:

☆ مضاربہ کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات، اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو کافی حد تک پیش کرتے ہیں۔

☆ مضاربہ کے حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔

☆ مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

☆ بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں مدارس پر لاگو ہوتا ہے، مالی بیانات کی تیاری میں پیروی کی گئی ہے۔

☆ اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔

☆ مضاربہ کے جاری رہنے کی قابلیت پر کوئی خاص شک نہیں ہے۔

☆ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔

☆ ٹیکسز، ڈیوٹی، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو کہ 30 جون 2023 تک بقایا ہیں سوائے ان مالیاتی گوشواروں کے جن کا انکشاف کیا گیا ہے۔

☆ زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کی چار (4) میٹنگیں ہوئیں۔ ہر ڈائریکٹر کی حاضری حسب ذیل تھی:

اجلاس میں شرکت کرنے والے ڈائریکٹر کا نام

4 جناب خالد عزیز مرزا

4 جناب شاہد غفار

4	محترمہ عائشہ عزیز
4	جناب عبدالجلیل شیخ
2	جناب سید نجم رضوی
2	جناب احمد عتیق
4	جناب کریم حاتم (CEO)

ڈائریکٹرز میں تبدیلی

☆ جناب سید نجم رضوی نے 28 اکتوبر 2022 سے کمپنی کے نان ایگزیکٹو ڈائریکٹر کے عہدے سے استعفیٰ دے دیا اور جناب احمد عتیق کو پاک برونائی انویسٹمنٹ کمپنی (ہولڈنگ کمپنی آف مینجمنٹ کمپنی) نے کمپنی کے بورڈ پر نامزد کیا جو کہ فوری طور پر جناب سید نجم رضوی کی جگہ سنبھالیں گے۔

☆ محترمہ عائشہ عزیز نے 31 مئی 2023 سے کمپنی کی نان ایگزیکٹو ڈائریکٹر کے عہدے سے استعفیٰ دے دیا اور جناب ایس ایم عامر شمیم کو پاک برونائی انویسٹمنٹ کمپنی (ہولڈنگ کمپنی آف مینجمنٹ کمپنی) نے کمپنی کے بورڈ میں نامزد کیا۔ 01 جون 2023 سے محترمہ عائشہ عزیز کی جگہ جناب ایس ایم عامر شمیم کو نامزد کیا گیا ہے۔

☆ جناب احمد عتیق نے 08 ستمبر 2023 سے کمپنی کے نان ایگزیکٹو ڈائریکٹر کے عہدے سے استعفیٰ دے دیا اور محترمہ حمیرا صدیق کو پاک برونائی انویسٹمنٹ کمپنی (ہولڈنگ کمپنی آف مینجمنٹ کمپنی) نے احمد عتیق کی جگہ کمپنی کے بورڈ میں نامزد کیا تھا جو کہ 20 ستمبر 2023 سے لاگو ہوگی۔ رجسٹرڈ مزاربہ کی طرف سے ان کی تقرری کی منظوری کے بعد محترمہ صدیقہ اپنے عہدے کا چارج سنبھال لیں گی۔

بورڈ نے کوڈ آف کارپوریٹ گورننس کے تقاضوں کی تعمیل میں ایک آڈٹ کمیٹی تشکیل دی ہے۔ کمیٹی چار ارکان پر مشتمل ہے۔ آڈٹ کمیٹی کا چیئرمین ایک آزاد ڈائریکٹر ہوتا ہے۔ کمیٹی وقتاً فوقتاً مالیاتی گوشواروں کا جائزہ لیتی ہے اور مالیاتی پالیسیوں اور طریقوں کی مناسبت کا جائزہ لیتی ہے تاکہ یہ یقینی بنایا جاسکے کہ اندرونی کنٹرول کا ایک موثر اور مضبوط نظام موجود ہے۔ کمیٹی انٹرنل آڈٹ ڈیپارٹمنٹ کی طرف سے جاری کردہ آڈٹ رپورٹس کا بھی جائزہ لیتی ہے۔ آڈٹ کمیٹی بورڈ آف ڈائریکٹرز کو بیرونی آڈیٹرز کی تقرری کی سفارش کرنے کی بھی ذمہ دار ہے۔

زیر جائزہ سال کے دوران، آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ ہر ممبر کی حاضری حسب ذیل تھی۔

ممبران کے نام	اجلاس میں شرکت کی
جناب شاہد غفار	4
جناب خالد عزیز مرزا	4
جناب عبدالجلیل شیخ	4
جناب سید نجم رضوی	2
جناب احمد عتیق	2

- ☆ سال کے دوران ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی (HR&RC) کے دو اجلاس منعقد ہوئے۔
- ☆ اس سالانہ رپورٹ میں سٹوفکیٹ رکھنے والوں کی طرف سے سٹوفکیٹ رکھنے کا نمونہ شامل ہے۔
- ☆ ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری، ان کی شریک حیات اور نابالغ بچوں نے زیر جائزہ سال کے دوران مضاربہ کے سرٹیفکیٹس میں کوئی لین دین نہیں کیا۔

بورڈ آف ڈائریکٹرز

ڈائریکٹرز کی کل تعداد 6 ہیں جن میں سی ای او بھی شامل ہیں:

(الف) مرد: 5

(ب) خاتون: 1

بورڈ کی موجودہ تشکیل حسب ذیل ہے:

نام	عہدہ
جناب خالد عزیز مرزا جناب شاہد غفار	آزاد ڈائریکٹر
جناب ایس ایم عامر شمیم جناب عبدالجلیل شیخ محترمہ حمیرا صدیق (SECP کی منظوری سے مشروط)	دیگرنان ایگزیکٹو ڈائریکٹرز
جناب کریم حاتم	چیف ایگزیکٹو آفیسر

رجسٹرڈ مضاربہ سے ان کی تقرری کی منظوری کے بعد محترمہ صدیق اپنے عہدے کا چارج سنبھال لیں گی۔

ڈائریکٹرز کا معاوضہ

بورڈ یا بورڈ کی کسی کمیٹی کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کے معاوضے کا تعین اول مضاربہ مینجمنٹ لمیٹڈ کی طرف سے اختیار کردہ ڈائریکٹرز کی معاوضہ پالیسی کے تحت کیا جاتا ہے۔ مذکورہ پالیسی کے تحت، ایک آزاد ڈائریکٹر صرف بورڈ مینٹنگ میں شرکت کے لیے بورڈ آف ڈائریکٹرز کے ذریعہ مقرر کردہ فیس وصول کرنے کا حقدار ہے۔ مزید برآں، نامزد ڈائریکٹرز/چیف ایگزیکٹو آفیسر/کوئی دوسرا ڈائریکٹر کمپنی کے ساتھ کل وقتی معاوضہ کی خدمت میں بورڈ یا بورڈ کی کسی کمیٹی کے اجلاسوں میں شرکت کے لیے کسی ادائیگی کا حقدار نہیں ہے۔ تاہم، تمام ڈائریکٹرز کمپنی کے کاروبار کے سلسلے میں ڈائریکٹرز یا ڈائریکٹرز کی کسی کمیٹی یا کمپنی کی جنرل مینٹنگ میں شرکت اور واپسی میں ان کے تمام سفری، ہوٹل اور دیگر اخراجات ادا کرنے کے حقدار ہیں۔

آڈیٹرز

آڈٹ کمیٹی کی سفارش پر، بورڈ نے موجودہ آڈیٹرز میسرز BDO چارٹرڈ اکاؤنٹنٹس کو تفرری کے اہل ہونے اور آڈیٹرز کے طور پر کام کرنے کے لیے ان کی رضامندی پر، 30 جون 2024 کو ختم ہونے والے سال کے لیے مضاربہ کے بیرونی آڈیٹرز کے طور پر تفرری کی منظوری دے دی ہے۔ تاہم ان کی تفرری رجسٹرار آف مضاربہ کمپنیز اور مضاربہ کی منظوری سے مشروط ہوگی۔

شریہ ایڈوائزر کی رپورٹ

مضاربہ اپنے شرعی مشیر مفتی محمد ابراہیم عیسیٰ سے رہنمائی حاصل کرتا رہتا ہے اور جب ضرورت پڑتی ہے تو رجسٹرار مضاربہ کی مشاورت سے تیار کردہ شرعی آڈٹ میکانزم کی مکمل تعمیل کو یقینی بنایا جاتا ہے۔ اندرونی آڈٹ ڈیپارٹمنٹ کو بھی تربیت دی گئی ہے کہ وہ مضاربہ کے روزمرہ کے معاملات کو شرعی پالیسیوں اور اصولوں کی مکمل پابندی کو یقینی بنائے۔ 30 جون 2023 کو ختم ہونے والے سال کے لیے مضاربہ کے امور کے لیے جاری کردہ شرعی مشیر کی رپورٹ سالانہ مالیاتی گوشواروں میں منسلک ہے۔

مستقبل کا آؤٹ لک

مضاربہ، مضاربہ منجمنٹ کمپنی میں ہولڈنگ کمپنی کی دلچسپی کے انخلاء سے نشان زدہ تبدیلی کے دور میں داخل ہو رہا ہے۔ اگرچہ یہ بعض چیلنجوں اور غیر یقینی صورتحال کو متعارف کراتی ہے، بورڈ آف ڈائریکٹرز لچک کے ساتھ اس منتقلی کو نیویگیٹ کرنے اور مسلسل ترقی اور استحکام پر توجہ دینے کے لیے پرعزم ہیں۔

اعترافات

بورڈ آف ڈائریکٹرز سبکدوش ہونے والے ڈائریکٹرز یعنی محترمہ عائشہ عزیز، جناب احمد عتیق اور جناب سید نجم رضوی کی خدمات کو ریکارڈ پر خلوص دل سے سراہنا چاہیں گے۔

بورڈ آف ڈائریکٹرز ایس ای سی پی اور رجسٹرار مضاربہ کو ان کی مسلسل رہنمائی اور تعاون کا مزید اعتراف اور تعریف کرنا چاہیں گے۔ اس کے علاوہ، ہم مضاربہ پر اعتماد کرنے کے لیے اپنے صارفین اور سرمایہ کاروں کا شکریہ ادا کرنے کے لیے اس موقع سے فائدہ اٹھانا چاہیں گے۔

بورڈ کی جانب سے

عبدالجلیل شیخ

ڈائریکٹر

کریم حاتم

چیف ایگزیکٹو

تاریخ: 30 ستمبر 2023

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019
Awwal Modaraba Management Limited
Year ended June 30, 2023

This statement is being presented to comply with Listed Companies (Code of Corporate Governance) Regulations, 2019. Regardless of the fact that Awwal Modaraba Management Limited ('AMML' or 'the company'), the Management Company of First Prudential Modaraba, is an unlisted public limited company, the Board of Directors of the Management Company is pleased to confirm that the Code is being complied with in all material respects (pertaining to the operations of the Modaraba).

AMML has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are six (6) as at June 30, 2023 as per the following,-

- a. Male: 06
- b. Female: 00*

**It may be noted that subsequently in September 2023, Ms. Humaira Siddique has been appointed on the Board of Directors of AMML (subject to clearance from SECP).*

The total number of directors are six (6) as of September 30, 2023 as per the following,-

- a. Male: 05
- b. Female: 01

2. The composition of Board is as follows:

Category	Names
Independent Directors	Mr. Khalid Aziz Mirza Mr. Shahid Ghaffar
Non-Executive Directors	Mr. S. M. Aamir Shamim Mr. Abdul Jaleel Shaikh Mr. Ahmed Ateeq*
Executive Directors	Mr. Karim Hatim (Chief Executive Officer)
Female Director	None as at June 30, 2023 (Ms. Ayesha Aziz was serving on the Board of Directors of AMML until May 31, 2023). Subsequently in September 2023, Ms. Humaira Siddique has been appointed on the Board of Directors of AMML (subject to clearance from SECP).

**Mr. Ahmed Ateeq resigned from the Board of Directors on 8th September 2023. Ms. Humaira Siddique has been appointed on the Board of Directors of AMML in place of Mr. Ahmed Ateeq (subject to clearance from SECP).*

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/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019.
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 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 meets the criteria of requirement of Directors' Training program.
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:

Audit Committee	Mr. Shahid Ghaffar (Chairman) Mr. Khalid Aziz Mirza Mr. Abdul Jaleel Shaikh Mr. Ahmed Ateeq*
HR and Remuneration Committee	Mr. Khalid Aziz Mirza (Chairman) Mr. S. M. Aamir Shamim Mr. Karim Hatim

**Mr. Ahmed Ateeq resigned from the Board of Directors on 8th September 2023. Ms. Humaira Siddique has been appointed on the Board of Directors of AMML in place of Mr. Ahmed Ateeq (subject to clearance from SECP).*

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings of the committee were as per following,-

S. No.	Name of the Committee	Frequency of the meetings held during the year
1.	Audit Committee	Quarterly
2.	HR and Remuneration Committee	Yearly

15. The Board has outsourced the internal audit function to the internal audit department of the parent company (Pak Brunei Investment Company Limited) who is 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.



Khalid Aziz Mirza
Chairman

Dated: 30 September 2023

INDEPENDENT AUDITORS' REPORT ON AUDIT OF FINANCIAL STATEMENTS TO THE CERTIFICATE HOLDERS OF FIRST PRUDENTIAL MODARABA

We have audited the annexed balance sheet of **FIRST PRUDENTIAL MODARABA** ("the Modaraba") as at June 30, 2023 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 ended June 30, 2023 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 purpose of our audit.

These financial statements are the Modaraba Management Company's [Awwal Modaraba Management 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 Management Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion proper books of account have been kept by the Modaraba Management 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) 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) 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, 2023 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba Management Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Without qualifying our opinion, we draw attention to note 1.2 to the financial statements which provide details regarding scheme of arrangement (scheme of merger) of First Pak Modaraba and KASB Modaraba with and into First Prudential Modaraba which was sanctioned by the Honorable High Court of Sindh during the year. The approved scheme takes effect retrospectively from December 31, 2021.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED:

UDIN:

 **BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS**

**FIRST PRUDENTIAL MODARABA
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023**

	Note	2023 Rupees	Restated 2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment - own use	5	1,815,466	2,050,776
Plant and equipment - ijarah	6	82,676,743	58,326,331
Intangible assets	7	41,111	172,234
Investment properties	8	74,180,000	50,105,000
Long term portion of diminishing musharika finance	9	462,904,323	335,210,571
Long term investments	10	9,006,813	20,533,912
Long term advances and deposits	11	730,003	629,914
Deferred tax asset	12	10,993,677	99,819
		642,348,136	467,128,557
CURRENT ASSETS			
Modaraba, musharika, murabaha and other finance - net	13	-	-
Current portion of diminishing musharika finance	9	190,537,594	214,660,675
Investment against repurchase agreement	14	-	23,624,891
Short term investments	15	6,539,334	8,236,248
Ijarah rentals receivable	16	3,136,775	704,084
Receivable against sale of agriculture produce - net	17	-	-
Advances, prepayments and other receivables	18	56,413,369	34,880,650
Taxation - net		22,865,160	27,823,175
Cash and bank balances	19	86,330,327	146,066,656
		365,822,559	455,996,379
TOTAL ASSETS		1,008,170,695	923,124,936
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized certificate capital			
152,217,660 modaraba certificates of rupees 10/- each		1,522,176,600	1,522,176,600
Issued, subscribed and paid-up certificate capital			
129,391,676 modaraba certificates of rupees 10/- each	20	1,293,916,760	1,293,916,760
Statutory reserve		157,982,325	157,982,325
Reserve arising out of merger		(208,031,240)	(208,031,240)
Accumulated loss		(508,892,154)	(586,549,989)
		734,975,691	657,317,856
Unrealised (loss) / gain on investment classified as fair value through other comprehensive income		(3,757,902)	7,769,197
		731,217,789	665,087,053
NON CURRENT LIABILITIES			
Long term portion of ijarah deposits	21	23,363,249	10,345,749
CURRENT LIABILITIES			
Short term finance	22	150,000,000	150,000,000
Redeemable capital - participatory and unsecured		815,000	1,315,000
Current portion of ijarah deposits	21	14,670,556	11,508,681
Accrued and other liabilities	23	41,907,083	43,109,464
Unclaimed profit distribution		46,197,018	41,758,989
		253,589,657	247,692,134
TOTAL EQUITY AND LIABILITIES		1,008,170,695	923,124,936
CONTINGENCIES AND COMMITMENTS			
	24		

The annexed notes from 1 to 43 form an integral part of these financial statements.

For Awwal Modaraba Management Limited
(Management Company)


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR



**FIRST PRUDENTIAL MODARABA
STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2023**

		2023	Restated
		Rupees	2022
			Rupees
Income			
Ijarah rentals earned	26	28,580,831	8,270,608
Income from deposits with banks		10,013,702	11,833,309
Income from investment in sukuk		-	6,137,992
Income from modaraba term deposit		-	3,127,604
Income from diminishing musharika finance		117,018,716	39,900,899
Income from investment against repurchase agreement		-	2,112,354
Dividend income		1,609,947	1,570,281
Rental income from investment properties		4,004,210	3,383,832
Other income	27	17,303,422	4,698,379
		<u>178,530,828</u>	<u>81,035,258</u>
Unrealized loss on investments classified as 'fair value through profit or loss	15.2.2	(1,696,913)	(3,798,262)
Fair value gain on investments properties		24,075,000	3,905,000
Reversal of provision against doubtful receivables - net	28	22,907,873	2,468,346
		<u>223,816,788</u>	<u>83,610,342</u>
Expenses			
Depreciation on ijarah assets		(21,146,672)	(5,959,570)
Administrative expenses	29	(61,803,403)	(38,739,375)
Finance charges	30	(31,769,986)	(10,752,006)
		<u>(114,720,061)</u>	<u>(55,450,951)</u>
		109,096,727	28,159,391
Modaraba Management Company's remuneration	31	(9,629,014)	(3,164,028)
Provision for service sales tax on Management Company's remuneration	32	(1,251,772)	(411,324)
		(10,880,786)	(3,575,352)
Provision for Workers' Welfare Fund	23.1	(1,925,803)	(504,778)
Profit before taxation		<u>96,290,138</u>	<u>24,079,261</u>
Provision for taxation	33	2,255,348	(3,440,386)
Profit after taxation		<u>98,545,486</u>	<u>20,638,875</u>
Earnings per certificate - basic and diluted	34	<u>0.76</u>	<u>0.16</u>

The annexed notes from 1 to 43 form an integral part of these financial statements.

**For Awwal Modaraba Management Limited
(Management Company)**


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER

 
DIRECTOR DIRECTOR

6/30

**FIRST PRUDENTIAL MODARABA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023**

		2023 Rupees	Restated 2022 Rupees
Profit for the year	Note	98,545,486	20,638,875

Other comprehensive income for the year:

Items that will not be reclassified subsequently to profit and

Unrealised (loss) / gain on remeasurement of investment
classified as 'fair value through other comprehensive income
Unrealized gain on remeasurement of sukuk certificates
Reversal of unrealized gain on disposal of sukuk certificates

(11,527,099)	925,682
-	552,464
-	(4,195,000)
(11,527,099)	(2,716,854)
<u>87,018,387</u>	<u>17,922,021</u>

Total comprehensive income for the year

The annexed notes from 1 to 43 form an integral part of these financial statements.

**For Awwal Modaraba Management Limited
(Management Company)**


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR



**FIRST PRUDENTIAL MODARABA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

	2023 Rupees	Restated 2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	96,290,138	20,638,875
Adjustments for:		
Dividend income	(1,609,947)	(1,570,281)
Unrealised loss / (gain) on investments	1,696,913	(3,905,000)
Gain on disposal - ijarah assets	(1,461,717)	-
Gain on disposal - own assets	(855,000)	-
Gain on remeasurement of investment property	(24,075,000)	-
Depreciation - own use assets	352,810	672,868
Depreciation - Ijarah assets	21,146,672	5,959,570
Amortization on intangible assets	131,123	142,499
	<u>(4,674,146)</u>	<u>1,299,656</u>
Cash flows before movements in working capital	91,615,992	21,938,531
Decrease / (increase) in current assets		
Diminishing Musharika Finance	(103,570,671)	(306,492,593)
Investment against repurchase agreement	23,624,891	(23,624,891)
Ijarah rentals receivable	(2,432,691)	(427,758)
Advances, prepayments and other receivables	(32,526,666)	(11,231,740)
	<u>(114,905,137)</u>	<u>(341,776,982)</u>
Increase / (decrease) in current liabilities		
Ijarah deposits	16,179,375	4,957,949
Musharaka finance	-	(50,000,000)
Short term finance	-	50,000,000
Redeemable capital	(500,000)	-
Unclaimed dividend	4,438,029	(5,476,190)
Accrued and other liabilities	1,052,967	7,797,955
	<u>21,170,371</u>	<u>7,279,714</u>
	<u>(2,118,774)</u>	<u>(312,558,736)</u>
Taxes paid	4,958,015	-
Net cash flows from / (used in) operating activities	<u>2,839,241</u>	<u>(312,558,736)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	1,609,947	1,570,280
Investments - net	-	270,178,719
Proceeds from disposal - ijarah assets	714,633	-
Proceeds from disposal - own assets	855,000	1,150,800
Purchase of own assets	(117,500)	-
Purchase of ijarah assets	(44,750,000)	(36,976,000)
Net cash (used in) / flows from investing activities	<u>(41,687,920)</u>	<u>235,923,800</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit paid to certificate holders	(20,887,650)	(6,977,413)
Net cash used in financing activities	<u>(20,887,650)</u>	<u>(6,977,413)</u>
Net decrease in cash and cash equivalents	(59,736,329)	(83,612,349)
Cash and cash equivalents at beginning of the year	146,066,656	162,187,832
Cash and cash equivalents transferred from merged undertakings	-	67,491,174
Cash and cash equivalents at end of the year	<u>86,330,327</u>	<u>146,066,656</u>

The annexed notes from 1 to 43 form an integral part of these financial statements.

**For Awwal Modaraba Management Limited
(Management Company)**


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER

 
DIRECTOR DIRECTOR

6/30

**FIRST PRUDENTIAL MODARABA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023**

Issued, subscribed, and paid up certificate capital	Capital reserve		Revenue reserve		Total	
	Merger reserve	Statutory reserve	Accumulated loss	Unrealised (loss) / gain on investment classified as fair value through other comprehensive income		
----- (Rupees) -----						
Balance at July 1, 2021	872,176,600	-	153,622,591	(595,851,717)	10,486,051	440,433,525
Total comprehensive income for the year						
Profit for the year- FPRM	-	-	-	19,522,067	-	19,522,067
Profit for the period- KASB	-	-	-	1,139,745	-	1,139,745
Profit for the period- FPAK	-	-	-	(22,937)	-	(22,937)
Final dividend @ Re.0.08 per certificate for the year ended June 30, 2021	-	-	-	(6,977,413)	-	(6,977,413)
Unrealised (loss) / gain on investment classified as 'fair value through other comprehensive income	-	-	-	-	(2,716,854)	(2,716,854)
	-	-	-	13,661,462	(2,716,854)	10,944,608
Impact of amalgamation						
Capital issued pursuant to amalgamation	421,740,160	-	-	-	-	421,740,160
Reserve arising on amalgamation	-	(208,031,240)	-	-	-	(208,031,240)
	421,740,160	(208,031,240)	-	-	-	213,708,920
Transfer to statutory reserve- FPRM	-	-	3,904,413	(3,904,413)	-	-
Transfer to statutory reserve- KASB	-	-	387,909	(387,909)	-	-
Transfer to statutory reserve- FPAKM	-	-	67,412	(67,412)	-	-
Balance at June 30, 2022 (Restated)	<u>1,293,916,760</u>	<u>(208,031,240)</u>	<u>157,982,325</u>	<u>(586,549,989)</u>	<u>7,769,197</u>	<u>665,087,053</u>
Balance at July 1, 2022	1,293,916,760	(208,031,240)	157,982,325	(586,549,989)	7,769,197	665,087,053
Profit for the year	-	-	-	98,545,486	-	98,545,486
Other comprehensive income	-	-	-	-	(11,527,099)	(11,527,099)
	-	-	-	98,545,486	(11,527,099)	87,018,387
Distribution of dividend declared for the year ended June 30, 2022 -FPRM	-	-	-	(14,827,003)	-	(14,827,003)
Distribution of dividend declared for the year ended June 30, 2022 -FPAKM	-	-	-	(1,254,000)	-	(1,254,000)
Distribution of dividend declared for the year ended June 30, 2022 -KASBM	-	-	-	(4,806,648)	-	(4,806,648)
Balance at June 30, 2023	<u>1,293,916,760</u>	<u>(208,031,240)</u>	<u>157,982,325</u>	<u>(508,892,154)</u>	<u>(3,757,902)</u>	<u>731,217,789</u>

The annexed notes from 1 to 43 form an integral part of these financial statements.

**For Awwal Modaraba Management Limited
(Management Company)**


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR

**FIRST PRUDENTIAL MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 First Prudential Modaraba is multipurpose, perpetual Modaraba. The Modaraba is registered under the Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981. The Registrar (Modarabas) with the approval of SECP vide order dated April 03, 2019 appointed Awwal Modaraba Management Limited (AMML) to takeover and manage the affair of the Modaraba. AMML (the management company) has taken over the management and administrative control of the First Prudential Modaraba effective from February 03, 2020. AMML is the wholly owned subsidiary of Pak Brunei Investment Company Limited (Parent Company).

The registered office of First Prudential Modaraba is situated at 3rd floor, Horizon Vista, Plot No. Commercial 10, Block No. 4, Scheme No. 5, Clifton, Karachi.

In addition to the First Prudential Modaraba (FPrM), the Registrar (Modarabas) also appointed AMML, to takeover and manage the affair of the First Pak Modaraba (FPM) and KASB Modaraba (KASBM) in a similar manner and the AMML simultaneously taken over the management and administrative control of these Modarabas.

1.2 SCHEME OF MERGER AND CONSEQUENT RESTATEMENT OF FINANCIAL STATEMENTS OF PRIOR YEAR

The Board of Directors of AMML in their meeting held on March 11, 2022 have approved the scheme of arrangement for merger of FPM and KASBM with and into FPRM. On March 02, 2023, the Honorable High Court of Sindh approved / sanctioned the merger scheme by way of amalgamation of FPM and KASBM (amalgamated modarabas) with and into FPRM (surviving modaraba) effective December 31, 2021.

The entire undertakings includes of all of their assets, liabilities, and obligations of FPM and KASBM stand transferred to and be vested in and assumed by FPRM and consequently, FPM and KASBM stand dissolved without winding-up.

These financial statements have been prepared in accordance with the aforesaid order of the Honorable High Court of Sindh.

On the scheme becoming effective, the authorized certificate capital of FPM and KASBM of Rs 150,000,000 and Rs. 500,000,000 respectively stand merged with the authorized certificate capital of FPRM, consequently the authorized certificate capital of FPRM stand increased to Rs. 1,522,176,600 divided into 152,217,660 modaraba certificates of Rs. 10 each. Further, consequent on the scheme becoming effective the issued, subscribed, and paid-up capital of FPRM stands increased to Rs. 1,293,916,760/- divided into modaraba certificates of Rs. 10 each at swap ratio of 1.00: 0.997 (FPRM: FPM) and 1.00: 1.62 (FPRM: KASBM). The swap ratio was calculated based on audited financial statements for the period ended December 31, 2021.

The Pakistan Stock Exchange Limited (the PSX) through its notice No. PSX/N-407 & 408 dated April 20, 2023 notified the suspension of trading in the certificates of amalgamated modarabas with effect from May 08, 2023 for the entitlement of certificates of surviving modaraba pursuant to amalgamation.

In consideration for the transfer of the entire undertakings of the amalgamated modarabas, the surviving modaraba has issued fully paid modaraba certificates to all the certificate holders of the amalgamated modarabas on May 26, 2023 as per the respective swap ratios.

Furthermore, the PSX through its notice No. PSX/N-637 & 638 dated June 21, 2023 notified the delisting of the certificates of amalgamated modarabas with effect from June 26, 2023.

During the period between the effective date (i.e December 31, 2021) and the order of the Honorable High Court of Sindh (i.e March 02, 2023), the management of the modarabas has also issued separate periodic financial statements of each entity to the respective certificate holders in compliance with the statutory provisions. However, in order to implement the order of the Honorable High Court of Sindh, particularly the effective date of merger, these financial statements have been prepared with the consideration that the entire business of the amalgamated modarabas including properties, assets, liabilities and rights and obligations vested into the surviving modaraba on December 31, 2021.

As the amalgamated modarabas were the group entities under common control, the merger has been accounted for as a common control transaction and predecessor accounting has been applied. Under predecessor accounting, the acquired net assets of amalgamated modarabas are included in the financial statements of FPRM at the same carrying values as recorded in their own financial statements as on December 31, 2021. The results and the statements of financial position of the modarabas are consolidated from date of merger i.e December 31, 2021 in accordance with the requirements of "IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors" by restating the comparative amounts of the prior period.

The details of net assets transferred under the Scheme on December 31, 2021 are as follows:

	June 30, 2022 Previously stated	Impact of Merger			Increase / decrease during the six month period after merger	June 30, 2022 Restated	
		KASBM	FPM	Total			
----- Rupees -----							
Assets							
Property and equipment - own use	2,050,776	-	-	-	-	2,050,776	
Property, plant and equipment - Ijarah	16,651,652	11,448,300	6,662,139	18,110,439	23,564,240	58,326,331	
Intangible assets	102,778	-	150,288	150,288	(80,832)	172,234	
Investment properties	50,105,000	-	-	-	-	50,105,000	
Diminishing musharika finance	309,378,973	108,583,567	60,596,954	169,180,521	71,311,752	549,871,246	
Modaraba, Musharika, Murabaha and other finance - net	-	-	-	-	-	-	
Long term investments	20,533,912	-	-	-	-	20,533,912	
Long term advances and deposits	537,790	-	122,856	122,856	(30,732)	629,914	
Investment against repurchase agreement	23,624,891	-	-	-	-	23,624,891	
Short term investments	3,796,146	27,101,938	9,360,000	36,461,938	(32,021,836)	8,236,248	
Modaraba term deposit	-	27,000,000	13,500,000	40,500,000	(40,500,000)	-	
Ijarah rentals receivable	336,608	119,403	-	119,403	248,073	704,084	
Advances, deposits, prepayments and other receivables	40,180,762	14,431,523	11,991,562	26,423,085	(31,723,197)	34,880,650	
Deferred tax	268,542	-	-	-	(168,723)	99,819	
Advance tax	12,039,284	-	4,201,277	4,201,277	11,582,614	27,823,175	
Cash and bank balances	90,691,899	45,717,738	21,773,436	67,491,174	(12,116,417)	146,066,656	
	570,299,013	234,402,469	128,358,512	362,760,981	(9,935,058)	923,124,936	
Liabilities							
Short term finance	50,000,000	50,000,000	50,000,000	100,000,000	-	150,000,000	
Redeemable capital - participatory and unsecured	-	1,315,000	-	1,315,000	-	1,315,000	
Ijarah deposits	7,711,281	5,571,900	2,462,500	8,034,400	6,108,749	21,854,430	
Deferred liabilities - staff gratuity	-	1,372,036	-	1,372,036	(1,372,036)	-	
Creditors, accrued and other liabilities	25,285,826	15,012,342	6,046,427	21,058,769	(3,235,131)	43,109,464	
Provision for taxation	4,670,444	637,416	241,490	878,906	(5,549,350)	-	
Unclaimed profit distribution	32,370,137	10,497,558	5,895,393	16,392,951	(7,004,099)	41,758,989	
	120,037,688	84,406,252	64,645,810	149,052,062	(11,051,866)	258,037,883	
Net assets	450,261,325	149,996,218	63,712,702	213,708,920	1,116,808	665,087,053	
Represented by:							
Issued, subscribed and paid-up certificate capital	a	872,176,600	480,664,800	125,400,000	606,064,800	-	1,478,241,400
Reduction in share capital on cancellation of ordinary	b	-	(184,657,360)	332,720	(184,324,640)	-	(184,324,640)
Capital issued pursuant to amalgamation	c = a - b	872,176,600	296,007,440	125,732,720	421,740,160	-	1,293,916,760
Revenue reserve	d	(587,211,476)	(322,698,476)	(84,002,197)	(406,700,673)	661,487	(586,549,990)
Capital reserve	e	157,527,004	(8,769,905)	26,829,899	18,059,994	455,321	157,982,325
Unrealised gain on remeasurement of investment cla	f	7,769,197	799,799	(4,515,000)	(3,715,201)	-	7,769,197
Merger reserve	g=b+d+e+f	-	-	(208,031,240)	-	-	(208,031,240)
		450,261,325	149,996,218	63,712,702	213,708,920	1,116,808	665,087,052

Incorporation of merger has resulted in restatement of profit and loss for the year June 30, 2022. The details of impact on statement of profit or loss and statement of comprehensive income are as follows:

Statement of profit and loss account	2022 Previously stated	Impact due to merger	2022 Restated
	----- Rupees -----		
Income			
Income from Diminishing Musharika Finance	23,249,958	16,650,941	39,900,899
Ijarah rentals earned	3,646,005	4,624,603	8,270,608
Income from deposits with banks	9,263,631	2,569,678	11,833,309
Income from investment in sukuk	5,978,961	159,031	6,137,992
Income from Modaraba term deposit	3,088,211	39,393	3,127,604
Income from investment in repurchase agreement	2,112,354	-	2,112,354
Dividend income	1,487,941	82,340	1,570,281
Rental income from investment properties	3,383,832	-	3,383,832
Other income	4,087,444	610,935	4,698,379
	<u>56,298,337</u>		<u>81,035,258</u>
Unrealized (loss) / gain on investments classified as 'fair value through profit or loss	(656,884)	(3,141,378)	(3,798,262)
Unrealized gain on revaluation of investments properties	3,905,000	-	3,905,000
Reversal of provision against doubtful receivables - net	2,103,804	364,542	2,468,346
	<u>61,650,257</u>		<u>83,610,342</u>
Expenses			
Depreciation on Ijarah assets	(2,798,810)	(3,160,760)	(5,959,570)
Administrative expenses	(29,678,259)	(9,061,116)	(38,739,375)
Finance charges	(4,173,556)	(6,578,450)	(10,752,006)
	<u>(36,650,625)</u>	<u>(18,800,326)</u>	<u>(55,450,951)</u>
	24,999,632	3,159,759	28,159,391
Modaraba company's remuneration	(2,206,499)	(957,529)	(3,164,028)
Provision for service sales tax on Management ' Company's remuneration	(286,845)	(124,479)	(411,324)
	<u>(2,493,344)</u>	<u>(1,082,008)</u>	<u>(3,575,352)</u>
Provision for Workers' Welfare Fund	(441,300)	(63,478)	(504,778)
Profit before taxation	22,064,988	2,014,273	24,079,261
Provision for taxation	(2,542,921)	(897,465)	(3,440,386)
Profit after taxation	<u>19,522,067</u>	<u>1,116,808</u>	<u>20,638,875</u>
Earnings per certificate - basic and diluted	<u>0.22</u>	<u>(0.06)</u>	<u>0.16</u>

Statement of comprehensive income	2022 Previously stated	Impact due to merger	2022 Restated
Profit for the year	19,522,067	1,116,808	20,638,875
Other comprehensive income for the year:			
Items that will not be reclassified subsequently to profit and loss			
Unrealised (loss) / gain on remeasurement of investment classified as 'fair value through other comprehensive income	925,682	-	925,682
Unrealized gain on remeasurement of sukuk certificates	552,464	-	552,464
Reversal of unrealized gain on disposal of sukuk certificates	(4,195,000)	-	(4,195,000)
	(2,716,854)	-	(2,716,854)
Total comprehensive income for the year	16,805,213	1,116,808	17,922,021

2 BASIS OF PREPARATION

2.1 Statement of Compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Boards (IASB) as notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017.
- Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulations, 2021; and
- Provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017.

Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021, IFAS, the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 differ from IFRS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021, IFAS, the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 have been followed.

Securities and Exchange Commission of Pakistan (SECP) vide S.R.O 1827 (I)/2022 dated September 29, 2022 has deferred the effective date for applicability of International Financial Reporting Standard (IFRS) 9 - 'Financial Instruments' for Non-Banking Finance Companies and Modarabas. The said standard has superseded International Accounting Standard (IAS) 39 - 'Financial Instruments: Recognition and Measurement'. IFRS 9 is now effective for reporting period / year ending on or after June 30, 2024.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as stated otherwise in these financial statements.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is also the Modaraba's functional and presentation currency. All amounts have been rounded to the nearest rupee, unless otherwise stated.

2.4 Significant accounting estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Modaraba's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to estimates are recognised prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements and information about assumptions and estimation of uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities are included in the following notes:

i)	Classification of financial instruments	Note 4.4
ii)	Provision for impairment	Note 4.5
iii)	Provision for taxation	Note 4.12 & 33
iv)	Determination and measurement of useful life and residual value of property and equipments, intangible assets and ijarah assets.	Note 4.1, 5, 6 & 7
v)	Contingencies	Note 4.10 & 25

3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2023

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Modaraba's operations and did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Modaraba's operations or are not expected to have significant impact on the Modaraba's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards; and
IFRS 17	Insurance Contracts.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are consistently applied to all the periods presented.

4.1 Property and equipment

a) Ijarah and depreciation

Ijarah assets are stated at cost less accumulated depreciation and impairment loss (if any). Depreciation is charged to income applying the straight line method whereby the cost of an asset, less its residual value, is written off over its lease period. In respect of additions and disposals during the year, depreciation is charged proportionately to the period of ijarah lease.

b) In own use and depreciation

Operating assets are stated at cost less accumulated depreciation and impairment loss (if any). Depreciation is charged to profit and loss applying the straight-line method in accordance with the rates specified in note 5 to these financial statements. In respect of additions and disposal during the year, depreciation is charged proportionately to the period of use.

Gains and losses on disposals are determined by comparing the sale proceeds with the carrying amounts. These are recorded in the profit and loss in the period in which they arise.

Assets' residual values, depreciation method and their useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Maintenance and normal repairs are charged to income as and when incurred.

4.2 Intangibles

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only where it is probable that the future economic benefits associated with the asset will flow to the Modaraba and the cost of the item can be measured reliably. Amortization is charged to income using the straight line method in accordance with the rates specified in note 7 to these financial statements. The useful lives and amortization method are reviewed and adjusted, as appropriate, at each reporting date. Amortization is charged from the month the asset is available for use while in the case of assets disposed off, it is charged till the month preceding the month of disposal.

4.3 Investment property

Investment property, which are held for rentals and capital appreciation, are measured initially at its cost, including transaction costs. Subsequent to initial recognition, it is measured at its fair value. Gains or losses arising from changes in the fair value of investment property are included in profit and loss for the period in which they arise.

4.4 Financial Instruments

4.4.1 Financial assets

All financial assets are initially recognized on trade date i.e. date on which the Modaraba becomes party to the respective contractual provisions. Non-derivative financial assets comprise musharakah, morabaha and ijarah rental receivable that are financial assets with fixed or determinable payments that are not quoted in active markets and includes investments, diminishing musharakah finance, long term advances, modaraba term deposits, other receivables and bank balance.

The Modaraba derecognizes the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

4.4.2 Initial measurement of financial asset

The Modaraba classifies its financial assets into following three categories:

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

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.

4.4.3 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in the statement of profit and loss.

Financial assets at amortized cost These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit and loss.

Debt investments at FVTOCI These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in income statement. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit and loss.

Equity investments at FVTOCI These assets are subsequently measured at fair value. Dividends are recognized as income in income statement 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.

Surplus / (Deficit) on re-measurement of FVTOCI investment is presented separately from equity in order to comply with the Modaraba Regulations, 2021.

4.4.4 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as (T+2) purchases and sales are recognized at the trade date. Trade date is the date on which the Modaraba commits to purchase or sell the assets.

4.4.5 Financial liabilities

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

4.5 Impairment

4.5.1 In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

However, NBFI & Modaraba Association of Pakistan, based on the clarification of the SECP, have informed all its members that the provisioning criteria will remain those as framed under Modaraba Ordinance, 1980 and the Modaraba Regulations, 2021. Accordingly, the Modaraba has maintained provision against financial assets in accordance with relevant laws applicable to Modaraba and its own accounting policies. During the reporting period, the SECP has deferred the applicability of all requirements of IFRS 9 for Modarabas upto June 30, 2024 via S.R.O. 1827(I)/2022.

4.5.2 Non-financial assets

The Modaraba assesses at the end of each reporting period whether there is any indication that 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 amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where impairment loss for asset subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income in statement of profit and loss account.

4.5.3 Financial assets classified under Islamic Financial Accounting

In case of assets classified under Islamic Financial Accounting Standards, the assets shall be reviewed and provided for according to the time based criteria mentioned in the Modaraba Regulations, 2021.

4.5.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Modaraba has a legally enforceable right to offset and the Modaraba intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statements only when permitted by the accounting and reporting standards as applicable in Pakistan.

4.6 Ijarah rentals receivable, modaraba, morabaha, musharaka and diminishing musharaka finances

Receivables considered doubtful are provided for in accordance with the requirements of the Modaraba Regulations, 2021. Specific provision is also made for receivables considered doubtful.

4.7 Staff retirement benefits

Defined contribution plan

The Modaraba operates a defined contribution provident fund for all employees who opt for deductions. Equal monthly contributions are made both by the Modaraba and the employees to the fund at the rate of 8.33% to 10% of basic salary.

4.8 Accrued and other liabilities

Accrued expense and other payables are initially recognised at cost which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Modaraba and is subsequently measured at amortised cost.

4.9 Provisions

Provisions are recognized when the Modaraba has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.10 Contingent liabilities

A contingent liability is disclosed when the Modaraba has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Modaraba; or the Modaraba has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.11 Revenue recognition

4.11.1 Ijarah rentals

Income from ijarah is recognized as and when lease rentals become due on a systematic basis over the lease and ijarah period.

Documentation charges, front end fees and other ijarah related income are taken to profit and loss, when they are realized, and are included in other income.

4.11.2 Modaraba, Morabaha and musharaka transactions

Profit on modaraba finance is recognised on the basis of pre-agreed profit / loss sharing ratio where as actual gain / loss on transaction is computed upon termination / completion of transaction.

Profit from musharaka transactions is recognized on the basis of pro rata accrual of the profit estimated for the transaction over the period.

Profit from morabaha finance is accounted for on culmination of morabaha transaction. However, the profit on that portion of morabaha finance not due for payment is deferred by accounting for "Deferred Morabaha Income" with a corresponding credit to "Unearned Morabaha Income" which is recorded as a liability. The same is then recognized on a time proportion basis.

4.11.3 Diminishing musharaka

Profit on diminishing musharaka is recognized as and when profits become due on a systematic basis over the term of diminishing musharaka period.

4.11.4 Rental income

Rental income arising from investment properties is accounted for on accrual basis as per the agreement.

4.11.5 Dividend income

Dividend is recognized as income when the right of receipt is established.

4.11.6 Return on finances

Return on finances is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

4.11.7 Other income

Other income is recognized on receipt basis.

4.11.8 Income from Shariah non-compliant avenues

Income from Shariah non-compliant avenues is not recognized in the profit and loss account and is classified as charity payable.

4.11.9 Mark-up income

Mark-up / return on deposits / investments is recognized on accrual basis using the effective profit rate method.

4.12 Taxation

Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any.

The tax exemption by virtue of Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 has been withdrawn through an amendment dated March 21, 2021 which is subsequently adopted in Finance Act, 2022.

Deferred

Deferred income tax is provided using the balance sheet method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is generally recognized for all taxable temporary differences. Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences and tax losses can be utilized.

4.13 Foreign currencies translation

Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange approximating to those prevalent on the reporting date. Foreign currency transactions are converted into Rupees at the rate of exchange prevailing on the date of transactions. Exchange gains and losses on translation are taken to income.

4.14 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, with banks on current, savings and deposit accounts, as well as balance held with the State Bank of Pakistan (SBP).

4.15 Profit distribution

Profit distribution to the Modaraba's certificate holders is recognized as a liability in the financial statements of the year in which the distributions are approved by the Board of the Management Company.

4.16 Earnings per certificate

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

5 PROPERTY AND EQUIPMENT - OWN USE

The following is the statement of operating fixed assets - own use at the reporting date:

Description	Leasehold Improvements	Office equipment	Furniture and fixtures	Computer equipments	Vehicles	Total
	Rupees					
At July 01, 2022						
Cost	3,100,000	153,400	2,102,716	163,630	3,743,154	9,262,900
Accumulated impairment	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(634,712)	(153,400)	-	(163,630)	(3,561,716)	(4,513,458)
Carrying amount	1,869,338	-	-	-	181,438	2,050,776
Year ended June 30, 2023						
Opening carrying amount	1,869,338	-	-	-	181,438	2,050,776
Additions at cost	-	-	-	117,500	-	117,500
Disposal	-	-	-	-	(954,000)	(954,000)
Depreciation charge for the year	(148,754)	-	-	(22,618)	(181,438)	(352,810)
Accumulated depreciation on disposal	-	-	-	-	954,000	954,000
Closing carrying amount	1,720,584	-	-	94,882	-	1,815,466
At June 30, 2023						
Cost	3,100,000	153,400	2,102,716	281,130	2,789,154	8,426,400
Accumulated impairment	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(783,466)	(153,400)	-	(186,248)	(2,789,154)	(3,912,268)
Carrying amount	1,720,584	-	-	94,882	-	1,815,466
Depreciation rate (% per annum)	5	33	20	33	20	20

Description	Leasehold Improvements	Office equipment	Furniture and fixtures	Computer equipments	Vehicles	Total
	Rupees					
At July 01, 2021						
Cost	3,100,000	870,071	4,258,636	865,588	3,784,654	12,878,949
Accumulated impairment	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(503,750)	(870,071)	(2,155,920)	(865,588)	(3,061,310)	(7,456,639)
Carrying amount	2,000,300	-	-	-	723,344	2,723,644
Year ended June 30, 2022 (Restated)						
Opening carrying amount	2,000,300	-	-	-	723,344	2,723,644
Disposal	-	(716,671)	(2,155,920)	(701,958)	(41,500)	(3,616,049)
Transfer from merged undertaking at WDV (Note 5.1)	-	-	-	-	-	-
Depreciation charge for the year	(130,962)	716,671	2,155,920	701,958	(541,906)	(672,868)
Accumulated depreciation on disposal	1,869,338	-	-	-	41,500	3,616,049
Closing carrying amount	3,100,000	153,400	2,102,716	163,630	3,743,154	9,262,900
	(595,950)	-	(2,102,716)	-	-	(2,698,666)
	(634,712)	(153,400)	-	(163,630)	(3,561,716)	(4,513,458)
	1,869,338	-	-	-	181,438	2,050,776
At June 30, 2022 (Restated)						
Cost	5	33	20	33	20	
Depreciation rate (% per annum)						
5.1	Details of property and equipments transferred from merged undertaking are as follows:					
KASB Modaraba						
Cost / revalued amount	-	2,842,402	329,101	2,124,353	24,450	5,320,306
Accumulated depreciation	-	(2,842,402)	(329,101)	(2,124,353)	(24,450)	(5,320,306)
Carrying amount	-	-	-	-	-	-
First Pak Modaraba						
Cost / revalued amount	-	387,329	572,197	-	-	959,526
Accumulated depreciation	-	(387,329)	(572,197)	-	-	(959,526)
Carrying amount	-	-	-	-	-	-

PLANT AND EQUIPMENT - IJARAH

Description	Plant and machinery	Office equipment	Vehicles	Total
	Rupees			
As at July 01, 2022				
Cost	51,558,681	801,000	114,921,839	167,281,520
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(32,001,988)	(512,150)	(50,241,712)	(82,755,850)
Carrying amount	10,788,681	-	47,537,650	58,326,331
Year ended June 30, 2023				
Opening carrying amount	10,788,681	-	47,537,650	58,326,331
Additions - at cost	35,000,000	-	57,250,000	92,250,000
Disposal - at cost	-	-	(62,240,000)	(62,240,000)
Depreciation charge for the year	(6,943,556)	-	(14,203,116)	(21,146,672)
Accumulated depreciation on disposal	-	-	15,487,084	15,487,084
Closing carrying amount	38,845,125	-	43,831,618	82,676,743
As at June 30, 2023				
Cost	86,558,681	801,000	109,931,839	197,291,520
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(38,945,544)	(512,150)	(48,957,744)	(88,415,438)
Carrying amount	38,845,125	-	43,831,618	82,676,743
Useful life (months)	36 to 60	24 to 60	24 to 60	

Description	Plant and machinery	Office equipment	Vehicles	Total
	Rupees			

As at July 01, 2021

Cost	47,978,781	801,000	71,260,000	120,039,781
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(32,001,988)	(512,150)	(50,976,042)	(83,490,180)
Carrying amount	7,208,781	-	3,141,481	10,350,262

Year ended June 30, 2022 (Restated)

Opening carrying amount	7,208,781	-	3,141,481	10,350,262
Transfer from merged undertaking at WDV (Note 6.1)	3,579,900	-	14,530,539	18,110,439
Additions	-	-	36,976,000	36,976,000
Disposal - at cost	-	-	(7,844,700)	(7,844,700)
Depreciation charge for the year	-	-	(7,110,370)	(7,110,370)
Accumulated impairment	-	-	-	-
Accumulated depreciation on disposal	-	-	7,844,700	7,844,700
Closing carrying amount	10,788,681	-	47,537,650	58,326,331

As at June 30, 2022 (Restated)

Cost	51,558,681	801,000	114,921,839	167,281,520
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(32,001,988)	(512,150)	(50,241,712)	(82,755,850)
Carrying amount	10,788,681	-	47,537,650	58,326,331
Useful life (months)	36 to 60	24 to 60	24 to 60	

6.1 Details of property and equipments transferred from merged undertaking are as follows:

Kasb Modaraba

Cost / revalued amount	33,848,819	-	7,968,000	41,816,819
Accumulated depreciation	(30,268,919)	-	(99,600)	(30,368,519)
Carrying amount	3,579,900	-	7,868,400	11,448,300

First Pak Modaraba

Cost / revalued amount	-	-	8,250,000	8,250,000
Accumulated depreciation	-	-	(1,587,861)	(1,587,861)
Carrying amount	3,579,900	-	6,662,139	6,662,139
Useful life (months)	36 to 60	-	14,530,539	18,110,439
		-	24 to 60	

		2023	Restated 2022
	Note	-----Rupees-----	
7 INTANGIBLE ASSETS			
Computer software	7.1	41,111	172,234
PSX - Trading rights entitlement certificates (TREC)	7.2	-	-
		<u>41,111</u>	<u>172,234</u>
7.1 Computer software			
Opening balance		2,163,135	2,012,847
Transfer from merged undertaking at WDV	7.1.1	-	150,288
Addition / (disposal)		-	-
Closing balance		<u>2,163,135</u>	<u>2,163,135</u>
Amortization			
Opening balance		(1,990,901)	(1,848,402)
Charge for the year (rate 33.33%)		(131,123)	(142,499)
		<u>(2,122,024)</u>	<u>(1,990,901)</u>
Closing balance		<u>41,111</u>	<u>172,234</u>
7.1.1 Details of intangible assets transferred from merged undertaking are as follows:			
KASB Modaraba			
Computer software			
Cost			2,795,000
Accumulated amortization			<u>(2,795,000)</u>
			<u>-</u>
First Pak Modaraba			
Computer software			
Cost			485,000
Accumulated amortization			<u>(334,712)</u>
			<u>150,288</u>
7.2 PSX - Trading rights entitlement certificates (TREC)		5,344,352	5,344,352
Impairment of TREC	7.2.2	<u>(5,344,352)</u>	<u>(5,344,352)</u>
		<u>-</u>	<u>-</u>
7.2.1 Lahore Stock Exchange (LSE) membership card and room was obtained by the Modaraba in the year 2010 against the settlement of certain outstanding balance of a defaulted party.			

Pursuant to demutualization of LSE, the membership card had been surrendered to the Exchange against the following;

- (a) 843,975 ordinary shares of face value of Rs.10 each of LSE; and
- (b) Trading Rights Entitlement Certificates (TREC).

As per the mechanism prescribed by the LSE, the carrying value of the membership card is allocated as follows:

	Note	2023 -----Rupees-----	Restated 2022
Trading Right Entitlement Certificate (TREC).	7.2.2	5,344,352	5,344,352
Broker's room	7.2.3	4,217,500	4,217,500
Ordinary shares of face value of Rs. 10/- each of LSE	7.2.4	12,764,715	12,764,715
		<u>22,326,567</u>	<u>22,326,567</u>

7.2.2 As per section 16 of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012, every TREC holder was required to register itself as a broker within two years of the date of demutualization i.e. by August 26, 2014, failure to which would be resulted in the lapse of the TREC. The impairment has been recorded as the Modaraba did not register itself as a broker before the expiry of the said date.

7.2.3 The carrying amount of the Broker's room is included in "property and equipment - own use" under office premises (refer note 5).

7.2.4 The carrying amount of ordinary shares is included in "long term investment" (refer note 10).

8 INVESTMENT PROPERTIES - CARRIED AT FAIR VALUE

The following is the statement of investment property at the reporting date:

Description	Office suite (Note 8.1)	Four shops (Note 8.2)	Total
	Rupees		
Net carrying value basis			
year ended June 30, 2023			
Opening net book value	33,705,000	16,400,000	50,105,000
Closing net book value	57,780,000	16,400,000	74,180,000
Gross carrying value basis			
year ended June 30, 2023			
Cost / revalued amount	33,705,000	16,400,000	50,105,000
Gain from fair value adjustment	24,075,000	-	24,075,000
Closing net book value	57,780,000	16,400,000	74,180,000
Net carrying value basis			
year ended June 30, 2022			
Opening net book value	29,800,000	16,400,000	46,200,000
Closing net book value	33,705,000	16,400,000	50,105,000
Gross carrying value basis			
year ended June 30, 2022 (Restated)			
Cost / revalued amount	29,800,000	16,400,000	46,200,000
Gain from fair value adjustment	3,905,000	-	3,905,000
Closing net book value	33,705,000	16,400,000	50,105,000

- 8.1 Office suite represents two offices in Lakson Sqaure, Karachi, acquired through a settlement agreement.
- 8.2 Represents shops in Zarkoon Plaza, Sadar, Rawalpindi acquired through a settlement agreement.
- 8.3 Investment property is revalued by an independent valuer named Ocean Surveyors (Private) Limited as at June 30, 2023.
- 8.4 Forced sales value of office suite, Karachi and Zarkoon Plaza shops as of June 30, 2023 amount to Rs. 46.224 million and Rs. 13.12 million, respectively.

		2023	Restated 2022
	Note	-----Rupees-----	
9 DIMINISHING MUSHARIKA			
Diminishing musharaka finance - considered good	9.1	927,302,191	599,921,507
Diminishing musharaka finance - doubtful		539,959	666,134
Unearned Income		(273,860,274)	(50,050,261)
		<u>653,981,876</u>	<u>550,537,380</u>
Less: provision for non-performing diminishing musharaka	9.2	<u>(539,959)</u>	<u>(666,134)</u>
		<u>653,441,917</u>	<u>549,871,246</u>
Less: Current portion of diminishing musharika		<u>(190,537,594)</u>	<u>(214,660,675)</u>
		<u><u>462,904,323</u></u>	<u><u>335,210,571</u></u>

9.1 This represent diminishing musharaka financing for a term of 3 to 5 years. These carry profit rate ranging from 14.00% and 26.58% (2022: 11.85% and 20%). All diminishing musharaka arrangements are secured against hypothecation of assets, personal guarantees and promissory notes.

9.2 As at December 31, 2021, total outstanding exposure of Rs. 221.410 million and Rs. 66.103 million were merged with the Modaraba from KASB Modaraba and First Pak Modaraba respectively out of which Rs. 0.666 milllion relating to KASB Modaraba were doubtful and fully provided as per Modaraba regulations, 2021.

9.3 Movement of Provision

Opening balance		666,134	666,134
Reversal of provision during the year		(126,175)	-
Closing balance		<u>539,959</u>	<u>666,134</u>

10 LONG TERM INVESTMENTS

Investment classified as 'fair value through other comprehensive income

Unquoted Companies	10.1	-	20,533,912
Quoted Companies	10.2	9,006,813	-
		<u>9,006,813</u>	<u>20,533,912</u>

10.1 Unquoted companies

2023	2022		Note	2023	Restated 2022
Number of Shares				Rupees	
1,594,744	1,594,744	Prudential Securities Limited			
		Cost	10.1.1	9,048,707	9,048,707
		Less: Impairment		(9,048,707)	(9,048,707)
				-	-
		Prudential Discount and Guarantee House Limited			
191,700	191,700	Cost	10.1.1 & 10.1.2	1,041,815	1,041,815
		Less: Impairment		(1,041,815)	(1,041,815)
				-	-
843,975	843,975	LSE Financial Services Limited			
		Cost	10.2.1	-	12,764,715
		Fair value adjustment		-	7,769,197
				-	20,533,912
				-	20,533,912

10.1.1 Due to adverse financial conditions of the investee Company, investments have been fully impaired.

10.1.2 The Honorable Islamabad High Court (IHC) has issued the winding up order on January 18, 2018 on petition of SECP. IHC vide its order dated November 15, 2021 have ordered to appoint official liquidator, in this regard, the official liquidator has been appointed on March 21, 2023.

10.2 Quoted Companies

2023	2022			2023	Restated 2022
Number of Shares				Rupees	
295,535	-	LSE Proptech Limited			
		Cost	10.2.1	3,313,951	-
		Fair value adjustment		(1,892,428)	-
				1,421,523	-
842,810	-	LSE Ventures Limited			
		Cost	10.2.1	9,450,764	-
		Fair value adjustment		(1,865,474)	-
				7,585,290	-
				9,006,813	-

10.2.1 The Lahore High Court vide order dated April 26, 2023 has approved the demerger of LSE Financial Services Limited and split it into two following Companies:

- LSE Proptech Limited
- LSE Ventures Limited

Accordingly, the entire investment of modaraba in LSE Financial Services has been converted into the above-mentioned companies with actual number of shares allotted as LSE Proptech Limited (295,535 shares) and LSE Ventures Limited (842,810 shares).

		2023	Restated 2022
	Note	-----Rupees-----	
11 LONG TERM ADVANCES AND DEPOSITS			
Long term advances	11.1	241,703	402,414
Long term deposits	11.2	488,300	227,500
		<u>730,003</u>	<u>629,914</u>

11.1 Long term advances

Secured and interest free			
To employees - considered good	11.1.1	1,171,464	1,154,632
Less: Due within one year shown under current assets		(929,761)	(752,218)
		<u>241,703</u>	<u>402,414</u>

11.1.1 This represents interest free loans to the employees as per terms of the employment and are secured against Provident Fund (PF) balances of employee.

11.2 Long term deposits

Margin deposit	11.2.1	3,000,000	3,000,000
Other deposits		488,300	227,500
		3,488,300	3,227,500
Less: Provision against doubtful amounts		(3,000,000)	(3,000,000)
		<u>488,300</u>	<u>227,500</u>

11.2.1 This margin deposit was held with a defaulted broker, Prudential Securities Limited, whose operations have been ceased by PSX and the Modaraba has filed a claim with the PSX for the amount. Upon confirmation of event of default, the provision was made accordingly.

12 DEFERRED TAXATION - NET

The defferred tax asset is attributable to the following items

Deductible temporary differences

Tax losses carry forward	2,902,413	3,589,871
Alternate corporate tax	8,317,079	2,784,489
Provision for gratuity	82,569	96,420
Property and equipment	747,971	-

	Note	2023 -----Rupees-----	Restated 2022
Taxable temporary differences			
Property and equipment		-	(4,496,230)
Long term investments		(1,056,355)	(1,874,731)
		<u>10,993,677</u>	<u>99,819</u>

13 MODARABA, MUSHARIKA, MURABAHA AND OTHER FINANCE

Modaraba, musharaka and morabaha finance			
Considered good		-	-
Considered doubtful	13.1	468,341,342	517,237,262
		468,341,342	517,237,262
Less: Provision against doubtful debts	13.2	(468,341,342)	(517,237,262)
		-	-
Other finance - unsecured			
Considered doubtful		-	5,259,509
Less: Provision against doubtful debts	13.3	-	(5,259,509)
		-	-
		-	-

13.1 This includes amount of Modaraba, Musharaka and Morabaha finance receivable from various parties, outstanding since many years. Based on the guidelines of Modaraba Regulations outstanding balances against these finances have been fully provided and income thereon has been suspended accordingly.

13.2 Movement of provision for Modaraba, Musharaka and morabaha finance

Opening balance		517,237,262	517,237,262
Written off during the year		(39,285,290)	-
Reversal of provision during the year	13.3.1	(9,610,630)	-
Closing balance		<u>468,341,342</u>	<u>517,237,262</u>

13.3 Movement of provision for other finance

Other finance - unsecured			
Opening balance		5,259,509	7,727,855
Reversal of provision during the year	13.3.1	(5,259,509)	(2,468,346)
Closing balance		<u>-</u>	<u>5,259,509</u>

13.3.1 The reversal of provision has been made to extent of actual amount recovered from a customer.

		2023	Restated 2022
	Note	-----Rupees-----	
14 INVESTMENTS AGAINST REPURCHASE AGREEMENT			
	14.1	-	23,624,891

14.1 During the year 2022, Modaraba entered into an agreement with the shareholder of a Company (Investee Company) for the purchase of 690,108 shares of the Investee Company. Concurrently, a separate agreement was also concluded with another shareholder of the Investee Company for the sale of underlying shares. During the year, the transaction has been settled at an agreed price and an income at IRR of 16% has been recognised from the date of purchase till the sale date in these financial statements as per the agreement.

15 INVESTMENTS

Amortised cost

Term Deposits Receipts - considered doubtful	15.1	-	-
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Fair value through profit or loss

Quoted securities	15.2	6,539,334	8,236,248
		<u>6,539,334</u>	<u>8,236,248</u>

15.1 Modaraba had entered into an agreement dated December 06, 2012, with the Invest Capital Investment Bank Limited (ICIBL) for settlement of the Term Deposit Receipt of Rs.10 million. As per the terms, the entire mark-up / profit / penalties accrued upto the date of settlement agreement were waived off by the Modaraba. The balance was receivable in 60 equal monthly instalments of Rs. 166,667 each beginning from December 10, 2012 at Nil profit. Rescheduled amount was as follows:

Term Deposit Receipt as at December 06, 2012		10,000,000	10,000,000
Less: Amortization charge		(2,000,000)	(2,000,000)
Less: received in earlier period		<u>(3,219,433)</u>	<u>(3,219,433)</u>
Net receivable		4,780,567	4,780,567
Less: provision against doubtful recoveries	15.1.1	<u>(4,780,567)</u>	<u>(4,780,567)</u>
		<u>-</u>	<u>-</u>

15.1.1 During the course of due diligence conducted as of November 30, 2014 and on the basis of correspondence provided by ICIBL it was revealed that the Modaraba had entered into an arrangement of Portfolio Management Services with ICIBL and a limited liability company was incorporated for this purpose in 2010, under which ICIBL incurred an expenditure of Rs. 5.78 million on account of bidding for Pakistan Stock Exchange (PSX) then Karachi Stock Exchange Limited (KSE) membership as authorized by previous Board of Directors of the Modaraba Management Company in their meeting held on April 25, 2010. The Modaraba filed an application to SECP for relaxation of Regulation 7(7) of the Prudential Regulations for Modarabas for investing in an unlisted entity which was rejected. This resulted in forfeiture of amount paid for bidding for purchase of membership card by KSE. These facts were not on record nor reflected in the books of accounts of the Modaraba in subsequent years before incorporated in financial statements for the year ended June 30, 2014.

Following is the detail of shares of listed entities - held by the Modaraba at the reporting date:

Shares of listed companies - Fully paid up ordinary shares of Rs. 10 each, unless stated otherwise:

2023	2022		2023	Restated 2022
-----Rupees-----			-----Rupees-----	
Number of Shares / Units		Name of Investee Company / Fund		
			Note	
525	525	Nishat Mills Limited*		29,804
54,367	54,367	The Hub Power Company Limited		38,803
1,495	1,495	Sui Northern Gas Pipeline Limited*		3,782,856
16,468	16,468	Thal Limited*		58,858
348	348	Hussain Industries Limited*	15.2.1	2,667,816
1,670,720	1,670,720	Prudential Stock Fund	15.2.1	4,440,102
360,000	360,000	Zeal-Pak Cement Factory Limited	15.2.1	-
<u>2,103,923</u>	<u>2,103,923</u>			<u>6,539,334</u>
				<u>8,236,248</u>

15.2.1 These investee Companies and Fund are suspended or delisted in prior years, and have been provided in full.

* These shares are not in the name of the Modaraba: Nishat Mills Limited 25 (June 30, 2022: 25) shares (Second Prudential Modaraba), Sui Northern Gas Pipeline Limited 254 (June 30, 2022: 254) shares and Hussain Industries Limited 348 (June 30, 2022: 348) shares (Third Prudential Modaraba) and Thal Limited 16,468 (June 30, 2022: 16,468) shares (KASB Modaraba).

		2023	Restated 2022
	Note	-----Rupees-----	
15.2.2	Net unrealized (loss) / gain on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net		
	Weighted average cost of investments	8,236,248	12,034,510
	Unrealized (loss) / gain on changes in fair value	(1,696,913)	(3,798,262)
	Market value of investments	<u>6,539,334</u>	<u>8,236,248</u>
16	IJARAH RENTAL RECEIVABLE		
	Considered good	3,136,775	704,084
	Considered doubtful	61,847,457	69,759,016
		<u>64,984,232</u>	<u>70,463,100</u>
	Less: provision for doubtful receivables	(61,847,457)	(69,759,016)
		<u>3,136,775</u>	<u>704,084</u>
16.1	Future minimum ijarah rentals receivable		
	Within one year	30,947,887	5,169,862
	After one year but not more than five years	46,842,352	6,673,225
		<u>77,790,239</u>	<u>11,843,087</u>
16.2	Movement of Provision		
	Opening balance	69,759,016	73,136,848
	Reversal of provision during the year	16.2.1 (7,911,559)	(3,377,832)
	Closing balance	<u>61,847,457</u>	<u>69,759,016</u>
16.2.1	The reversal of provision has been made to extent of actual amount recovered from a customer.		
17	RECEIVABLE AGAINST SALE OF AGRICULTURE PRODUCE - SECURED		
	Considered doubtful	17.1 46,011,658	46,011,658
	Less: Provision for doubtful receivables	(46,011,658)	(46,011,658)
		<u>-</u>	<u>-</u>

17.1 During 2016 KASB Modaraba (KASBM) & First Prudential Modaraba (FPrM) entered into a joint project for crushing of banola seed and sale of oil cake (Khal) in the market. M/s Pakistan Phutti International Limited (PPIL) was engaged as seller & service provider responsible for sale of agriculture produce. Subsequently, natural cyclical shortage in productivity of cotton crop affected the availability of the banola seed and therefore the project was prudently discontinued by the management to safeguard the interest of the Modaraba. As per settlement agreement dated April 27, 2016, with PPIL advance for purchase of banola seed was converted into ijarah finance (secured) leaving a balance of Rs. 46.012 million receivable against sale of agriculture produce. Receivable amount is secured against Registered Mortgage on Property of service provider. After continuous default of payment the management of Modaraba has filed recovery suits in the Banking Courts which is pending adjudication. The management and the legal counsel are optimistic on favorable outcome of the case. However, on prudent basis the management has fully provided the outstanding balance. The details of receivables are as under:

	KASB Modaraba	First Prudential Modaraba	Total
	-----Rupees-----		
Initial investment	51,000,000	81,000,000	132,000,000
Add: Gain on sale of agriculture produce	1,060,000	1,590,000	2,650,000
Less: Receipt against sale of agriculture produce	(14,353,590)	(14,473,432)	(28,827,022)
Less: Converted to Ijarah financing	(19,311,320)	(40,000,000)	(59,311,320)
Less: Consultancy charges	(194,950)	(305,050)	(500,000)
	<u>18,200,140</u>	<u>27,811,518</u>	<u>46,011,658</u>
Provision for doubtful receivable against sale of agriculture	<u>(18,200,140)</u>	<u>(27,811,518)</u>	<u>(46,011,658)</u>
Balance as at June 30, 2023	-	-	-
Balance as at June 30, 2022	-	-	-

18 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Note	Considered good		Considered doubtful		Total	
	June 2023	June 2022 (Restated)	June 2023	June 2022 (Restated)	June 2023	June 2022 (Restated)
	-----Rupees-----					
Advance						
Income tax	18.1	-	1,673,957	-	-	1,673,957
To staff - Secured	11.1 & 18.2	929,761	752,218	1,814,000	1,814,000	2,743,761
Against purchase of assets	18.3	48,468,500	22,661,500	-	-	48,468,500
		<u>801,627</u>	<u>715,353</u>	<u>-</u>	<u>-</u>	<u>801,627</u>
Prepayments						
Other receivables from						
Brokers on account						
- of sale of shares	18.4	-	-	77,095,768	77,095,768	77,095,768
- of advance for shares	18.5	-	-	19,432,273	19,432,273	19,432,273
A bank	18.6	-	-	10,241,347	10,241,347	10,241,347
Return on deposits						
with banks		752,237	1,596,671	-	-	752,237
Others		5,461,244	7,480,951	18,381,590	18,381,590	23,842,834
Sub total		<u>56,413,369</u>	<u>34,880,650</u>	<u>126,964,978</u>	<u>126,964,978</u>	<u>183,378,347</u>
Provision for doubtful receivables		<u>-</u>	<u>-</u>	<u>(126,964,978)</u>	<u>(126,964,978)</u>	<u>(126,964,978)</u>
		<u>56,413,369</u>	<u>34,880,650</u>	<u>-</u>	<u>-</u>	<u>56,413,369</u>

- 18.1 This represents an amount of Rs. 1.674 million forcefully withdrawn from bank by the Taxation Authorities on March 14, 2016 against which the Modaraba has filed an application for refund due to the fact that the amount was wrongly withdrawn on the ground that original return filed for the year 2009 was erroneous. The withdrawal was based on the original return filed whereas the revised return filed and order passed by the Additional Commissioner of Inland Revenue in favor of the Modaraba has been ignored. The management is confident that the amount will be recovered from the tax authority.
- 18.2 The balances are secured against Provident Fund (PF) balances of employees.
- 18.2.1 The doubtful amount of Rs.1.8 million was paid to an ex-managing director of the Modaraba without prior approval of the board of directors of previous Modaraba Management Company (Prudential Capital Management Limited) for the purchase of a motor vehicle. The Modaraba has initiated legal proceedings for the recovery of said amount from the ex-managing director.
- 18.3 This represents amount paid as advance to Automobile Companies against purchase of assets in relation to diminishing musharika facilities.
- 18.4 The doubtful amount includes claim of Rs. 64.62 million receivable from a defaulted stock broker – Investec Securities Limited. Various proposals were initiated in past but none of them was materialized for settlement. In one of the proposal, the said broker has offered / transferred shares and certificates of following entities which were not acknowledged by the Management of the Modaraba, owing to the weak financial position of the entities and significance of the amount of claim. Accordingly, the management of the Modaraba has not accepted the shares / certificates as satisfaction of claim and same is not recorded in the books of account. Detail of shares / certificates offered / transferred is as under:

Name of entities	No. of shares / certificates
Zeal-Pak Cement Factory Limited	10,400,000
Usman Textile Mills Limited	700,000
First Investec Modaraba	500,000
Investec Securities Limited	200,000

this also includes an amount receivable from Prudential Securities limited (PSL) on account of advance for purchase of securities amounting to Rs. 1 million and other receivable amounting to Rs. 10.476 million. Since the operations of PSL were suspended. Keeping in view the remote chance of recovery, provision against the full amount has been recorded by the First Pak Modaraba.

- 18.5 This amount includes Rs. 17.889 million paid as advance for purchase of securities from Prudential Securities Limited (PSL). Remaining amount of Rs. 0.54 million is blocked in CDC-sub account of the said broker against various shares.

Name of companies	No. of Shares
Al-Ghazi Tractors Limited	500
Javed Omer Vohra & Company Limited	1,000
Pakistan Petroleum Limited	2,100

Operations of PSL have been ceased by PSX and the Modaraba has filed a claim with the PSX for the whole amount. However on confirmed existence of event of default, the provision was made accordingly.

- 18.6 This represents an unauthorised amount debited to Modaraba's account by a scheduled commercial bank on behalf of a party considered to be a group Company. The Modaraba filed a suit for recovery under the Financial Institutions (Recovery of Finances) Ordinance, XLVI of 2001 which was decreed against the Modaraba only due to the reason that it was time-barred. Management of the Modaraba filed an appeal in the Sindh High Court against the judgment of the Banking Court. The Sindh High Court has set aside the decree of the Banking Court with the directions that the Banking Court, in the first instance, shall decide the application for leave to defend moved by the Bank. The case is under process with the Banking Court.

	Note	2023	Restated 2022
		-----Rupees-----	
19 CASH AND BANK BALANCES			
Cash in hand		-	-
Balances with banks			
Current accounts		25,230,031	20,850,310
Saving accounts	19.1	61,100,296	125,216,346
		86,330,327	146,066,656
		86,330,327	146,066,656

- 19.1 The balance in saving accounts carry profit at an average rates ranging from 3.75% to 15.00% per annum (June 30, 2022: 3.75% to 13.00% per annum).

20 CERTIFICATE CAPITAL

2023	2022		2023	2022
No. of certificates			Rupees	
<u>152,217,660</u>	<u>152,217,660</u>	Authorised Modaraba certificates of Rs.10 each	<u>1,522,176,600</u>	<u>1,522,176,600</u>
13,451,650	13,451,650	Issued, subscribed and paid-up Modaraba certificates of Rs.10 each fully paid in cash	134,516,500	134,516,500
8,864,716	8,864,716	Modaraba certificates of Rs.10/-each fully paid bonus certificates	88,647,160	88,647,160
64,901,294	64,901,294	Modaraba certificates of Rs.10/- issued under scheme of arrangement for amalgamation with Second and Third Prudential Modaraba	649,012,940	649,012,940
42,174,016	42,174,016	Modaraba certificates of Rs.10/- issued under scheme of arrangement for amalgamation with KASB Modaraba and First Pak Modaraba	1.2 421,740,160	421,740,160
<u>129,391,676</u>	<u>129,391,676</u>		<u>1,293,916,760</u>	<u>1,293,916,760</u>

As at June 30, 2023, Awwal Modaraba Management Limited, the management company of the Modaraba, held 12,939,167 (June 30, 2022: 12,939,167) certificates of Rs. 10/- each of the Modaraba.

		2023	Restated 2022
	Note	Rupees	
21 IJARAH DEPOSITS			
Ijarah deposits		38,033,805	21,854,430
Less: Current portion ijarah deposit		<u>(14,670,556)</u>	<u>(11,508,681)</u>
		<u>23,363,249</u>	<u>10,345,749</u>
22 SHORT TERM FINANCE	22.1	<u>150,000,000</u>	<u>150,000,000</u>

22.1 The Modaraba has availed finance facility of Rs.150 million under Wakala Agreement dated December 29, 2022 from Pak Brunei Investment Company Limited (PBICL). As per terms of the agreement, PBIC acts as Muwakkil (the principal) and Modaraba as Wakil (the agent) to execute the Shariah Compliant transactions through and as part of the Wakil's pool of assets for deployment of funds under the extended facility.

The facility shall be matured on December 28, 2023 and may thereafter be extended by a further period or periods of one year each if approved by both parties. Return to the Muwakkil on investment is expected at 3 Months KIBOR + 2% per annum.

The facility was secured by way of First Hypothecation charge on all present and future assets of the Modaraba equivalent to PKR. 200,000,000 with 25% margin.

23	ACCRUED AND OTHER LIABILITIES	Note	2023	Restated 2022
			-----Rupees-----	
	Accrued expenses		2,871,702	2,332,810
	Modaraba Company's remuneration	31	11,797,122	4,080,364
	Share in common expenses		5,616,754	7,607,016
	Takaful premium payable		3,291,369	3,229,538
	Sindh workers' welfare fund	23.1	5,786,678	3,860,875
	Charity payable	23.2	396,346	556,765
	Gratuity payable	23.3	1,592,270	1,307,550
	Client share against diminishing musharika finance		2,314,922	13,054,023
	Others		8,239,920	7,080,523
			<u>41,907,083</u>	<u>43,109,464</u>

23.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015, the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.5 million, is required to pay to Sindh Workers' Welfare Fund (SWWF) a sum equal to two percent of such income in respect of that year. As per the said SWWF Act the applicability of Sindh Worker's Welfare Fund is effective from the financial year of the entities ended on or after December 31, 2013.

The matter was taken up by the NBF & Modaraba Association of Pakistan with the Sindh Revenue Board (SRB) collectively on behalf of various modaraba management companies (including the Management Company of the Modaraba) whereby it was contested that modarabas should be excluded from the ambit of the SWWF Act as these were not industrial establishments due to their nature of business. The SRB held that modarabas were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act.

The NBF & Modaraba Association of Pakistan is contemplating to file petition against such levy, as Sindh High Court has granted stay to various Banks and Financial Institutions in Suit No.610 of 2017. However, the management of the Modaraba in consultation with the legal advisor has decided to record a provision on prudent basis. Accordingly provision has been made at the rate of 2% of taxable income, effective after June 30, 2014. During the year, an amount of Rs. 1,925,803 (2022: Rs.504,778) have been provided.

23.2 This includes amounts relating to charity accrued on various non-Shariah compliant avenues. The management utilizes the balances as per the requirements of Clause VI of circular no 8 of 2012 (Shari'ah Compliance and Shari'ah Audit Mechanism) for modarabas.

	2023	Restated 2022
	-----Rupees-----	
Charity payable		
Opening balance	556,765	3,003,470
Add: Amount credited during the year	1,006,571	1,046,765
	<u>1,563,336</u>	<u>4,050,235</u>
Less: Paid/ Adjusted during the year	(1,166,990)	(3,493,470)
Closing balance	<u><u>396,346</u></u>	<u><u>556,765</u></u>

23.3 Prior to merger, KASB Modaraba (Merged Modaraba) operated unfunded gratuity scheme for all eligible employees who have completed minimum qualifying period of service. The management intends to follow the same policy for terminal benefits (Provident Fund) as applicable in surviving modaraba. Therefore, deferred liability against gratuity is recorded as current liability computed on full termination basis of the respective modaraba employees.

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 Taxation officer while making assessment in respect of tax years 2006, 2007 and 2008 disallowed certain expenses on account of apportionment between normal and presumptive income and created an additional demand of Rs. 6.53 million. The Modaraba filed an appeals and hence, no provision has been made in these financial statements in this regard as the management is confident that outcome of the appeals will be decided in favour of the Modaraba.

24.1.2 The Modaraba received a letter dated October 01, 2018 from the Assistant Commissioner (Unit-12) of the Sindh Revenue Board (SRB), wherein, it is mentioned that through scrutiny of the financial statements of the Modaraba (for the periods from July 2011 to March 2018 fiscal year years 2012-2017), it came to their notice that the Modaraba is engaged in providing / rendering taxable services which falls under the Second Schedule of Sindh Sales Tax on Services Act, 2011 (the SSTS Act), and the sales tax on such services, i.e. on lease rentals / lease financing transactions remains outstanding which aggregated to Rs. 29.527 million. Such letters were also received by some other Modarabas and it was collectively decided that under the supervision of NBFBI and Modaraba Association Pakistan, a petition against the same was filed through a common legal counsel with Honorable High Court of Sindh (HCS) challenging levy of Services Sales Tax on lease rentals / lease financing transactions including the vires of various headings of the Second Schedule of the Act. A stay order in this regard has been granted by the HCS stating that no adverse order in respect of the proposed treatment shall be made against the Petitioners. The matter is pending adjudication at the reporting date.

24.2 Commitment

There was no commitment as at the reporting date (2022: none).

	2023	Restated 2022
	-----Rupees-----	
26 IJARAH RENTALS EARNED	<u>28,580,831</u>	<u>8,270,608</u>
27 OTHER INCOME		
Gain on disposal of property and equipment -Ijarah	1,461,717	-
Gain on disposal of property and equipment - Own	855,000	50,000
Differential of takaful premium recovered from customers	433,562	3,917,286
Documentation charges and others	1,686,742	324,990
Miscellaneous Income	502,847	307,374
Cost of fund recovered on settlement 27.1	11,025,000	-
Termination charges on diminishing Musharaka / Ijarah	1,338,554	98,729
	<u>17,303,422</u>	<u>4,698,379</u>

27.1 This represents excess amount recovered from a customer Monolite CNG International (Private) Limited.

		2023	Restated 2022
	Note	-----Rupees-----	
28	REVERSAL OF PROVISION AGAINST DOUBTFUL RECEIVABLES-NET		
		9,610,630	-
		7,911,559	-
		126,175	-
	13.3.1	5,259,509	2,468,346
		<u>22,907,873</u>	<u>2,468,346</u>
29	ADMINISTRATIVE EXPENSES		
	29.1	24,543,091	13,238,594
		6,798,231	3,549,867
		2,223,890	1,675,036
		2,449,103	1,819,213
		882,657	488,403
		611,433	162,065
		691,862	440,028
	5	352,810	672,868
	7	131,123	142,499
	29.2	1,109,494	1,092,632
		752,153	404,321
		570,139	121,455
		9,300	42,734
		3,393,188	2,111,974
		736,602	173,903
		1,022,360	162,551
		999,208	951,219
		1,612,180	3,178,301
		3,183,722	-
		9,564,728	8,265,120
		166,129	46,592
		<u>61,803,403</u>	<u>38,739,375</u>

29.1 Remuneration of officers and other employees

	2023			2022 (Restated)		
	Officers	Other employees	Total	Officers	Other employees	Total
	-----Rupees-----			-----Rupees-----		
Remuneration	16,466,725	5,131,410	21,598,135	10,138,315	2,496,952	12,635,267
Provident fund	726,680	188,436	915,116	115,824	72,480	188,304
Medical	573,475	204,905	778,380	144,360	102,968	247,328
Fuel	1,176,435	-	1,176,435	-	118,665	118,665
Others	33,975	41,050	75,025	13,000	36,030	49,030
	<u>18,977,290</u>	<u>5,565,801</u>	<u>24,543,091</u>	<u>10,411,499</u>	<u>2,827,095</u>	<u>13,238,594</u>
No. of persons	6	9	15	2	11	13

	2023	Restated 2022
	-----Rupees-----	

29.2 Auditor's Remuneration

Statutory audit	750,000	683,067
Half year review	300,000	167,292
Review of code of corporate governance	50,000	25,653
Out of pocket expenses	9,494	152,051
Other services	-	64,569
	<u>1,109,494</u>	<u>1,092,632</u>

30 FINANCIAL CHARGES

Bank charges	42,098	43,059
Return on short term finance	31,727,888	8,168,917
Return on musharika finance	-	2,540,030
	<u>31,769,986</u>	<u>10,752,006</u>

31 MANAGEMENT COMPANY'S REMUNERATION

Management company's remuneration	<u>9,629,014</u>	<u>3,164,028</u>
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The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 up to a maximum of 10% per annum of the net annual profits of the Modaraba.

32 PROVISION FOR SERVICE SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION

The Sindh Revenue Board (SRB) has imposed Sindh Sales Tax (SST) on the Modaraba Management Company's remuneration with effect from 01 November 2011. In view of the fact that the remuneration is profit sharing rather than a fixed fee against rendering of management services by the Modaraba Management Company, the NBFi and Modaraba Association of Pakistan, on behalf of Modarabas filed a constitutional petition in the Honorable High Court of Sindh against which the Honorable High Court of Sindh granted an interim stay order. Subsequently, the Honorable High Court of Sindh, in its judgment dated April 27, 2015, directed the NBFi and Modaraba Association of Pakistan to seek remedy in accordance with the law.

The Modaraba Management Company has not received any demand notice from SRB for payment of SST on Management Company's remuneration and accordingly, based on legal advisor's opinion obtained by one of the Modaraba under common management, can neither file any petition challenging the levy of SST on Management Company's remuneration nor can join the proceedings of pending petition in the Court. As a matter of abundant caution the management is accruing SST on Management Company's remuneration in these financial statements and will discharge the liability on direction of the Court based on outcome of the petition filed by other Modaraba Management Companies.

	2023	Restated 2022
	-----Rupees-----	
33 PROVISION FOR TAXATION		
Current	8,638,511	3,540,203
Deferred	(10,893,859)	(99,817)
	(2,255,348)	3,440,386

33.1 Relationship between tax expense and accounting profit

Profit before tax	96,290,138	24,079,261
Tax at the applicable rate of 29%	27,924,140	6,982,985
Tax effect of income taxed at lower rate	(225,393)	(219,839)
Tax effect of permanent differences due to reversal of provision and tax loss on sale of ijarah asset	-	(878,745)

	2023	Restated 2022
	-----Rupees-----	
Tax effect of permanent differences due to tax losses, and revaluation of property / investment and alternative corporate tax	<u>(29,954,095)</u>	<u>(2,444,015)</u>
	<u>(2,255,348)</u>	<u>3,440,386</u>

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any.

34 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

Basic

Profit for the year (Rupees)	<u>98,545,486</u>	<u>20,638,875</u>
Weighted average number of ordinary certificates	<u>129,391,676</u>	<u>129,391,676</u>
Earnings per certificate (Rupee per certificate)	<u>0.76</u>	<u>0.16</u>

Diluted

Diluted earnings per certificate has not been presented as the Modaraba does not have any convertible instruments in issue as at reporting date which would have any effect on the earnings per certificate if the option to convert is exercised.

35 CAPITAL MANAGEMENT

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

The Modaraba manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. As at reporting date Modaraba has short term finance facility and has sufficient surplus funds to manage the affairs of the Modaraba effectively. Further, the Modaraba has very positive current ratio of 1.44:1 (2022: 1.82:1 - restated).

Consistently with others in the industry, the Modaraba monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. The Modaraba is not subject to externally exposed capital requirement. The gearing ratio of the Modaraba at year end is as follows:

	2023	2022
Debts	150,000,000	150,000,000
Bank balances	(86,330,327)	(146,066,656)
Net debt	<u>63,669,673</u>	<u>3,933,344</u>
Equity	<u>734,975,691</u>	<u>657,317,856</u>
Net debt to equity ratio	<u>0.088:1</u>	<u>0.006:1</u>

36 FINANCIAL RISK MANAGEMENT

The Modaraba's activities expose it to a variety of financial risks liquidity risk, credit risk and market risk (including currency risk, profit rate risk and other price risk). The Board of the Management Company has overall responsibility for the establishment and oversight of the Modaraba's risk management framework.

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

The Modaraba's principal financial liabilities comprise Musharaka finance and other liabilities. The Modaraba's principal financial assets comprise of ijarah rentals receivable, musharaka, morabaha and other finance and cash and bank balances that arrive directly from its operations. The Modaraba also holds investments classified as fair value through profit or loss, fair value through other comprehensive income and at amortised cost.

36.1 Liquidity risk management

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 will be required to pay its liabilities earlier than expected or will face 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 stress conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. The Modaraba holds total current assets of Rs. 365.823 million against its current liabilities of Rs. 253.590 million which leads excess of current assets over current liabilities of Rs. 112.233 million.

The table below analyses the Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity date. However, Modaraba has adequate funds to pay off its liabilities. The amounts in the table are the contractual undiscounted cash flows.

	Total	Up to three months	More than three months & up to one year	More than one year
	----- Rupees -----			
June 30, 2023				
Short term finance	150,000,000	-	150,000,000	-
Other liabilities	41,907,083	41,907,083	-	-
	<u>191,907,083</u>	<u>41,907,083</u>	<u>150,000,000</u>	<u>-</u>
June 30, 2022 - restated				
Short term finance	150,000,000	-	150,000,000	-
Other liabilities	43,109,464	43,109,464	-	-
	<u>43,109,464</u>	<u>43,109,464</u>	<u>-</u>	<u>-</u>

The Modaraba is not exposed to any interest rate risk against its financial liabilities.

36.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba control credit risk by monitoring credit exposure, limiting transactions with specific counter parties and continually assessing the credit worthiness of counter parties.

The Modaraba is exposed to credit risk from its financing activities (morabaha and musharaka finance, diminishing musharaka, investment against repurchase agreement, ijarah rental receivables, investment in sukuks and modaraba term deposit), deposits with bank and financial institutions and other receivables.

The Modaraba has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and, if not available, the Modaraba uses other publicly available financial information and its own trading records to rate its major customers. The Modaraba's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee.

The Modaraba follows two sets of guidelines. It has its own operating policy and the Board of the Management Company also adheres to the regulations issued by the SECP. The operating policy defines the extent of fund and non-fund based exposures with reference to a particular sector or group.

The Modaraba's maximum exposure to credit risk related to receivable at June 30, 2023 and June 30, 2022 is the carrying amounts of following financial assets.

	2023	Restated
	Rupees	2022
		Rupees
Balances with banks	86,330,327	146,066,656
Diminishing musharaka	653,441,917	549,871,246
Ijarah rentals receivable	3,136,775	704,084
Investment against repurchase agreement	-	23,624,891
Advances and other receivables	7,143,242	9,829,840
	<u>750,052,261</u>	<u>730,096,717</u>

The analysis below summarises the quality rating of the major Banks in which the Modaraba deals.

Bank name	Short Term	Long Term		
HBL Islamic Banking Limited	A-1+	AAA	48,478,098	73,226,599
Dubai Islamic Bank Pakistan Limited	A-1+	AA	31,066,710	134,914,586
Albaraka Bank (Pakistan) Limited	A-1	A+	952,000	943,027
Soneri Bank Limited	A1+	AA-	1,296,803	1,958,799
Bank Islami Limited	A1	AA-	684,869	689,918
Summit Bank Limited	-	-	3,822,536	5,692,959

Past due but not impaired financings are those for which contractual profit or principal payments are past due, but the Modaraba believes that impairment is not appropriate on the basis of the level of security or collateral available to the Modaraba.

An analysis of the financial assets that are individually impaired as per the accounting policy is as under:

	As at June 30, 2023				Total
	OAEM	Substandard	Doubtful	Loss	
	----- Rupees -----				
Ijarah rental receivable	-	-	-	61,847,457	61,847,457
Musharaka, morabaha and other finance	-	-	-	468,341,342	468,341,342
Receivable against sale of agriculture produce	-	-	-	46,011,658	46,011,658

	As at June 30, 2022 (Restated)				Total
	OAEM	Substandard	Doubtful	Loss	
	----- Rupees -----				
Ijarah rental receivable	-	-	-	69,759,016	69,759,016
Musharaka, morabaha and other finance	-	-	-	517,237,262	517,237,262
Receivable against sale of agriculture produce	-	-	-	46,011,658	46,011,658

Total impairment against these assets as at June 30, 2023 is Rs. 576.200 million (2022: Rs. 633.008 million).

36.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and other prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing there on.

36.3.1 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Modaraba's investment in listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Modaraba manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Modaraba's senior management on a regular basis. The Modaraba's Investment Committee reviews and approves all equity investment decisions.

	2023	Restated
	Rupees	2022
		Rupees
The carrying amount of investment is as follows:		
In listed securities carried at fair value through profit or loss	6,539,334	8,236,248
In unlisted security carried at fair value through other comprehensive income	-	20,533,912
In listed security carried at fair value through other comprehensive income	9,006,813	-
	<u>15,546,147</u>	<u>28,770,160</u>

Sensitivity analysis

The table below summarises the impact of increase/decrease in market value of investments on the Modaraba's profit after tax and on equity. The analysis is based on the assumption that the market price had increased/decreased by 5% with all other variables held constant and all Modaraba's equity instruments moved on perfect correlation with the market.

	Impact on profit and equity	
	2023	Restated
	Rupees	2022
		Rupees
Index		
Increase in market value - 5%	777,307	1,438,508
Decrease in market value - 5%	(777,307)	(1,438,508)

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Modaraba determine fair values using valuation techniques unless the fair value cannot be reliably measured.

For assets that are recognised in the financial statements at fair value on a recurring basis, the Modaraba recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

The table below shows the carrying amounts and fair values of a financial asset and financial liability including their fair value hierarchy for financial instruments measured at fair value. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

	Carrying Amount			
	----- As at June 30, 2023 -----			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment classified as 'fair value through profit or loss				
Quoted securities	6,539,334	-	-	6,539,334
Investment classified as 'fair value through other comprehensive income				
Unlisted companies	-	-	-	-
Listed companies	9,006,813	-	-	9,006,813

	Carrying Amount			
	----- As at June 30, 2022 (Restated) -----			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment classified as 'fair value through profit or loss				
Quoted securities	8,236,248	-	-	8,236,248
Investment classified as 'fair value through other comprehensive income				
Unlisted companies	-	-	20,533,912	20,533,912

38 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2023

	-----Amount in Rupees-----			
	At Amortised Cost	FVTPL	FVTOCI	Other liabilities
FINANCIAL ASSETS				
Cash and bank balances	86,330,327	-	-	-
Investments	-	6,539,334	-	-
Ijarah rental receivable	3,136,775	-	-	-
Musharaka, morabaha and other finance	-	-	-	-
Diminishing musharakah	653,441,917	-	-	-
Advances and other receivables	7,143,242	-	-	-
Long term investments	-	-	9,006,813	-
Long term advances	241,703	-	-	-
Long term deposits	488,300	-	-	-
Total Financial Assets	750,782,264	6,539,334	9,006,813	-
FINANCIAL LIABILITIES				
Short term finance	150,000,000	-	-	-
Ijarah deposits	38,033,805	-	-	-
Accrued and other liabilities	21,055,235	-	-	20,851,848
Total Financial Liabilities	209,089,040	-	-	20,851,848

As at June 30, 2022 (Restated)

-----Amount in Rupees-----

	At Amortised Cost	FVTPL	FVTOCI	Other liabilities
FINANCIAL ASSETS				
Cash and bank balances	146,066,656	-	-	-
Investments	-	8,236,248	-	-
Ijarah rental receivable	704,084	-	-	-
Musharaka, morabaha and other finance	-	-	-	-
Diminishing musharakah	549,871,246	-	-	-
Investment against repurchase agreement	23,624,891	-	-	-
Advances and other receivables	9,829,840	-	-	-
Long term investments	-	-	20,533,912	-
Long term advances	402,414	-	-	-
Long term deposits	227,500	-	-	-
Total Financial Assets	730,726,631	8,236,248	20,533,912	-
FINANCIAL LIABILITIES				
Short term finance	150,000,000	-	-	-
Ijarah deposits	21,854,430	-	-	-
Accrued and other liabilities	32,278,650	-	-	10,830,814
Total Financial Liabilities	204,133,080	-	-	10,830,814

38.1 Changes arising from financing activities

The table below details changes in the Modaraba's liabilities arising from the financing activities, including both cash and non-cash changes, if any. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Modaraba's statement of cash flows as cash flows from financing activities.

	Cash flows			
	July 1, 2022	Non-cash changes	Repaid	June 30, 2023
Short term finance	150,000,000	-	-	150,000,000
Unclaimed profit distribution	41,758,989	25,325,679	-	(20,887,650)
	191,758,989	25,325,679	-	(20,887,650)
				196,197,018

	July 1, 2021	Non-cash changes	Cash flows		Restated June 30, 2022
			Obtained	Repaid	
Short term finance	50,000,000	100,000,000	-	-	150,000,000
Unclaimed profit distribution	32,370,137	16,366,265	-	(6,977,413)	41,758,989
	82,370,137	116,366,265	-	(6,977,413)	191,758,989

39 RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Modaraba comprise of the Management Company and its Holding Company, other associated companies, staff retirement funds, Directors and Key Management Personnel. Transactions with related parties are carried out at agreed rates as approved by the Board of Management Company.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Modaraba. The Modaraba considers its Chief Financial Officer and business heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement. Details of certificate holding of Holding Company, Management Company, Directors, Key Management Personnel and their family members are disclosed in pattern of certificate holding included in the annual report of the Modaraba.

Amounts outstanding as at year end	Name of the company / individual	Relationship with the Modaraba	Nature of Transactions	2023	Restated 2022
				-----Rupees-----	-----Rupees-----
Balances with related parties					
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Short Term Finance	(150,000,000)	(150,000,000)	
Awwal Modaraba Management Limited	Modaraba Management Company	Return on Short Term Finance	(196,685)	-	
Awwal CRC	Modaraba under common management	Payable shared service cost	(769,635)	(809,787)	
		Management Company's remuneration	(11,797,122)	(4,080,364)	
		Sharing of common expenses	(1,537,312)	(1,809,012)	
		Staff cost of deputed employee	(3,309,807)	(3,730,397)	
Expenses/(income) during the year					
First Prudential Modaraba - Provident Fund Trust	Staff provident fund	Contribution made	573,572	279,703	
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Return on modraba term deposit	-	(4,577,172)	
		Return on musharaka finance	-	3,559,968	
		Return on Short Term Finance	29,195,672	9,847,518	
		Return on Wakalatul Istismar finance facility	2,532,216	-	
		Against collection agent fee	(97,628)	-	
		Shared services cost	9,564,728	9,725,004	
Awwal Modaraba Management Limited	Modaraba Management Company	Management Company's remuneration	10,880,786	3,375,352	
Awwal CRC	Modaraba under common management	Sharing of common expenses	3,031,054	2,716,300	
		Staff cost of deputed employee	6,619,614	6,618,204	
Payments/(receipts) made during the year					
First Prudential Modaraba - Provident Fund Trust	Staff provident fund	Contribution made	573,572	279,703	
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Receipt against novation of diminishing musharaka finance facility	-	(34,000,000)	
		Receipt against sale of Jjarah finance facility	(31,226,908)	-	
		Receipt against Wakalatul Istismar finance facility	(58,000,000)	-	
		Payment against Wakalatul Istismar finance facility	58,000,000	-	
		Receipt against collection agent fee	(97,628)	-	
		Modaraba Term Deposit	-	(124,500,000)	
		Return on modraba term deposit	-	(5,158,399)	
		Short term finance	-	(150,000,000)	
		Musharika Finance	-	150,000,000	
		Return on Short Term Finance	28,998,987	9,847,518	
		Return on Wakalatul Istismar finance facility	2,532,216	-	
		Return on musharaka finance	-	6,739,806	
		Shared service cost	9,604,880	9,725,004	
Awwal Modaraba Management Limited	Modaraba Management Company	Management Company's remuneration	3,164,028	3,884,709	
Awwal CRC	Modaraba under common management	Sharing of common expenses	3,302,754	2,214,008	
		Staff cost of deputed employee	7,040,204	3,474,077	
Jubilee Life Insurance Co. Ltd	Other related party	Takaful premium	627,223	638,874	

40 NUMBER OF EMPLOYEES

The total number of employees as at June 30, 2023 are 15 (2022: 13) and the average number of employees during the year equates to 14 (2022: 11)

41 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison and better presentation. Corresponding figures for the merged Modarabas are included for a period of six months and are, therefore, not comparable.

42 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD


The Board of Directors have proposed dividend for the year ended June 30, 2022 of Re. 0.30 per certificate (2022: Re. "0.16"), amounting to Rs. 38,817,503 (2022: Rs.20,887,651) at their meeting held on 30-SEP-2023. The financial statements for the year ended June 30, 2023 do not include the effect of the above which will be accounted for in the period in which it is declared.

43 DATE OF AUTHORISATION

These financial statements were authorised for issue on 30-09-23 by the Board of Directors of the Management Company. *h*

**For Awwal Modaraba Management Limited
(Management Company)**


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR

**Pattern of Certificates Holding
As At June 30, 2023**

First Prudential Modaraba

No of Certificate Holders	Certificates Holding		Total Certificates Held
	From	To	
4567	1	100	226,939
3991	101	500	884,307
3356	501	1,000	2,530,758
2591	1,001	5,000	5,598,977
497	5,001	10,000	3,633,983
204	10,001	15,000	2,481,523
110	15,001	20,000	1,922,606
68	20,001	25,000	1,527,227
57	25,001	30,000	1,695,645
51	30,001	35,000	2,043,080
31	35,001	40,000	2,231,248
15	40,001	45,000	1,640,535
24	45,001	50,000	1,161,462
12	50,001	55,000	625,927
13	55,001	60,000	754,520
21	60,001	65,000	1,306,485
8	65,001	70,000	542,530
11	70,001	75,000	805,640
8	75,001	80,000	618,965
4	80,001	85,000	336,430
5	85,001	90,000	441,705
2	90,001	95,000	186,202
16	95,001	100,000	1,592,664
4	100,001	105,000	414,901
5	110,001	115,000	562,775
2	115,001	120,000	238,124
8	120,001	125,000	986,699
1	125,001	130,000	129,000
1	130,001	135,000	130,791
2	135,001	140,000	278,003
1	140,001	145,000	141,928
3	145,001	150,000	448,000
3	150,001	155,000	456,467
2	155,001	160,000	319,500
3	160,001	165,000	482,443

2	165,001		170,000	338,088
3	170,001		175,000	513,959
3	175,001		180,000	535,860
4	180,001		185,000	731,057
1	185,001		190,000	185,395
1	190,001		195,000	195,000
11	195,001		200,000	1,973,891
1	200,001		205,000	205,000
4	210,001		215,000	849,381
3	215,001		220,000	655,837
2	220,001		225,000	448,073
1	225,001		230,000	229,150
1	240,001		245,000	241,555
1	245,001		250,000	245,500
2	250,001		255,000	501,326
1	260,001		265,000	263,661
1	270,001		275,000	271,623
1	285,001		290,000	290,000
1	290,001		295,000	290,769
1	300,001		305,000	305,000
1	305,001		310,000	308,000
1	335,001		340,000	338,815
1	345,001		350,000	346,000
2	360,001		365,000	723,456
1	365,001		370,000	369,497
1	475,001		480,000	476,959
1	485,001		490,000	488,181
1	495,001		500,000	500,000
1	595,001		600,000	600,000
1	610,001		615,000	610,384
1	615,001		620,000	615,829
1	640,001		645,000	642,565
1	645,001		650,000	650,000
1	685,001		690,000	685,609
1	695,001		700,000	700,000
1	815,001		820,000	820,000
1	825,001		830,000	827,067
2	920,001		925,000	1,846,966
1	965,001		970,000	966,236
2	995,001		1,000,000	1,999,500
1	1,200,001		1,205,000	1,202,304
1	1,255,001		1,260,000	1,257,327
1	1,345,001		1,350,000	1,345,511
1	1,665,001		1,670,000	1,667,491
1	1,855,001		1,860,000	1,856,228

1	2,035,001		2,040,000	2,039,175
1	2,275,001		2,280,000	2,275,232
2	2,435,001		2,440,000	4,874,886
1	4,315,001		4,320,000	4,320,000
1	4,345,001		4,350,000	4,346,416
1	6,430,001		6,435,000	6,433,424
1	10,520,001		10,525,000	10,521,205
1	11,150,001		11,155,000	11,150,132
1	12,935,001		12,940,000	12,939,167
15,780				129,391,676

**Pattern of Certificates Holding
As At June 30, 2023**

First Prudential Modaraba

S/No	Categories of Certificate holders	Number of Certificate holders	Category wise Certificates Held	%
1	INDIVIDUALS	15693	88,276,959	70.86%
2	INVESTMENT COMPANIES	2	213,369	0.24%
3	INSURANCE COMPANIES	3	4,216,044	4.83%
4	JOINT STOCK COMPANIES	44	23,524,725	13.81%
5	FINANCIAL INSTITUTIONS	33	156,342	0.18%
6	CHARITABLE TRUSTS	1	23,000	0.03%
7	MODARABA MANAGEMENT CO	1	12,939,167	10.00%
8	EMPLOYEES PENSION FUND	1	31,199	0.04%
9	EMPLOYEES BENEVOLENT FUND	1	1,095	0.00%
10	PRIVATE LTD COMPANIES	1	9,776	0.01%
		15,780	129,391,676	100.00%

Certificate Holding 5 % & above

	Name of Certificate Holders	Number of Certificates Held	%
1	Ms. Pashtoon	13,916,313	10.76%
2	AWWAL Modaraba Management Limited	12,939,167	10.00%
3	Prudential Capital Management Limited	10,521,205	8.13%

First Prudential Modaraba

NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that the Annual Review meeting of the Modaraba's Certificate Holders of First Prudential Modaraba will be held on Saturday, 28th October, 2023 at 10:00 am, at Royale Rodale Club (TC-V), 34th Street Khayaban-e-Sehar Phase V Ext, DHA, Karachi to review the performance of the Modaraba for the year ended 30 June 2023.

On behalf of the Board

Misbah Asjad
Company Secretary

Karachi, 6th October, 2023

Notes:

1. The Certificate Transfer Books of the Modaraba will be closed from Friday, 13th October, 2023 to Saturday, 28th October, 2023 (both days inclusive). Transfers received at the office of our Share Registrar, M/s C.K .Management Associates (Private) Limited, 404- Trade Towers, Abdullah Haroon Road, Karachi, , at the close of business on Thursday, 12th October, 2023 will be treated in time for the purpose of entitlement to dividend to the transferees and to attend the Annual Review Meeting.
2. The Certificate holders are advised to notify change in their address, if any, to M/s C.K .Management Associates (Private) Limited, 404- Trade Towers, Abdullah Haroon Road, Karachi.
3. The Annual Report for the year ended 30 June 2023 will also be placed on Modaraba's website simultaneously with the dispatch of the same through CD to the certificate holders. Certificate holders who wishes to receive Annual Report of Modaraba by E-mail or printed copy at their registered address are advised to send Request form available on the web of Modaraba.
4. Dividend income is liable to deduction of withholding tax under the Income Tax Ordinance, 2001.
5. In case a Folio/CDS Account is jointly held, each joint-holder is to be treated separately as Active or Non-Active, In terms of the said clarification, tax of each joint-holder has been deducted on the gross dividend amount determined by bifurcating the certificate holding of each joint-holder on equal proportions, except where certificate holding proportion of joint-holder(s) is pre-defined as per the records of our Share Registrar and thus tax rates are applied in line with respective proportions, Those certificate holders who are holding Folio/CDS jointly: are requested to notify (in writing) any change in their certificate holding proportions to our Share Registrar (in case of physical certificate holding) or their Participants/CDC Investor Account Services so that their revised certificate holding proportions are considered by the Modaraba in all prospective dividend payouts, if any,

6. Certificate holders seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be to the Share Registrar of Modaraba.

7. Payment of Dividend through electronic mode (mandatory)

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. Therefore, all the certificate holders of Awwal Modaraba are hereby advised to provide dividend mandate of their respective banks in the "Dividend Mandate Form" available on the website of Modaraba. Certificate holders maintaining holding under Central Depository System (CDS) are advised to submit their bank mandate information directly to the relevant participant / CDC Investor Account Service. In the absence of bank account details or in case of incomplete details, Modaraba will be constrained to withhold the payment of cash dividend of those certificate holders who have not provided the same. For more information, contact our Share Registrar.

8. Unclaimed Dividends and physical Modaraba Certificates

Certificate holders, who by any reason, could not claim their dividends or did not collect their physical Modaraba certificates, are advised to contact our Share Registrar to enquire about their unclaimed dividend or pending Modaraba certificates.

9. Conversion of Physical Modaraba Certificates into Book-Entry Form:

As per requirement of Companies Act, 2017, all listed companies are required to replace the Certificates held in physical form with the Certificates to be issued in Book-Entry, all Certificate holders holding Certificates in physical form are requested to convert their shares in Book-Entry Form in order to comply with the provisions of the Companies Act, 2017. Certificate holders may contact the Modaraba's Share Registrar to understand the process of conversion of Certificates held in physical form, into the Book-Entry Form.

FIRST PRUDENTIAL MODARABA

First Prudential Modaraba

**3rd Floor, Horizon Vista, Plot No:
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Karachi**

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**ANNUAL
REPORT
JUNE 30 , 2023**