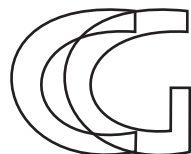


# First Equity Modaraba



# ANNUAL REPORT 2023

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



*First Equity Modaraba is committed to strive for excellence in all areas of its activities.*

*We view our business objective of providing distinctive financial products and services that promote commerce and industry within the context of our overall objective of contributing to the nation's prosperity.*

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## FIRST EQUITY MODARABA CORPORATE INFORMATION

### *Modaraba Company*

Premier Financial Services (Private) Limited

#### *Board of Directors*

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

#### *Audit Committee*

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

#### *Risk Management Committee*

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

#### *HR Committee*

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

#### *Registered and Business Office*

B-1004, 10th Floor  
Lakson Square Building # 3,  
Sarwar Shaheed Road,  
Karachi

Tel: 35672815-8

Fax: 35686116

E-mail: [info@firstequitymodaraba.com.pk](mailto:info@firstequitymodaraba.com.pk)

Room No. 503 - 504

5th Floor,

Pakistan Stock Exchange  
Building, Karachi.

Tel: 32446020-3

Fax: 32460766

#### *Auditors*

Crowe Hussain Chaudhury & Co.  
Chartered Accountants  
F-4/2, Mustafa Avenue, Behind  
The Forum, Block 9, Clifton  
Karachi, Pakistan.

Tel: +92-21-35877806-10

[www.crowe.pk](http://www.crowe.pk)

#### *Bankers*

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

#### *Registrar*

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

#### *General Counsel*

Moshin M. Tayebaly & Co.  
Advocates & Legal Consultants

# FIRST EQUITY MODARABA

Rs.In '000

TEN YEARS AT A GLANCE	June2014	June2015	June2016	June2017	June2018	June2019	Restated June2020	June2021	June2022	June2023
	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
BALANCE SHEET										
Authorised Capital	524,400	524,400	524,400	524,400	524,400	524,400	524,400	524,400	524,400	524,400
Issued Subscribed & Paid-up-capital	115,035	117,529	119,794	130,843	126,650	123,347	117,485	133,906	100,962	78,616
Reserves	(13,150)	(20,170)	(25,286)	(30,023)	(37,125)	(53,437)	(29,970)	7,939	(68,012)	(72,519)
Revaluation Reserve on Investment	1,556	2,655	2,934	2,864	4,046	4,252	4,551	5,711	5,898	6,780
Deferred Liabilities	11,857	24,657	7,940	62,860	12,283	8,333	9,730	22,456	14,764	10,440
Creditors, accrued expenses and other liabilities	19,665	8,914	6,817	31,464	-	-	-	-	-	-
Profit distribution	25,967	27,618	27,845	28,730	29,642	29,561	29,560	29,554	30,448	31,128
Unclaimed profit distribution	-	-	-	-	-	-	-	-	-	-
Provision for taxation	686,345	685,603	664,444	751,138	659,895	636,456	655,757	723,965	608,460	578,845
Tangible Assets	17,849	17,377	16,361	8,825	7,931	9,125	7,788	6,443	5,060	3,957
Intangible Assets	19,000	19,000	19,000	10,000	-	-	-	-	-	-
Deferred Costs	-	-	-	-	-	-	-	-	-	-
Investments	431,784	423,890	426,898	499,291	453,889	430,925	449,719	563,344	499,126	474,227
Morabaha/Musharaka Receivables	159,320	153,003	140,333	134,320	136,668	139,583	53,075	8,634	9,561	-
Advances, deposits prepayments and other receivables	48,501	52,048	51,063	57,308	49,780	52,439	54,418	62,092	84,037	89,538
Cash and Bank balance	9,889	20,285	10,789	41,394	11,626	4,384	90,758	83,451	10,676	11,123
	686,345	685,603	664,444	751,138	659,895	636,456	655,757	723,965	608,460	578,845
PROFIT & LOSS ACCOUNT										
Income / (loss)	46,938	34,684	30,680	82,329	17,246	19,814	16,691	44,880	22,850	4,866
Operating expenses	(22,242)	(21,775)	(21,587)	(34,290)	(21,439)	(23,117)	(22,552)	(25,989)	(25,789)	(26,381)
Provision for diminution in value of investment	-	-	-	-	-	-	-	-	-	-
Provision for non performing assets	(3,307)	(1,511)	-	(5,526)	-	-	-	(1,889)	-	-
Modaraba company's Management fee	-	-	-	-	-	-	-	(246)	-	-
Sales tax on Modaraba Management Fee	-	-	-	-	-	-	-	(335)	-	-
Worker Welfare Fund	-	-	-	-	-	-	-	-	(3,785)	(831)
Taxation	-	-	-	-	-	-	-	-	(6,724)	(22,346)
Profit/ (Loss) for the year	24,696	11,598	9,093	42,513	(4,193)	(3,304)	(5,861)	16,421	(6,724)	(22,346)
Cash Distribution	3.75%	1.70%	1.30%	6.00%	-	-	-	5.00%	-	(0.43)
Earnings per certificate	0.471	0.217	0.173	0.81	(0.08)	(0.06)	(0.11)	0.31	(0.13)	(0.43)
Breakup value	12.33	12.03	11.93	12.52	11.71	11.33	11.67	12.70	10.63	10.11



ANNUAL SHARI'AH REVIEW REPORT OF  
FIRST EQUITY MODARABA (FEM)  
FOR THE YEAR ENDED JUNE 30, 2023

**Mufti Abdul Qadir**

**Shariah Advisor**

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

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

Ref: ASRR-23

Date: 05-10-23

**Annual Shari'ah Review Report of**  
**First Equity Modaraba (FEM)**  
**for the year ended June 30, 2023**

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

I have conducted the Shari'ah review of First Equity Modaraba (FEM), managed by Premier Financial Services (Private) Limited, the Modaraba Management Company for the year ended June 30, 2023, in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism (SCSAM) for Modarabas and report that except the observations as reported hereunder, in my opinion:

- i. The Modaraba has introduced a mechanism that has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures, and policies adopted by the Modaraba are in line with the Shari'ah principles.
- ii. Following were the major developments that took place during the year:

**Training and Development:**

The key staff of the FEM is fully equipped with Islamic finance tools and industry requirements through training. Moreover, the staff attended the workshops and seminars related to Islamic Finance Tools during the period.

- iii. The agreements entered into by the Modaraba are Shari'ah compliant, the financing/facility agreements have been executed on the formats approved by the Religious Board, and all the related conditions have been met.
- iv. To the best of the information provided to me and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Regulations for Modarabas.
- v. The external auditors of the Modaraba after extensive testing have also not reported any diversion from the Shari'ah guideline.

*Abdul Qadir*

**ANNUAL SHARI'AH REVIEW REPORT OF  
FIRST EQUITY MODARABA (FEM)  
FOR THE YEAR ENDED JUNE 30, 2023**

**Charity:**

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

**Observations:**

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

With reference to the settlement of the issues:

1. In regard to the investment in shares and securities, it has been confirmed that First Equity Modaraba has only Shari'ah Compliant Shares in its portfolio on the reporting date except the shares of companies turned Non-Shari'ah Compliant as per the last accounts due to non-compliance with screening criteria highlighted categorically. On my query, the management confirmed to dispose of all the Non-Shari'ah Compliant Shares as per the regulations. Furthermore, the shares of the companies, whose trading is still suspended, will be disposed of as soon as their trading becomes active.
2. It has been observed that the Modaraba has placed its funds with Islamic Banking institutions or in Islamic Windows of Conventional Banks except for some current accounts in conventional banks which were not closed as they were marked "Dormant" as confirmed by the management.
3. With regard to the Musharakah agreements, they are on the formats as approved by the Religious Board. Two Musharakah Investment Agreements matured during the period. However, the Musharakah Profit is outstanding and the profit working is underway as confirmed by the management.

**Recommendations:**

1. The Non-Shariah Compliant Shares should be disposed of as per the SECP Guidelines for Shariah-Compliant Investing on Pakistan Stock Exchange.
2. All accounts at conventional banks should be closed at the earliest.
3. Profit working should be finalized at the earliest for the Musharakah Agreements matured during the period.
4. The management should continue its endeavor to comply with the rulings of Shari'ah in its business operation and future transactions.

**Conclusion:**

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

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

**Signature**

*Abdul Qadir*  
Mufti Abdul Qadir

Shari'ah Advisor

Dated: October 05, 2023



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

Name of Modaraba **FIRST EQUITY MODARABA**  
Year ending **JUNE 30, 2023**

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

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

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

a) Independent Directors	1
b) Other Non-executive Director	2
c) Executive Directors	1
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board as empowered by the relevant provisions of the Act, Modaraba Ordinance and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act, Modaraba Ordinance and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training program. Following Directors have completed the training  
Mr Adil A Ghaffar  
Mr Nadeem Maqbool  
Ms Alizeh Bashir
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below.-
 

<p>a) <i>Audit Committee</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 30%;">Mr Qaiser Ahmed Magoon</td> <td style="width: 20%;">Chairman</td> <td style="width: 30%;"></td> <td style="width: 20%;"></td> </tr> <tr> <td>Ms Alizeh Bashir</td> <td>Member</td> <td></td> <td></td> </tr> <tr> <td>Mr Nadeem Maqbool</td> <td>Member</td> <td></td> <td></td> </tr> </table> <p>b) <i>HR and Remuneration Committee</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 30%;">Mr Nadeem Maqbool</td> <td style="width: 20%;">Chairman</td> <td style="width: 30%;"></td> <td style="width: 20%;"></td> </tr> <tr> <td>Mr Adil A Ghaffar</td> <td>Member</td> <td></td> <td></td> </tr> <tr> <td>Mr Qaiser Ahmed Magoon</td> <td>Member</td> <td></td> <td></td> </tr> </table>	Mr Qaiser Ahmed Magoon	Chairman			Ms Alizeh Bashir	Member			Mr Nadeem Maqbool	Member			Mr Nadeem Maqbool	Chairman			Mr Adil A Ghaffar	Member			Mr Qaiser Ahmed Magoon	Member			<p>c) <i>Risk Management Committee</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 30%;">Mr Nadeem Maqbool</td> <td style="width: 20%;">Chairman</td> <td style="width: 30%;"></td> <td style="width: 20%;"></td> </tr> <tr> <td>Mr Adil A Ghaffar</td> <td>Member</td> <td></td> <td></td> </tr> <tr> <td>Mr Qaiser Ahmed Magoon</td> <td>Member</td> <td></td> <td></td> </tr> </table>	Mr Nadeem Maqbool	Chairman			Mr Adil A Ghaffar	Member			Mr Qaiser Ahmed Magoon	Member		
Mr Qaiser Ahmed Magoon	Chairman																																				
Ms Alizeh Bashir	Member																																				
Mr Nadeem Maqbool	Member																																				
Mr Nadeem Maqbool	Chairman																																				
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Mr Qaiser Ahmed Magoon	Member																																				
Mr Nadeem Maqbool	Chairman																																				
Mr Adil A Ghaffar	Member																																				
Mr Qaiser Ahmed Magoon	Member																																				
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. Quarterly the Audit Committee meetings is held, whereas one meeting each of HR and Remuneration Committee and Risk Management Committee is held
15. The Board has set up an effective internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and
18. We confirm that all requirements of regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. We confirm that there is no noncompliance with requirements of CCGR.

On behalf of the Board

Karachi  
Dated October 05 2023

**Adil A Ghaffar**  
Chief Executive Officer

# REPORT OF THE DIRECTORS OF THE MODARABA COMPANY

Page 7

## REPORT OF THE DIRECTORS OF THE MODARABA COMPANY

The Directors of the Premier Financial Services (Private) Limited, management company of **FIRST EQUITY MODARABA (FEM)**, are pleased to present their report and audited financial statements of the Modaraba together with the consolidated financial statements of the Modaraba and its wholly owned subsidiaries, Apex Financial Services (Pvt) Ltd, Capital Financial Services (Pvt) Ltd and Equity Textiles Limited for the year ended June 30, 2023.

### Financial Results

FEM, incurred loss for the year amounted to Rs. (22.3) million as compared to loss of Rs (6.7) million for the last year translated in a loss per certificate of Rs. (0.43) as compared to Rs. (0.13) last year. The consolidated loss for the year is Rs. (252) million as compared to profit of Rs 204 million. Break-up value per certificate amounted to Rs. 10.12 as against Rs. 10.63 last year.

### Financial Results

	Rupees
Income	4,751,298
Expenses	
Operating Expenses	(26,318,610)
Bank Charges	(62,741)
	(26,381,351)
Operating loss	(21,630,053)
Other Income	115,154
	(21,514,899)
Loss for the year before taxation	(831,069)
Taxation	(22,345,968)
Net loss for the year	(0.43)
Loss per Certificate	(0.43)

### Dividend Distribution

Since the Modaraba sustained loss during the year, consequently there would be no announcement of profit distribution (2022: Nil). However to meet the regulations, date of book closure would be from Saturday December 09 2023 to Wednesday December 20 2023 (both days inclusive)

### Auditors Qualification

Auditors qualified their opinion based on non-compliance of International Financial Reporting Standard relating to adjusting cost to fair value of marketable securities and any profit / (loss) should be taken / charge to profit and loss account for the year amounting to Rs (10.667) million (2022: Rs(77.038) million). Our principal stand for not accepting auditors' qualification is based on the fact that, firstly, we do not foresee that these re-measurements are of permanent nature. Secondly, our Industry was established on the concept to distribute what it earns on yearly basis. The Regulatory changes were brought in and blanket tax exemption earlier given to Modarabas distributing 90% of its profits for the year has been withdrawn. We believe that adjusting cost to fair value would tantamount to distribution of either unrealized capital gain or recovery of cost.

### Our Performance and Future Prospects

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

Due to current political and economic issues faced by the country, alongwith various other factors, ETL's last year BMR investments could not yield expected results and ETL sustained a loss of Rs (228m) as compared to a profit of Rs. 234m. This translates into a loss of Rs (9.13) per share as compared to profit per share of Rs 9.38 last year. ETL's book value also decreased substantially to Rs. 46.17 from Rs. 55.05 last year.

With rising current account deficit, rupee parity, increasing oil prices, inflation numbers and increase in policy rate, etc. Pakistan Stock Exchange managed itself, and both KSE-100 and KMI 30 were range bound. Though Monetary Policy Rate increased to 22% and purchasing power has been drastically affected, we believe that this situation will be diluted over a medium term and may take another year or two, to offset this adverse impact.

It is very unfortunate that concept, vision and dream of 1980 whereby a home grown industry was developed in the name of Modarabas and which were given tax exemption through "Modaraba Ordinance, 1980" has been withdrawn through the Finance Bill 2022-2023. Long-term term visions curtailed for short-term benefits. This might be challenged in the Court of Law else it will bring adverse impact on the entire modaraba sector and we may see exits from the sector in the form of Conversion from Modarabas to Companies.

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

### Shariah Advisor

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

### Board of Directors & Committees

(i) total number of directors	
(a) Male	3
(b) Female	1
(ii) composition including the following,-	
(a) Independent directors	1
(b) Non-executive directors	2
(c) Executive directors	1





## REPORT OF THE DIRECTORS OF THE MODARABA COMPANY

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

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

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

- a) *Audit Committee*  
Mr Qaiser Ahmed Magoon      Chairman  
Ms Alizeh Bashir              Member  
Mr Nadeem Maqbool          Member
- b) *HR and Remuneration Committee*  
Mr Nadeem Maqbool          Chairman  
Mr Adil A Ghaffar              Member  
Mr Qaiser Ahmed Magoon      Member
- c) *Risk Management Committee*  
Mr Nadeem Maqbool          Chairman  
Mr Adil A Ghaffar              Member  
Mr Qaiser Ahmed Magoon      Member

### Code of Corporate Governance

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

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

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

- a. The financial statements prepared by the management of the Modaraba present fairly its true state of affairs, the result of its operations, cash flows and changes in equity;
- b. Proper books of accounts of the Modaraba have been maintained;
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed in the Annual Report.
- e. The system of internal control is consistently applied though out the year and has been effectively implemented and monitored with ongoing efforts to improve it further;
- f. A sound monitoring and control system for Anti Money Laundering and Risk Management Policy as elaborate in the guidelines have been implemented to identify, manage and report different types of risks associated within the Modaraba;
- g. There is no doubt about the Modaraba's ability to continue as a going concern. There is no risks and uncertainties is facing by FEM;
- h. There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2023, except for those disclosed in financial statements; and
- i. There has been no material departure from the best practice of corporate governance as detailed in the listing regulation /Rule Book of the Stock Exchange and Regulations framed.

### Pattern of Shareholding

Pattern of certificate holding as at 30th June 2023 is annexed with the Annual Report 2023.

**Key Operating and Financial Data** - is annexed with the Annual Report 2023.

### Staff Retirement Benefits

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

### Auditors

As suggested by the audit committee and the consent given by the present auditors M/s Crowe Hussain Chaudhury & Co, Chartered Accountants, the Board has decided to recommend their name for the approval to the Registrar Modaraba

### Acknowledgement

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

On behalf of the Board

Karachi:  
October 05, 2023

**Adil A Ghaffar**  
Chief Executive Officer

- ☆ مالی بیانیوں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS) کی پیروی کی گئی ہیں اور اس سے کسی انحراف کو سالانہ رپورٹ میں معقول انداز میں بیان کیا گیا ہے۔
- ☆ جملہ سال اندرونی نظم و نسق کا نظام موثر طرز سے ترتیب دیا گیا ہے اور مزید اصلاح کیلئے اس پر موثر انداز میں عملدرآمد و نگرانی جاری ہے۔
- ☆ مضاربہ کی صلاحیت کے بارے میں اس میں کوئی شک نہیں کہ اس کا کاروبار جاری و ساری ہے؛ اور
- ☆ اینٹی منی لانڈرنگ اور رسک مینجمنٹ پالیسی کے حوالے سے ایک مربوط انضباطی اور نگرانی کا نظام وضع کیا گیا ہے تاکہ مضاربہ کو ممکنہ طور پر درپیش مختلف قسم کے خطرات کی نشاندہی کی جاسکے، ان کا انتظام و انصرام کیا جاسکے اور رپورٹ کی جاسکے۔
- ☆ ٹیکس، ڈیویڈنڈ و چارجز وغیرہ کی مد میں کوئی قانونی ادائیگی 30 جون 2023 تک واجب ادائیگی ہے ماسوائے اس کے جسے اس کے مالیاتی گوشواروں میں ظاہر کیا گیا ہو؛ اور
- ☆ اسٹاک ایکچینج کے مندرجہ ضوابط میں تفصیلات کے مطابق کارپوریٹ گورننس کی بہترین عملدرآمدی کے سلسلے میں کوئی بنیادی انحراف نہیں کیا گیا ہے۔

### حصص داری کا خاکہ:

30 جون 2023 تک سرٹیفکیٹس کا خاکہ سالانہ رپورٹ 2023 کے ساتھ منسلک ہے۔

### کلیدی عمل کاری اور مالی اعداد و شمار:

سالانہ رپورٹ 2023 کے ساتھ منسلک ہے۔

### عملہ کی سبکدوشی پر فائدے:

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

### محاسبیت کار:

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

### تسلیمات:

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

بورڈ کی جانب سے

کراچی، 05 اکتوبر 2023ء

عادل اے غفار

چیف ایگزیکٹو آفیسر



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

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

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

(الف) آڈٹ کمیٹی

چیرمین	جناب قیصر احمد گون
ممبر	محترمہ علیزے بشیر
ممبر	جناب ندیم مقبول

(ب) ہیومن ریسورس اینڈ ریموونیشن کمیٹی

چیرمین	جناب ندیم مقبول
ممبر	جناب عادل غفار
ممبر	جناب قیصر احمد گون

(ج) رسک مینجمنٹ کمیٹی

چیرمین	جناب ندیم مقبول
ممبر	جناب عادل اے غفار
ممبر	جناب قیصر احمد گون

کارپوریٹ گورننس کے ضابطے:

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

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

جیسا کہ کارپوریٹ گورننس کے ضابطے کے تحت درکار ہے، منتظمین انتہائی مسرت کے ساتھ مطلع کرتے ہیں کہ۔

☆ کمپنی کی انتظامیہ کی جانب سے تیار کئے گئے مالی بیانیے، شفافیت کے ساتھ، کمپنی کی موجودہ حالت، عملیاتی نتائج، نقدی کا بہاؤ اور ادائیگی تہدیلیاں پیش کرتے ہیں۔

☆ مضاربہ کی باضابطہ حسابی کتب برقرار رکھی گئی ہیں۔

☆ مالی بیانیوں کی تیاری میں مناسب محاسبی پالیسیاں تسلسل کے ساتھ لاگو کی جاتی رہی ہیں جبکہ محاسبی تخمینہ کاری معقول اور دانشمندانہ فیصلوں پر مبنی ہوتی ہیں۔

ہماری کارکردگی اور مستقبل کے امکانات:

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

ملک کو درپیش موجودہ سیاسی اور معاشی مسائل کے باعث ETL کی گزشتہ سال کی BMR سرمایہ کاری دیگر مختلف عوامل کے ساتھ شاندار نتائج حاصل نہ کر سکی اور ETL کو گزشتہ سال کے منافع مبلغ 234 ملین روپے کے مقابلے میں مبلغ (228) ملین روپے کا خسارہ ہوا۔ جس کی تشریح کی جائے تو یہ گزشتہ سال کے فی حصص آمدنی مبلغ 9.38 روپے کے مقابلے میں مبلغ (9.13) روپے فی حصص آمدنی ہے۔ ETL کی بک ویلیو بھی گزشتہ سال کے مبلغ 55.05 روپے سے کم ہو کر مبلغ 46.17 روپے ہو گئی۔

بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے، روپے کی برابری، تیل کی قیمتوں میں اضافہ، افراط زر کی تعداد اور پالیسی ریٹ میں اضافہ وغیرہ کے ساتھ پاکستان اسٹاک ایکسچینج انڈیکس، KSE-100 اور KMI 30 تک محدود رہا۔ اگرچہ مانیٹری پالیسی کی شرح بڑھ کر 22 فیصد ہو گئی ہے اور قوت خرید بہت زیادہ متاثر ہوئی ہے، لیکن ہم سمجھتے ہیں کہ یہ صورت حال درمیانی مدت میں کم ہو جائے گی اور اس منفی اثرات کو دور کرنے میں مزید ایک یا دو سال لگ سکتا ہے۔

انتہائی افسوس کی بات ہے کہ 1980 کا تصور، نظریہ اور خواب جس کے تحت مضاربہ کے نام پر ہوم گراؤنڈ انڈسٹری بنائی گئی تھی اور جسے ”مضاربہ آرڈیننس 1980“ کے ذریعے ٹیکس پر چھوٹ دی گئی تھی، اسے فنانس بل 2022-2023 کے ذریعے واپس لے لیا گیا ہے۔ قلیل مدتی فوائد کے لیے طویل مدتی تصورات کو کم کیا گیا۔ اسے عدالت میں چیلنج کیا جاسکتا ہے بصورت دیگر یہ پورے مضاربہ سیکٹر پر منفی اثرات مرتب کرے گا اور ہم اس سیکٹر سے مضاربہ سے کمپنیوں میں تبدیلی کی صورت میں نکل سکتے ہیں۔

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

شرعی مشیر:

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

بورڈ آف ڈائریکٹرز اور کمیٹیاں:

(۱) ڈائریکٹرز کی کل تعداد

3 (الف) مرد

1 (ب) عورت

(۲) تشکیل درج ذیل ہے:-

1 (الف) آزاد ڈائریکٹرز

2 (ب) نان ایگزیکٹو ڈائریکٹرز

1 (ج) ایگزیکٹو ڈائریکٹرز

## ڈائریکٹرز رپورٹ برائے مضاربہ کمپنی

فرسٹ ایکویٹی مضاربہ (FEM) کی انتظامی کمپنی پریمیر فنانشل سروسز (پرائیویٹ) لمیٹڈ کے ڈائریکٹرز اپنی رپورٹ اور مضاربہ کے آڈٹ شدہ مالیاتی بیانیے بمعہ مضاربہ اور اس کی مکمل ملکیتی ادارے ایکویٹی ٹیکسٹائل لمیٹڈ، کیپٹل فنانشل سروسز (پرائیویٹ) لمیٹڈ اور ایکس فنانشل سروسز (پرائیویٹ) لمیٹڈ کے مجموعی مالیاتی بیانیے برائے سال اختتام پذیر 30 جون 2023 پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

مالیاتی نتائج:

گذشتہ سال کے خسارہ مبلغ (6.7) ملین روپے کے مقابلے میں اس سال مبلغ (22.3) ملین روپے خسارہ ہوا، جس کی تشریح کی جائے تو گذشتہ سال فی حصص خسارہ مبلغ (0.13) روپے کے مقابلے میں اس سال فی حصص خسارہ مبلغ (0.43) روپے بنتا ہے۔ گذشتہ سال کے منافع مبلغ 204 ملین روپے کے مقابلے میں دوران سال مبلغ (252) ملین روپے کا مجموعی خسارہ ہوا۔ گذشتہ سال کے مبلغ 10.63 روپے کے مقابلے میں مبلغ 10.12 روپے کا فی حصص بریک ویلیو تھا۔

روپے میں	آمدن
4,751,298	اخراجات
(26,318,610)	عملیاتی اخراجات
(62,741)	بینک چارجز
(26,381,351)	
(21,630,053)	عملیاتی خسارہ
115,154	دیگر آمدن
(21,514,899)	قبل از ٹیکسیشن خسارہ برائے سال
(831,069)	ٹیکسیشن
(22,345,968)	خالص خسارہ برائے سال
(0.43)	فی سٹریکیٹ خسارہ

منقسمہ/ڈیویڈنڈ کی تقسیم:

چونکہ دوران سال مضاربہ کو خسارہ ہوا ہے جس کے نتیجے میں منافع منقسمہ (2022: کوئی نہیں) کا کوئی اعلان نہیں ہوا۔ تاہم قواعد و ضوابط کو پورا کرنے کے لیے شیئرز انسفر بکس ہفتہ 09 دسمبر 2023 سے بدھ 20 دسمبر 2023 تک (بشمول دونوں ایام) بند رہے گی۔

آڈیٹرز کا تبصرہ:

آڈیٹرز نے رائے زنی کی ہے کہ قابل خرید و فروخت سیکورٹیز کی فیور ویلیو کی لاگت کا حساب کتاب بین الاقوامی اکاؤنٹنگ معیار کی عدم تعمیل کی بنیاد پر ہے اور کسی بھی نفع/نقصان کو اس سال کے نفع/نقصان مبلغ (10.667) ملین روپے (2022 میں مبلغ (77.038) ملین روپے) کی مد میں وصول کیا جانا چاہئے۔ ہمارا آڈیٹرز کے تبصرہ کو قبول نہ کرنے کیلئے اصل موقف یہ ہے کہ پہلا، ہم مستقبل میں ان نقصانات کو مستقل نہیں سمجھتے اور دوسرا ہماری انڈسٹری اس تصور پر قائم کی گئی تھی کہ سالانہ بنیادوں پر جو کچھ کمایا جائے اسے تقسیم کیا جائے۔ ہمارے ریگولیشنز نے یہ لازم بنایا ہے کہ انکم ٹیکس اسٹنٹی کلیم کرنے کیلئے مضاربہ اپنے سٹریکیٹ رکھنے والوں کو نقد ڈیویڈنڈ کی صورت میں سال کیلئے نفع کا 90 فیصد تقسیم کرے گی۔ لہذا فیور ویلیو کو لاگت میں لگانا یا تو ممکنہ سرمایہ کاری کے نفع کے مساوی ہوگا یا پھر لاگت کو وصول کرنے کے برابر ہوگا۔

**TO THE CERTIFICATE HOLDERS OF FIRST EQUITY MODARABA  
REVIEW REPORT ON STATEMENT OF COMPLIANCE  
CONTAINED IN LISTED COMPANIES  
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

*Page 13*

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by Board of Directors of Premier Financial Services (Private) Limited, the Modaraba Management company of First Equity Modaraba for the year ended 30 June 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba Management Company's compliance for and on behalf of the Modaraba, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended 30 June 2023.

  
**Crowe Hussain Chaudhury Co.**  
**Chartered Accountants**

Place: Karachi  
Dated: 31 OCT 2023  
UDIN: CR202310207wdAD7W0YH



## AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of FIRST EQUITY MODARABA ("the Modaraba") as at 30 June 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 then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) The Modaraba has recorded unrealized remeasurement loss of Rs. 10.677 million, in respect of investment in equity securities classified as financial asset at fair value through profit and loss', in other comprehensive income instead of profit and loss account as required under IFRS 9.

Had the Modaraba recorded the unrealized remeasurement loss to the profit and loss account, its loss for the year would have been increased by Rs. 10.677 million and other comprehensive loss would have been decreased by Rs. 10.677 million.

Except for the matter discussed in paragraph (a) above, in our opinion, proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;

- (b) Except for the matter discussed in paragraph (a) above, in our opinion:

(i) The balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied;

(ii) The expenditure incurred during the year was for the purpose of the Modaraba's business; and

(iii) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;

- (c) Except for the matter discussed in paragraph (a) above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981 in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2023 and of the profit and loss, its comprehensive income, its cash flows and changes in equity for the year then ended; and

- (d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980),

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

Place: Karachi  
Date: October 27, 2023  
UDIN : AR202310207byuOJsFBw

**BALANCE SHEET  
AS AT JUNE 30, 2023**

*Page 15*

		2 0 2 3	2 0 2 2
	Note	----- Rupees -----	
<b>EQUITY AND LIABILITIES</b>			
<b>Authorized certificate capital</b>			
60,000,000 (2022: 60,000,000) modaraba certificates of Rs. 10 each		<u>600,000,000</u>	<u>600,000,000</u>
<b>Certificate holders' equity</b>			
Issued, subscribed and paid-up certificate capital	5	524,400,000	524,400,000
Reserves	6	78,616,021	100,961,989
Remeasurement of defined benefit liability - actuarial gain		1,688,143	1,364,966
Unrealized loss on remeasurement of investment		(74,207,492)	(69,376,755)
<b>Total certificate holders' equity</b>		<u>530,496,672</u>	<u>557,350,200</u>
<b>Non-current liabilities</b>			
Deferred liability	7	6,780,327	5,897,659
Security deposit		200,000	200,000
<b>Total non-current liabilities</b>		<u>6,980,327</u>	<u>6,097,659</u>
<b>Current liabilities</b>			
Creditors, accrued and other liabilities	8	10,240,659	14,564,189
Unclaimed profit distribution		31,127,871	30,448,251
<b>Total current liabilities</b>		<u>41,368,530</u>	<u>45,012,440</u>
<b>Total equity and liabilities</b>		<u>578,845,529</u>	<u>608,460,299</u>
<b>Contingencies and commitments</b>	9		





## BALANCE SHEET AS AT JUNE 30, 2023

	Note	2 0 2 3 ----- Rupees -----	2 0 2 2
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
-tangible	10	2,965,489	3,948,441
-intangible	11	-	-
Investment property	12	991,667	1,111,667
Long term investments	13	408,502,006	402,655,229
Advances - considered good		2,510,000	2,510,000
Deposits		1,750,000	1,750,000
<b>Total non-current assets</b>		<b>416,719,162</b>	<b>411,975,337</b>
<b>Current assets</b>			
Morabaha / Musharaka receivables - secured	14	-	9,560,623
Short term investments	15	65,725,306	96,471,947
Advances - considered good	16	12,030,194	11,560,807
Trade deposits and prepayments	17	15,293,467	16,440,954
Other receivables	18	57,954,847	51,774,690
Bank balances	19	11,122,553	10,675,941
<b>Total current assets</b>		<b>162,126,367</b>	<b>196,484,962</b>
<b>Total assets</b>		<b>578,845,529</b>	<b>608,460,299</b>

The annexed notes 1 to 38 form an integral part of these financial statements.

**FIRST EQUITY MODARABA**

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

Qazi Obaid Ullah  
Chief Financial Officer

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

Nadeem Maqbool  
Director  
Premier Financial  
Services (Private) Limited

Alizeh Bashir  
Director  
Premier Financial  
Services (Private) Limited

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2023**

*Page 17*

	Note	2 0 2 3 ----- Rupees -----	2 0 2 2
<b>INCOME</b>	20	<b>4,751,298</b>	22,439,295
<b>EXPENSES:</b>			
Operating expenses	21	<b>(26,318,610)</b>	(25,716,447)
Financial charges	22	<b>(62,741)</b>	(73,056)
		<b>(26,381,351)</b>	(25,789,503)
<hr/>			
Operating loss		<b>(21,630,053)</b>	(3,350,208)
<hr/>			
Other income	23	<b>115,154</b>	410,960
<hr/>			
Loss before taxation		<b>(21,514,899)</b>	(2,939,248)
<hr/>			
Taxation	24	<b>(831,069)</b>	(3,785,000)
<hr/>			
Net loss for the year		<b>(22,345,968)</b>	(6,724,248)
<hr/>			
Earnings / (loss) per certificate - basic and diluted	26	<b>(0.43)</b>	(0.13)

The annexed notes 1 to 38 form an integral part of these financial statements.

**For Premier Financial Services (Private) Limited  
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Alizeh Bashir  
Director  
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Services (Private) Limited



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

	<b>2023</b>	<b>2022</b>
	----- Rupees -----	
(Loss) for the year	<b>(22,345,968)</b>	(6,724,248)
<b>Other comprehensive income</b>		
- Items that will be subsequently reclassified:		
Unrealized gain / (loss) on remeasurement of investment	<b>(4,020,207)</b>	(79,358,596)
Gain realized on disposal of investments	<b>(6,657,307)</b>	2,320,919
	<b>(10,677,514)</b>	(77,037,677)
- Items that will not be subsequently reclassified:		
Remeasurement of defined benefit liability	<b>323,177</b>	626,425
Unrealized gain on remeasurement of investment held at 'fair value through other comprehensive income'	<b>5,846,777</b>	460,430
	<b>(4,507,560)</b>	(75,950,822)
<b>Other comprehensive loss</b>		
	<b>(4,507,560)</b>	(75,950,822)
<b>Total comprehensive loss for the year</b>	<b>(26,853,528)</b>	(82,675,070)

The annexed notes 1 to 38 form an integral part of these financial statements.

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

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Director  
Premier Financial  
Services (Private) Limited

## CASH FLOW STATEMENT

### FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ----- Rupees -----	2022
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Loss for the year before taxation		(21,514,899)	(2,939,248)
<b>Adjustments for non-cash and other items:</b>			
Depreciation	10 & 12	1,388,853	1,571,773
Provision for gratuity	7	1,205,845	1,005,160
Dividend income	21	(5,201,121)	(24,897,689)
		(2,606,423)	(22,320,756)
<b>Cash generated from / (used in) operations before working capital changes</b>		<b>(24,121,322)</b>	<b>(25,260,004)</b>
<b>Working capital changes:</b>			
<b>(Increase) / decrease in operating assets</b>			
Morabaha / Musharaka receivables - secured		9,560,623	(926,449)
Advances		(469,387)	(186,404)
Trade deposits and prepayments		1,147,487	(58,856)
Other receivables		(6,180,157)	(21,699,276)
		4,058,566	(22,870,985)
<b>Increase in operating liabilities</b>			
Creditors, accrued and other liabilities		(4,323,530)	(7,891,469)
		(4,323,530)	(7,891,469)
Staff retirement benefit - gratuity paid		-	(191,667)
Dividend paid		679,620	(25,325,274)
Tax paid		(831,069)	(3,785,000)
<b>Net cash generated from / (used in) operating activities</b>		<b>(24,537,735)</b>	<b>(85,324,397)</b>

Qazi Obaid Ullah  
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Alizeh Bashir  
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Premier Financial  
Services (Private) Limited



## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ----- Rupees -----	2022
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>			
Investments		20,069,126	(12,360,237)
Dividend received		5,201,121	24,897,689
Purchase of tangible assets		(285,900)	(188,500)
Payment against security deposits		-	200,000
<b>Net cash generated from / (used in) investing activities</b>		<b>24,984,347</b>	12,548,952
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>446,612</b>	(72,775,447)
Cash and cash equivalents at beginning of the year		10,675,941	83,451,388
<b>Cash and cash equivalents at the end of the year</b>	20	<b>11,122,553</b>	10,675,941

The annexed notes 1 to 38 form an integral part of these financial statements.

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

**FIRST EQUITY MODARABA**

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# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2023

Description	Issued, subscribed and paid-up certificate capital	Reserves					Remeasurement of defined benefit liability	Unrealized gain on remeasurement of investments	Total
		Statutory reserve*	Certificate premium account	General reserve	Accumulated loss	Total reserves			
Balance as at June 30, 2021	524,400,000	164,334,210	131,100,000	27,120,000	(188,647,972)	133,906,237	738,541	7,200,492	666,245,270
Loss for the year ended June 30, 2022	-	-	-	-	(6,724,248)	(6,724,248)	-	-	(6,724,248)
Other comprehensive (loss) for the year	-	-	-	-	-	-	626,425	(76,577,247)	(75,950,822)
Profit distribution for the year	-	-	-	(9,798,964)	(16,421,036)	(26,220,000)	-	-	(26,220,000)
<b>Balance as at June 30, 2022</b>	<b>524,400,000</b>	<b>164,334,210</b>	<b>131,100,000</b>	<b>17,321,036</b>	<b>(211,793,256)</b>	<b>100,961,989</b>	<b>1,364,966</b>	<b>(69,376,755)</b>	<b>557,350,200</b>
Balance as at July 01, 2022	524,400,000	164,334,210	131,100,000	17,321,036	(211,793,256)	100,961,989	1,364,966	(69,376,755)	557,350,200
Loss for the year ended June 30, 2023	-	-	-	-	(22,345,958)	(22,345,968)	-	-	(22,345,968)
Other comprehensive loss for the year	-	-	-	-	-	-	323,177	(4,830,737)	(4,507,560)
<b>Balance as at June 30, 2023</b>	<b>524,400,000</b>	<b>164,334,210</b>	<b>131,100,000</b>	<b>17,321,036</b>	<b>(234,139,225)</b>	<b>78,616,021</b>	<b>1,688,143</b>	<b>(74,207,492)</b>	<b>530,496,672</b>

----- Rupees -----

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

The annexed notes 1 to 38 form an integral part of these financial statements.

Qazi Obaid Ullah  
Chief Financial Officer

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

Nadeem Maqbool  
Director  
Premier Financial  
Services (Private) Limited

Alizeh Bashir  
Director  
Premier Financial  
Services (Private) Limited



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

### 1 LEGAL STATUS AND NATURE OF THE BUSINESS

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

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

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

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

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

#### 2.2 Basis of measurement

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

#### 2.3 Functional and presentation currency

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

#### 2.4 Significant accounting estimates and judgments

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

## **3 CHANGE IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS**

### **3.1 Standards and amendments to approved accounting standards that are effective**

There are certain amendments and interpretation to the accounting and reporting standards which are mandatory to the Modaraba's annual accounting period which began on July 01 2022. However, these do not have any significant impact on the Modaraba's financial reporting

### **3.2 Standards and amendments to approved accounting standards that are not yet effective**

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Modaraba's annual accounting period beginning on or after July 01 2023. However, these will not have impact on the Modaraba's financial reporting and, therefore, have not been disclosed in these financial statements.

## **4 SIGNIFICANT ACCOUNTING POLICIES**

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

### **4.1 Fixed Assets**

#### **4.1.1 Tangible**

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

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

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

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

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

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





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

### 4.1.2 Intangible

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

### 4.2 Investment property

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

Depreciation on office premises is charged to profit and loss account on the straight line method so as to write off the depreciable amount of office premises over its estimated useful life at the rate defined in note no. 13. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

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

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

### 4.3 Deferred cost and amortization

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

### 4.4 Financial Instruments

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

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

## 4.4.1 Financial assets

### Initial Measurement

The Modaraba classifies its financial assets into following three categories:

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

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

### Subsequent measurement:

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

### Impairment of financial assets

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 4.4.2 Financial liabilities

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

### 4.4.3 Investment in subsidiary

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

### 4.5 Revenue recognition

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

### 4.6 Taxation

#### Current

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

#### Deferred

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

### 4.7 Foreign currency translation

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

## 4.8 Retirement benefits

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

## 4.9 Offsetting of financial assets and financial liabilities

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

## 4.10 Provisions

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

## 4.11 Profit distribution to certificate holders

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

## 4.12 Impairment of Non-financial assets

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

## 4.13 Segment reporting

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

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

- Musharaka facility
- Brokerage operation
- Capital market
- Others

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 4.14 Earnings per certificate

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

### 4.15 Related party transactions

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

### 4.16 Cash and cash equivalents

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

### 4.17 Functional and reporting currency

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

### 4.18 Capital Risk Management

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

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

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

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**5 ISSUED, SUBSCRIBED AND PAID-UP  
CERTIFICATE CAPITAL**

2023	2022		2023	2022
--- Number of certificates ---			----- Rupees -----	
		Modaraba certificates of Rs. 10 each fully paid-up in cash		
46,220,000	46,220,000		462,200,000	462,200,000
		Modaraba certificates of Rs. 10 each issued as fully paid-up bonus certificates		
6,220,000	6,220,000		62,200,000	62,200,000
<u>52,440,000</u>	<u>52,440,000</u>		<u>524,400,000</u>	<u>524,400,000</u>

**5.1** Certificates held by the management company: 5,532,296 (2022: 5,532,296).

Note	2023	2022
	----- Rupees -----	
<b>6 RESERVES</b>		
<b>Capital reserve</b>		
Statutory reserve	164,334,210	164,334,210
Certificate premium account	131,100,000	131,100,000
<b>Revenue reserve</b>		
Accumulated loss	(234,139,225)	(211,793,256)
General reserve	17,321,036	17,321,036
	<u>78,616,021</u>	<u>100,961,989</u>

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

**DEFERRED LIABILITY**

Staff gratuity	7.2	<u>6,780,327</u>	<u>5,897,659</u>
----------------	-----	------------------	------------------

**7.1 General description**

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Annual provision is based on actuarial valuation, which was carried out as at June 30, 2023 on September 21, 2023 using the Projected Unit Method.

	2023	2022
	----- Rupees -----	
<b>7.2 Amount recognized in the balance sheet are as follows:</b>		
Present value of defined benefit obligation	<b>6,780,327</b>	5,897,659
<b>7.3 Movement in defined benefit obligation</b>		
Opening balance	5,897,659	5,710,591
<b>Charged for the defined benefit plan</b>		
Current service cost	424,405	443,684
Net interest	781,440	561,476
Actuarial loss / (gain) on obligation	(323,177)	(626,425)
	<b>882,668</b>	378,735
<b>Remeasurement of defined benefit liability</b>		
Benefit paid	-	(191,667)
Closing balance	<b>6,780,327</b>	5,897,659
	----- Rates per annum -----	
<b>7.4 Actuarial assumptions</b>		
Valuation discount rate	13.25%	10.00%
Salary increase rate	16.25%	13.25%

The expected maturity analysis of undiscounted retirement benefit obligation is:

	2023
	Un-discounted payments
	----- Rupees -----
2024	160,936
2025	190,321
2026	172,968
2027	223,823
2028	268,087
2029 and onwards	108,698,955

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

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

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



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

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	<b>Impact on defined benefit obligation</b>		
	<b>Change in assumptions</b>	<b>Increase</b>	<b>Decrease</b>
	---- (%) ----	----- Rupees -----	----- Rupees -----
Discount rate	1%	6,336,047	7,279,750
Salary growth rate	1%	7,279,957	6,328,124

The expected gratuity expense for the next year amounted to Rs. 1.562 million. This is the amount by which defined benefit liability is expected to increase.

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

**Salary risk**

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

**Mortality risk**

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

**Withdrawal risk**

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

			<b>2 0 2 3</b>	<b>2 0 2 2</b>
	<b>Note</b>		----- Rupees -----	----- Rupees -----
<b>8</b>	<b>CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
	Payable to clients	8.2	<b>4,193,241</b>	7,089,654
	Accrued expenses		<b>4,633,824</b>	4,517,505
	Other liabilities	8.1	<b>1,413,594</b>	2,957,030
			<b>10,240,659</b>	14,564,189

**8.1** Other liabilities include Rs. 1,193,594 (2022:Rs.2,757,030) payable to Premier Financial Services (Private) Limited.

**8.2** Payable to clients include payable to related parties amounting to Rs. 51,916.

**9 CONTINGENCIES AND COMMITMENTS**

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Modaraba and Premier Financial Services (Pvt) Limited have filed a suit against SECP for declaration and permanent injunction before the High Court of Sindh restraining SECP from Inspecting and Investigating the affairs of the both entities. Along with the suit an application was also filed for the grant of ad interim restraining orders which was dismissed vide order dated 08.07.2015 and both entities were directed to associate themselves in respect of the enquiry Initiated against them and fully cooperate with SECP failing which SECP would be at liberty to pass appropriate orders in accordance with law. Against this order, an appeal has been filed.

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

### 10 TANGIBLE ASSETS

Particulars	2023									Book value as at June 30, 2023	Rate
	Cost				Accumulated depreciation						
	As at July 01, 2022	Addition during the year	(deletion) during the year	As at June 30, 2023	As at July 01, 2022	Charged during the year / (disposal)	(disposal) during the year	As at June 30, 2023			
----- Rupees -----										(%)	
Office premises	10,380,294	-	-	10,380,294	7,397,921	519,017	-	7,916,938	2,463,356	5	
Furniture & fixtures	105,059	-	-	105,059	105,057	-	-	105,057	2	20	
Motor vehicles	2,745,635	-	-	2,745,635	2,196,471	549,163	-	2,745,634	1	20	
Computers	783,748	285,900	(250,942)	818,706	662,780	101,907	(250,942)	513,745	304,961	33	
Office equipments	1,062,245	-	-	1,062,245	766,310	98,766	-	865,076	197,169	20	
<b>Total</b>	<b>15,076,981</b>	<b>285,900</b>	<b>(250,942)</b>	<b>15,111,939</b>	<b>11,128,539</b>	<b>1,268,853</b>	<b>(250,942)</b>	<b>12,146,450</b>	<b>2,965,489</b>		

Particulars	2022									Book value as at June 30, 2022	Rate
	Cost				Accumulated depreciation						
	As at July 01, 2021	Addition during the year	(deletion) during the year	As at June 30, 2022	As at July 01, 2021	Charged during the year	(disposal) during the year	As at June 30, 2022			
----- Rupees -----										(%)	
Office premises	10,380,294	-	-	10,380,294	6,878,907	519,014	-	7,397,921	2,982,373	5	
Furniture & fixtures	105,059	-	-	105,059	105,057	-	-	105,057	2	20	
Motor vehicles	4,034,135	-	(1,288,500)	2,745,635	2,721,067	763,904	(1,288,500)	2,196,471	549,163	20	
Computers	-	-	-	-	-	-	-	-	-	33	
Computers	670,248	113,500	-	783,748	608,725	54,055	-	662,780	120,968		
Office equipments	-	-	-	-	-	-	-	-	-	20	
Office equipments	987,245	75,000	-	1,062,245	651,510	114,800	-	766,310	295,935		
<b>Total</b>	<b>16,176,981</b>	<b>188,500</b>	<b>(1,288,500)</b>	<b>15,076,981</b>	<b>10,965,266</b>	<b>1,451,773</b>	<b>(1,288,500)</b>	<b>11,128,539</b>	<b>3,948,441</b>		



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

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	Note	2 0 2 3 ----- Rupees -----	2 0 2 2
<b>11 INTANGIBLE ASSETS</b>			
Cost	11.1	<b>10,000,000</b>	10,000,000
Advance against TREC		<b>(10,000,000)</b>	(10,000,000)
		<u>-----</u> <u>-----</u>	<u>-----</u> <u>-----</u>

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

**12 INVESTMENT PROPERTY**

Particulars	2 0 2 3						Book value as at June 30, 2023	Rate
	Cost			Accumulated depreciation				
	As at July 01, 2022	Addition / (deletion) during the year	As at June 30, 2023	As at July 01, 2022	Charged during the year / (disposal)	As at June 30, 2023		
	----- Rupees -----							(%)
Office premises	2,400,000	-	2,400,000	1,288,333	120,000	1,408,333	991,667	5
	<u>2,400,000</u>	<u>-</u>	<u>2,400,000</u>	<u>1,288,333</u>	<u>120,000</u>	<u>1,408,333</u>	<u>991,667</u>	

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

**12.1** The fair value of investment property as at June 30, 2022 Rs. 7,391,280 (2022: Rs. 6,427,200) as per valuation report of independent valuer.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 13.1 Investment in subsidiaries

2023	2022		2023	2022
----- Numbers -----			----- Rupees -----	
500,000	500,000	Capital Financial Services (Private) Limited	50,000,000	50,000,000
500,000	500,000	Apex Financial Services (Private) Limited	50,000,000	50,000,000
25,000,000	25,000,000	Equity Textiles Limited	250,000,000	250,000,000
26,000,000	26,000,000		350,000,000	350,000,000

**13.1.1** The Capital Financial Services (Private) Limited (CFSL) and Apex Financial Services (Private) Limited (AFSL) are wholly owned subsidiaries of the Modaraba having ordinary shares per unit of Rs. 100 each. Net assets value per share of CFSL & AFSL is Rs. 10.13 (2022: Rs. 25.06) and Rs. 20.27 (2022: 30.07) as per financial statements as at June 30, 2023 un-audited by Crowe Hussain Chaudhry & Co, Chartered Accountants.

**13.1.2** Equity Textiles Limited is a wholly owned subsidiary of the Modaraba. Net assets value per share of Equity Textiles Limited is Rs. 46.02 (2022: Rs. 55.06) as per financial statements as at June 30, 2023 audited by BDO Ebrahim & Company, Chartered Accountants.

### 13.2 Investment in equity securities

#### 13.2.1 Unlisted securities

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

2022	2021	Name of investee	Note	2022	2021
----- Numbers -----				----- Rupees -----	
50,000	50,000	Sapphire Power Generation Limited	13.2.2.1	4,990,500	4,332,894
3,034,603	3,034,603	ISE Towers REIT Management Company Limited	13.2.2.2	53,469,705	48,280,534
78,150	78,150	Callmate Telips Telecom Limited	13.2.2.3	1	1
22,000	22,000	Javed Omer Vohra & Company Limited	13.2.2.4	41,800	41,800
3,184,753	3,184,753			58,502,006	52,655,229

**13.2.2.1** Net assets value per share of Sapphire Power Generation Limited is Rs. 99.814 (2021: Rs. 86.66) as per financial statements as at June 30, 2022 audited by Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants.

**13.2.2.2** Net assets value per share of ISE Towers REIT Management Company Limited Rs. 17.62 (June 30, 2022: Rs. 17.46) as per financial statements as at March 31, 2023. The auditors are BDO Ebrahim & Company, Chartered Accountants.

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

	Note	2 0 2 3 ----- Rupees -----	2 0 2 2 ----- Rupees -----
<b>14 MORABAHA / MUSHARAKA RECEIVABLES - SECURED</b>			
Musharaka - considered good	16.1	-	9,560,623
Morabaha - considered doubtful		<b>17,380,055</b>	17,380,055
		<b>17,380,055</b>	26,940,678
Bad debt		<b>(17,380,055)</b>	-
Provision for non performing assets		-	(17,380,055)
		<b>-</b>	<b>9,560,623</b>

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

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

	Note	2 0 2 3 ----- Rupees -----	2 0 2 2 ----- Rupees -----
<b>15 SHORT TERM INVESTMENT</b>			
<b>Investment classified at fair value through profit and loss account</b>			
Listed securities	15.1	<b>65,725,306</b>	96,471,947

**16.1 Listed securities**

	2 0 2 3 ----- Numbers -----	2 0 2 2 ----- Numbers -----	Name of investee	2 0 2 3 ----- Rupees -----	2 0 2 2 ----- Rupees -----
			<b>Oil and gas</b>		
	245,028	300,870	Sui Northern Gas Pipeline Limited	9,646,752	10,292,763
	8,698	100,598	Oil & Gas Development Company Limited	678,444	7,914,045
			<b>Chemicals</b>		
	98,500	98,500	Ghani Global Glass Limited	575,240	1,087,440
	27,850	25,000	Ghani Gases holding Limited	274,880	412,750
			<b>Food &amp; Personal Care Products</b>		
	639,000	639,000	Al-Shaheer Corporation Limited	4,619,970	5,776,560
	115,675	165,675	Unity Foods Limited	1,808,000	3,325,097

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

2023	2022	Name of investee	2023	2022
----- Numbers -----	----- Numbers -----		----- Rupees -----	----- Rupees -----
		<b>Construction and materials</b>		
12,500	12,500	Bestway Cement Limited	1,812,500	1,587,250
279,000	279,000	Dewan Cement Limited	1,157,850	1,506,600
362,775	362,775	Fly Cement Limited	2,009,774	2,604,725
3,400	4,400	Cherat Cement Company Limited	408,952	409,375
1,350,000	1,350,000	Power Cement Limited	5,535,000	7,182,000
90,000	80,000	Fauji Cement Company Limited	1,058,400	1,133,600
158,222	215,500	Maple Leaf Cement Factory Limited	4,482,429	5,893,925
1,845	1,845	Pioneer Cement Limited	159,832	111,309
		<b>Pharma and biotech</b>		
13,050	10,840	The Searle Pakistan Limited	500,075	1,181,777
		<b>Paper &amp; Board</b>		
59,400	59,400	Roshan Packages Limited	528,066	882,684
		<b>Engineering</b>		
13,375	13,375	Agha Steel Industries Limited	130,005	209,720
		<b>Cable and Electrical goods</b>		
122,000	123,500	Pak Elektron Limited	1,104,100	1,962,415
		<b>Personal Care</b>		
67,500	67,500	Treet Corporation Limited	1,068,525	1,969,650
		<b>Textile Composites</b>		
210,000	210,000	International Knitwear Limited	2,835,000	2,100,000
25,453	25,453	Nishat Mills Limited	1,444,967	1,881,231
		<b>Miscellaneous</b>		
46,057	40,050	EcoPack Limited	667,827	1,165,455
2,500	3,000	Pakistan Hotel Developers Limited	200,000	427,230
		<b>Modarabas</b>		
38,000	38,000	First UDL Modaraba	190,000	266,000
		<b>Automobile Assembler</b>		
14,899	24,000	Ghandhara Industries Limited	1,199,965	3,791,280
		<b>Fixed line telecommunication</b>		
708,500	709,500	Pakistan Telecommunication Company Limited	4,258,085	4,938,120
949,000	999,000	Worldcall Telecom Limited	1,034,410	1,328,670
		<b>Securities Companies</b>		
1,602,953	1,602,953	Pakistan Stock Exchange Limited	11,861,852	16,398,209



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022	Name of investee	2023	2022
	----- Numbers -----			----- Rupees -----	
			<b>Cable &amp; electrical goods</b>		
	444,750	<b>444,750</b>	Waves Singer Pakistan Limited	2,735,213	5,661,667
	450		Waves Home Appliances Ltd	1,994	-
			<b>Power Generation Distribution &amp; Electricity</b>		
	1,010,000	<b>1,010,000</b>	K-Electric Limited	1,737,200	3,070,400
	<u><b>8,720,380</b></u>	<u>9,016,984</u>		<u><b>65,725,306</b></u>	<u>96,471,948</u>
<b>16</b>	<b>ADVANCES - CONSIDERED GOOD</b>				
	Employee		16.1	209,712	90,769
	Advance tax			11,820,482	11,470,038
				<u><b>12,030,194</b></u>	<u>11,560,807</u>
<b>16.1</b>	The maximum aggregate amount due from employees at the end of any month during the year was Rs. 380,224 (2022: 192,396). These are secured against the property documents retained by the Modaraba.				
<b>17</b>	<b>TRADE DEPOSITS AND PREPAYMENTS</b>			2023	2022
				----- Rupees -----	
	Deposits			14,966,856	15,966,856
	Prepayments			326,611	474,098
				<u><b>15,293,467</b></u>	<u>16,440,954</u>
<b>18</b>	<b>OTHER RECEIVABLES</b>				
	Receivable from clients		18.1, 18.1.1 & 18.2	19,134,756	18,485,086
	Musharakah profit receivable			1,795,152	-
	Others		18.2	37,024,939	33,289,604
				<u><b>57,954,847</b></u>	<u>51,774,690</u>
<b>18.1</b>	<b>Receivable from clients</b>				
	Considered good			19,134,756	18,485,086
	Considered doubtful			12,500,000	12,500,000
				<u><b>31,634,756</b></u>	<u>30,985,086</u>
	Less: Provision for doubtful debts			-	(12,500,000)
	Less: Bad debts			<u><b>(12,500,000)</b></u>	-
				<u><b>19,134,756</b></u>	<u>18,485,086</u>
<b>18.1.1</b>	<b>Movement in provision for doubtful debts</b>				
	Opening provision			12,500,000	12,500,000
	Charge for the year			<u><b>(12,500,000)</b></u>	-
				<u><b>-</b></u>	<u>12,500,000</u>
<b>18.2</b>	Receivable from clients and others include receivable from related parties amounting to Rs. 35,411,516 (2022: Rs. 31,772,196).				

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Note	2 0 2 3 ----- Rupees -----	2 0 2 2 -----
<b>19 BANK BALANCE</b>			
-in current accounts		1,376,204	1,983,587
-in Islamic Bank	19.1	9,746,349	8,692,354
		<u>11,122,553</u>	<u>10,675,941</u>
<b>19.1</b>	These carry profit at rates ranging from 8.00% to 14% (June 30, 2022: 3.5% to 7.0%) per annum.		
<b>20 INCOME</b>	Note	2 0 2 3 ----- Rupees -----	2 0 2 2 -----
Profit on Musharaka		734,529	926,449
Brokerage commission		760,315	987,599
Capital gain / (loss)		(4,504,667)	(5,972,442)
Dividend		5,201,121	24,897,689
		<u>2,560,000</u>	1,600,000
		<u>4,751,298</u>	<u>22,439,295</u>
<b>21 OPERATING EXPENSES</b>			
Salaries, allowances and benefits	21.1	7,949,895	8,447,931
Traveling, conveyance and entertainment		426,670	435,345
Telephone and postage		887,398	427,687
Electricity		623,030	645,703
Insurance		479,543	604,266
Printing, stationery and advertisement		740,871	840,055
Fees and subscriptions		2,562,493	2,207,061
Vehicle running and maintenance		3,191,813	2,168,846
Depreciation	10 & 12	1,388,853	1,571,773
Facilities and services		4,768,040	4,374,290
Repair and maintenance		1,430,758	1,614,895
Annual review meeting		12,698	238,098
Auditor's remuneration	21.3	452,780	676,510
Legal and professional		461,992	426,396
Training and development		-	3,000
Shariah advisor		225,000	225,000
KSE & SECP Charges		419,707	569,005
Others		297,069	240,586
		<u>26,318,610</u>	<u>25,716,447</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 21.1 Remuneration of executives and other employees

The aggregate amount charged in the financial statements for remuneration, including benefits to 7 (2022: 7) employees of the Modaraba is:

	2 0 2 3		2 0 2 2	
	Other employees		Executives	Other employees
	----- Rupees -----			
Salaries and allowances	2,666,160	1,790,640	2,870,400	2,869,760
Leave fare & encashment	582,500	139,060	338,340	332,233
Expenses reimbursed:				
- Medical	406,850	247,090	423,681	306,757
	3,655,510	2,176,790	3,632,421	3,508,750

21.2 Salaries, allowances and benefits include provision for gratuity of Rs. 1,205,845 (2022: Rs. 1,006,160). Officers are also provided with free use of the Modaraba maintained cars.

	2 0 2 3		2 0 2 2	
	----- Rupees -----			
<b>21.3 Auditors' remuneration</b>				
Audit fee		375,000		275,000
Half yearly review		40,000		30,000
Other fees		37,780		371,510
		452,780		676,510

### 22 FINANCIAL CHARGES

Bank charges	62,741	73,056
	62,741	73,056

### 23 OTHER INCOME

Profit on investment accounts with Islamic bank	115,154	165,379
Sindh revenue Board input Tax	-	245,581
	115,154	410,960



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	----- (Rupees) -----	
<b>24 TAXATION</b>		
Current tax	831,069	3,785,000
	<b>831,069</b>	<b>3,785,000</b>
	<b>831,069</b>	<b>3,785,000</b>
<b>25 DEFERED TAXATION</b>		
<b>Taxable temporary differences</b>		
Investment in unlisted shares	3,947,802	2,975,683
	<b>3,947,802</b>	<b>2,975,683</b>
	<b>3,947,802</b>	<b>2,975,683</b>
<b>Deductible temporary differences</b>		
Fixed assets	(1,082,364)	(995,996)
Provision against receivable from client	-	(3,625,000)
Provision against Musharaka receivable	-	(5,040,216)
Short term investment	(15,078,250)	(11,233,891)
Deferred liability (For gratuity)	(1,966,295)	(1,710,321)
	<b>(18,126,909)</b>	<b>(22,605,424)</b>
Net deferred income tax asset	(14,179,107)	(19,629,741)
Unrecognized deferred income tax asset	(14,179,107)	19,629,741
	<b>-</b>	<b>-</b>
	<b>-</b>	<b>-</b>

**25.1** Deferred tax asset as at June 30, 2023 amounting to Rs. 14,179,107 (2022: Rs. 19,629,741) has not been recognized in these financial statements due to uncertainty in availability of sufficient future taxable profits as these temporary differences are not likely to reverse in the foreseeable future.

	2023	2022
	----- Rupees -----	
<b>26 EARNINGS / (LOSS) PER CERTIFICATE - BASIC AND DILUTED</b>		
Profit / (loss) for the year	(22,345,968)	(6,724,248)
	<b>(22,345,968)</b>	<b>(6,724,248)</b>
	<b>(22,345,968)</b>	<b>(6,724,248)</b>
	----- Numbers -----	
Weighted average number of certificates outstanding during the year	52,440,000	52,440,000
	<b>52,440,000</b>	<b>52,440,000</b>
	<b>52,440,000</b>	<b>52,440,000</b>
	----- Rupees -----	
<b>Earnings / (loss) per certificate - basic and diluted</b>	(0.43)	(0.13)
	<b>(0.43)</b>	<b>(0.13)</b>
	<b>(0.43)</b>	<b>(0.13)</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

### 27 RISK MANAGEMENT POLICIES AND OBJECTIVES

#### Financial risk management

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

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

#### Credit and concentration risk

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

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

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

	2 0 2 3	2 0 2 2
	----- Rupees -----	
Investment	474,227,312	499,127,177
Morabaha/Musharaka receivables-secured	-	9,560,623
Advances-considered good	14,540,194	14,070,807
Trade deposits and prepayments	17,043,467	18,190,954
Other receivables	57,954,847	51,774,690
	563,765,820	592,724,251

#### Liquidity risk

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

2 0 2 3				
Particulars	Less than one year	Over one year but less than five years	Over five years	Total
-----Rupees-----				
<b>Assets</b>				
Long term investments	-	58,502,006	350,000,000	408,502,006
Short term investments	65,725,306			65,725,306
Advances	12,030,194	2,510,000	-	14,540,194
Trade deposits	14,966,856	1,750,000	-	16,716,856
Other receivables	57,954,847	-	-	57,954,847
Bank balances	11,122,553	-	-	11,122,553
	<b>161,799,755</b>	<b>62,762,006</b>	<b>350,000,000</b>	<b>574,561,761</b>
<b>Liabilities</b>				
Deferred liability	-	-	6,780,327	6,780,327
Security Deposit	-	200,000	-	200,000
Creditors, accrued and other liabilities	10,240,659	-	-	10,240,659
Unclaimed profit distribution	31,127,871	-	-	31,127,871
	<b>41,368,530</b>	<b>200,000</b>	<b>6,780,327</b>	<b>48,348,857</b>
<b>Net balance</b>	<b>120,431,225</b>	<b>62,562,006</b>	<b>343,219,673</b>	<b>526,212,904</b>

2 0 2 2				
Particulars	Less than one year	Over one year but less than five years	Over five years	Total
-----Rupees-----				
<b>Assets</b>				
Long term investments	-	52,655,229	350,000,000	402,655,229
Morabaha & Musharaka receivables	9,560,623	-	-	9,560,623
Short term investments	96,471,948	-	-	96,471,948
Advances	11,560,807	2,510,000	-	14,070,807
Trade deposits	15,966,856	1,750,000	-	17,716,856
Other receivables	51,774,690	-	-	51,774,690
Bank balances	10,675,941	-	-	10,675,941
	<b>196,010,864</b>	<b>56,915,229</b>	<b>350,000,000</b>	<b>602,926,093</b>
<b>Liabilities</b>				
Deferred liability	-	-	5,897,659	5,897,659
		200,000		200,000
Creditors, accrued and other liabilities	14,564,189	-	-	14,564,189
Unclaimed profit distribution	30,448,251	-	-	30,448,251
	<b>45,012,440</b>	<b>200,000</b>	<b>5,897,659</b>	<b>51,110,099</b>
<b>Net balance</b>	<b>150,998,424</b>	<b>56,715,229</b>	<b>344,102,341</b>	<b>551,815,994</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### Market risk

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

### Operational Risk

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

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

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

### 28 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

	2023	2022
	----- Rupees -----	
<b>28.1 Financial instruments by category</b>		
<b>Financial assets:</b>		
<b>At amortized cost</b>		
Morabaha/Musharaka receivables	-	9,560,623
Advances	<b>14,540,194</b>	14,070,807
Trade deposits	<b>16,716,856</b>	17,716,856
Other receivables	<b>57,954,847</b>	51,774,690
Bank balances	<b>11,122,553</b>	10,675,941
<b>Financial assets at fair value through profit or loss</b>		
Short term investments	<b>65,725,306</b>	96,471,948
<b>Financial assets at fair value through other comprehensive income</b>		
Long term investments	<b>58,502,006</b>	52,655,229
	<b>224,561,762</b>	252,926,094
<b>Financial assets at cost</b>		
Long term investment in subsidiary	<b>350,000,000</b>	350,000,000
<b>Financial liabilities:</b>		
<b>Financial liabilities at amortized cost</b>		
Deferred liability	<b>6,780,327</b>	5,897,659
Security deposit	<b>200,000</b>	200,000
Creditors, accrued and other liabilities	<b>10,240,659</b>	14,564,189
Unclaimed profit distribution	<b>31,127,871</b>	30,448,251
	<b>48,348,857</b>	51,110,099
<b>On balance sheet gap</b>	<b>526,212,905</b>	551,815,995



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 30 MATURITIES OF ASSETS AND LIABILITIES

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

Particulars	2 0 2 3				Total
	Up to one month	Over one month to one year	Over one year to five years	Over five years	
----- Rupees -----					
<b>Assets</b>					
Long term investments	-	-	58,502,006	350,000,000	408,502,006
Short term investments	-	65,725,306	-	-	65,725,306
Advances	-	209,712	2,510,000	-	2,719,712
Trade deposits	-	14,966,856	1,750,000	-	16,716,856
Other receivables	-	57,954,847	-	-	57,954,847
Bank balances	-	11,122,553	-	-	11,122,553
	-	149,979,274	62,762,006	350,000,000	562,741,280
<b>Liabilities</b>					
Deferred liability	-	-	-	6,780,327	6,780,327
Security deposit	-	-	200,000	-	200,000
Creditors, accrued and other liabilities	-	10,240,659	-	-	10,240,659
Unclaimed profit distribution	-	31,127,871	-	-	31,127,871
	-	41,368,530	200,000	6,780,327	48,348,857
<b>Net balance</b>	-	108,610,744	62,562,006	343,219,673	514,392,423

Particulars	2 0 2 2				Total
	Up to one month	Over one month to one year	Over one year to five years	Over five years	
----- Rupees -----					
<b>Assets</b>					
Long term investments	-	-	52,655,229	350,000,000	402,655,229
Morabaha & Musharaka receivables	-	9,560,623	-	-	9,560,623
Short term investments	-	96,471,948	-	-	96,471,948
Advances	-	90,769	2,510,000	-	2,600,769
Trade deposits and prepayments	-	15,966,856	1,750,000	-	17,716,856
Other receivables	-	51,774,690	-	-	51,774,690
Bank balances	-	10,675,941	-	-	10,675,941
	-	184,540,826	56,915,229	350,000,000	591,456,055
<b>Liabilities</b>					
Deferred liability	-	-	-	5,897,659	5,897,659
Creditors, accrued and other liabilities	-	14,564,189	200,000	-	14,764,189
Unclaimed profit distribution	-	30,448,251	-	-	30,448,251
	-	45,012,440	200,000	5,897,659	51,110,099
<b>Net balance</b>	-	139,528,386	56,715,229	344,102,341	540,345,956

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 31 YIELD / PROFIT RATE RISK EXPOSURE

Description	Effective yield / profit risk %	2 0 2 3						Total
		Yield / profit bearing maturing			Non yield / profit bearing maturing			
		With in one year	After one year	Sub-total	With in one year	After one year	Sub-total	
-----Rupees-----								
<b>Financial assets</b>								
Long term investments		-	-	-	-	408,502,006	408,502,006	408,502,006
Short term investments		65,725,306	-	65,725,306	-	-	-	65,725,306
Advances		-	-	-	209,712	2,510,000	2,719,712	2,719,712
Trade deposits		-	-	-	14,966,856	1,750,000	16,716,856	16,716,856
Other receivables		-	-	-	57,954,847	-	57,954,847	57,954,847
Bank balances	3.5% to 7%	9,746,349	-	9,746,349	1,376,204	-	1,376,204	11,122,553
		75,471,655	-	75,471,655	74,507,619	412,762,006	499,090,106	562,741,280
<b>Financial Liabilities</b>								
Deferred liability		-	-	-	-	6,780,327	6,780,327	6,780,327
Security deposit		-	-	-	-	200,000	200,000	200,000
Creditors, accrued and other liabilities		-	-	-	10,240,659	-	10,240,659	10,240,659
Unclaimed profit distribution		-	-	-	31,127,871	-	31,127,871	31,127,871
		-	-	-	41,368,530	6,980,327	48,348,857	48,348,857
On Balance Sheet Gap		75,471,655	-	75,471,655	33,139,089	405,781,679	438,920,768	514,392,423

- The above analysis is based on the contractual/expected maturities of assets and liabilities which may not necessarily correspond with actual maturities.
- Yield risk is the risk of decline in earning due to adverse movement of the yield curve.
- Profit rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market profit rates.

Description	Effective yield / profit risk % age	2 0 2 2						Total
		Yield / profit bearing maturing			Non yield / profit bearing maturing			
		With in one year	After one year	Sub-total	With in one year	After one year	Sub-total	
-----Rupees-----								
<b>Financial assets</b>								
Long term investments		-	-	-	-	402,655,229	402,655,229	402,655,229
Morabaha/Musharaka receivables	12% to 16%	9,560,623	-	9,560,623	-	-	-	9,560,623
Short term investments		96,471,948	-	96,471,948	-	-	-	96,471,948
Advances		-	-	-	90,769	2,510,000	2,600,769	2,600,769
Trade deposits		-	-	-	15,966,856	1,750,000	17,716,856	17,716,856
Other receivables		-	-	-	51,774,690	-	51,774,690	51,774,690
Bank balances	2% to 5%	8,692,354	-	8,692,354	1,983,587	-	1,983,587	10,675,941
		114,724,925	-	114,724,925	69,815,901	406,915,229	476,731,130	591,456,055
<b>Financial liabilities</b>								
Deferred liability		-	-	-	-	5,897,659	5,897,659	5,897,659
Creditors, accrued and other liabilities		-	-	-	14,564,189	200,000	14,764,189	14,764,189
Unclaimed profit distribution		-	-	-	30,448,251	-	30,448,251	30,448,251
		-	-	-	45,012,440	6,097,659	51,110,099	51,110,099
On balance sheet Gap		114,724,925	-	114,724,925	24,803,461	400,817,570	425,621,031	540,345,956



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 32 SEGMENT INFORMATION

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

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

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

Particulars	2 0 2 3					2 0 2 2
	Musharaka facility	Brokerage operation	Capital market	Others	Total	Total
	-----Control-----Rupees-----					
Segment revenues	734,529	760,315	696,454	2,675,154	4,866,452	22,850,255
Segment result	734,529	(5,342,450)	696,454	2,675,154	(1,236,313)	18,545,614
<b>Unallocated cost</b>						
Operating expenses					(20,278,587)	(21,484,862)
<b>Profit / (loss) before taxation</b>					<b>(21,514,900)</b>	<b>(2,939,248)</b>
Taxation					(831,069)	(3,785,000)
<b>Profit / (loss) for the year</b>					<b>(22,345,969)</b>	<b>(6,724,248)</b>
<b>Other information</b>						
Segment assets	-	20,431,653	124,227,314	991,667	145,650,634	182,568,565
Unallocated assets					433,194,895	425,891,734
<b>Total assets</b>					<b>578,845,529</b>	<b>608,460,299</b>
Segment liabilities	-	4,193,241	-	420,000	4,613,241	7,489,654
Unallocated liabilities					43,735,616	43,620,445
<b>Total liabilities</b>					<b>48,348,857</b>	<b>51,110,099</b>

### 32 TRANSACTIONS WITH RELATED PARTIES

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

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

		2023	2022
		----- Rupees -----	
<b>32.1</b>	<b>Balance outstanding at year end</b>		
	<b>Modaraba Management Company</b>		
	Current account payable	1,193,594	2,757,030
	<b>Subsidiary companies</b>		
	Investment in Equity Textiles Limited	250,000,000	250,000,000
	Investment in Capital Financial Services (Private) Limited	50,000,000	50,000,000
	Investment in Apex Financial Services (Private) Limited	50,000,000	50,000,000
	<b>Receivable from/payable to wholly owned subsidiary companies</b>		
	Apex Financial Services (Private) Limited	16,931,738	16,003,967
	Capital Financial Services (Private) Limited	18,479,778	15,768,228
	<b>Other related parties (including key management personnel)</b>		
	Deferred liability staff gratuity	6,780,327	5,897,659
	Brokerage house client receivable	29,402	31,864
<b>32.2</b>	<b>Transactions during the year</b>		
	<b>Relationship</b>		
	<b>Modaraba Management Company</b>		
	Reimbursement	4,768,040	4,374,290
	<b>Other related parties (including key management personnel)</b>		
	Contribution to staff gratuity fund	1,205,845	1,006,160
	<b>Subsidiary companies</b>		
	Services acquired	244,492	590,492
	Key Management Personnel / Associated company		
	Brokerage commission earned	123,632	59,400
	Key Management Personnel / Associated company		



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 33. NET CAPITAL BALANCE

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

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

<u>Description</u>	<u>Valuation</u>	<u>Note</u>	<u>2023</u> <u>Rupees</u>
<b>Current assets</b>			
Cash and bank balances	As per book value	33.1	11,122,553
Trade receivables	Book value less overdue for more than 14 days		3,159
Investment in listed securities in the name of brokerage house	Securities marked to market less 15% discount		45,802,512
Securities purchased for client			4,179,403
PIBS	Marked to market less 5% discount		-
			<u>61,107,627</u>
<b>Current liabilities</b>			
Trade payables	Book value less overdue for more		158,204
Other payables	As per book values		41,210,326
			<u>41,368,530</u>
<b>Net capital balance as at June 30, 2023</b>			<u><u>19,739,097</u></u>
<b>33.1. Cash and bank balances</b>			
	Bank balance pertaining to brokerage house		6,777,853
	Bank balance pertaining to clients		4,344,700
			<u><u>11,122,553</u></u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 38. COMPUTATION OF LIQUID CAPITAL

S. No	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>I. Assets</b>				
1.1	Property & Equipment	3,957,156	3,957,156	
1.2	Intangible Assets			
1.3	Investment in Govt. Securities			
	<b>Investment in Debt. Securities</b>			
	<b>If listed than:</b>			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
	<b>If unlisted than:</b>			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			
	<b>Investment in Equity Securities</b>			
1.5	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher. (Provided that if any of these securities are pledged with the securities exchange for base minimum capital requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base minimum capital	53,885,307	12,162,113	41,723,194
	ii. If unlisted, 100% of carrying value.	58,502,006	58,502,006	
1.6	Investment in subsidiaries	350,000,000	350,000,000	
	<b>Investment in associated companies/undertaking</b>			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.			
	ii. If unlisted, 100% of net value.			
	<b>Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.</b>			
1.8	(i) 100% of net value, however any excess amount of cash deposited with securities exchange to comply with requirements of base minimum capital may be taken in the calculation of LC	225,000	225,000	
1.9	Margin deposits with exchange and clearing house.	350,000	-	350,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			
1.11	Other deposits and prepayments	16,468,467	16,468,467	
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)			
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties			
1.13	Dividends receivables.	-	-	
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. ( <i>Securities purchased under repo arrangement shall not be included in the investments.</i> )			
	<b>Advances and receivables other than trade Receivables;</b>			
1.15	(i) No haircut may be applied on the short term loan to employees provided these loans are secured and due for repayments within 12 months.	209,712	-	209,712
	(ii) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation .	11,820,482	-	11,820,482
	(iii) In all other cases 100% of net value	38,820,091	38,820,091	
	<b>Receivables from clearing house or securities exchange(s)</b>			
1.16	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	<b>Receivables from customers</b>			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the finance (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i>			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>			
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. Net amount after deducting haircut</i>			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	2,773	-	2,773
1.17	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. <i>v. Lower of net balance sheet value or value determined through adjustments</i>	19,134,756	15,985,809	3,148,947
	vi. In the case of amount of receivables from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner; (a) Up to 30 days, values determined after applying var based haircuts. (b) Above 30 days but upto 90 days, values determined after applying 50% or var based haircuts whichever is higher. (c) above 90 days 100% haircut shall be applicable. <i>vi. Lower of net balance sheet value or value determined through adjustments</i>	-	-	-
	<b>Cash and Bank balances</b>			
1.18	i. Bank Balance-proprietary accounts	6,777,853	-	6,777,853
	ii. Bank balance-customer accounts	4,344,700	-	4,344,700
	iii. Cash in hand	-	-	-
	<b>Subscription money against investment in IPO/ offer for sale (asset)</b>			
	(i) No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.			
1.19	(ii) In case of Investment in IPO where shares have been allotted but not yet credited in CDS Account, 25% haircuts will be applicable on the value of such securities.			
	(iii) In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VAR based haircut whichever is higher, will be applied on Right Shares.			
1.20	<b>Total Assets</b>	<b>564,498,303</b>	<b>496,120,642</b>	<b>68,377,661</b>
	<b>2. Liabilities</b>			
	<b>Trade Payables</b>			
2.1	i. Payable to exchanges and clearing house		-	-
	ii. Payable against leveraged market products			
	iii. Payable to customers	4,193,241	-	4,193,241
	<b>Current Liabilities</b>			
	i. Statutory and regulatory dues			
	ii. Accruals and other payables	6,047,418	-	6,047,418
	iii. Short-term borrowings			
2.2	iv. Current portion of subordinated loans			
	v. Current portion of long term liabilities			
	vi. Deferred Liabilities			
	vii. Provision for taxation			
	viii. Other liabilities as per accounting principles and included in the financial statements	32,010,539	-	32,010,539

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	<b>Non-Current Liabilities</b>			
	i. Long-Term financing			
2.3	ii. Other liabilities as per accounting principles and included in the financial statements	200,000	-	200,000
	iii. Staff retirement benefits	5,897,659	-	5,897,659
	Note: (a) 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases. (b) Nil in all other cases			
	<b>Subordinated Loans</b>			
2.4	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:			
	<b>Advance against shares for Increase in Capital of Securities broker:</b> 100% haircut may be allowed in respect of advance against shares if:			
2.5	a. The existing authorized share capital allows the proposed enhanced share capital b. Broad of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.			
2.6	<b>Total Liabilities</b>	<b>48,348,857</b>	<b>-</b>	<b>48,348,857</b>
<b>3. Ranking Liabilities Relating to :</b>				
	<b>Concentration in Margin Financing</b>			
3.1	The amount calculated client-to- client basis by which any amount receivable from any of the finances exceed 10% of the aggregate of amounts receivable from total finances. (Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs 5 million) Note: Only amount exceeding by 10% of each finance from aggregate amount shall be include in the ranking liabilities			
	<b>Concentration in securities lending and borrowing</b>			
3.2	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed (Note only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities)			
	<b>Net underwriting Commitments</b>			
3.3	<b>(a) in the case of right issues :</b> if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting commitment <b>(b) in any other case :</b> 12.5% of the net underwriting commitments			
	<b>Negative equity of subsidiary</b>			
3.4	The amount by which the total assets of the subsidiary ( excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary			
	<b>Foreign exchange agreements and foreign currency positions</b>			
3.5	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency			
3.6	Amount Payable under REPO			



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	<b>Repo adjustment</b>			
3.7	<b>In the case of financier/purchaser</b> the total amount receivable under Repo less the 110% of the market value of underlying securities. <b>In the case of finance/seller</b> the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.			
	<b>Concentrated proprietary positions</b>			
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security			
	<b>Opening Positions in futures and options</b>			
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met			
	<b>Short sell positions</b>			
3.10	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.			
<b>3.11</b>	<b>Total Ranking Liabilities</b>	-	-	-

### Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.20)	564,498,303	496,120,642	68,377,661
(ii) Less: Adjusted value of liabilities (serial number 2.6)	48,348,857	-	48,348,857
(iii) Less: Total ranking liabilities (series number 3.11)	-	-	-

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

**20,028,804**

### 36 CAPITAL ADEQUACY LEVEL

	2023	2022
	Rupees	
Total assets	573,845,529	603,460,299
Less: Total liabilities	(48,348,857)	(51,110,099)
<b>Capital adequacy level</b>	<b>525,496,671</b>	<b>552,350,200</b>

### 37 CORRESPONDING FIGURES

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

### 38 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on October 05, 2023.

Qazi Obaid Ullah  
Chief Financial Officer

Adil A. Ghaffar  
Chief Executive Officer

Nadeem Maqbool  
Director

Alizeh Bashir  
Director

Premier Financial  
Services (Private) Limited

Premier Financial  
Services (Private) Limited

Premier Financial  
Services (Private) Limited

*Auditors Report and  
Consolidated Financial Statements  
of  
First Equity Modaraba  
Capital Financial Services (Pvt) Ltd  
Apex Financial Services (Pvt) Ltd  
Equity Textiles Limited  
for the year ended June 30, 2023*

**TO THE CERTIFICATE HOLDERS****AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **FIRST EQUITY MODARABA** (the holding company / Modaraba) and its subsidiary companies as at June 30, 2023 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of First Equity Modaraba, Apex Financial Services (Private) Limited and Capital Financial Services (Private) Limited except for Equity Textile Limited which were audited by another firm of chartered accountants whose reports have been furnished to us and our opinion is so far as it relates to the amount included for such companies is based solely on the report of such other auditor. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The Modaraba and, its two subsidiaries named Apex Financial Services (Private) Limited and Capital Financial Services (Private) Limited have charged gain of Rs. 19.165 million (2022 Rs.109,719) , in respect of investment classified as financial asset at fair value through profit and loss, in other comprehensive income instead of profit and loss account as required under IFRS9. Had the Modaraba and two above mentioned subsidiaries charged the loss to the profit and loss account, loss for the year would have increased by Rs. 19.165 million (2022: Rs109,719 million).

In our opinion, except for the effects of the matter described in paragraphs above, the consolidated financial statements present fairly the financial position of the **FIRST EQUITY MODARABA** and its subsidiary companies as at June 30, 2023 and the results of their operations for the year then ended.

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

**Place:** Karachi  
**Date:** October 27, 2023

UDIN: AR202310207MFYpsSqzV



## CONSOLIDATED BALANCE SHEET

### AS AT JUNE 30, 2023

	Note	2 0 2 3 ----- Rupees -----	2 0 2 2
<b>EQUITY AND LIABILITIES</b>			
<b>Authorized certificate capital</b>			
60,000,000 (2022: 60,000,000) modaraba certificates of Rs. 10 each		<u>600,000,000</u>	<u>600,000,000</u>
<b>Certificate holders' equity</b>			
Certificate capital	5	524,400,000	524,400,000
Reserves	6	492,133,820	692,752,037
Remeasurement of defined benefit liability - actuarial gain		1,688,143	1,364,966
Surplus on revaluation of fixed assets	7	463,094,620	514,549,578
Unrealised loss on remeasurement of investments		(135,380,982)	(124,338,089)
<b>Total certificates holders' equity</b>		<u>1,345,935,601</u>	<u>1,608,728,492</u>
<b>Non-current liabilities</b>			
Long term financing	8	-	468,564
Liability against assets subject to finance lease	9	15,405,431	38,951,091
Deferred liabilities	10	182,882,554	292,865,387
Deferred capital grant	11	-	2,203,671
GIDC payable	12	12,023,281	204,854,050
Security deposit		200,000	200,000
<b>Total non-current liabilities</b>		<u>210,511,266</u>	<u>539,542,763</u>
<b>Current liabilities</b>			
Short term borrowings	13	92,491,516	225,098,900
Current portion of long term liabilities	14	23,545,660	60,349,398
Current portion of GIDC payable	12	274,136,682	73,727,892
Creditors, accrued and other liabilities	15	870,922,525	419,899,095
Accrued mark up	16	3,643,631	6,768,396
Current portion of deferred capital grant	11	-	4,229,944
Unclaimed profit distribution		31,127,871	30,448,251
<b>Total current liabilities</b>		<u>1,295,867,885</u>	<u>820,521,876</u>
<b>Total equity and liabilities</b>		<u>2,852,314,752</u>	<u>2,968,793,131</u>
<b>Contingencies and commitments</b>	17		



# CONSOLIDATED BALANCE SHEET

## AS AT JUNE 30, 2023

	Note	2 0 2 3 ----- Rupees -----	2 0 2 2
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
- tangible	18	1,194,544,668	1,294,261,014
- intangible	19	13,412,604	13,443,664
Investment property	20	991,667	1,111,667
Long term investments	21	58,502,006	52,655,229
Advances		2,510,000	2,510,000
Deposits		8,987,800	8,987,800
<b>Total non-current assets</b>		<b>1,278,948,745</b>	<b>1,372,969,374</b>
<b>Current assets</b>			
Stores and spares	22	60,052,329	48,258,791
Stock in trade	23	571,136,706	577,914,926
Trade debts	24	550,024,951	426,922,574
Morabaha / Musharaka receivables-secured	25	-	9,560,623
Short term investments	26	105,779,339	142,431,293
Advances - considered good	27	12,154,980	11,961,484
Trade deposits and prepayments	28	112,003,567	101,748,790
Other receivables	29	26,742,327	83,650,677
Tax refund from government authorities	30	73,147,156	45,722,860
Taxation - net	31	20,847,434	45,511,798
Cash and bank balances	32	41,477,218	102,139,941
<b>Total current assets</b>		<b>1,573,366,007</b>	<b>1,595,823,757</b>
<b>Total assets</b>		<b>2,852,314,752</b>	<b>2,968,793,131</b>

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2023

	Note	2 0 2 3 ----- Rupees -----	2 0 2 2
<b>Income - net</b>	33	(119,313,209)	518,331,592
<b>Expenditures</b>			
Operating expenses	34	(104,060,330)	(86,562,150)
Distribution and selling expenses	35	(24,837,450)	(22,335,838)
		(128,897,780)	(108,897,988)
Operating (loss) / profit		(248,210,989)	409,433,604
Financial charges	36	(61,829,716)	(37,021,399)
Other income	37	6,550,243	22,175,394
Other charges	38	-	(29,825,258)
<b>(Loss) / profit before taxation</b>		(303,490,462)	364,762,341
Taxation			
- current		(50,436,010)	(56,487,284)
- prior		(6,607,466)	39,778,503
- deferred		108,460,763	(144,457,652)
		51,417,287	(161,166,433)
<b>(Loss) / profit after taxation</b>		(252,073,175)	203,595,908
<b>(Loss) / Earnings per certificate - basic and diluted</b>	39	(4.81)	3.88

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

Qazi Obaid Ullah  
Chief Financial Officer

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

Nadeem Maqbool  
Director  
Premier Financial  
Services (Private) Limited

Alizeh Bashir  
Director  
Premier Financial  
Services (Private) Limited



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**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022
	----- Rupees -----	
<b>(Loss) / profit after taxation</b>	<b>(252,073,175)</b>	203,595,908
<b>Other comprehensive income</b>		
<b>Items that will be subsequently reclassified:</b>		
Unrealized loss on remeasurement of investments	(10,232,363)	(115,104,462)
(Loss) / gain realised on disposal of investments	(6,657,307)	2,320,919
	<b>(16,889,670)</b>	(112,783,543)
<b>Items that will not be subsequently reclassified:</b>		
Remeasurement of defined benefit liability	323,177	626,425
Unrealized gain on remeasurement of investment held at FVTOCI	5,846,777	460,430
	<b>(10,719,716)</b>	(111,696,688)
<b>Other comprehensive loss</b>		
	<b>(10,719,716)</b>	(111,696,688)
<b>Total comprehensive (loss) / income for the year</b>	<b>(262,792,891)</b>	91,899,220

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

### FOR THE YEAR ENDED JUNE 30, 2023

2 0 2 3                      2 0 2 2  
----- Rupees -----

#### CASHFLOWS FROM OPERATING ACTIVITIES

(Loss) / profit before taxation (303,490,462)                      364,762,341

#### Adjustments for non-cash and other items:

Depreciation	133,528,914	144,007,851
Amortization on intangible asset	369,770	382,629
Provision for gratuity	1,205,845	1,005,160
Dividend income	(5,201,121)	(24,897,689)
Gain on sale of asset	(495,609)	(1,981,277)
Financial charges	61,829,716	36,947,778
	191,237,515	155,464,452

**Cash (used in) /generated from operations before working capital changes**

(112,252,947)                      520,226,793

#### Working capital changes

#### (Increase) / decrease in operating assets

Store, spares and loose tools	(11,793,538)	(4,452,833)
Stock-in-trade	6,778,220	(323,874,142)
Trade debts	(123,102,377)	(77,971,663)
Morabaha / musharaka receivables	9,560,623	(926,448)
Advances	(193,496)	32,419,136
Trade deposits and prepayments	(10,254,777)	(8,063,856)
Other receivables	56,908,350	(31,781,364)
Tax refund from government authorities	(27,424,296)	18,962,117
	(99,521,291)	(395,689,053)

#### (Decrease) / increase in operating liabilities

Short term borrowing	(132,607,384)	196,055,414
Creditors, accrued and other liabilities	451,023,430	(307,051,031)
	318,416,046	(110,995,617)

Staff retirement benefit-gratuity paid	-	(191,667)
Financial charges paid	(64,954,481)	(34,995,678)
Dividend paid	679,620	(25,325,274)
Taxes paid	(39,741,204)	(95,156,543)

**Net cash generated from /(used in) operating activities**

2,625,743                      (142,127,039)



# CONSOLIDATED CASH FLOW STATEMENT

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## FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	----- Rupees -----	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments - net	17,880,134	(12,371,218)
Long term deposits	-	525,900
Proceeds from sale of tangible assets	562,786	2,735,000
Dividend received	5,201,121	6,147,688
Purchases of tangible assets	(33,692,566)	(7,482,000)
Payment against security deposit	-	200,000
<b>Net cash used in investing activities</b>	<b>(10,048,525)</b>	<b>(10,244,630)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Additions in liabilities against asset subject to finance lease	(14,642,828)	(15,383,195)
Deferred capital grant	-	(2,144,538)
GIDC payable	7,578,021	204,854,050
Long term financing	(46,175,134)	(56,846,837)
<b>Net cash (used in) / generated from financing activities</b>	<b>(53,239,941)</b>	<b>130,479,480</b>
Net decrease in cash and cash equivalents	(60,662,723)	(21,892,189)
Cash and cash equivalents at beginning of the year	102,139,941	124,032,130
Cash and cash equivalents at the end of the year	<u>41,477,218</u>	<u>102,139,941</u>

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

FIRST EQUITY MODARABA

Qazi Obaid Ullah  
Chief Financial Officer

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

Nadeem Maqbool  
Director  
Premier Financial  
Services (Private) Limited

Alizeh Bashir  
Director  
Premier Financial  
Services (Private) Limited

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED JUNE 30, 2023

Description	Certificate Capital	Statutory reserve*	Certificate premium account	General reserve	Accumulated loss	Total reserves	Remeasurement of defined benefit liability	Surplus on revaluation of fixed assets	Unrealised loss on remeasurement of investments	Total
Balance as at June 30, 2021	524,400,000	164,334,210	131,100,000	27,120,000	154,399,745	476,953,955	738,541	571,721,753	(12,014,977)	1,561,799,272
Profit for the year	-	-	-	-	203,595,907	203,595,907	-	-	-	203,595,907
Other comprehensive loss for the year	-	-	-	-	-	-	626,425	-	(112,323,112)	(111,696,687)
Incremental depreciation on revaluation surplus net off deferred tax	-	-	-	-	57,172,175	57,172,175	-	(57,172,175)	-	-
Profit distribution for the year	-	-	-	(9,798,964)	(35,171,036)	(44,970,000)	-	-	-	(44,970,000)
<b>Balance as at June 30, 2022</b>	<b>524,400,000</b>	<b>164,334,210</b>	<b>131,100,000</b>	<b>17,321,036</b>	<b>379,996,791</b>	<b>692,752,037</b>	<b>1,364,966</b>	<b>514,549,578</b>	<b>(124,338,089)</b>	<b>1,608,728,492</b>
Loss for the year	-	-	-	-	(252,073,175)	(252,073,175)	-	-	-	(252,073,175)
Other comprehensive loss for the year	-	-	-	-	-	-	323,177	-	(11,042,893)	(10,719,716)
Incremental depreciation on revaluation surplus net off deferred tax	-	-	-	-	51,454,958	51,454,958	-	(51,454,958)	-	-
<b>Balance as at June 30, 2023</b>	<b>524,400,000</b>	<b>164,334,210</b>	<b>131,100,000</b>	<b>17,321,036</b>	<b>179,578,574</b>	<b>492,133,820</b>	<b>1,688,143</b>	<b>463,094,620</b>	<b>(135,380,982)</b>	<b>1,345,935,601</b>

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

The annexed notes from 1 to 38 form an integral part of these consolidated financial statements.

Qazi Obaid Ullah  
Chief Financial Officer

Adil A. Ghaffar  
Chief Executive Officer

Premier Financial  
Services (Private) Limited

Nadeem Maqbool  
Director

Premier Financial  
Services (Private) Limited

Alizeh Bashir  
Director

Premier Financial  
Services (Private) Limited



**FOR THE YEAR ENDED JUNE 30, 2023**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

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

**1.1 First Equity Modaraba**

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

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

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

**1.2 Equity Textiles Limited**

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

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

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

**1.4 Apex Financial Services (Private) Limited**

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

**1.5 Consolidation procedures**

**Subsidiaries**

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



**FOR THE YEAR ENDED JUNE 30, 2023**

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

**Transactions eliminated on consolidation**

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

**Functional and reporting currency of group**

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

**1.6 Basis of consolidation**

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

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

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountant of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Islamic Financial Accounting Standards (IFASs) and directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Islamic Financial Accounting Standards (IFASs) or the directives issued by SECP shall prevail.



## FOR THE YEAR ENDED JUNE 30, 2023

**2.2 Basis of measurement**

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

**2.3 Functional and presentation**

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

**2.4 Significant accounting estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under circumstances. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial estimates are as follows:

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

**3 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS****3.1 Standards and amendments to approved accounting standards that are effective**

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Group's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Group's financial reporting.

**3.2 Standard and amendments to approved accounting standards that are not yet effective**

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2023. However, these will not have any impact on the Group's financial reporting and, therefore, have not been disclosed in these financial statements.

**FOR THE YEAR ENDED JUNE 30, 2023**

**4 SIGNIFICANT ACCOUNTING POLICIES**

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

**4.1 Fixed assets**

**4.1.1 Tangible**

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

The Group charges depreciation on the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life. Depreciation is charged at rates stated in note 19. Full depreciation is charged on additions, except major additions or extensions to production, facilities which are depreciated on pro-rata basis for the duration of use during the year. Group charges depreciation on additions from the month during which the asset is put to use. For disposals during the year, depreciation is charged up to the month preceding the month of disposal. The Group accounts for impairment, where indication exists, by reducing the carrying value to the estimated recoverable amount.

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

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

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

**4.1.2 Capital work-in-progress**

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

**4.1.3 Finance lease**

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

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



## FOR THE YEAR ENDED JUNE 30, 2023

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

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

**4.1.4 Operating lease**

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

**4.1.5 Intangible**

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

**4.2 Investment property**

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

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

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

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

**4.3 Financial instruments****4.3.1 Financial assets****- Initial Measurement**

The Group classifies its financial assets into following three categories:

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

**FOR THE YEAR ENDED JUNE 30, 2023**

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

- **Subsequent measurement**

Debt Investments at FVOCI      These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, and impairment are recognized in the statement of profit or loss account. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit and loss account.

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

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

Equity Investments at FVOCI      These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit and loss account.

- **Impairment of financial assets**

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

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

**4.3.2 Financial liabilities**

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



**FOR THE YEAR ENDED JUNE 30, 2023**

**4.4 Stores, spares and loose tools**

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

**4.5 Stock-in-trade**

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

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

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

**4.6 Trade debts**

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

**4.7 Other receivables**

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

**4.8 Creditors, accrued and other liabilities**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

**4.9 Revenue recognition**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

**4.10 Borrowing cost**

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

**4.11 Taxation**

**4.11.1 Parent company**

- **Current**

The charge for taxation is based on taxable income at current rates of taxation after taking into account tax credits and tax rebates available, if any or minimum tax under the provisions of the Income Tax Ordinance, 2001. For items covered under final tax regime, provision is made according to the final tax rate provided in the Income Tax Ordinance, 2001. The income of Modaraba other than trading income is exempt from tax under Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Provided that not less than 90% of its total profits in the year as reduced by the amount transferred to a mandatory reserve, as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 or the rules made thereunder, as are distributed amongst the certificate holders.

- **Deferred**

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

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

**4.11.2 Subsidiary companies**

- **Current**

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

- **Deferred**

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



## FOR THE YEAR ENDED JUNE 30, 2023

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

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

**4.12 Foreign currency translation****Parent company**

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

**Subsidiary companies**

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

**4.13 Retirement benefits****Defined benefit plan**

The Group operates an unfunded gratuity for its permanent employees who complete the qualifying period of service. Provision has been made in accordance with actuarial recommendations using the Projected Unit Credit Method. The results of current valuation are summarized in Note 11 of these financial statements. Actuarial gains / losses are recognized over the average lives of the employees.

**Employee compensated absences**

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

**4.14 Offsetting of financial assets and financial liabilities**

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

**4.15 Derivative financial instruments**

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

**4.16 Provisions**

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



**4.17 Profit distribution to certificates holders**

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

**4.18 Impairment**

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

**4.19 Segment reporting**

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

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

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

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

**4.20 Related party transactions**

- **Parent**

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

- **Subsidiary companies**

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

**4.21 Cash and cash equivalents**

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

**4.22 Functional and reporting currency**

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



FOR THE YEAR ENDED JUNE 30, 2023

**4.23 Capital Risk Management**

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

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

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

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

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

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

- **Income taxes**

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

- **Property, plant and equipment**

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

- **Stores and spares**

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

**5 CERTIFICATE CAPITAL**

2 0 2 3	2 0 2 2		2 0 2 3	2 0 2 2
---- No. of certificates ----			----- Rupees -----	
46,220,000	46,220,000	Modaraba certificates of Rs. 10 each fully paid-up in cash	462,200,000	462,200,000
6,220,000	6,220,000	Modaraba certificates of Rs. 10 each issued as fully paid-up bonus certificates	62,200,000	62,200,000
<u>52,440,000</u>	<u>52,440,000</u>		<u>524,400,000</u>	<u>524,400,000</u>

**FOR THE YEAR ENDED JUNE 30, 2023**

5.1 Certificates held by the Management Company: 5,532,296 (2022: 5,532,296).

	2023	2022
	----- Rupees -----	
<b>6 RESERVES</b>		
<b>Capital reserves</b>		
Statutory reserve	164,334,210	164,334,210
Certificate premium account	131,100,000	131,100,000
<b>Revenue reserve</b>		
Accumulated profit	179,378,574	379,996,791
General reserve	17,321,036	17,321,036
	<u>492,133,820</u>	<u>692,752,037</u>

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

	Note	2023	2022
		----- Rupees -----	
<b>7 SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
Opening balance		724,717,715	805,241,905
Movement of revaluation surplus during the year	7.1	(72,471,772)	(80,524,190)
Movement of deferred tax during the year	7.2	(189,151,323)	(210,168,137)
Closing balance		<u>463,094,620</u>	<u>514,549,578</u>
<b>7.1 Movement of revaluation surplus</b>			
Less: transfer to unappropriated profit in respect of incremental depreciation charged during the year - (net of deferred tax)		(51,454,958)	(57,172,175)
Related deferred tax liability		(21,016,814)	(23,352,015)
		<u>(72,471,772)</u>	<u>(80,524,190)</u>
<b>7.2 Movement of deferred tax liability</b>			
Opening balance		210,168,137	233,520,152
Effect of surplus recognized during the year			-
Less: incremental depreciation charged during the year transferred to the profit and loss account.		(21,016,814)	(23,352,015)
Closing balance		<u>189,151,323</u>	<u>210,168,137</u>



FOR THE YEAR ENDED JUNE 30, 2023

8 LONG TERM FINANCING

Secured - financial institutions

The Bank of Punjab - Salary refinance scheme	-	30,353,884
Habib Metropolitan Bank - Term loan	-	15,821,250
	-	46,175,134

Less: Current portion shown under current liabilities	-	(45,706,570)
	-	468,564

9 LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

Secured

Opening balance	53,593,919	68,977,114
Payments / adjustments during the year	(14,642,828)	(15,383,195)
	38,951,091	53,593,919

Less: Payable within one year shown under current liabilities	(23,545,660)	(14,642,828)
	15,405,431	38,951,091

9.1 This represents finance lease entered into with financial institution for vehicles and plant and machinery. Financing at the rate of 3 and 6 month KIBOR plus ranging from 2.50% to 3.00% per annum have been used as a discounting factor. At the end of the lease period the ownership of assets shall be transferred to the Company upon the payment of residual values of the assets. The future minimum lease payments to which the Company is committed under the lease agreements and the periods in which they will become due are as follows:

Description	2023			2022		
	Upto one year	One to five years	Total	Upto one year	One to five years	Total
	----- Rupees -----					
Minimum lease payments outstanding	26,009,547	16,198,924	42,208,471	18,647,256	42,953,040	61,600,296
Financial charges not due	(2,463,887)	(793,493)	(3,257,380)	(4,004,428)	(4,001,949)	(8,006,377)
Present value of minimum lease payments	23,545,660	15,405,431	38,951,091	14,642,828	38,951,091	53,593,919
Payable within one year shown under current liabilities	(23,545,660)	-	(23,545,660)	(14,642,828)	-	(14,642,828)
Total	-	15,405,431	15,405,431	-	38,951,091	38,951,091

Note 2023 ----- Rupees ----- 2022

10 DEFERRED LIABILITIES

Deferred taxation	10.1	176,102,227	286,967,728
Staff gratuity	10.2	6,780,327	5,897,659
		182,882,554	292,865,387

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

### 10.1 Deferred taxation liability / asset

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

	2 0 2 3	2 0 2 2
	----- Rupees -----	----- Rupees -----
<b>Deferred tax liabilities</b>		
Accelerated tax depreciation allowance	69,833,035	74,124,731
Surplus on revaluation of investments	-	1,882,249
Revaluation of operating fixed assets	189,151,323	210,168,137
Lease rentals	5,898,854	3,812,565
	<u>264,883,212</u>	<u>289,987,682</u>
<b>Deferred tax assets</b>		
Provision for bad debts against local debtors	(3,019,954)	(3,019,954)
Tax losses	(41,073,253)	-
GIDC Payable	(2,537,966)	-
Turnover tax	(42,149,812)	-
	<u>(88,780,985)</u>	<u>(3,019,954)</u>
	<u>176,102,227</u>	<u>286,967,728</u>
<b>10.2 Staff gratuity</b>	<u>6,780,327</u>	<u>5,897,659</u>

#### 10.2.1 General description

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

Annual provision is based on actuarial valuation, which was carried out as at June 30, 2023 on September 21, 2023 using the Projected Unit Method.

	2 0 2 3	2 0 2 2
	----- Rupees -----	----- Rupees -----
<b>10.2.2 Amount recognized in the balance sheet is as follow:</b>		
Present value of defined benefit obligation	6,780,327	5,897,659
Total defined benefit obligation	<u>6,780,327</u>	<u>5,897,659</u>

#### 10.2.3 Movement in defined benefit obligation

Opening balance	5,897,659	5,710,591
<b>Charged for the defined benefit plan</b>		
Current service cost	424,405	443,684
Net interest	781,440	561,476
Actuarial loss / (gain) on obligation	(323,177)	(626,425)
	882,668	378,735
Benefits paid	-	(191,667)
Closing balance	<u>6,780,327</u>	<u>5,897,659</u>



FOR THE YEAR ENDED JUNE 30, 2023

10.2.4 Actuarial assumptions

	----- Rate per anum -----	
Valuation discount rate	13.25%	10.00%
Salary increase rate	16.25%	13.25%

The expected maturity analysis of undiscounted retirement benefit obligation is:

	2 0 2 3
	Un-discounted payments
	----- Rupees -----
2024	160,936
2025	190,321
2026	172,968
2027	223,823
2028	268,087
2029 and onwards	108,698,955

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

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

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

Description	Impact on defined benefit obligation		
	Change in assumptions	Increase	Decrease
	---- (%) ----	----- Rupees -----	
<b>Discount rate</b>	<b>1%</b>	<b>6,336,047</b>	<b>7,279,750</b>
<b>Salary growth rate</b>	<b>1%</b>	<b>7,279,957</b>	<b>6,328,124</b>

The expected gratuity expense for the next year amounted to Rs. 1.562 million. This is the amount by which defined benefit liability is expected to increase.

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

		2023	2022
	Note	----- Rupees -----	
<b>11</b>	<b>DEFERRED CAPITAL GRANT</b>		
	Capital grant	-	6,433,615
	Current portion of deferred capital grant	-	(4,229,944)
	11.1	-	2,203,671
<b>11.1</b>	In prior year, the Company received term finance facility from Bank of Punjab under Refinancing Scheme of the State Bank of Pakistan amounting to Rs. 98.1 million specifically for paying salaries and wages to Company's employees. The tenor of the financing is two and half year inclusive 6-Months Grace period and are repayable in 8 equal monthly installments commencing from March 2021. Subsequent to year end, ICAP issued the guidance for accounting of said financing through circular No. 11/2020, and based on this, the Company recognized the Deferred Capital Grant in accordance with the requirements of 'IAS 20-Accounting for Government Grants and Disclosure of Government Assistance'.		
		2023	2022
		----- Rupees -----	
<b>12</b>	<b>GIDC PAYABLE</b>		
	GIDC payable	12.1 <u>286,159,963</u>	<u>278,581,942</u>
<b>12.1</b>	The amount payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. In November 2020, the Supreme Court dismissed the review petition seeking review of its order in favour of recovery for GIDC arrears. The liability is recognized as per guideline issued by Institute of Chartered Accountants of Pakistan dated January 21, 2021.		
		2023	2022
		----- Rupees -----	
<b>13</b>	<b>SHORT TERM BORROWING</b>		
	<b>Secured - Financial institutions (Running finance arrangements)</b>		
	Habib Bank Limited - FIM	13.1	-
	Habib Bank Limited - Hypothecation	13.2	152,097,578
	Habib Bank Limited - Pledged		9,593,462
	Habib Metropolitan Bank - Pledged	13.3	2,784,143
	Bank of Punjab FIM	13.4	79,730,975
		-	63,407,860
		<u>92,491,516</u>	<u>225,098,900</u>
<b>13.1</b>	The facility is obtained for import / purchase of local raw cotton bales and to finance working capital requirement of the company. This facility is secured against pledge of raw cotton with 10% margin and pledge of cotton / blended yarn with 15% margin. The finance carries mark-up at the rate of 1 month KIBOR + 150 basis points to be calculated on monthly basis. The total sanctioned limit is Rs. 190 million (2022: Rs. 190 million).		
<b>13.2</b>	The facility was obtained to meet the working capital requirements. This facility was secured against first pari passu charge of Rs. 57 million on stocks and receivables of the Company. The finance markup at the rate of 1 month KIBOR plus 125 basis points to be calculated on monthly basis. The total sanctioned limit is Rs. 10 million (2022: Rs. 10 million).		



**FOR THE YEAR ENDED JUNE 30, 2023**

**13.3** The facility is obtained for import / purchase of raw cotton bales and to finance working capital requirement of the company with a 10% margin. This facility is secured against first pari passu charge of Rs. 302 million on stocks and receivables of the Company. The finance carries markup at the rate of 6 month KIBOR plus 200 basis points (2022: 200 basis points) to be calculated on monthly basis. The total sanctioned limit is Rs. 250 million (2022: Rs. 250 million).

**13.4** The facility is obtained for import / purchase of raw cotton bales and to finance working capital requirement of the company with a 15% margin. This facility is secured against pledge over ginned/raw cotton of PKR 267 million. The finance carries markup at the rate of 3 month KIBOR plus 200 basis points to be calculated on monthly basis. The total sanctioned limit is Rs. 350 million (2022: 200 million).

	Note	2023 ----- Rupees -----	2022
<b>14</b>	<b>CURRENT PORTION OF LONG TERM LIABILITIES</b>		
	<b>Secured – Banking Companies</b>		
	Bank of Punjab - Salary Refinance	-	32,557,555
	Habib Metropolitan Bank -Term Loan	-	13,149,015
		-	45,706,570
	Liabilities against asset subject to finance lease	9 <b>23,545,660</b>	14,642,828
		<b>23,545,660</b>	<b>60,349,398</b>
<b>15</b>	<b>CREDITORS, ACCRUED AND OTHER LIABILITIES</b>		
	Creditors	<b>601,914,764</b>	161,779,206
	Accrued expenses	<b>221,313,956</b>	179,559,866
	Payable to clients	<b>4,193,241</b>	12,089,654
	Advance from customer	<b>1,438,479</b>	44,573
	Sale tax payable	<b>5,035,261</b>	6,555,726
	Withholding tax payable	<b>35,613,230</b>	18,483,006
	Provision for Sindh Workers' Welfare Fund	-	18,174,653
	Workers' Profit Participation fund	-	20,255,381
	Other liabilities	<b>1,413,594</b>	2,957,030
		<b>870,922,525</b>	419,899,095
<b>16</b>	<b>ACCRUED MARK-UP</b>		
	Short Term borrowing	<b>3,518,833</b>	3,779,926
	Long term borrowing	<b>124,798</b>	2,988,470
		<b>3,643,631</b>	6,768,396



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

### 17 CONTINGENCIES AND COMMITMENTS

#### 17.1 Contingencies

- a) Modaraba has filed a suit against Samba Bank Ltd for the recovery of deposit amounting to Rs 21 million alongwith mark up. The matter is pending before the Honourable High Court of Sindh. Management of the Modaraba and its legal advisor are of the opinion that Modaraba has reasonable chance and it appear unlikely that Modaraba may suffer any loss from the same.
- b) There is a contingent liability in respect of bank guarantees issued by the Company's banker in the ordinary course of business in favor of Sui Southern Gas Company Limited, Excise and Taxation and HESCO aggregating to Rs. 78.689 million (2022: Rs. 61.689 million).
- c) During prior years, the Assistant Commissioner of Inland Revenue (ACIR) has issued show cause notice for short payment of further tax under section 11(2) of Sales Tax Act, 1990 for the tax years 2016 and 2017. The Company has filed appeal to the Honorable High Court of Sindh and subsequently, the Honorable High Court of Sindh has passed restraining order against the notice. The Company, based on the legal advice, expects a favorable outcome of the case and accordingly, no provision has been made in these financial statements in respect of this matter.
- d) During prior year, the Assistant Commissioner of Inland Revenue (ACIR) has issued show cause notice for payment of sales tax and further tax amounting to Rs. 5.271 million under section 11(2) of Sales Tax Act, 1990 on the sale of goods to M/s Vezel Enterprises. who had Blacklisted after supplies dates. The Company has filed appeal to the Honorable High Court of Sindh and subsequently, the Honorable High Court of Sindh has passed restraining order against the notice. The Company, based on the legal advice, expects a favorable outcome of the case and accordingly, no provision has been made in these financial statements in respect of this matter.
- e) During prior year, the Officer Inland Revenue, (OIR) has issued show cause notice u/s 11(I) Read with Section 33(I)/5 of the Sales tax Act, 1990 for late payment and filing of Sales tax for the period July-2019 to November-2020. Subsequently, OIR has passed an order No.100 of 2021 for recovery of demand for Rs.10,594,358/- The Company has filed an appeal before the Commissioner (Appeal) for impugned demand in term of section 45-B of Sales tax Act, 1990.The Company also had also paid Rs.1,059,436/- towards 10% payment of the tax adjudged tax liability in terms of provisions of Law. The Company, based on the legal advice, expects a favorable outcome of the case and accordingly, no provision has been made in these financial statements in respect of this matter.
- f) During prior year, the Assistant Commissioner / Deputy Commissioner (ACIR) has issued show cause notice u/s 11((2) of the Sales tax Act, 1990 for late payment and late filing of Sales tax for the period August-2019 to November-2019. Subsequently, has passed an order No.08/80 of 2020 for recovery of demand for Rs.413,000/- The Company had filed an appeal before the Commissioner (Appeal) for impugned demand in term of section 45-B of Sales tax Act, 1990. The Commissioner of Appeal restrained order passed order had passed DCIR. The Company, based on the legal advice, expects a favorable outcome of the case and accordingly, had filed an appeal to the Appellate Tribunal Inland Revenue u/s 46 of the Sales tax Act, 1990 and no provision has been made in these financial statements in respect of this matter.

**FOR THE YEAR ENDED JUNE 30, 2023**

- g)** During prior year, the Deputy Commissioner (DCIR) has issued show cause notice u/s 11((2) of the Sales tax Act, 1990 wrong input tax for Rs.135,069/- for the period July, 2021 to November, 2021. Subsequently, he has passed an order No.30/74 of 2022 for recovery of demand for Rs.141,822/- The Company has filed an appeal before the Commissioner (Appeal) for impugned demand in term of section 45-B of Sales tax Act, 1990. The Company, based on the legal advice, expects a favorable outcome of the case and accordingly, no provision has been made in these financial statements in respect of this matter.
- h)** During prior year, the Inland Revenue Officer (IRO) has issued show cause notice u/s 11((2) of the Sales tax Act, 1990 for supplying of goods to M/s Pearl Corporation who has blacklisted by FBR after supplies made by us. Subsequently, he has passed an order No.108/ of 2021 for recovery of demand for Rs.2,970,916/- The Company has filed an appeal before the Commissioner (Appeal) for impugned demand in term of section 45-B of Sales tax Act, 1990 and also filed an appeal with High Court of Sindh at Karachi for no recovery notice to be initiated till outcome of decision of Commissioner Appeal. The Company, based on the legal advice, expects a favorable outcome of the case and accordingly, no provision has been made in these financial statements in respect of this matter.

**17.2 Commitments**

Commitment in respect of letters of credit as at the reporting date amounting to Rs. 126.7 million (2022: 488 million).

	Note	2023	2022
		----- Rupees -----	
<b>18 TANGIBLE</b>			
Operating fixed assets	18.1	<u>1,194,544,668</u>	<u>1,294,261,014</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 18.1 The following is the statement of operating fixed assets

Particulars	2023										Rate
	Cost					Accumulated depreciation				Book value	
	As at July 01, 2022	Addition	Deletion	Revaluation surplus	As at June 30, 2023	As at July 01, 2022	Charged during the year	Disposal	As at June 30, 2023	As at June 30, 2023	
	-----Rupees-----										(%)
Owned											
Leasehold land	40,140,000	-	-	-	40,140,000	5,962,485	341,776	-	6,304,261	33,835,739	1
Factory building	489,002,349	-	-	-	489,002,349	252,479,494	23,652,286	-	276,131,780	212,870,569	10
Colony building	168,134,526	-	-	-	168,134,526	71,685,010	9,644,952	-	81,329,962	86,804,564	10
Plant & machinery	1,991,154,104	-	-	-	1,991,154,104	1,239,978,131	75,117,597	-	1,315,095,728	676,058,376	10
Gas generator	127,096,543	-	-	-	127,096,543	87,370,466	3,972,607	-	91,343,073	35,753,470	10
Electric installations	93,701,904	-	-	-	93,701,904	64,587,248	2,911,466	-	67,498,714	26,203,190	10
Office premises	25,450,810	-	-	-	25,450,810	15,342,331	1,162,917	-	16,505,248	8,945,562	5
Grid Station	32,179,692	-	-	-	32,179,692	16,666,124	1,551,357	-	18,217,481	13,962,211	10
Office equipments	1,452,225	-	-	-	1,452,225	1,089,490	133,369	-	1,222,859	229,366	20
Factory equipment	6,987,870	17,433,566	-	-	24,421,436	4,279,955	1,857,451	-	6,137,406	18,284,030	20
Computers	3,945,046	285,900	(250,942)	-	3,980,004	3,044,015	320,127	(250,942)	3,113,200	866,804	33 & 20
Motor vehicles	24,950,617	15,973,100	-	-	40,923,717	14,578,587	5,263,802	-	19,842,389	21,081,328	20
Furniture & fixtures	1,472,609	-	-	-	1,472,609	1,211,608	26,099	-	1,237,707	234,902	20
Right of use asset											
Lease Asset - Vehicle	13,254,560	-	-	-	13,254,560	5,591,166	1,532,681	-	7,123,847	6,130,713	20
Lease Asset - Machinery	73,995,111	-	-	-	73,995,111	14,790,840	5,920,427	-	20,711,267	53,283,844	10
Total	3,092,917,966	33,692,566	(250,942)	-	3,126,359,590	1,798,656,950	133,408,914	(250,942)	1,931,814,922	1,194,544,668	

FOR THE YEAR ENDED JUNE 30, 2023

Particulars	2022										Rate
	Cost					Accumulated depreciation				Book value	
	As at July 01, 2021	Addition	Deletion	Revaluation surplus	As at June 30, 2022	As at July 01, 2021	Charged during the year	Disposal	As at June 30, 2022	As at June 30, 2022	
	-----Rupees-----										(%)
Owned											
Leasehold land	40,140,000	-	-	-	40,140,000	5,617,258	345,227	-	5,962,485	34,177,515	1
Factory building	489,002,349	-	-	-	489,002,349	226,199,177	26,280,317	-	252,479,494	236,522,855	10
Colony building	168,134,526	-	-	-	168,134,526	60,968,397	10,716,613	-	71,685,010	96,449,516	10
Plant & machinery	1,991,154,104	-	-	-	1,991,154,104	1,156,514,135	83,463,996	-	1,239,978,131	751,175,973	10
Gas generator	127,096,543	-	-	-	127,096,543	82,956,458	4,414,008	-	87,370,466	39,726,076	10
Electric installations	93,701,904	-	-	-	93,701,904	61,352,286	3,234,962	-	64,587,248	29,114,656	10
Office premises	25,450,810	-	-	-	25,450,810	14,179,416	1,162,915	-	15,342,331	10,108,479	5
Grid Station	32,179,692	-	-	-	32,179,692	14,942,394	1,723,730	-	16,666,124	15,513,568	10
Office equipments	1,377,225	75,000	-	-	1,452,225	940,015	149,475	-	1,089,490	362,735	20
Factory equipment	6,987,870	-	-	-	6,987,870	3,979,075	300,880	-	4,279,955	2,707,915	20
Computers	3,831,546	113,500	-	-	3,945,046	2,678,216	365,799	-	3,044,015	901,031	33 & 20
Motor vehicles	21,556,437	7,293,500	(3,899,320)	-	24,950,617	14,597,636	3,126,546	(3,145,595)	14,578,587	10,372,030	20
Furniture & fixtures	1,472,609	-	-	-	1,472,609	1,102,328	109,280	-	1,211,608	261,001	20
Right of use asset											
Lease Asset - Vehicle	13,254,560	-	-	-	13,254,560	3,675,315	1,915,851	-	5,591,166	7,663,394	20
Lease Asset - Machinery	73,995,111	-	-	-	73,995,111	8,212,588	6,578,252	-	14,790,840	59,204,270	10
Total	3,089,335,286	7,482,000	(3,899,320)	-	3,092,917,966	1,657,914,694	143,887,851	(3,145,595)	1,798,656,950	1,294,261,014	

18.1.1 Depreciation for the year has been allocated as follows:

**FOR THE YEAR ENDED JUNE 30, 2023**

**18.1.1** Depreciation for the year has been allocated as follows:

	2 0 2 3	2 0 2 2
	----- Rupees -----	
<b>Modaraba business</b>		
Administrative expense	1,268,853	1,451,773
<b>Brokerage business</b>		
Administrative expense	677,860	1,067,859
<b>Textile Business</b>		
Cost of sale	125,085,947	137,353,593
Administrative expense	6,376,253	4,014,626
	<u>133,408,913</u>	<u>143,887,851</u>

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

	2 0 2 3	2 0 2 2
	----- Rupees -----	
Factory building	42,064,859	46,738,733
Colony building	9,170,482	10,189,425
Plant & machinery	367,934,448	408,816,053
Gas generator	11,111,304	12,345,893
Electric installations	8,011,614	8,901,794
Factory equipment	1,117,069	1,241,187
Machinery - right of use asset	53,283,843	59,204,270
	<u>492,693,619</u>	<u>547,437,355</u>

## **18.2 Fair value measurement**

**18.2.1** The Company's factory building, colony building, plant and machinery, gas generator, electric installation and factory equipment were revalued by a professional valuer namely M/s Joseph Lobo (Private) Limited as on June 30, 2021, June 30, 2017 and June 30, 2013 on the basis of market value method. The resulting revaluation surplus aggregating to Rs.343.458 Rs. 231.813 million and Rs. 411.068 million respectively are included in the carrying values of such assets with a corresponding amount appearing as "Surplus on revaluation of property, plant and equipment". Earlier, the revaluation was carried out as on December 31, 2008 by an independent valuer, M/s Iqbal A. Nanjee and Company, Valuators and Surveyors which resulted in revaluation surplus aggregating to Rs. 494.712 million. Fair value of factory building, colony building, plant and machinery, generators, electric installations and factory equipment was based on the valuation carried out on June 30, 2021 by an independent valuer M/s Joseph Lobo (Private) Limited on the basis of market value.

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

FOR THE YEAR ENDED JUNE 30, 2023

**Valuation techniques used to derive level 2 fair values**

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

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

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

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

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

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

	2 0 2 3	2 0 2 2
	----- Rupees -----	
Opening balance	881,928,888	979,920,986
Additions - cost	17,433,567	-
Depreciation	(89,779,548)	(97,992,098)
Closing balance	<u>809,582,907</u>	<u>881,928,888</u>

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

	Note	2 0 2 3	2 0 2 2
		----- Rupees -----	
<b>19 INTANGIBLE</b>			
Cost	19.1	10,000,000	10,000,000
Intangible asset transfer from capital work in progress	19.2	3,412,604	3,443,664
		<u>13,412,604</u>	<u>13,443,664</u>



**FOR THE YEAR ENDED JUNE 30, 2023**

		2023	2022
		----- Rupees -----	----- Rupees -----
<b>21</b>	<b>LONG TERM INVESTMENT</b>		
	<b>Investment in equity securities</b>		
	- <b>Investments classified at fair value through other comprehensive income</b>		
	Unlisted securities	21.1 <b>58,502,006</b>	52,655,229
		<u><b>58,502,006</b></u>	<u>52,655,229</u>

**21.1 Unlisted securities**

2023	2022	Name of investee	Note	2023	2022
----- Number -----	----- Rupees -----			----- Rupees -----	----- Rupees -----
<b>50,000</b>	50,000	Sapphire Power Generation Limited	21.1.1	<b>4,990,500</b>	4,332,894
<b>3,034,603</b>	3,034,603	ISE Towers REIT Management Company Limited	21.1.2	<b>53,469,705</b>	48,280,534
<b>78,150</b>	78,150	Callmate Telips Telecom Limited	21.1.3	<b>1</b>	1
<b>22,000</b>	22,000	Javed Omer Vohra & Company Limited	21.1.4	<b>41,800</b>	41,800
<u><b>3,184,753</b></u>	<u>3,184,753</u>			<u><b>58,502,006</b></u>	<u>52,655,229</u>

**21.1.1** Net assets value per share of Sapphire Power Generation Limited is Rs. 99.81 (2022: Rs. 86.66) as per financial statements as at June 30, 2023 audited by Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants.

**21.1.2** Net assets value per share of ISE Towers REIT Management Company Limited Rs. 17.62 (June 30, 2022: Rs. 17.46) as per financial statements as at March 31, 2023 audited by BDO Ebrahim & Company, Chartered Accountants

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

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

		2023	2022
		----- Rupees -----	----- Rupees -----
<b>22</b>	<b>STORES AND SPARES</b>		
	Store in hand	<u><b>60,052,329</b></u>	<u>48,258,791</u>
<b>23</b>	<b>STOCK IN TRADE</b>		
	Raw material		
	- in hand	<b>392,521,920</b>	458,858,516
	Work in process	<b>44,575,959</b>	13,607,655
	Finished goods	23.1 <b>134,038,827</b>	105,448,755
		<u><b>571,136,706</b></u>	<u>577,914,926</u>





FOR THE YEAR ENDED JUNE 30, 2023

26.1 Listed securities

2023	2022	Name of investee	2023	2022
----- Numbers -----			----- Rupees -----	
<b>Oil and gas</b>				
22,198	108,598	Oil & Gas Development Co Ltd	1,731,444	10,922,123
253,028	308,870	Sui Northern Gas Pipeline Ltd.	9,961,712	8,187,725
88,400	90,000	Byco Petroleum Pakistan Ltd	251,056	480,600
697,502	645,002	Hascol Petroleum Ltd	3,871,136	2,721,908
30,000	68,400	Hi-Tech Lubricants Ltd	636,900	2,712,060
10,500	-	Pakistan Petroleum Limited	620,970	-
2,500	-	Attock Refinery	429,075	-
38,400	-	Hi-Tech Lubricants Limited	815,232	-
<b>Food</b>				
67,500	67,500	Treet Corporation Limited	1,068,525	1,969,650
1,600	-	FrieslandCampina Engro Pakistan Limited	94,448	-
21,000	21,000	Clover Pakistan Limited	266,700	419,580
639,000	639,000	Al-Shaheer Corporation Limited	4,619,970	5,776,560
155,675	317,675	Unity Foods Limited	2,433,200	5,260,057
<b>Chemicals</b>				
98,500	98,500	Ghani Global Glass Limited	575,240	1,087,440
27,850	25,000	Ghani Gases Limited	274,880	412,750
<b>Construction and materials</b>				
12,500	12,500	Bestway Cement Limited	1,812,500	1,587,250
469,000	449,000	Dewan Cement Limited	1,946,350	2,532,600
90,000	80,000	Fauji Cement Company Limited	1,058,400	1,133,600
378,525	378,525	Fly Cement Company Limited	2,097,029	2,717,810
3,400	4,400	Cherat Cement Company Limited	408,952	409,376
158,222	215,500	MapleLeaf Cement Limited	4,482,429	5,893,925
32,000	32,000	Hyderi Construction	-	528,320
5,845	1,845	Ponior Cement Ltd.	291,832	111,309
1,756,500	1,756,500	Power Cement Limited	7,201,650	9,328,320
<b>Transport</b>				
718,433	718,433	Pakistan International Bulk Terminals Limited	2,952,760	4,279,042
<b>Pharma and biotech</b>				
13,050	10,840	The Searle Pakistan Limited	500,075	1,181,777
<b>Automobile and parts</b>				
59,325	333,500	Ghani Automobile Limited	2,326,727	2,820,180
1,852	936	Millat Tractors Limited	722,854	816,744
29,499	39,000	Gandhara Industries Limited	2,375,849	6,160,830
<b>Paper &amp; Board</b>				
59,400	59,400	Roshan Packages Limited	528,066	882,684
70,000	70,000	Merit Packaging Limited	616,000	615,300

**FOR THE YEAR ENDED JUNE 30, 2023**

2 0 2 3	2 0 2 2	Name of investee	2 0 2 3	2 0 2 2
----- Numbers -----	----- Rupees -----		----- Rupees -----	----- Rupees -----
<b>Engineering</b>				
-	12,000	Huffaz Seamless Pipes	-	120,000
<b>107,100</b>	108,500	Amreli Steel Limited	<b>1,643,985</b>	2,543,240
<b>13,375</b>	13,375	Agha Steel Industries Limited	<b>130,005</b>	209,720
<b>Textile Composites</b>				
<b>210,000</b>	25,453	International Knitwear Limited	<b>2,835,000</b>	2,100,000
<b>12,500</b>	12,500	Amtex Limited	-	7,000
<b>30,453</b>	25,453	Nishat Mills Limited	<b>1,529,717</b>	1,881,231
<b>237,000</b>	241,500	Azgard Nine Limited	<b>1,422,000</b>	2,482,620
<b>Miscellaneous</b>				
<b>2,461</b>	2,461	United Distributors Limited	<b>72,747</b>	78,752
<b>2,500</b>	3,000	Pakistan Hotel Developers Limited	<b>200,000</b>	427,230
<b>250,000</b>	250,000	Pace Pakistan Limited	<b>490,000</b>	755,000
<b>Telecommunication</b>				
<b>708,500</b>	709,500	Pakistan Telecommunication Company Limited	<b>4,258,085</b>	4,938,120
<b>84,387</b>	78,500	Telecard Ltd	<b>556,954</b>	832,100
<b>2,500</b>	18,000	TRG Pakistan Limited	<b>230,325</b>	1,380,890
<b>55,100</b>	45,000	Netsol Technologies Limited	<b>4,123,133</b>	4,488,300
<b>1,859,500</b>	1,502,000	Worldcall Telecom Limited	<b>2,026,855</b>	2,001,720
<b>7,590</b>	46,500	EcoPack Limited	<b>110,055</b>	1,357,515
<b>48,057</b>	2,000	EMCO Industries	<b>727,827</b>	51,500
<b>Modarabas</b>				
<b>38,000</b>	38,000	First UDL Modaraba	<b>190,000</b>	266,000
<b>Cable &amp; electrical goods</b>				
<b>122,000</b>	123,500	Pak Electron Limited	<b>1,104,100</b>	1,962,415
<b>696,750</b>	4,544,750	Waves Singer Pakistan Limited	<b>4,285,013</b>	6,930,668
<b>50,350</b>	-	Wave Home Appliances Ltd	<b>223,051</b>	-
<b>Power Generation &amp; Distribution</b>				
<b>1,010,000</b>	1,275,000	K-Electric Limited	<b>1,737,200</b>	3,070,400
<b>Insurance</b>				
<b>1,579,749</b>	1,579,749	Premier Insurance Limited	<b>7,898,774</b>	5,623,928
<b>Securities Companies</b>				
<b>1,758,453</b>	1,801,453	Pakistan Stock Exchange	<b>13,012,552</b>	17,973,424
<b>14,897,529</b>	<b>19,010,118</b>		<b>105,779,339</b>	<b>142,431,293</b>

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2 0 2 3 ----- Rupees -----	2 0 2 2
<b>27</b>	<b>ADVANCES - CONSIDERED GOOD</b>		
	To employees	8,554,631	5,754,091
	To supplier of goods	500,000	443,730
	Against letter of credit	3,100,349	5,763,663
		<u>12,154,980</u>	<u>11,961,484</u>
<b>28</b>	<b>TRADE DEPOSITS AND PREPAYMENTS</b>		
	Deposits	14,966,856	15,966,856
	Margin deposit	96,710,100	85,302,836
	Prepayments	326,611	479,098
		<u>112,003,567</u>	<u>101,748,790</u>
<b>29</b>	<b>OTHER RECEIVABLES</b>		
	Receivable from clients	19,134,756	18,485,086
	Sale tax recievables	-	53,202,810
	Musharakah profit recievable	1,795,152	
	Cotton claims	99,918	99,918
	Others	5,712,501	11,862,863
		<u>26,742,327</u>	<u>83,650,677</u>
<b>29.1</b>	<b>Receivable from clients</b>		
	Considered good	19,134,756	18,485,086
	Considered doubtful	12,500,000	12,500,000
		<u>31,634,756</u>	<u>30,985,086</u>
	Less: Bad debt written off	(12,500,000)	-
	Less: Provision for doubtful debts	-	(12,500,000)
		<u>19,134,756</u>	<u>18,485,086</u>
<b>30</b>	<b>TAX REFUND FROM GOVERNMENT AUTHORITIES</b>		
	Income tax refundable	73,147,156	45,722,860
		<u>73,147,156</u>	<u>45,722,860</u>
<b>31</b>	<b>TAXATION - NET</b>		
	Advance income tax	70,973,917	105,771,929
	Less: Provision for taxation	(50,126,483)	(60,201,231)
		<u>20,847,434</u>	<u>45,570,698</u>
<b>32</b>	<b>CASH AND BANK BALANCE</b>		
	Cash in hand	650,000	650,011
	Bank balances		
	-in current accounts	13,002,958	15,811,272
	-in saving accounts	27,824,260	85,678,658
		<u>41,477,218</u>	<u>102,139,941</u>

**FOR THE YEAR ENDED JUNE 30, 2023**

**32.1** Effective mark-up rate in respect of PLS accounts ranges from 8% to 14% (2022: 5% to 11%) per annum.

<b>33</b>	<b>INCOME - NET</b>	<b>Note</b>	<b>2 0 2 3</b> ----- <b>Rupees</b>	<b>2 0 2 2</b> -----
	Income from modaraba's business	33.1	3,788,427	4,203,564
	Income from textile's business	33.2	(123,101,632)	514,128,028
			<u>(119,313,209)</u>	<u>518,331,592</u>
<b>33.1</b>	<b>Income from modaraba's business</b>			
	Profit on musharaka		734,529	929,449
	Brokerage commission		760,315	987,599
	Capital loss		(5,869,721)	(25,374,691)
	Dividends		5,603,304	26,064,207
	Rentals		2,560,000	1,600,000
			<u>3,788,427</u>	<u>4,206,564</u>
<b>33.2</b>	<b>Income from textile's business</b>			
	<b>Sales</b>			
	- Local		4,577,957,788	6,945,750,049
	- Exports		81,585,006	-
	- Raw Material Sales		-	7,148,835
	- Waste sales		137,855,706	200,332,694
	- Scrap Sales		3,522,257	3,115,533
			<u>4,800,920,757</u>	<u>7,156,347,111</u>
	Sale Tax		(638,704,813)	(973,259,830)
	Commission to selling agent		(82,807,890)	(163,362,789)
			<u>4,079,408,054</u>	<u>6,019,724,492</u>
	Cost of sale	33.3	(4,202,509,686)	(5,505,596,469)
			<u>(123,101,632)</u>	<u>514,128,023</u>
<b>33.3</b>	<b>Cost of sale</b>			
	Raw material consumed	33.3.1	3,600,231,658	4,742,718,739
	Store consumed		44,498,181	62,443,397
	Packing material consumed		31,740,241	51,635,504
	Salaries, wages and other benefits		263,458,236	252,828,999
	Fuel and power		172,612,477	231,752,704
	Insurance		10,661,054	9,927,018
	Repair & maintenance		4,457,655	6,988,589
	Depreciation	18.1.1	124,961,380	137,208,555
	Other manufacturing overheads		9,447,180	6,726,526
			<u>4,262,068,062</u>	<u>5,502,230,031</u>
	<b>Work in Process</b>			
	-opening stock		13,607,655	28,099,416
	-closing Stock		(44,575,959)	(13,607,655)
	Cost of goods manufactured		<u>4,231,099,758</u>	<u>5,516,721,792</u>
	<b>Finished goods</b>			
	-opening stock		105,448,755	94,323,432
	-closing Stock		(134,038,827)	(105,448,755)
			<u>4,202,509,686</u>	<u>5,505,596,469</u>

**FOR THE YEAR ENDED JUNE 30, 2023**

33.3.1	Raw material consumed	Note	2 0 2 3 ----- Rupees -----	2 0 2 2
	Opening stock		458,858,515	131,617,935
	Purchased during the year		<u>3,533,895,063</u>	<u>5,069,959,319</u>
			<b>3,992,753,578</b>	<b>5,201,577,254</b>
	Closing stock		<u>(392,521,920)</u>	<u>(458,858,515)</u>
			<b><u>3,600,231,658</u></b>	<b><u>4,742,718,739</u></b>

**34 OPERATING EXPENSES**

Salaries, allowances and benefits	34.2	36,767,625	30,483,874
Director & CEO fee		5,525,021	5,142,165
Travelling, conveyance and entertainment		3,633,921	2,037,535
Telephone and postage		1,679,340	851,331
Rent, rates and taxes		4,946,871	4,746,888
Electricity		2,100,607	1,612,202
Insurance		1,481,198	1,470,582
Printing, stationery and advertising		1,309,343	1,308,916
Fees and subscriptions		11,812,507	10,788,659
Vehicle running and maintenance		8,299,763	5,143,042
Depreciation	18.1.1 & 20	8,442,966	6,799,275
Facilities and utilities		4,768,040	4,374,290
Repair and maintenance		3,158,474	3,282,150
Office Rent		-	3,635,296
Annual review meeting		12,698	238,098
Auditors' remuneration	34.3	988,478	1,151,030
Legal and professional		5,348,634	1,759,975
Shariah Advisor		225,000	225,000
Donation		2,000,000	-
Training and development		-	3,000
PSX & SECP charges		419,707	569,028
Amortization Expense		369,770	382,632
Cartage expense		57,700	86,630
Others		712,667	470,552
		<b><u>104,060,330</u></b>	<b><u>86,562,150</u></b>

**34.1 Remuneration of officers and other employees**

	2 0 2 3		2 0 2 2	
	Officers	Other employees	Officers	Other employees
	----- Rupees -----		----- Rupees -----	
Salaries and allowances	2,666,160	1,790,640	2,870,400	2,869,760
Leave fare and encashments	582,500	139,060	338,340	332,233
Expenses reimbursed:				
- Medical	406,850	247,090	423,681	306,757
	<b><u>3,655,510</u></b>	<b><u>2,176,790</u></b>	<b><u>3,632,421</u></b>	<b><u>3,508,750</u></b>

**FOR THE YEAR ENDED JUNE 30, 2023**

- 34.2** Salaries, allowances and benefits include provision for gratuity of Rs. 1,205,845 (2022: Rs. 1,006,160). Officers are also provided with free use of the Modaraba maintained cars.

	2 0 2 3	2 0 2 2
	----- Rupees -----	
<b>34.3 Auditor's remuneration</b>		
Audit fee	910,698	741,520
Half yearly review	40,000	30,000
Other fees	37,780	379,510
	<u>988,478</u>	<u>1,151,030</u>
<b>35 DISTRIBUTION AND SELLING EXPENSES</b>		
Freight loading and unloading	21,289,801	17,444,836
Clearing forwarding exports	3,547,649	4,891,002
	<u>24,837,450</u>	<u>22,335,838</u>
<b>36 FINANCIAL CHARGES</b>		
<b>Mark up / interest on:</b>		
Long term loan - secured	597,985	4,950,907
Short term loan & running finance - secured	41,699,201	18,654,977
Finance lease	7,383,659	6,873,675
GIDC Net	7,578,021	-
Bank charges	4,570,850	6,541,840
	<u>61,829,716</u>	<u>37,021,399</u>
<b>37 OTHER INCOME</b>		
Profit on PLS deposits	123,317	3,618,908
Gain on sale of fixed assets	495,609	1,981,277
Finance income on GIDC	-	16,329,628
Interest income	5,931,317	245,581
	<u>6,550,243</u>	<u>22,175,394</u>
<b>38 OTHER CHARGES</b>		
Workers' Welfare Fund	-	9,569,877
Workers' Profit Participation Fund	-	20,255,381
	<u>-</u>	<u>29,825,258</u>
<b>39 (LOSS) / EARNINGD PER CERTIFICATE - BASIC AND DILUTED</b>		
(Loss) / profit for the year	<u>(252,073,175)</u>	<u>203,595,908</u>
	----- Numbers -----	
Weighted average number of certificates outstanding during the year	<u>52,440,000</u>	<u>52,440,000</u>
	----- Rupees -----	
(Loss) / earnings per certificate - basic and diluted	<u>(4.81)</u>	<u>3.88</u>

FOR THE YEAR ENDED JUNE 30, 2023

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

**40 RISK MANAGEMENT POLICIES AND OBJECTIVES**

**Financial risk management**

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

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

**Credit and concentration risk**

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

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

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

	<b>2 0 2 3</b>	<b>2 0 2 2</b>
	----- Rupees -----	
Investment	<b>164,281,345</b>	195,086,522
Trade debts	<b>550,024,951</b>	426,922,574
Morabaha/Musharaka receivables-secured	-	9,560,623
Advances-considered good	<b>14,664,980</b>	14,471,484
Trade deposits and prepayments	<b>120,991,367</b>	110,736,590
Other receivables	<b>26,742,327</b>	83,650,677
	<b>876,704,970</b>	840,428,470

**Liquidity risk**

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

2 0 2 3				
Particulars	Less than one year	Over one year but less than five years	Over five years	Total
-----Rupees-----				
<b>Assets</b>				
Long term investments	-	58,502,006	-	58,502,006
Trade debts	550,024,951	-	-	550,024,951
Short term investments	105,779,339	-	-	105,779,339
Advances	12,154,980	2,510,000	-	14,664,980
Trade deposits	111,524,469	8,987,800	-	120,512,269
Other receivables	26,742,327	-	-	26,742,327
Bank balances	41,477,218	-	-	41,477,218
	847,703,284	69,999,806	-	917,703,090
<b>Liabilities</b>				
Security Deposit	-	200,000	-	200,000
Liabilities against asset subject to finance lease	14,642,828	15,405,431	-	30,048,259
Short term borrowings	92,491,516	-	-	92,491,516
Creditors, accrued and other liabilities	870,922,525	-	-	870,922,525
Accrued mark up	3,643,631	-	-	3,643,631
Unclaimed profit distribution	31,127,871	-	-	31,127,871
	1,012,828,371	15,805,431	-	1,028,633,802
<b>Net balance</b>	<b>(165,125,087)</b>	<b>54,194,375</b>	<b>-</b>	<b>(110,930,712)</b>

2 0 2 2				
Particulars	Less than one year	Over one year but less than five years	Over five years	Total
-----Rupees-----				
<b>Assets</b>				
Long term investments	-	52,655,229	-	52,655,229
Trade debts	426,922,574	-	-	426,922,574
Morabaha & musharaka receivables	9,560,623	-	-	9,560,623
Short term investments	142,431,293	-	-	142,431,293
Advances	11,961,484	2,510,000	-	14,471,484
Trade deposits	101,269,692	8,987,800	-	110,257,492
Other receivables	83,650,677	-	-	83,650,677
Bank balances	102,139,941	-	-	102,139,941
	877,936,284	64,153,029	-	942,089,313

### Market risk

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

### Operational Risk

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

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

**FOR THE YEAR ENDED JUNE 30, 2023**

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

**Currency risk**

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

**41 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

<b>41.1</b>	<b>2 0 2 3</b>	<b>2 0 2 2</b>
	-----	-----
	Rupees	
<b>Financial instruments by category</b>		
<b>Financial assets</b>		
<b>At amortized cost</b>		
Morabaha/Musharaka receivables	-	9,560,622
Trade debts	<b>550,024,951</b>	426,922,574
Advances	<b>14,664,980</b>	14,471,484
Trade deposits	<b>120,991,367</b>	110,736,590
Other receivables	<b>26,742,327</b>	83,650,677
Bank balances	<b>41,477,218</b>	102,139,941
<b>Financial assets at fair value through profit or loss</b>		
Short term investments	<b>105,779,339</b>	142,431,293
<b>Financial assets at fair value through OCI</b>		
Long term investments	<b>58,502,006</b>	52,655,229
	<b>918,182,188</b>	942,568,410
<b>Financial liabilities</b>		
<b>Financial liabilities at amortized cost</b>		
Security Deposit	<b>200,000</b>	200,000
Long term financing	-	468,564
Liabilities against asset subject to finance lease	<b>15,405,431</b>	38,951,091
Short term borrowing	<b>92,491,516</b>	225,098,900
Current portion of long term liabilities	<b>23,545,660</b>	60,349,397
Creditors, accrued and other liabilities	<b>870,922,525</b>	493,626,987
Accrued mark up	<b>3,643,631</b>	6,768,395
Unclaimed profit distribution	<b>31,127,871</b>	30,448,251
	<b>1,037,336,634</b>	855,911,585
<b>On balance sheet gap</b>	<b>(119,154,446)</b>	86,656,825

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

## 42 MATURITIES OF ASSETS AND LIABILITIES

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

Particulars	2 0 2 3				Total
	Upto one month	over one month to one year	over one year to five years	over five years	
----- Rupees -----					
<b>Assets</b>					
Long term investments	-	-	58,502,006	-	58,502,006
Trade debts	-	550,024,951	-	-	550,024,951
Morabaha & musharaka receivables	-	-	-	-	-
Short term investments	-	105,779,339	-	-	105,779,339
Advances	-	12,154,980	2,510,000	-	14,664,980
Trade deposits	-	111,524,469	8,987,800	-	120,512,269
Other receivables	-	26,742,327	-	-	26,742,327
Bank balances	-	41,477,218	-	-	41,477,218
	-	847,703,284	69,999,806	-	917,703,090
<b>Liabilities</b>					
Long term financing	-	-	-	-	-
Deferred capital grant	-	-	-	-	-
Liabilities against asset subject to finance lease	-	-	15,405,431	-	15,405,431
Deferred liabilities	-	-	5,897,659	-	5,897,659
Short term borrowings	-	92,491,516	-	-	92,491,516
Current portion of long term liabilities	-	23,545,660	-	-	23,545,660
Creditors, accrued and other liabilities	-	870,922,525	-	-	870,922,525
Accrued mark up	-	3,643,631	-	-	3,643,631
Current portion of deferred capital grant	-	-	-	-	-
Unclaimed profit distribution	-	31,127,871	-	-	31,127,871
	-	1,021,731,202	21,303,090	-	1,043,034,292
<b>Net balance</b>	-	(174,027,914)	48,696,716	-	(125,331,202)

Particulars	2 0 2 2				Total
	Upto one month	over one month to one year	over one year to five years	over five years	
----- Rupees -----					
<b>Assets</b>					
Long term investments	-	-	52,655,229	-	52,655,229
Trade debts	-	426,922,574	-	-	426,922,574
Morabaha & musharaka receivables	-	9,560,623	-	-	9,560,623
Short term investments	-	142,431,293	-	-	142,431,293
Advances	-	11,961,484	2,510,000	-	14,471,484
Trade deposits	-	101,269,692	8,987,800	-	110,257,492
Other receivables	-	83,650,677	-	-	83,650,677
Bank balances	-	102,139,940	-	-	102,139,940
	-	877,936,283	64,153,029	-	942,089,312
<b>Liabilities</b>					
Long term financing	-	-	468,564	-	468,564
Deferred capital grant	-	-	2,203,671	-	2,203,671
Liabilities against asset subject to finance lease	-	-	38,951,091	-	38,951,091
Deferred liabilities	-	-	5,897,659	-	5,897,659
Short term borrowings	-	225,098,900	-	-	225,098,900
Current portion of long term liabilities	-	60,349,397	-	-	60,349,397
Creditors, accrued and other liabilities	-	493,626,987	-	-	493,626,987
Accrued mark up	-	6,768,395	-	-	6,768,395
Current portion of deferred capital grant	-	4,229,944	-	-	4,229,944
Unclaimed profit distribution	-	30,448,251	-	-	30,448,251
	-	820,521,874	47,520,985	-	868,042,859
<b>Net balance</b>	-	57,414,409	16,632,044	-	74,046,453

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

### 43 YIELD / PROFIT RATE RISK EXPOSURE

Description	Effective yield / profit risk % age	2 0 2 3						Total
		Yield / profit bearing maturing			Non yield / profit bearing maturing			
		Within one year	After one year	Sub-total	Within one year	After one year	Sub-total	
----- Rupees -----								
<b>Financial assets</b>								
Long term Investments		-	-	-	-	58,502,006	58,502,006	58,502,006
Trade debts		-	-	-	550,024,951	-	550,024,951	550,024,951
Morabaha / Musharika receivables	12% to 16%	-	-	-	-	-	-	-
Short term Investments		-	-	-	105,779,339	-	105,779,339	105,779,339
Advances		-	-	-	12,154,980	2,510,000	14,664,980	14,664,980
Trade deposits		-	-	-	111,676,956	8,987,800	120,664,756	120,664,756
Other receivables		-	-	-	26,742,327	-	26,742,327	26,742,327
Bank balances	8% to 14%	27,824,260	-	27,824,260	13,002,958	-	13,002,958	40,827,218
		27,824,260	-	27,824,260	819,381,511	69,999,806	889,381,317	917,205,577
<b>Financial Liabilities</b>								
Security deposit		-	-	-	-	200,000	-	200,000
Long term financing		-	-	-	-	-	-	-
Liabilities against asset subject to finance lease		-	15,405,431	15,405,431	-	-	-	15,405,431
Short term borrowings		92,491,516	-	92,491,516	-	-	-	92,491,516
Current portion of long term liabilities		23,545,660	-	23,545,660	-	-	-	23,545,660
Creditors, accrued and other liabilities		-	-	-	870,922,525	-	870,922,525	870,922,525
Accrued markup		-	-	-	3,643,631	-	3,643,631	3,643,631
Unclaimed profit distribution		-	-	-	31,127,871	-	31,127,871	31,127,871
		116,037,176	15,405,431	131,442,607	905,694,027	200,000	905,694,027	1,037,336,634
<b>On balance sheet gap</b>		<b>(88,212,916)</b>	<b>(15,405,431)</b>	<b>(103,618,347)</b>	<b>(86,312,514)</b>	<b>69,799,806</b>	<b>(16,312,710)</b>	<b>(120,131,055)</b>

- The above analysis is based on the contractual/expected maturities of assets and liabilities which may not necessarily correspond with actual maturities.
- Yield risk is the risk of decline in earning due to adverse movement of the yield curve.
- Profit rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market profit rates.

Description	Effective yield / profit risk % age	2 0 2 2						Total
		Yield / profit bearing maturing			Non yield / profit bearing maturing			
		Within one year	After one year	Sub-total	Within one year	After one year	Sub-total	
----- Rupees -----								
<b>Financial assets</b>								
Long term Investments		-	-	-	-	52,655,229	52,655,229	52,655,229
Trade debts		-	-	-	426,922,574	-	426,922,574	426,922,574
Morabaha/Musharika receivables	12% to 16%	9,560,623	-	9,560,623	-	-	-	9,560,623
Short term Investments		-	-	-	142,431,293	-	142,431,293	142,431,293
Advances		-	-	-	11,961,484	2,510,000	14,471,484	14,471,484
Trade deposits		-	-	-	101,269,692	8,987,800	110,257,492	110,257,492
Other receivables		-	-	-	83,650,677	-	83,650,677	83,650,677
Bank balances	5% to 11%	85,678,658	-	85,678,658	15,811,272	-	15,811,272	101,489,930
		95,239,281	-	95,239,281	782,046,992	64,153,029	846,200,021	941,439,302
<b>Financial Liabilities</b>								
Security deposit		-	-	-	-	200,000	200,000	200,000
Long term financing		-	468,564	468,564	-	-	-	468,564
Liabilities against asset subject to finance lease		-	38,951,091	38,951,091	-	-	-	38,951,091
Short term borrowings		225,098,900	-	225,098,900	-	-	-	225,098,900
Current portion of long term liabilities		60,349,398	-	60,349,398	-	-	-	60,349,398
Creditors, accrued and other liabilities		-	-	-	419,899,095	-	419,899,095	419,899,095
Accrued markup		-	-	-	6,768,396	-	6,768,396	6,768,396
Unclaimed profit distribution		-	-	-	30,448,251	-	30,448,251	30,448,251
		285,448,298	39,419,655	324,867,953	457,115,742	200,000	457,315,742	782,183,695
<b>On balance sheet gap</b>		<b>(190,209,017)</b>	<b>(39,419,655)</b>	<b>(229,628,672)</b>	<b>324,931,250</b>	<b>63,953,029</b>	<b>388,884,279</b>	<b>159,255,607</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 44 SEGMENT INFORMATION

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

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

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

Description	2 0 2 3						2 0 2 2
	Musharaka facility	Brokerage operations	Capital market	Textile business	Others	Total	Total
	----- Rupees -----						
Segment revenues	734,529	760,315	(266,417)	4,079,408,054	9,110,243	4,089,746,721	6,042,574,750
Segment result	734,529	(5,342,450)	(266,417)	(123,101,632)	9,110,243	(118,865,727)	532,673,642
<b>Unallocated cost</b>							
Operating expenses						(97,956,922)	(78,690,419)
Distribution and selling expenses						(24,837,450)	(22,335,838)
Financial charges						(61,829,716)	(37,021,399)
Other charges						-	(29,825,258)
<b>Profit / (loss) before taxation</b>						(303,489,815)	364,800,728
Taxation						51,417,287	(161,166,433)
<b>Profit / (Loss) for the year</b>						(252,072,528)	203,634,295
<b>Other information</b>							
Segment assets	-	20,431,653	164,281,345	2,598,255,693	991,667	2,783,960,358	2,858,197,370
Unallocated assets	-	-	-	-	-	68,354,405	113,169,426
<b>Total assets</b>	<b>-</b>	<b>20,431,653</b>	<b>164,281,345</b>	<b>2,598,255,693</b>	<b>991,667</b>	<b>2,852,314,763</b>	<b>2,971,366,796</b>
Segment liabilities	-	4,193,241	-	1,455,708,408	420,000	1,460,321,649	1,306,734,167
Unallocated liabilities	-	-	-	-	-	46,057,503	53,038,460
<b>Total liabilities</b>	<b>-</b>	<b>4,193,241</b>	<b>-</b>	<b>1,455,708,408</b>	<b>420,000</b>	<b>1,506,379,152</b>	<b>1,359,772,627</b>
						<b>1,345,935,611</b>	<b>1,611,594,169</b>

### 45 TRANSACTIONS WITH RELATED PARTIES

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

## FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	----- Rupees -----	-----
<b>45.1 Balance outstanding at year end</b>		
<b>Modaraba Management Company</b>		
- Current account payable	1,193,594	2,757,030
<b>Receivable from wholly owned subsidiary company</b>	<b>35,411,516</b>	31,772,196
<b>Other related parties (other than key management personnel)</b>		
- Deferred liability staff gratuity	6,780,327	5,897,659
- Brokerage house clients receivables	29,402	31,864
- Receivables	349,099	349,099
- Trade and other payable	50,575,564	49,247,790
<b>45.2 Transactions during the year</b>		
<b>Modaraba Management Company</b>		
- Facilities & services and electricity	4,768,040	4,374,290
<b>Other related parties</b>		
Services acquired	244,492	590,492
Brokerage commission earned	123,632	59,400
Insurance Claim receivable	861,203	274,058
Services rendered	39,002,262	65,588,244
Contribution towards employees'	8,303,100	6,973,822
Contribution to staff gratuity fund	1,205,845	1,006,160

**FOR THE YEAR ENDED JUNE 30, 2023****46. NET CAPITAL BALANCE**

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

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

<b>Description</b>	<b>Valuation</b>	<b>Note</b>	<b>2023 Rupees</b>
<b>Current assets</b>			
Cash and bank balances	As per book value	46.1	<b>11,122,553</b>
Trade receivables	Book value less overdue for more than 14 days		<b>3,159</b>
Investment in listed securities in the name of brokerage house	Securities marked to market less 15% discount		<b>45,802,512</b>
Securities purchased for client			<b>4,179,403</b>
PIBS	Marked to market less 5% discount		<b>-</b>
			<b>61,107,627</b>
<b>Current liabilities</b>			
Trade payables	Book value		<b>158,204</b>
Other payables	As per book values		<b>41,210,326</b>
			<b>41,368,530</b>
<b>Net capital balance as at June 30, 2023</b>			<b>19,739,097</b>
<b>46.1 Cash and bank balances</b>			
	Bank balance pertaining to brokerage house		<b>6,777,853</b>
	Bank balance pertaining to clients		<b>4,344,700</b>
			<b>11,122,553</b>

FOR THE YEAR ENDED JUNE 30, 2023

47. COMPUTATION OF LIQUID CAPITAL

S. No	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>1. Assets</b>				
1.1	Property & Equipment	3,957,156	3,957,156	
1.2	Intangible Assets			
1.3	Investment in Govt. Securities			
	<b>Investment in Debt. Securities</b>			
	<b>If listed than:</b>			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			
1.4	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
	<b>If unlisted than:</b>			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			
	<b>Investment in Equity Securities</b>			
1.5	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher. (Provided that if any of these securities are pledged with the securities exchange for base minimum capital requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base minimum capital	53,885,307	12,162,113	41,723,194
	ii. If unlisted, 100% of carrying value.	58,502,006	58,502,006	
1.6	Investment in subsidiaries	350,000,000	350,000,000	
	<b>Investment in associated companies/undertaking</b>			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.			
	ii. If unlisted, 100% of net value.			
	<b>Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.</b>			
1.8	(i) 100% of net value, however any excess amount of cash deposited with securities exchange to comply with requirements of base minimum capital may be taken in the calculation of LC	225,000	225,000	
1.9	Margin deposits with exchange and clearing house.	350,000	-	350,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			
1.11	Other deposits and prepayments	16,468,467	16,468,467	
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)			
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties			
1.13	Dividends receivables.	-	-	
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. ( <i>Securities purchased under repo arrangement shall not be included in the investments.</i> )			
	<b>Advances and receivables other than trade Receivables;</b>			
1.15	(i) No haircut may be applied on the short term loan to employees provided these loans are secured and due for repayments within 12 months.	209,712	-	209,712
	(ii) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation .	11,820,482	-	11,820,482
	(iii) In all other cases 100% of net value	38,820,091	38,820,091	
	<b>Receivables from clearing house or securities exchange(s)</b>			
1.16	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	-	-	-



## FOR THE YEAR ENDED JUNE 30, 2023

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	<b>Receivables from customers</b>			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the finance (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i>			
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>			
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. Net amount after deducting haircut</i>			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	2,773	-	2,773
1.17	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. <i>v. Lower of net balance sheet value or value determined through adjustments</i>	19,134,756	15,985,809	3,148,947
	vi. In the case of amount of receivables from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner; (a) Up to 30 days, values determined after applying var based haircuts. (b) Above 30 days but upto 90 days, values determined after applying 50% or var based haircuts whichever is higher. (c) above 90 days 100% haircut shall be applicable. <i>vi. Lower of net balance sheet value or value determined through adjustments</i>	-	-	-
	<b>Cash and Bank balances</b>			
1.18	i. Bank Balance-proprietary accounts	6,777,853	-	6,777,853
	ii. Bank balance-customer accounts	4,344,700	-	4,344,700
	iii. Cash in hand	-	-	-
	<b>Subscription money against investment in IPO/ offer for sale (asset)</b>			
	(i) No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.			
1.19	(ii) In case of Investment in IPO where shares have been allotted but not yet credited in CDS Account, 25% haircuts will be applicable on the value of such securities.			
	(iii) In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VAR based haircut whichever is higher, will be applied on Right Shares.			
1.20	<b>Total Assets</b>	<b>564,498,303</b>	<b>496,120,642</b>	<b>68,377,661</b>
	<b>2. Liabilities</b>			
	<b>Trade Payables</b>			
2.1	i. Payable to exchanges and clearing house		-	-
	ii. Payable against leveraged market products			
	iii. Payable to customers	4,193,241	-	4,193,241
	<b>Current Liabilities</b>			
	i. Statutory and regulatory dues			
	ii. Accruals and other payables	6,047,418	-	6,047,418
	iii. Short-term borrowings			
2.2	iv. Current portion of subordinated loans			
	v. Current portion of long term liabilities			
	vi. Deferred Liabilities			
	vii. Provision for taxation			
	viii. Other liabilities as per accounting principles and included in the financial statements	32,010,539	-	32,010,539

FOR THE YEAR ENDED JUNE 30, 2023

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	<b>Non-Current Liabilities</b>			
	i. Long-Term financing			
2.3	ii. Other liabilities as per accounting principles and included in the financial statements	200,000	-	200,000
	iii. Staff retirement benefits	5,897,659	-	5,897,659
	Note: (a) 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases. (b) Nil in all other cases			
	<b>Subordinated Loans</b>			
2.4	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:			
	<b>Advance against shares for Increase in Capital of Securities broker:</b> 100% haircut may be allowed in respect of advance against shares if:			
2.5	a. The existing authorized share capital allows the proposed enhanced share capital b. Broad of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.			
2.6	<b>Total Liabilities</b>	<b>48,348,857</b>	<b>-</b>	<b>48,348,857</b>
<b>3. Ranking Liabilities Relating to :</b>				
	<b>Concentration in Margin Financing</b>			
3.1	The amount calculated client-to- client basis by which any amount receivable from any of the finances exceed 10% of the aggregate of amounts receivable from total finances. (Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs 5 million) Note: Only amount exceeding by 10% of each finance from aggregate amount shall be include in the ranking liabilities			
	<b>Concentration in securities lending and borrowing</b>			
3.2	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed (Note only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities)			
	<b>Net underwriting Commitments</b>			
3.3	<b>(a) in the case of right issues :</b> if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting commitment <b>(b) in any other case :</b> 12.5% of the net underwriting commitments			
	<b>Negative equity of subsidiary</b>			
3.4	The amount by which the total assets of the subsidiary ( excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary			
	<b>Foreign exchange agreements and foreign currency positions</b>			
3.5	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency			
3.6	Amount Payable under REPO			

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2023

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	<b>Repo adjustment</b>			
3.7	<b>In the case of financier/purchaser</b> the total amount receivable under Repo less the 110% of the market value of underlying securities. <b>In the case of finance/seller</b> the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.			
	<b>Concentrated proprietary positions</b>			
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security			
	<b>Opening Positions in futures and options</b>			
3.9	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met			
	<b>Short sell positions</b>			
3.10	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.			
<b>3.11</b>	<b>Total Ranking Liabilities</b>	-	-	-
	<b>Calculations Summary of Liquid Capital</b>			
	(i) Adjusted value of Assets (serial number 1.20)	564,498,303	496,120,642	68,377,661
	(ii) Less: Adjusted value of liabilities (serial number 2.6)	48,348,857	-	48,348,857
	(iii) Less: Total ranking liabilities (series number 3.11)	-	-	-
	<b>Note:</b> Commission may issue guidelines and clarifications in respect of the treatment of any component of Liquid Capital including any modification, deletion and inclusion in the calculation of Adjusted value of assets and liabilities to address any practical difficulty.			<b>20,028,804</b>

#### 48 NUMBER OF EMPLOYEES

Total number of employees of the Group as at June 30, 2023 are 437 (2023: 565). Average number of employees of the Group 563 (2022: 599).

#### 49 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on October 05, 2023.

#### 50 GENERAL

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

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

Qazi Obaid Ullah  
Chief Financial Officer

Adil A. Ghaffar  
Chief Executive Officer

Nadeem Maqbool  
Director

Alizeh Bashir  
Director

Premier Financial  
Services (Private) Limited

Premier Financial  
Services (Private) Limited

Premier Financial  
Services (Private) Limited

**FIRST EQUITY MODARABA NOTICE OF  
TRANSFER BOOK CLOSURE  
AND 23 RD ANNUAL REVIEW MEETING**

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***Schedule of 23<sup>rd</sup> Annual Review Meeting***

The 23<sup>rd</sup> Annual Review Meeting (ARM) of certificate holders of First Equity Modaraba (FEM) will be held on Wednesday December 20 2023 at 11.00 am through video link and from the Modaraba registered office B-1004 Lakson Square Building # 3 Sarwar Shaheed Road Karachi.

***Normal Business at ARM***

To review the performance of the Modaraba for the year ended June 30, 2023.

***Book Closure***

The certificate transfer book of the FEM shall remain closed from Saturday December 09 2023 to Wednesday December 20 2023 (both days inclusive). All transfers received by our certificate Registrar M/s THK Associates (Pvt) Ltd. Plot # 32C, 2 Jami Commercial Street 11, D.H.A. Phase 7, Karachi before the close of business on Friday, December 08, 2023 will be treated valid.

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

On behalf of the Board

**Qazi Obaid Ullah**  
Company Secretary

October 05 2023  
Karachi

فرسٹ ایکویٹی مضاربہ  
نوٹس برائے نفع کی تقسیم، ٹرانسفر بک بند ہونا اور 23 ویں سالانہ جائزہ میٹنگ

23 ویں سالانہ جائزہ میٹنگ کا شیڈول:

فرسٹ ایکویٹی مضاربہ (ایف ای ایم) کے حصص داران کی اکیسویں سالانہ جائزے کی میٹنگ (اے آر ایم) بروز بدھ مورخہ 20 دسمبر 2023ء کو صبح 11:00 بجے بذریعہ ویڈیو لنک مضاربہ کے رجسٹرڈ آفس B-1004، بیکسن اسکوائر بلڈنگ نمبر 3، سرور شہید روڈ، کراچی میں منعقد ہوگی۔

ARM پر عام کاروبار:

اختتامی سال 30 جون 2023ء کیلئے مضاربہ کی کارکردگی کا جائزہ لینا۔

نفع کی تقسیم:

FEM کی شیئر ٹرانسفر بکس

بک بند ہونا:

FEM کی شیئر ٹرانسفر بک ہفتہ 09 دسمبر 2023ء سے بدھ 20 دسمبر 2023ء تک (بشمول دونوں ایام) بند رہے گی۔ تمام ٹرانسفرز جو کہ ہمارے سر ٹیفکیٹ رجسٹر اریسزٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ پلاٹ نمبر 32C، 2 جامی کمرشل اسٹریٹ 11، ڈی ایچ اے فیز 7، کراچی کی جانب سے بروز جمعہ 08 دسمبر 2023ء سے پہلے یعنی کاروبار کی بندش سے پہلے پہلے وصول کئے جائیں گے صرف انہیں درست تصور کیا جائے گا۔

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

بورڈ کی جانب سے

قاضی عبید اللہ  
کمپنی سیکریٹری

05 اکتوبر 2023ء

کراچی

# PATTERN OF HOLDING OF CERTIFICATES

## BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2023

Number of Certificate Holders	Certificate Holding From	To	Total Certificates Held	PERCENTAGE
1850	1	100	102301	0.1951
991	101	500	248188	0.4733
1041	501	1000	711148	1.3561
611	1001	5000	1331645	2.5394
124	5001	10000	945378	1.8028
41	10001	15000	531071	1.0127
19	15001	20000	334478	0.6378
14	20001	25000	320617	0.6114
12	25001	30000	339815	0.6480
5	30001	35000	162952	0.3107
6	35001	40000	221658	0.4227
2	40001	45000	82160	0.1567
8	45001	50000	392331	0.7482
4	50001	55000	206500	0.3938
5	55001	60000	285872	0.5451
2	60001	65000	122550	0.2337
6	65001	70000	398153	0.7593
2	70001	75000	146100	0.2786
2	75001	80000	154717	0.2950
2	80001	85000	164344	0.3134
3	85001	90000	264210	0.5038
4	95001	100000	395906	0.7550
2	100001	105000	204542	0.3900
2	105001	110000	217440	0.4146
3	115001	120000	349180	0.6659
1	120001	125000	123000	0.2346
1	125001	130000	128875	0.2458
2	130001	135000	269160	0.5133
1	135001	140000	137380	0.2620
2	145001	150000	297356	0.5670
1	150001	155000	152812	0.2914
2	155001	160000	319516	0.6093
1	160001	165000	162745	0.3103
1	170001	175000	171630	0.3273
1	185001	190000	187500	0.3576
1	190001	195000	191195	0.3646
1	205001	210000	205994	0.3928
3	225001	230000	682653	1.3018
1	250001	255000	251000	0.4786
1	260001	265000	263500	0.5025
2	265001	270000	533179	1.0167
1	280001	285000	280835	0.5355
1	290001	295000	292214	0.5572
1	305001	310000	308197	0.5877
1	340001	345000	343000	0.6541
1	410001	415000	411184	0.7841
1	455001	460000	456000	0.8696
1	470001	475000	471538	0.8992
1	635001	640000	636500	1.2138
1	695001	700000	699694	1.3343
1	995001	1000000	1000000	1.9069
1	1005001	1010000	1006550	1.9194
1	1320001	1325000	1321804	2.5206
1	1680001	1685000	1683500	3.2103
1	1845001	1850000	1848000	3.5240
1	3020001	3025000	3023697	5.7660
1	3205001	3210000	3209171	6.1197
1	3235001	3240000	3236500	6.1718
1	3475001	3480000	3478000	6.6323
1	4675001	4680000	4680000	8.9245
1	5530001	5535000	5533081	10.5513
1	5805001	5810000	5809784	11.0789
4804	Company Total		52440000	100.0000



**PATTERN OF HOLDING OF CERTIFICATES  
BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2023**

<b>Categories of Certificate Holders</b>	<b>Number of Certificate Holders</b>	<b>Certificates Held</b>	<b>Percentage %</b>
DIRECTORS, CEO & CHILDREN	6	852722	1.6261
ASSOCIATE COMPANIES	5	12214893	23.2931
NIT & ICP	2	1700	0.0032
BANKS, DFI & NBFI	9	58122	0.1108
INSURANCE COMPANIES	4	1323409	2.5237
MUTUAL FUNDS	1	50	0.0001
GENERAL PUBLIC (LOCAL)	3602	31065646	59.2404
GENERAL PUBLIC (FOREIGN)	1139	963621	1.8376
OTHERS	34	5959337	11.3641
MODARABAS	2	500	0.0010
<b>Company Total</b>	<b>4804</b>	<b>52440000</b>	<b>100.0000</b>

UNDER CERTIFICATE OF POSTING

*If undelivered please return to:-*

**THK Associates (Pvt) Ltd.**

Plot No. 32-C, Jami Commercial,  
Street 2, D.H.A. Phase VII, Karachi,

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

Email: [sfc@thk.com.pk](mailto:sfc@thk.com.pk)