

ANNUAL REPORT

2018



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

Managed by:
B.R.R. Investment (Private) Limited

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B.R.R. Guardian Modaraba
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CORPORATE INFORMATION

Modaraba Company	B.R.R. Investment (Private) Limited
Chairman	Mr. Rafique Dawood
Chief Executive	Mr. Ayaz Dawood
Directors	Mr. Waqas Anwar Qureshi - Director Syed Ali Raza - Director
Audit Committee	Mr. Waqas Anwar Qureshi - Chairman Mr. Rafique Dawood - Member Syed Ali Raza - Member
HR and Remuneration Committee	Syed Ali Raza - Chairman Mr. Rafique Dawood - Member Mr. Waqas Anwar Qureshi - Member
Shariah Advisor	Mufti Muhammad Aqeel
Chief Financial Officer	Syed Tariq Masood
Company Secretary	Mr. Tahir Mehmood
Head of Internal Audit, Risk and Compliance	Abdul Rahman Subhan
Auditors	BDO Ebrahim & Co. Chartered Accountants
Legal Advisor	S. & B Durrani Law Associate Rauf and Ghaffar Law Associates Malik & Malik Law Associates
Bankers	Al-Baraka Bank(Pakistan) Limited Habib Metropolitan Bank Limited National Bank of Pakistan
Web-site	www.firstdawood.com/brr
Registered Office & Head Office	18th Floor, B.R.R. Tower Hassan Ali Street off. I.I. Chundrigar Road, Karachi-74000 PABX 92-21-32602401-06 Fax : 92-21-3227-1912
Registrars	F.D. Registrar Services (SMC-Pvt.) Ltd 1705, 17th Floor, Saima Trade Tower "A" I.I. Chundrigar Road, Karachi-74000 Phone # 92-21-35478192-3 # 92-21-32271905-6 Fax # 92-21-32213243
Branch Offices	Office No. 405 4th Floor, ISE Tower Jinnah Avenue, Islamabad
Security Vault	G-187, Block-2, Shahrah-e-Quaideen, PECHS Karachi-754000

MISSION

To become a symbol for spreading a variety of Islamic modes of financing, thereby providing ample and profitable investment opportunities to the stake holders who demand Halal profits according to Sharia Laws, optimizing returns to the certificate holders, management and customers.

VISION

To innovate and promote Islamic Financial Products, based on Sharia Principles and to curb interest based financial systems, thereby facilitating establishment of an equitable economic system.

OVERALL CORPORATE STRATEGY

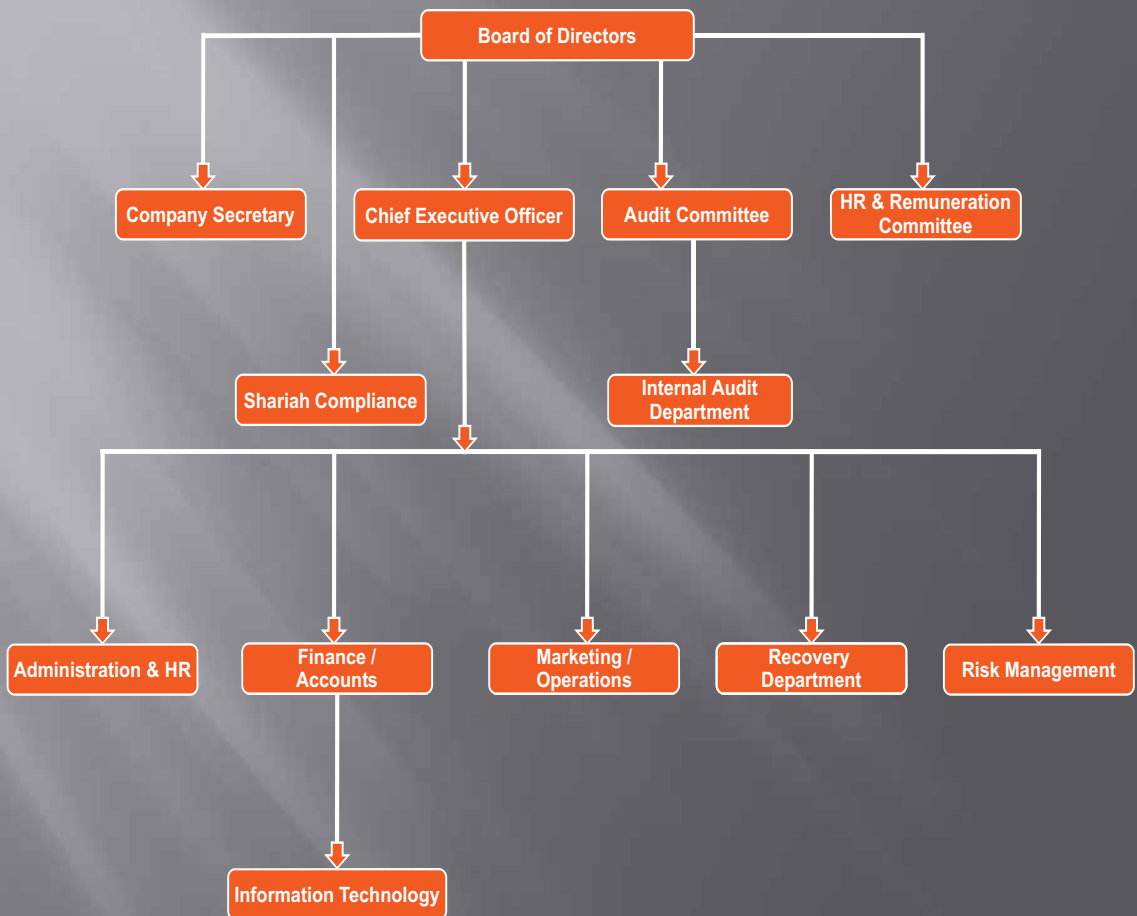
To become a market leader of Islamic Financial Products through:

- (i) maintaining highest standards of integrity and honesty;
- (ii) strict adherence with Sharia principles;
- (iii) making improvement in every department a process through education and professional development with latest innovations through awareness techniques;
- (iv) providing opportunities to employees for career development and rewarding them according to their caliber;
- (v) safeguarding the interests of certificate holders while providing best possible returns;
- (vi) building a long lasting relationship with the customers by suggesting the most suitable Islamic product for their needs at competitive rates;
- (vii) practical and conservative judgment of risks.



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ORGANOGRAM





B.R.R. Guardian Modaraba
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BOARD OF DIRECTORS

Rafique Dawood
(Chairman)



Syed Ali Raza
(Director)



Ayaz Dawood
(Chief Executive)

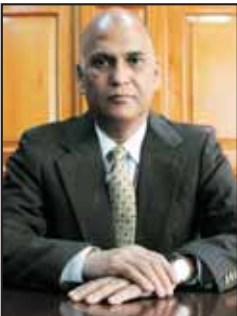


Waqas Anwar Qureshi
(Director)



MANAGEMENT

Syed Tariq Masood
(Chief Financial Officer)



Tahir Mehmood
(Company Secretary)



S. Iqbal Hussain Rizvi
(G.M. BRR Security Vault)



NOTICE OF ANNUAL REVIEW MEETING (ARM-XVIII) of B.R.R. Guardian Modaraba

The Board of Directors of B.R.R. Investment (Pvt) Ltd, Manager of B.R.R Guardian Modaraba (BRRGM) in their meeting held on October 31, 2018 has declared cash dividend @ Re. 0.34 per Modaraba Certificate for the year ended June 30, 2018.

To determine the names of Certificateholders entitled to receive dividend and to attend the ARM the Certificate Transfer Books of the Modaraba will be closed from November 28, 2018 to December 4, 2018 (both days inclusive) the Transfers received at the Registrar Office, F.D. Registrar Services (SMC-Pvt.) Ltd at 1705, 17th Floor, Saima Trade Towers A, I.I. Chundrigar Road Karachi (Registrar Office), before the close of business hours on November 27, 2018 will be treated in time for the purpose of above entitlement to the transferees. Further, the Certificate holders are advised to notify to the Registrar Office of any change in their addresses.

The ARM-XIX of Certificateholders of BRRGM will be held on Tuesday December 4, 2018 at 10:30 a.m.at First Floor, BRR Tower, Hassan Ali Street, off: I.I Chundrigar Road Karachi, 74000

Place Karachi
November 9, 2018

By Order of the Board
Tahir Mehmood
Company Secretary

REQUEST TO CERTIFICATE-HOLDERS

Pursuant to the directives of the Securities and Exchange Commission of Pakistan (SECP) CNIC number of Modaraba Certificateholders has become mandatory to be mentioned on Dividend Warrant. Therefore, all Modaraba Certificateholders who have not yet submitted their CNIC are hereby requested to immediately send valid copy of CNIC.

In order to comply with the directives of SECP vide their SRO 831(1)/2012 dated July 5, 2012 the Registrar Office may withhold the dispatch of Dividend Warrant under Section 243(2) (a) of the Companies Act, 2017 of those Certificateholders who fails to submit the copy of CNIC before the close of book of Certificateholders for entitlement of dividend as for the year ended June 30, 2018 announced by the Board of Directors in their meeting held on October 31, 2018

Certificateholders holding book entry securities of the BRRGM in the Central Depository Company of Pakistan Limited who wish to attend the ARM are requested to bring original Computerized National Identity Card for identification purpose and will in addition to this, have to follow the guidelines as laid down in Circular No. 01 of 2000 dated January 25, 2000 of the SECP for attending the meeting.

New Tax Implications on dividends

Increased Tax Rates on Filers/ Non-Filers

Through the Finance Act, 2018, enhanced rate of withholding tax on dividend amount has been prescribed in the Income Tax Ordinance, 2001, (Ordinance). New tax rates are as under:

- a) For Filers of Income Tax return 15%
- b) For Non-Filers of Income Tax return 20%

A 'filer' is a taxpayer, whose name appears in the Active Taxpayers List (ATL) issued by FBR, from time to time, whereas 'non-filer' is a person other than a 'filer'. FBR has uploaded an ATL on its web-site, which can be accessed at <http://fbr.gov.pk>.

The Modaraba will check each certificateholder's status on the latest ATL available at the first day of Book Closure and, if the certificateholder's name does not appear on the ATL, the increased rate of withholding tax at 20% would be applied. In case of 'filer', withholding tax rate of 15% will be applicable.

The certificateholders and corporate certificateholders having CDC accounts are required to have their NTN updated with their respective participants, whereas individual and corporate physical certificateholders should send a copy of their NTN certificate to our Registrar Office, mentioning their Folio No. and the name of the Company.

Taxation for Joint Certificateholders

The FBR has clarified that where the certificates are held in joint accounts/ names, each account/ joint holder will be treated individually as either a filer or a non-filer and tax will be deducted according to his/her certificateholding. The certificateholders, are having joint certificateholding status, are requested to kindly intimate their joint certificateholding proportions to the Registrar Office of the Modaraba as mentioned above latest by November 27, 2018 in the following format:

Folio/ CDC A/c No.	Name of Certificate Holders(principle/ joint holders)	No. of Certificates or percentage (Proportion)	CNIC No.	Signature

If the certificateholding proportion is not advised or determined, each joint certificateholder will be assumed to hold equal proportion of certificates and deduction of withholding tax will be made accordingly.

Requirement of Valid Tax Exemption Certificate for Claiming Exemption from Withholding Tax

As per FBR Circulars C.No.1(29)WHT/2006 dated 30 June 2010 and C.No. 1(43)DG(WHT)/2008-VoI.II-66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance 2001 (tax on dividend amount) where the statutory exemption under Clause 47B of Part-IV of Second Schedule is available. The certificateholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Registrars Office before book closure otherwise tax will be deducted on dividend as per applicable rates.

E-Dividends

As per Section 242 of the Companies Act 2017, in case of a public listed company, any dividend payable in cash shall only be paid through electronic mode into the bank account designated by the entitled certificateholders. Therefore, through this notice, all certificateholders are requested to update their bank account details in the Central Depository Company through respective participants and in case of physical certificates, to provide following bank account details to our Share Registrar, F.D. Registrar Services (SMC-Pvt.) Ltd same is also available on the website of the Modaraba

<http://www.firstdawood.com/brr/>



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Name of Certificateholder
Folio No.
Title of the Bank Account
Bank Account Number
Bank's Name
Branch Name and Address
Cell Number of the Certificateholder if any,
Land Line Number of the Certificateholder if any,
CNIC No. and NTN (Please attach copy)

Signature of Certificate Holder (s)

(Signature should agree with specimen signature registered with the modaraba)

The Certificate Holders having certificates in their CDC accounts are required to have their bank mandates updated with their respective participant.

Unclaimed Modaraba Certificates and Dividend

The Certificateholders who by any reason, could not claim their dividends or did not collect their Physical Modaraba Certificates, are advised to contact our Share Registrar F.D. Registrar Services (SMC-Pvt) Ltd to collect /enquire about their unclaimed dividend or pending Modaraba Certificates, if any, Please note that in compliance with section 244 of the Companies Act, 2017, after having completed the stipulated procedures all dividends unclaimed or unpaid for a period of three years from the due date and payable, shall be deposited to the Credit of the Federal Government and in case of the certificates shall be delivered to SECP.

Review Report by the Chairman on Board's overall Performance u/s 192 of the Companies Act 2017:

It was impressive to note that Pakistan Economy has achieved its 13 year highest real GDP growth rate of 5.79%. We hope that the growth rate will continue its upward trend in the following years.

For the year ended 30th June, 2017 Modaraba Sector has performed well. Modaraba Sector booked a profit of Rs. 1,577 million and out of 25 Modarabas 22 declared profit while 21 Modarabas announced cash dividend between the ranges of 0.7% to 100%, the highest dividend ever paid by any Modaraba. The total payout to the certificate holders comes to Rs.1,094 million. The total assets of the Modaraba sector stood at Rs. 44,016 million and the total equity was Rs. 21,835 million. The market Capitalization of Modaraba Sector has increased during the year from Rs. 19,242 million to Rs. 22,827 million as compared to last year.

A comparative position of Market Capitalization, Total Equity, Total Assets and Total Profit are as under:

Particulars	June 2017	June 2016
	Rupees in million	
Market Capitalization	22,827	19,242
Total Equity	21,835	20,439
Total Asset	44,016	36,806
Profit	1,577	1,184

The Board has recently completed its annual self-evaluation for the year ended June 30, 2018 to ensure that the Board's overall performance and efficiency are measured and benchmarked against expectations in the context of objectives set for the Modaraba and I report that the Board members are familiar with the current vision, mission and objectives and have clear understanding of all the concerned stakeholders (including Certificate holders, customers, employees, and community at large) to whom the Modaraba serves. The overall performance of the Board is satisfactory and is based on an evaluation of all the integral-components, which have a direct bearing on the Board's role in achievement of the Modaraba's objectives. The Board has effectively set the tone-at-the-top, by putting in place transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of Corporate Governance and by promoting ethical and fair behavior across the Modaraba. Areas where improvements are required are duly considered and action plans have been framed accordingly.

Rafique Dawood
Chairman



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DIRECTORS' REPORT

On behalf of the Board of Directors of B.R.R. Investment (Private) Limited ('BRRRI' or 'the company'), manager of B.R.R. Guardian Modaraba ('BRRGM' or 'the Modaraba'), it gives us great pleasure to present to you the Annual Report and Audited Financial Statements for the year ended June 30, 2018.

MODARABA'S PERFORMANCE:

Summary of the comparative financial performance is given below:

	June 2018	June 2017
Rupees.....	
Profit Before Management Fee & WWF	74,688,991	195,193,753
Management Fee	7,468,899	19,519,375
Sales Tax on Management Fee	970,957	2,537,519
Provision for Workers' Welfare Fund	1,324,983	3,462,737
Profit After Management Fee & WWF	64,924,152	169,674,122
Earning per certificate	0.75	2.17
Certificate Holder's Equity	1,391,898,797	1,264,443,610

Dividend:

The Board is pleased to announce Re. 0.34 per certificate cash dividend for the year ended June 30, 2018 versus Rs.1 per certificate last year.

The Certificate Holders' Equity of the Modaraba stands at Rs. 1,391.899 million as compared with Rs. 1,264.44 million during last year with an increase of 10.08%. The breakup value share comes to Rs 16.12 per certificate.

Authorized Fund:

On September 4, 2018 the High Court of Sindh sanctioned the scheme of arrangement for merger by way of amalgamation of CSM with and into BRRGM with effect from July 1, 2017.

On the scheme becoming effective, the authorized modaraba capital of CSM of Rs. 250,000,000 merged with the authorized capital of BRRGM; consequently the merged authorized capital stands increased to Rs.1, 400,000,000 divided into 140,000,000 modaraba certificates of Rs.10 each. Further, the paid-up certificate capital of CSM of Rs. 200,000,000 merged with the paid-up certificate capital of BRGM, consequently the Issued, subscribed and paid-up certificate capital of BRRGM stands increased to Rs. 863,622,630 divided into 86,362,263 modaraba certificates of Rs. 10 each at a swap ratio of 1.00 : 2.405 (BRRGM : CSM)

NATURE OF BUSINESS AND MARKET DYNAMICS:

B.R.R. Guardian Modaraba (BRRGM) is pioneer in the field of Modaraba in Pakistan, it was founded in 1983. Being the the oldest perpetual Modaraba.

Our pride B.R.R. TOWER, is a 19-storey state of the art building reflects the Islamic architecture through its three arches and is a manifest addition in the financial district of Karachi, i.e. at I. I. Chundrigar Road. It is first-of-its-kind because of 'Energy Efficient' and 'Partially Green Building'. There are 2 wind turbines with 7.5 KW capacity each installed on the top of Tower along with Solar PV Panels for 3 KWS.

The TOWER is now fully occupied by blue chip companies. Moreover, the tower also caters the need of its occupants and has recently inaugurated a Café on the ground floor of the building.

B.R.R. Guardian Modaraba has also built a state of the art B.R.R. Security Vault which commenced business during July 1989. This custom built fort-like building on Shahrah-e-Quaideen, offers a unique blend of high security with a pleasant and friendly atmosphere within and around the building.

ECONOMIC REVIEW

Economic growth in Pakistan has historically remained volatile, lacking a steady growth path and adding to the economic uncertainty about the country's economic conditions.

Gross Public Debt Ratio worsened 67.2 percent to GDP from 59.3 percent to GDP last year. As Budget deficit soars to record-high therefore interest rates are expected to increase when we re-enter into new IMF program.

STRATEGY FOR BUSINESS SUSTAINABILITY

As our business strategy, we shall remain focused on following areas in FY 2018 -2019:

- Add new good customer within the portfolio.
- Renting of properties to highly rated customers.
- Enhance size of investment in sound, stable and dividend paying Shariah compliant listed securities along with Sukuk and Musharaka based TFCs.
- Refresh tool of risk management processes particularly credit risk management in line with latest techniques.
- Further strengthen Shariah governance and compliance culture.
- Further develop operation capacity of human resource through proper training.

Total Assets Of Modaraba Sector	
Financial Year	Rupees in Million
2013	31,434
2014	30,212
2015	30,736
2016	36,806
2017	44,016



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The market share of BRRGM as per the MAP Year Book 2017 of NBFI & Modaraba Association of Pakistan for the financial year ended June 30th, 2017 is presented below:

	Rupees in million		% of BRRGM's share to all modarabas
	Combine position of 25 modarabas	BRRGM's share	
Total Equity	21,835	1,264	5.79%
Total Assets	44,016	2,054	4.67%
Net Profit	1,577	170	10.78%

RESOURCES, OPPORTUNITIES, BUSINESS RISKS AND MITIGANTS:

Your Modaraba is a pioneer of Islamic financial Institutions in Pakistan and operating for last more than three decades in the country. Modarabas are the trend setters of Islamic modes of financing and creates a distinctive value proposition that meets the needs of its customers and ensure Shariah compliant business and Halal income practices.

COMPLIANCE WITH THE BEST PRACTICE OF THE CODE OF CORPORATE GOVERNANCE:

Your Management Company has implemented provisions of the code of corporate governance relevant for the year ended June 30, 2018. The external auditors review report on the statement of compliance with the code of corporate governance is annexed with this report.

As per directives of SECP/Pakistan Stock Exchange, the Directors hereby confirm the following code of good governance and ethical business practices required by relevant clause(s) of the Code:

- The financial statements prepared by management present fairly Modaraba's state of affairs, the result of its operations, cash flows and changes in equity.
- Your Modaraba has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements on reasonable and prudent judgment.
- Relevant International Accounting Standards and Islamic Financial Accounting Standards, as applicable in Pakistan, provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies & Modaraba Rules, 1981 and directives of the Securities and Exchanges Commission of Pakistan have been followed in the preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts over the ability to continue as going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no statutory payments on account of taxes, duties, levies and charges outstanding, except as disclosed in the financial statements.
- There has been no departure from the best practices of transfer pricing.



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TRADING / DEALING IN CERTIFICATE OF MODARABA:

During the fiscal year, no trade in the certificate of the Modaraba was carried out by the Directors, CFO, Company Secretary, and their spouses of minor children except the CEO has purchased 930,000 BRRGM's Certificates and 497,000 Certificates of Crescent Standard Modaraba (CSM).

On September 4, 2018 the High Court of Sindh sanctioned the scheme of arrangement for merger by way of amalgamation of CSM with and into BRRGM with effect from July 1, 2017 at a swap ratio of 1.00 : 2.405 (BRRGM : CSM).

CODE OF CONDUCT:

The Board of Directors of the Management Company has adopted the required 'Code of Conduct' to which the management company & Modaraba is committed voluntarily maintaining the highest standards of conduct and ethical behavior is a moral right and legal requirement that requires the personal commitment.

The Code of Conduct indicates good business conduct that generally promotes the qualities of honesty, fairness, consideration and enlightened professionalism.

STAFF RETIREMENT BENEFITS:

BRR Guardian Modaraba operates a Provident Fund scheme for all permanent employees. The value of investments as at June 30, 2018 is Rs 125.996 million (2017: Rs. 103.777 million).

POST BALANCE SHEET EVENTS:

No circumstances have arisen since the Balance Sheet date, which require adjustment to disclosure in the Financial Statements.

TRANSACTION WITH CONNECTED PERSONS / RELATED PARTIES:

All transactions between BRR Guardian Modaraba (BRRGM) and connected person/related parties are carried at an arm's length basis except for those transactions whose justification has been recorded.

AUDITORS:

We would also like to appraise the certificate-holders that on recommendation of Audit Committee Horwath Hussain Chaudhury & Co. have been appointed as auditors for the year ended 2018-19 subject to approval of Registrar Modaraba Companies and Modarabas, in place of retiring auditor BDO Ebrahim & Company who have completed 5 years.

KEY OPERATING AND FINANCIAL DATA:

The Key Operating and Financial data of last six years has been presented with analysis summarized on the last page.

RISK MANAGEMENT FRAMEWORK:

Risk taking is an integral part of any business and is rooted in the philosophy of risk versus reward, (the higher the risk the greater the reward). Our fundamental objective is to maximize certificate's value, but this must be carried out in a clearly articulated risk tolerance framework.



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Board of Directors Meetings

The status of Board of Directors Meetings is as follows:

Sr. No	Name	Designation	Attendance
1	Mr. Rafique Dawood	Chairman	4 out of 4
2	Mr. Ayaz Dawood	CEO	4 out of 4
3	Mr. Waqas Anwer Qureshi	Director	4 out of 4
4	Syed Ali Raza	Director	1 out of 4

Audit Committee Meetings

The status of Board Audit Committee Meetings is as follows

Sr. No	Name	Designation	Attendance
1	Mr. Waqas Anwer Qureshi	Chairman	4 out of 4
2	Mr. Rafique Dawood	Member	4 out of 4
3	Syed Ali Raza	Member	1 out of 4

AUDITORS' OBSERVATIONS:

The auditors have expressed their unmodified opinion on the financial statement except for certain emphasis of matter paragraphs with explanations below:

- I. Refer to note 6.1.1 to the financial statement which states that the Modaraba had swapped certain assets with an office premises valuing Rs. 70 million from an associated undertaking, the title of which has not been transferred in the name of Modaraba as a commercial bank has obtained a stay order against the same. However, the original title documents and possession of the property rest with Modaraba.
- II. Refer to note 24.1 to the financial statements which provides details relating to settlement agreement entered into with a commercial bank.
- III. Refer to note 32.1 to the financial statements which provides details in respect of Musharaka Settlement during the period.
- IV. Refer to note 1.3 to the financial statements which provide details regarding scheme of arrangement for merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and into B.R.R. Guardian Modaraba (BRRGM). As a consequence of the scheme of amalgamation, BRRGM shall be taking over the business, functions, contracts, policies, proceedings, undertakings, assets, liabilities. of CSM at a specific date subject to approval of Registrar of Modaraba and such changes, modifications as may be required or advised by legal counsel and/ or accounting consultants and/ or by the High court. Subsequent to year end, the High Court of Sindh sanctioned the scheme of arrangement for merger by way of amalgamation of CSM with and into BRRGM with effect from July 1, 2017, where by the entire undertaking and business inclusive of all assets, properties, rights, liabilities and dues of CSM will be transferred to and assumed by BRRGM. BRRGM will continue as a going concern and CSM upon amalgamation will cease to exist. The financial statements of CSM has been merged with and into BRRGM on the basis of accounting detailed in notes 1.3 to the financial statements.
- V. Refer to Notes 10.7 and 16.3 to the financial statements which provide details in respect of transfer of securities and bank accounts, respectively, from CSM to BRRGM.



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INTERNAL CONTROL AND AUDIT FUNCTION:

The Board is responsible for effective implementation of a sound internal control system including compliance with control procedures. At BRRGM, Audit Committee has in-house Internal Audit Function, for wider functions and role identified as below:

1. Review compliance with responsibility for monitoring compliance with Relevant International Accounting Standards, Islamic Financial Accounting Standards, as applicable in Pakistan, provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies & Modaraba Rules, 1981 and compliance of the policies and procedures framed by the Board.
2. Review accounting and internal control system
3. Review the economy, efficiency and effectiveness of operations (Value for Money Audits / VFM Audits)
4. Examining financial and operational information.
5. Assisting with the identification of significant risks.

Dedicated Internal Audit Function helps to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. It is a control which functions by examining and evaluating the adequacy and effectiveness of other controls.

FUTURE STRATEGY:

During the year CSM has been merged by way of amalgamation with BRRGM into pursuant to the order of High Court of Sindh at Karachi in terms of sections 279-283 of the Companies Act, 2017, read with SRO 840(I)/2017 dated August 17, 2017, "Scheme of Arrangement (Modarabas)", involving swap ratio of 1.00: 2.405 (BRRGM: CSM) on the basis of breakup values of the Certificates of BRRGM and CSM. The amalgamation of both Modarabas will result in synergies which will reduce costs and increase efficiency.

HUMAN RESOURCE MANAGEMENT POLICIES & SUCCESSION PLANNING:

We are 'an equal opportunity employer' and the Management of BRRGM is committed to induct talented professionals through a transparent and competitive process while complying with best legal and ethical practices that has prescribed in our Human Resource Policy.

Our employees are our biggest asset and we go to great lengths to facilitate them. The compensation and benefit policies are designed not only to keep the employees motivated but also to attract and retain the competent valued workforce.

Employees' career management is being managed in parallel lines through utilizing a multidimensional approach. Performance management and annual appraisal are important part of career management. The Modaraba provides training to various disciplines and with a view to extend support to the Accounting & Finance professional as part of our CSR program.

SUCCESSION PLAN:

Our management policy is not only to take on board talented & dedicated professionals but also grooms and develops their skills for future leadership roles.

At BRRGM, we believe in empowering people by providing them challenging opportunities to enhance their potential and develop their abilities. Succession plan contain information on performance and potential. In many cases succession plan is prepared for possible moves of key personnel and therefore treated in a highly confidential manner.

CORPORATE SUSTAINABILITY:

At BRRGM, we recognize that we have responsibilities not only towards our customers, employees and shareholders, but also the communities in which we operate.

We believe that a sustainable company must be consistently profitable, but not solely concerned with making a profit. Success for BRRGM means providing our customers with the products and services they need and want, understanding and managing the impact we have on society and the environment, and investing in the future of our employees and the communities we serve. These measures help us to carry out our work in a way that is both commercially astute and ethically sound.

Corporate Social Responsibility:

In an age in which environmental and social issues are top of mind for many consumers, businesses can no longer exist in a bubble. Today's shoppers aren't just looking for the best price and quality - they expect the companies they patronize to do well with their money and make a positive impact on the world around them. To this end, many organizations are now making social responsibility a top priority.

All non-Shariah income and dividend have been purified by the Shariah Advisor of the Modaraba and has been given to charities.

Health, Safety & Environment

At BRRGM, we are committed to maintain a safe and healthy working environment for our employees. Through our proactive approach, we ensured that occupational safety is upheld by relevant contract workforce through code of conduct contractors. We are confident that our office premises have proper electric wiring, installation of fire extinguisher, ready first aid to office inmates while maintaining smoking free environment.

BRRGM has valid Takaful policies against all possible perils relating to the property. BRRGM has also provided group family and health Takaful to all its employees against natural and incidental health related hazards.

PATTERN OF CERTIFICATE HOLDING:

The pattern of certificate holding as on June 30, 2018 along with disclosure as required under the Code of Corporate Governance is annexed.

DIRECTORS' TRAINING PROGRAM

Out of four, three directors of the board are having more than 14 years of education and more than 16 years of experience. CEO and one director have completed the director's training program. Further, the directors of the company have been provided with copies of the Code of Corporate Governance, Modaraba Rules, Company's Memorandum and Articles of Association, Modaraba Prospectus and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Modaraba, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities.

CONCLUSION & APPRECIATION:

Looking ahead, 2018-19 we will strive to enhance market outreach and add quality assets through costume base portfolio and renting out properties. We always adopt best practices in its endeavor to create certificate holders wealth and gain market-confidence. BRRGM remains determined in maintaining its status amongst the top tier Modarabas of the country and committed for its smooth operations.

On Behalf of the Board of Directors
B.R.R. Investment (Private) Limited

Waqas Anwar Qureshi
Director

Ayaz Dawood
Chief Executive Officer

October 31, 2018
Karachi.



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

ڈائریکٹرز کی رپورٹ

بی.آر.آر. انویسمنٹ (پرائیویٹ) لمیٹڈ ("بی.آر.آر. آئی" یا "کمپنی")، بورڈ آف ڈائریکٹرز کی طرف سے، بی.آر.آر. گارڈین مڈارباہ (بی.آر.آر. جی ایم) کے منیجر کی حیثیت سے ہم جون 2018، 30 کو ختم ہونے والے سال کی سالانہ رپورٹ اور آڈٹ کئے گئے مالیاتی گوشوارے پیش کرتے ہوئے بے حد مسرت محسوس کر رہے ہیں۔

مضاربہ کی کارکردگی

تفصیلی مالیاتی کارکردگی کا خلاصہ مندرجہ ذیل ہے:

جون 30، 2017	جون 30، 2018	
پاکستانی روپے میں		
195,193,753	74,688,991	منافع قبل از انتظامیہ کی فیس اور ڈیویڈنڈ اینف
19,519,375	7,468,899	انتظامیہ کی فیس
2,537,519	970,957	انتظامیہ فیس پر سیلز ٹیکس
3,462,737	1,324,983	ورکرز ویلفیئر فنڈ کی فراہمی
169,674,122	64,924,152	منافع بعد از انتظامیہ کی فیس اور ڈیویڈنڈ اینف
2.17	0.75	نفع فی سٹریکیٹ
1,264,443,610	1,391,898,797	سٹریکیٹ ہولڈرز کی ایکوٹی

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز گزشتہ برس کے 1 روپے کے مقابلے میں 30 جون، 2018 کو ختم ہونے والے سال کے لیے فی سٹریکیٹ 0.34 روپے نقد ڈیویڈنڈ کا اعلان کرتے ہیں۔

مضاربہ کے سٹریکیٹ ہولڈرز کی ایکوٹی پچھلے سال 1,264.44 ملین روپے کے مقابلے میں 10.08 فیصد اضافے کے ساتھ 1,391.899 ملین روپے ہو گئی ہے۔ بریک اپ ویلیو شیئر 16.12 روپے فی سٹریکیٹ ہے۔

ہماز فنڈ

ستمبر 2018، 4 کو سندھ ہائی کورٹ نے سی ایس ایم کے بی.آر.آر. جی ایم میں انضمام کی منصوبہ بندی کی منظوری دے دی ہے جس کا اطلاق جولائی 2017 سے ہو گا۔

منصوبے کے نافذ ہونے پر سی ایس ایم کا ہماز سرمایہ جو کہ 250,000,000 روپے ہے بی.آر.آر. جی ایم کے ہماز سرمایہ میں ضم ہو جائیگا؛ اس کے نتیجے میں ضم ہماز سرمایہ بڑھ کے 1,400,000,000 تک پہنچ گیا ہے جو کہ 10 روپے فی سٹریکیٹ کے حساب سے 140,000,000 مضاربہ سٹریکیٹس پر مشتمل ہے۔ مزید یہ کہ 200,000,000 روپے مالیت کا سی ایس ایم کا واد شدہ سٹریکیٹ سرمایہ بی.آر.آر. جی ایم کے واد شدہ سٹریکیٹ سرمایہ میں ضم ہو گیا ہے، جس کے نتیجے میں 1.00:2.405 کے تبدیلی کے تناسب سے بی.آر.آر. جی ایم کا جاری، سمبکر آئبڈ اور واد شدہ سرمایہ بڑھ کے 863,622,630 پر پہنچ گیا ہے جو کہ 10 روپے فی سٹریکیٹ کے حساب سے 86,362,263 مضاربہ سٹریکیٹس پر مشتمل ہے۔

کاروبار کی نوعیت اور مارکیٹ ڈائنامیکس

بی آر آر گارڈین مضاربہ نے پاکستان میں مضاربہ کی داغ بیل ڈالی، اس کا قیام 1983 میں ہوا۔ یہ سب سے پرانا مضاربہ ہے۔

ہمارا آخری بی آر آر، مارچ 2019ء کو ایک جدید 19 منزلہ عمارت ہے اپنے تین محرابوں سے اسلامی فن تعمیر کی عکاسی کرتی ہے اور کراچی کے مالیاتی ضلع آئی۔ آئی۔ چندریگر روڈ پر ایک واضح اضافہ ہے۔ ’توانائی کے موثر استعمال‘ اور ’جزوی طور پر ماحول دوست‘ ہونے کے ناطے یہ اپنے آپ کی پہلے مثال ہے۔ 3 کلوواٹ صلاحیت کے حامل شمسی توانائی کے پنلز کے ساتھ 7.5 کلوواٹ صلاحیت کے حامل ہوا کی طاقت سے چلنے والی ٹرہائزر ناور کے اوپر نصب ہیں۔

پوران اور اب مشہور کمپنیوں کے زیر استعمال ہے۔ اس کے علاوہ، حال ہی میں کمپنیوں کی ضرورت کو پورا کرتے ہوئے ناور کی گراؤنڈ فلور پر ایک کینے کا افتتاح کیا گیا ہے۔

بی آر آر، گارڈین مضاربہ نے ایک جدید بی آر آر، سیوریٹی والٹ بھی تعمیر کیا ہے جس نے جولائی 1989 میں کاروبار کی شروعات کی۔ یہ شارڈا قمارین پہنائی گئی قلعہ نما عمارت اپنے اندر اور ارد گرد اعلیٰ سیوریٹی کے ساتھ خوشگوار اور دوستانہ ماحول کا ایک منفرد امتزاج پیش کرتی ہے۔

اقتصادی جائزہ

پاکستان میں اقتصادی ترقی جریں بننے کے لیے غیر مستحکم رہی ہے، ایک مستحکم نمو کی راہ کا نہ ہونا ملک کے اقتصادی حالات میں غیر یقینی صورتحال میں اضافہ کرتا ہے۔

مجموعی عوامی قرض کٹائی ڈی پی سے تناسب گزشتہ سال کے 59.3 فیصد سے بہتر ہو کر 67.2 فیصد ہو گیا ہے۔ جیسا کہ بجٹ خسارہ ریکارڈ سلگ پینچ چکا ہے لہذا جب ہم آئی ایم ایف پر وگرام میں دو بارہ اٹل ہو گئے تو شرح سود میں اضافہ متوقع ہے۔

کاروباری استحکام کے لیے حکمت عملی

مالی سال 2018-19 کے لیے ہم درج ذیل شعبوں پر متوجہ رہیں گے :

- کرم فرماؤں / گاہک کی تعداد میں اضافہ۔
- اعلیٰ درجے کے کسٹمرز کو پائی پی کرائے پر دینا۔
- سکوٹ اور مشارکہ کی بنیاد پر متعارف کرائے جانے والے فی ایف سیز کے ساتھ ساتھ شرعی اصولوں سے مطابقت رکھنے والی سیکیورٹی پر انحصار۔
- رسک مینیجمنٹ بہتر بنانا، بالخصوص جدید ترین طریقوں کو بروئے کار لاتے ہوئے ڈیٹ مینیجمنٹ کے لیے کوشاں رہنا۔
- شرعی اصولوں کے مطابق کام کرتے رہنے کو ترجیح دینا۔
- بہتر اور بروقت تربیت کے ذریعے افرادی قوت سے زیادہ سے زیادہ استفادہ کرنا۔

مارکیٹ کے حصے کی معلومات

مضاربہ کے شعبے کی مجموعی ہائے	
ملین روپے	مالی سال
31,434	2013
30,212	2014
30,736	2015
36,806	2016
44,016	2017

جون 30، 2017 کو ختم ہونے والے مالی سال کے لیے مضاربہ ایسوسی ایشن آف پاکستان اور این بی ایف آئی کی MAP تک برائے 2017 کے مطابق بی آر آر جی ایم کارکیٹ شیئر حسب ذیل رہا :

ملین روپے		بی آر آر جی ایم کا حصہ	بی آر آر جی ایم کا حصہ تمام مضاربہ میں
25	مضاربہ کی پوزیشن		
1,264	21,835	5.79%	حصص یافتگان کی ایکویٹی
2,054	44,016	467%	ہائے کل
170	1,577	10.78%	خالص منافع

وسائل، مواقع، کاروباری خطرات اور ان خطرات کی شدت کم کرنے والے اقدامات

آپ کے مضاربہ نے پاکستان میں اسلامی مالیاتی اداروں کی وضع پیل ڈالی اور پچھلی تین دہائیوں سے زیادہ اس ملک میں کام کر رہا ہے۔ مضاربہ کمپنیوں نے ملک میں اسلامی اصولوں کے مطابق بینکاری اور مالیات کی خدمات متعارف کرائی ہیں۔ ان اداروں نے شریعت کے بیان کردہ مالی و کاروباری اصولوں کے مطابق کام کرتے ہوئے مکمل حلال آمدن یقینی بنانے میں اہم کردار ادا کیا ہے۔

کوڈ آف کارپوریٹ گورننس کے ضوابط کی بہترین پریکٹس کے ساتھ تعمیل

آپ کی ناظم کمپنی نے جون 30، 2018 کو ختم ہونے والے سال سے متعلقہ کوڈ آف کارپوریٹ گورننس کے احکامات نافذ کروئے ہیں۔ کوڈ آف کارپوریٹ گورننس کے مطابق ایکٹر عمل آڈیٹر کی ریویو رپورٹ اس دستاویز سے منسلک ہے۔



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ایس ای سی پی ورپاکستان اسٹاک ایکسچینج کی ہدایات کی روشنی میں ڈائریکٹرز تصدیق کرتے ہیں کہ ادارے کے تمام کاروباری افعال میں کوڈ آف گورننس اور اخلاقی حدود کا پورا خیال رکھا گیا ہے۔

- کمپنی کے مالیاتی حسابات تمام کاروباری معاملات، اقدامات کے نتائج، کمیشن فلو اور انکیوبی میں تبدیلی کی واضح نشانہ بنی کرتی ہیں۔
- ادارے نے ہر طرح کا حساب کتاب مروج طریقوں اور اصولوں کے مطابق یعنی درست حالت میں رکھا ہے۔
- مالیاتی حسابات کی تیاری میں اکاؤنٹنگ کے تمام مروج معیارات کا پورا خیال رکھا گیا ہے۔
- تمام مالیاتی حسابات مضاربہ کمپنیز اینڈ مضاربہ (فلوٹیشن اینڈ کنٹرول آرڈیننس 1980، مضاربہ کمپنیز اینڈ مضاربہ رولز 1981 اور سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی روشنی میں انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز اور اسلامک اکاؤنٹنگ اسٹینڈرڈز اپناتے ہوئے تیار کی گئی ہیں۔
- انٹرئل کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔
- بطور ادارہ کمپنی کے کام جاری رکھنے کی صلاحیت پر کوئی شک نہیں۔
- اسٹاک کے ضوابط میں تفصیلاً درج کارپوریٹ گورننس کے رہنماء اصولوں سے انحراف نہیں کیا گیا ہے۔
- مالیاتی گوشواروں کے اندراجات کے علاوہ ٹیکسوں، ڈیویڈنڈز، لیویز اور ہتھیاریات کی مد میں کوئی رقم واجب الادا نہیں ہے۔
- ٹرانسفرپرائسنگ کے رہنماء اصولوں سے انحراف نہیں کیا گیا ہے۔

مضاربہ سرٹیفکیٹ میں تجارت / لین دین

گزشتہ بونے مالی سال میں ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری اور ان کے اہل خانہ نے سرٹیفکیٹس میں کوئی ٹریڈنگ نہیں کی، سوائے سی ای او کے جنہوں نے 9 لاکھ، 30 ہزار بی آر آئی ایم کے سرٹیفکیٹ اور 4 لاکھ 97 ہزار کریڈنٹ اسٹینڈرڈ مضاربہ (سی ایس ایم) کے سرٹیفکیٹ خریدے۔

ستمبر 2018، 4 کو سندھ ہائی کورٹ نے سی ایس ایم کے بی آر آئی ایم میں انضمام کی منصوبہ بندی کی منظوری دے دی ہے جس کا اطلاق 1.00:2.405 کے تبدیلی کے تناسب (swap ratio) سے جولائی 2017، 1 سے ہوگا۔

ضابطہ اخلاق

بورڈ آف ڈائریکٹرز نے کاروباری معاملات میں تمام مروج اصولوں اور پریکٹس کا خاص خیال رکھا ہے۔ اس حوالے سے ایک ضابطہ اخلاق اپنایا گیا ہے۔ اس سلسلے میں تمام قانونی تقاضوں کا انفرادی طور پر احساس و مدداری کے ساتھ خیال رکھا گیا ہے۔

ضابطہ اخلاق اچھے کاروباری رویے کی نشان دہی کرتا ہے اور ایمان داری، شفافیت اور روشن خیالی پر ویشل طریقہ عمل کا پتہ دیتا ہے۔

قوائد برائے اسٹاف ریٹائرمنٹ

تمام مستقل ملازمین کے لیے پراویڈنٹ فنڈ موجود ہے۔ جون 30، 2018 تک سرمایہ کاری کی قدر 125,996 ملین روپے رہی جو 2017 میں 103,777 ملین روپے تھی۔

واقعات بعد از بیلنس شیٹ

بیلنس شیٹ کے اجراء تک کوئی غیر موافق صورت حال درپیش نہیں ہوئی جس کی رو سے مالیاتی گوشواروں میں رد و بدل کی ضرورت ہو۔

منسلک افراد / متعلقہ فریقین سے لین دین

بی آر آر جی ایم اور متعلقہ افراد یا اداروں کے درمیان کاروباری معاملات کسی دباؤ یا غیر ضروری جانب داری کے بغیر انجام پائے ہیں، سوائے ان معاملات یا ٹرانزیکشنز کے جن کا جواز بیان کیا گیا ہو۔

آڈیٹرز

ہم سرٹیفیکیٹ ہوئڈرز کو مطلع کرتے ہیں کہ آڈٹ کمیٹی کی تجویز پر ریٹائر ہونے والے آڈیٹرز بی آر آر ایم اینڈ کمیٹی جنہوں نے پانچ سال مکمل کر لے ہیں کی جگہ بورڈ تجھ حسین چوہدری اینڈ کمیٹی کو برائے سال 2018-19 کے لئے رجسٹرار مضاربہ کمپنیز اور مضاربہ کی منظوری سے مشروط آڈیٹر تعینات کیا جا رہا ہے۔

اہم آپریٹنگ اور مالی اعداد و شمار

گزشتہ چھ سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار آخری صفحے پر تجزیے کے خلاصے کے ساتھ پیش کیے گئے ہیں۔

رہسک مینجمنٹ فریم ورک

کسی بھی کاروبار میں خطرات تو ہوتے ہی ہیں۔ بلند شرح سے منافع کمانے کے لیے ہر کاروباری ادارے کو تھوڑے بہت خطرات تو مول لینا ہی پڑتے ہیں۔ ہم سرٹیفیکیٹ کی قدر میں اضافہ برقرار رکھنے کے لیے کام کرتے ہیں۔ خطرات بھی مول لیے جاتے ہیں مگر پوری احتیاط کے ساتھ اور اس معاملے میں متعلقہ فریم ورک یا طریق کار کو کسی بھی پہلو کو نظر انداز نہیں کیا جاتا۔

بورڈ آف ڈائریکٹرز کا اجلاس

بورڈ آف ڈائریکٹرز کے اجلاس کی صورت حال درج ذیل ہے:

نمبر	نام	عہدہ	حاضری
1	جناب رفیق داؤد	چیئرمین	4 میں سے 4
2	جناب ایاز داؤد	سی ای او	4 میں سے 4



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نمبر	نام	عہدہ	حاضری
3	جناب وقاص انور قریشی	ڈائریکٹر	4 میں سے 4
4	سید علی رضا	ڈائریکٹر	4 میں سے 1

آڈٹ کمیٹی کا اجلاس

بورڈ کی آڈٹ کمیٹی کے اجلاسوں کی صورت حال درج ذیل ہے:

نمبر	نام	عہدہ	حاضری
1	جناب وقاص انور قریشی	چئیر مین	4 میں سے 4
2	جناب رفیق داؤد	ممبر	4 میں سے 4
3	سید علی رضا	ممبر	4 میں سے 1

آڈٹرز کے مشاہدات

آڈٹرز نے فی نقل اسٹیٹمنٹس پر مجموعی اعتبار سے اطمینان کا اظہار کرتے ہوئے چند ایک امور کی نشاندہی اور تصریح کی ہے جو حسب ذیل ہیں:

I. مالیاتی گوشوارے کے نوٹ 6.1.1 کے مطابق مضاربہ نے سات کروڑ مالیت کی جائیداد اپنے کچھ ہتھوں کے بدلے میں تھفید کے طور پر ایک منسلک ادارے سے لی جس کی ملکیت مضاربہ کے نام پہ منتقل نہیں ہوئی ہے کیونکہ ایک کمرشل بینک نے اس کے خلاف حکم امتناع لیا ہوا ہے۔ تاہم، جائیداد کے اصل کاغذات اور قبضہ مضاربہ کے پاس ہے۔

II. مالیاتی گوشوارے کے نوٹ 24.1 کمرشل بینک کے ساتھ معاہدہ برائے تھفید کے متعلق تفصیلات فراہم کی گئی ہیں۔

III. مالیاتی گوشوارے کے نوٹ 32.1 میں دوران سال ہونے والے تھفید مشارکہ کی تفصیلات فراہم کی گئی ہیں۔

IV. مالیاتی گوشوارے کے نوٹ 1.3 میں کریسٹ اسٹینڈرڈ مضاربہ (سی ایس ایم) کے بی آر آر کارجمین مضاربہ (بی آر آر جی ایم) میں انضمام کی منصوبہ بندی کی تفصیلات فراہم کی گئی ہیں۔ انضمام کے نتیجے میں، بی آر آر جی ایم سی ایس ایم کے کاروبار، افعال، معاہدے، پالیسیاں، کاروائیاں، ذمہ داریاں، اثاثے، واجبات و خیر و کو ایک مخصوص تاریخ پہ حاصل کر لے گا جو کہ رجسٹرڈ مضاربہ کی منظوری سے اور قانونی مشیر اور/یا اکاؤنٹنٹ کنسلٹنٹس اور/یا پانی کورٹ کی تبدیلیوں یا ترامیم سے مشروط ہے۔ سال کے اختتام کے بعد سندھ ہائی کورٹ نے سی ایس ایم کے بی آر آر جی ایم میں انضمام کی منصوبہ بندی کی منظوری دی ہے جس کا اطلاق جولائی 2017ء سے ہوگا، اس کے تحت سی ایس ایم کا مکمل کاروبار اور کام بشمول تمام اثاثے، جائیداد، حقوق، ذمہ داریاں اور واجبات بی آر آر جی ایم کو منتقل ہو جائیں گے۔ بی آر آر جی ایم اپنا کاروبار جاری رکھے گا جب کہ انضمام کے نتیجے میں سی ایس ایم کا وجود ختم ہو جائیگا۔ مالیاتی گوشوارے کے نوٹ 1.3 میں بیان اکاؤنٹنٹ کی بنیاد پر سی ایس ایم کے مالیاتی گوشوارے بی آر آر جی ایم میں ضم کروئے گئے ہیں۔

V. مالیاتی گوشوارے کے نوٹ 10.7 اور 16.3 میں سی ایس ایم سے بی آر آر جی ایم میں ہائپر تیب سکیورٹیز اور بینک اکاؤنٹس کی منتقلی کی تفصیلات فراہم کی گئی ہیں۔

انٹرئل کنٹرول اینڈ آڈٹ

بورڈ آف ڈائریکٹرز تمام طے شدہ اور مروج طریقوں کو بروئے کار لا کر موثر اندرونی انتظام اور انضباط نسبی بنانے کا پابند ہے۔ بی آر آر جی ایم کی آڈٹ کمیٹی ان ہاؤس انٹرئل آڈٹ فنکشن جینی بناتی ہے۔ اس حوالے سے درج ذیل کردار متعین کیے گئے ہیں:

1. مروج انٹرئل کنٹرول اینڈ آڈٹ اسٹینڈرڈز، اسلاک فنانشل اکاؤنٹنگ اسٹینڈرڈز، مضاربہ کمپنیز اینڈ مضاربہ (فلو ٹیشن اینڈ کنٹرول) آرڈیننس مجریہ 1980، مضاربہ کمپنیز روڈز مجریہ 1981 اور بورڈ آف ڈائریکٹرز کے طے کردہ طریق کار اور پالیسیوں پر عمل کرنا۔
2. اکاؤنٹنگ اور انٹرئل کنٹرول سسٹم کا جائزہ لینا۔
3. تمام کاروباری معاملات میں کفایت، بہتر کارکردگی اور اثر پذیری کا جائزہ لینا۔ کارپوریٹ اصطلاح میں اسے (ویلیو فار مینی آؤٹس وی ایف ایم آؤٹ) کہا جاتا ہے۔
4. فنانشل اور آپریشنل معاملات کا جائزہ۔
5. اہم خطرات کی تشخیص اور نشاندہی۔

انٹرئل آڈٹ فنکشن عمدہ طریقے سے کام کرے تو خطرات کا سامنا کرنے کا موثر انتظام وضع کرنے میں غیر معمولی مدد ملتی ہے۔ مختلف سرگرمیوں کو بہتر طریقے سے انجام دینا ممکن ہو جاتا ہے۔ بہتر نتائج حاصل ہوتے ہیں۔ انٹرئل آڈٹ فنکشن معاملات کرنے اور رکھنے کے دیگر طریقوں کی کارکردگی کا بھی جائزہ لیتا ہے۔

مستقبل کی حکمت عملی

اس سال کے دوران سندھ ہائی کورٹ کے حکم کے مطابق جو کہ کمپنیز ایکٹ 2017 کی زیر دفعہ 279:283، جس کو SRO 840(I)/2017 مورخہ 17 اگست 2017 کے ساتھ پڑھا جائے، کے تحت جاری ہوا سی ایس ایم کا انضمام بی آر آر جی ایم میں ہو چکا ہے۔ اس میں بی آر آر، جی، ایم، اور سی، ایس، ایم کے سرٹیفیکیٹس کی بریک اپ ویلیو کے تحت تبدیلی کا تناسب (swap ratio) سی ایس ایم کے ہر 2.405 سرٹیفیکیٹس کے بدلے میں بی آر آر جی ایم کے 1.00 سرٹیفیکیٹ ہے۔ دونوں مضاربہ کے انضمام سے مطابقت بڑھے گی جس سے اخراجات کو کم کرنے اور کارکردگی بڑھانے میں مدد ملے گی۔

انسانی وسائل کا نظم و نسق اور جانشینی کی منصوبہ بندی

ہمارا ادارہ سب کے لیے مساوی مواقع کے اصول کی بنیاد پر ملازمت فراہم کرتا ہے۔ کسی بھی شخص کو ملازمت فراہم کرتے وقت اس کی قابلیت اور کام کرنے کی لگن دیکھی جاتی ہے۔ میرٹ کا پورا خیال رکھا جاتا ہے۔ خدمات مستعار لینے کی پالیسی شفاف اور مروج طریقہ کار کے مطابق ہے۔ اس حوالے سے تمام قانونی اور اخلاقی نکات ہماری ہیومن ریسورس پالیسی میں درج بالتصریح درج ہیں۔

ہمارے ملازمین ہمارے لیے ٹالے کا درجہ رکھتے ہیں۔ ہم انہیں زیادہ سے زیادہ سہولتیں فراہم کرتے ہیں تاکہ وہ اپنی صلاحیتوں کو بہترین طریقے سے بروئے کار لانے کے ساتھ ساتھ نئی صلاحیتیں بھی اپنے اندر پروان چڑھائیں۔ ملازمین کو زیادہ سے زیادہ سہولتیں فراہم کرنے ایک مقصد تو انہیں بہتر کارکردگی کی طرف مائل کرنا ہے اور دوسرا مقصد یہ ہے کہ دوسرے قابل افراد کو بھی ہمارے ادارے کے لیے کام کرنے کی تحریک ملے۔



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ہم اپنے ملازمین کی کارکردگی بہتر بنانے اور ان میں مزید صلاحیتیں اور مہارتیں پیدا کرنے کے لیے کیریئر مینجمنٹ کا بھی اہتمام کرتے ہیں۔ مشاہروں پر ہر سال نظر ثانی کی جاتی ہے۔ ہم سی آر ایس پر وگرام کے تحت اپنے ملازمین کے لیے اضافی تربیت کا اہتمام بھی کرتے ہیں تاکہ وہ زیادہ اچھی طرح اپنی صلاحیتوں کا اظہار کریں اور ان کے کیریئر میں گہرائی و گیرائی پیدا ہو۔ کیریئر مینجمنٹ پالیسی کے تحت اکاؤنٹنگ اینڈ ٹیکس پر و فیشنلز کو بہتر نتائج کے حصول کے قابل بنانے پر خاص توجہ دی جاتی ہے۔

جانشینی کی منصوبہ بندی

ہم باصلاحیت اور پر عزم نوجوانوں کو ورک فورس کا حصہ بنانے تک محدود نہیں رہتے بلکہ انہیں مستقبل میں قائدانہ کردار ادا کرنے کے قابل بنانے پر بھی توجہ دیتے ہیں۔ بی آر آر جی ایم کا یقین اس بات پر ہے کہ باصلاحیت افراد کو زیادہ سے زیادہ مواقع دیئے جائیں تاکہ وہ اپنی صلاحیتوں کو پروان چڑھائیں اور انہیں بروئے کار لا کر اپنے بہتر امکانات پیدا کریں۔ سیکشن پلان کارکردگی اور صلاحیت دستہ دونوں پہلوؤں پر نظر رکھتا ہے۔ ایسی صورت میں کسی بھی وقت کسی باصلاحیت ملازم کو ڈھونڈنے میں دشواری پیش نہیں آتی اور یوں اسے موزوں ذمہ داری دے کر بہتر کارکردگی کے قابل بنایا جاسکتا ہے۔

کاروباری پائیداری

ہمیں اس بات کا پورا احساس ہے کہ ہماری ذمہ داری کسٹمرز، ملازمین اور شیئرز ہولڈرز کو مطمئن کرنے تک محدود نہیں بلکہ ہم جس ماحول میں کام کر رہے ہیں اسے بہتر بنائے رکھنا بھی ہماری ذمہ داری ہے۔

ہم اس بات پر یقین ضرور رکھتے ہیں کہ کامیاب کمپنی وہ ہے جو زیادہ منافع کمائے مگر صرف منافع کا حصول ہی سب کچھ نہیں۔ بی آر آر جی ایم کے لیے کامیابی کا حقیقی مفہوم یہ ہے کہ کسٹمرز کو دوامیاد و خدمات ملتی رہیں جن کی انہیں ضرورت ہے اور ساتھ ہی ساتھ معاشرے اور ماحول کو بھی نقصان سے زیادہ سے زیادہ محفوظ رکھا جائے۔ ہم ایک ایسا ماحول پیدا کرنے کے لیے کوشاں رہتے ہیں جو تجارتی نقطہ نظر سے بے حد منافع بخش اور اخلاقی نقطہ نظر سے قابل قبول ہو۔

کارپوریٹ سماجی ذمہ داری

ایک ایسے دور میں کہ جب ماحول اور معاشرے کے لیے مسائل بڑھتے جا رہے ہیں اور اس حوالے سے سوچنے والوں کی تعداد بھی بڑھ رہی ہے، ٹیلے جیسے ماحول میں کاروبار نہیں کیا جاسکتا۔ لوگ خریداری کرتے وقت بہت کچھ سوچتے ہیں۔ وہ اس بات پر بھی غور کرتے ہیں کہ جو چیز وہ خرید رہے ہیں اس کی تیاری میں معاشرے یا ماحول کو نقصان تو نہیں پہنچایا گیا۔ لوگوں کو اپنی اور دوسروں کی ذمہ داریوں کا بھرپور احساس ہے۔ یہی سبب ہے کہ آج کے بیشتر ادارے معاشرے میں خرابیوں کو روکنے اور ماحول کو بہتر حالت میں رکھنے کے حوالے سے اپنا کردار ادا کرنے کی بھی کوشش کر رہے ہیں۔

غیر شرعی ذرائع سے حاصل ہونے والی تمام آمدن کو شریعہ ایڈوائزر کے مشورے سے پاک کرنے کے بعد عطیہ کر دیا جاتا ہے۔

صحت، حفاظتی تدابیر اور ماحول

ہم اپنے ملازمین کو کام کرنے کا محفوظ ماحول فراہم کرنے کے عہد پر کاربند ہیں۔ اپنی عمل پسند سوچ کے ذریعے ہم اس بات کو یقینی بناتے ہیں کہ تمام ملازمین زیادہ سے زیادہ سہولت اور تحفظ کے ساتھ کام کریں۔ ہم پورے اعتماد کے ساتھ کہہ سکتے ہیں کہ ہمارے تمام دفاتر میں درست الیکٹریک وائرنگ کی گئی ہے، آگ بجھانے کے آلات موجود ہیں اور کسی کے زخمی ہو جانے کی صورت میں ابتدائی طبی امداد کا بھرپور انتظام ہے۔ ماحول کو صاف اور صحت بخش رکھنے کے لیے تمباکو نوشی پر مکمل پابندی عائد ہے۔

بی آر جی ایم نے پراپرٹی سے متعلق کسی بھی ایسی دینی بات سے نمٹنے کے لیے موزوں تکافل (بیمہ) لے رکھا ہے۔ تمام ملازمین کو قدرتی اور حادثاتی موت کی صورت میں تکافل میسر ہے۔ ملازمین کے اہل خانہ کو صحت وغیرہ کے معاملے میں تکافل کی سہولت میسر ہے۔

سرٹیفکیٹ ہولڈنگ کی طرز

30 جون، 2018 کو ختم ہونے والے مالی سال کے لیے پیٹرن آف سرٹیفکیٹ ہولڈنگ اور گورڈین آف کارپوریٹ گورننس کے تحت مطلوب ڈسکلوژرس دستاویز سے منسلک ہے۔

ترقیاتی پروگرام برائے ڈائریکٹرز

چار میں سے بورڈ کے تین ڈائریکٹرز 14 سال سے زائد تعلیم اور 16 سال سے زائد تجربے کے حامل ہیں۔ سی ای او اور ایک ڈائریکٹر نے ڈائریکٹر ٹریننگ پروگرام کیا ہوا ہے۔ اس کے علاوہ کمپنی کے ڈائریکٹرز کو گورڈین آف کارپوریٹ گورننس، مضاربہ رولز، کمپنی کے میمورینڈم اور آرٹیکلز آف اسیوشن، مضاربہ پراسیجرز اور دیگر تمام متعلقہ قواعد و ضوابط کی کاپیاں فراہم کی گئی ہیں جس کی وجہ سے وہ مضاربہ سے متعلق تمام قابل اطلاق قوانین، اس کی پالیسیوں اور طریقہ کار اور میمورینڈم اور آرٹیکلز آف اسیوشن کی شقوں اور اپنے فرائض اور ذمہ داریوں کا مکمل علم رکھتے ہیں۔

اختصاصی کلمات اور اظہار تشکر

آگے کا دیکھتے ہوئے ہم سال 2018-19 میں مارکیٹ میں اپنی دسترس کو وسعت دینے کی بھرپور کوشش کر رہے ہیں۔ کسٹمر سیٹیز پورٹ فولیو کے ذریعے اور پراپرٹی کو کرائے پر دے کر معیاری اثاثوں میں اضافہ یقینی بنایا جائے گا۔ ہم سرٹیفکیٹ ہولڈرز کا اہتمام چاہنے اور ان کے لیے زیادہ سے زیادہ منافع یقینی بنانے کے لیے ہمیشہ معیاری پیکٹس لہناتے ہیں۔ بی آر جی ایم اپنی منفرد پوزیشن برقرار رکھنے کے لیے کوشاں ہے۔ اپنے اپنے افعال کو زیادہ سے زیادہ سبک اور معیاری بنانے کے عہد پر کاربند ہیں۔

از طرف بورڈ آف ڈائریکٹرز

بی. آر. آر. الویسٹنٹ (پرائیوٹ) لمیٹڈ

ایاز داؤد

چیف ایگزیکٹو آفیسر

دھرم انور قریشی

ڈائریکٹر

اکتوبر 31، 2018

کراچی





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9. Out of four, three directors of the board are having more than 14 years of education including one Director duly approved PICG and more than 16 years of experience. Further, the directors of the company have been provided with copies of the Code of Corporate Governance, Modaraba Rules, Company's Memorandum and Articles of Association, Modaraba Prospectus and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Modaraba, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities.
10. The board has approved appointment of CFO, 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. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
 - a) Audit Committee

(Name of members and Chairman)
Mr. Waqas Anwar Qureshi - Chairman
Mr. Rafique Dawood - Member
Syed Ali Raza - Member
 - b) HR and Remuneration Committee

(Name of members and Chairman)
Syed Ali Raza - Chairman
Mr. Rafique Dawood - Member
Mr. Waqas Anwar Qureshi - Member
 - c) Nomination Committee (NA)
 - d) Risk Management Committee (NA)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
 - a) Audit Committee (quarterly)
 - b) HR and Remuneration Committee (yearly)
 - c) Nomination Committee (NA)
 - d) Risk Management Committee (NA)
15. The board has set up an effective internal audit function 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 ICAP and registered with Audit Oversight Board of Pakistan, that they



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Material Regulations have been complied with.

October 31, 2018

On Behalf of the Board of Directors
B.R.R Investment (Private) Limited

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

REVIEW REPORT TO THE CERTIFICATE HOLDERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE


We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2018 prepared by the Board of Directors of **B.R.R. INVESTMENT (PRIVATE) LIMITED (the Modaraba Management Company)** in respect of **B.R.R. GUARDIAN MODARABA (the Modaraba)** to comply with the requirements of Regulation No. 5.19 of Rule Book of the Pakistan Stock Exchange Limited, where the Modaraba is listed.

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

As 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's corporate governance procedures and risks.

The Code requires 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 transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, for the year ended June 30, 2018.

KARACHI**DATED:** October 31, 2018**CHARTERED ACCOUNTANTS** Engagement Partner: Zulfikar Ali Causer**BDO Ebrahim & Co. Chartered Accountants**

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **B.R.R. GUARDIAN MODARABA** ("the Modaraba") as at June 30, 2018 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 purpose of our audit.

These financial statements are the Modaraba Company's [B.R.R. Investment (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 opinion and, after due verification, we report that:

- a) 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) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation And Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;

- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2018 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Without modifying our opinion, we draw attention to:

- (i) note 6.1.1 to the financial statement which states that the Modaraba had swapped certain assets with an office premises valuing Rs. 70 million from an associated undertaking, the title of which has not been transferred in the name of Modaraba as a commercial bank has obtained a stay order against the same. However, the original title documents and possession of the property rest with Modaraba.
- (ii) note 24.1 to the financial statements which provides details relating to settlement agreement entered into with a commercial bank.
- (iii) note 32.1 to the financial statements which provides details in respect of Musharaka settlement during the period.
- (iv) note 1.3 to the financial statements which provide details regarding scheme of arrangement for merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and into B.R.R. Guardian Modaraba (BRRGM). As a consequence of the scheme of amalgamation, BRRGM shall be taking over the business, functions, contracts, policies, proceedings, undertakings, assets, liabilities, etc. of CSM at a specific date subject to approval of Registrar of Modaraba and such changes, modifications as may be required or advised by legal counsel and/ or accounting consultants and/ or by the High court.


Subsequent to year end, the High Court of Sindh sanctioned the scheme of arrangement for merger by way of amalgamation of CSM with and into BRRGM with effect from July 1, 2017, where by the entire undertaking and business inclusive of all assets, properties, rights, liabilities and dues of CSM will be transferred to and assumed by BRRGM. BRRGM will continue as a going concern and CSM upon amalgamation will cease to exist. The financial statements of CSM has been merged with and into BRRGM on the basis of accounting detailed in note 1.3 to the financial statement.

- (v) Notes 10.7 and 16.3 to the financial statements which provide details in respect of transfer of securities and bank accounts, respectively, from CSM to BRRGM.

KARACHI

DATED: October 31, 2018

CHARTERED ACCOUNTANTS

 Engagement Partner: Zulfikar Ali Causer

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BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.


Shari'ah Advisor's Report

I have conducted the Shari'ah review of **B.R.R. Guardian Modaraba** managed by B.R.R. Investments Pvt. Limited for the year ended 30th June, 2018. In accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism (SCSAM) for Modarabas issued by Security and Exchange Commission of Pakistan (SECP) via circular # 8 of 2012 dated 3rd February, 2012 that except the observation as reported hereunder. In my opinion:

1. All agreement(s) entered into by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
2. To the best of my information 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
3. Staff house financing facility agreements have been stopped and converted to DM facility. The gained mark-up of those facilities which is PKR 804,301/ has been transferred to Charity account.
4. Charity on dividend income has been calculated and PKR/ 91,638 has been transferred to charity account.
5. Shariah report has been made by consolidated financial statement of CSM and BRRGM both are Shari'ah based Modaraba companies. So that there were no issue of conversion of financing from shari'ah perspective. The consent of merged institutions has been taken in this regard. Further, an intimation letter to all customers of CSM must be dispatched to inform them regarding the merger of these two companies. The High Court of Sindh also through its order dated September 09, 2018 sanctioned the scheme of arrangement for merger by way of amalgamation of CSM with and into BRRGM with effect from July 01, 2017, whereby the entire undertaking and business inclusive of all assets, properties, rights, liabilities and dues of CSM will be transferred to and assumed by BRRGM.

Conclusion:

Based on the above mentioned facts I am of the view that the business operations of BRR Guardian Modaraba are Shari'ah Compliant up to the best of my knowledge.



Mufti Muhammad Aqeel

Shari'ah Advisor

Dated: 17 October 2018



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

BALANCE SHEET AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	184,731,099	152,175,976
Investment properties	6	964,343,832	982,291,148
Long term investment	7	55,000,000	55,000,000
Long term musharaka finances	8	35,806,578	16,751,414
Long-term loans, advances and deposits	9	9,595,857	9,209,604
		<u>1,249,477,366</u>	<u>1,215,428,142</u>
CURRENT ASSETS			
Short-term investments	10	705,241,075	639,485,814
Current portion of musharaka finances	8	12,761,216	3,047,492
Ijarah / lease rental receivable	11	955,181	2,799,981
Loans, advances and prepayments	12	18,709,926	34,851,099
Accrued profit	13	515,836	201,089
Other receivables	14	3,541,507	2,538,285
Taxation	15	14,552,678	10,812,327
Cash and bank balances	16	20,221,135	89,093,317
		<u>776,498,554</u>	<u>782,829,404</u>
Non current asset held for sale	17	55,800,000	55,800,000
		<u>832,298,554</u>	<u>838,629,404</u>
		<u>2,081,775,920</u>	<u>2,054,057,546</u>
TOTAL CURRENT ASSETS			
TOTAL ASSETS			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital			
115,000,000 (2017: 115,000,000) Modaraba certificates of Rs. 10/- each	18	1,150,000,000	1,150,000,000
Issued, subscribed and paid-up certificate capital	19	863,622,630	780,462,550
Reserves	20	234,945,805	204,765,341
Surplus on revaluation of investments	21	293,330,362	279,215,719
		<u>1,391,898,797</u>	<u>1,264,443,610</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Diminishing musharaka based Term Finance Certificates	22	-	72,449,839
Long-term loan	23	128,616,684	110,156,684
Long-term murabaha, musharaka and finance under mark-up arrangements	24	28,225,802	-
Long-term security deposits	25	81,641,692	77,739,782
		<u>238,484,178</u>	<u>260,346,305</u>
TOTAL NON-CURRENT LIABILITIES			
CURRENT LIABILITIES			
Current portion of long term loan	23	27,536,000	27,536,000
Current portion of long term murabaha, musharaka and finance under mark-up arrangements	24	93,776,446	110,000,000
Current portion of diminishing musharaka based Term Finance Certificates	22	72,449,843	88,207,792
Current portion of security deposits	25	11,941,410	1,485,270
Creditors, accrued and other liabilities	26	217,445,463	218,335,655
Accrued profit on borrowings	27	407,573	58,645,425
Profit distribution payable	28	27,836,210	25,057,489
		<u>451,392,945</u>	<u>529,267,631</u>
		<u>2,081,775,920</u>	<u>2,054,057,546</u>
TOTAL CURRENT LIABILITIES			
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	29		

The annexed notes from 1 to 52 form an integral part of these financial statements.

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
INCOME			
Rental income	30	174,128,459	164,601,981
Income on musharaka finances		10,271,961	10,572,150
Ijarah rental income		49,990,397	34,934,982
Return on investments - net	31	32,132,095	56,283,874
Profit on bank balances		1,845,366	3,795,217
Reversal of provision	32	38,181,803	-
Unrealized (loss) / gain on revaluation of held-for-trading investment		(60,848,367)	43,432,693
Gain on disposal of ijarah assets		1,504,607	-
Other income	33	11,653,291	148,430,907
Reversal of impairment	36	6,804,631	-
		265,664,243	462,051,804
EXPENSES			
Amortization on ijarah assets	5.2.2	39,683,547	22,219,518
Provision against doubtful receivables - net	32	-	16,549,165
Administrative expenses	34	139,451,547	155,599,175
Financial charges	35	11,840,158	24,780,322
Impairment of assets	36	-	47,709,871
		190,975,252	266,858,051
		74,688,991	195,193,753
Modaraba management company's fee	37	7,468,899	19,519,375
Sales tax on Modaraba management company's fee		970,957	2,537,519
Provision for Workers' Welfare Fund	38	1,324,983	3,462,737
Profit before taxation		64,924,152	169,674,122
Taxation	39	-	-
Profit for the year		64,924,152	169,674,122
Earnings per certificate - basic and diluted	40	0.75	2.17

The annexed notes from 1 to 52 form an integral part of these financial statements.

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
Profit for the year	64,924,152	169,674,122
Other comprehensive income for the year		
Items that will be subsequently reclassified to profit or loss:		
Unrealized gain on revaluation of available-for-sale investments	21,758,428	81,786,237
Unrealised gain on revaluation of available for sale investments transferred to the income statement on disposal	(7,643,785)	(22,542,710)
Total comprehensive income for the year	<u>79,038,795</u>	<u>228,917,649</u>

The annexed notes from 1 to 52 form an integral part of these financial statements.

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	64,924,152	169,674,122
Adjustment of non-cash and other items:		
Depreciation	42,483,613	44,549,237
Amortization on ijarah assets	39,683,547	22,219,518
Provision against doubtful receivable-net	(38,181,803)	16,549,165
Gain on disposal of property and equipment - owned	(744,839)	(61,881)
Gain on disposal of property, plant and equipment - leased / ijarah	-	(2,312,708)
Profit on musharaka, murabaha and finance under mark-up arrangements	11,830,633	24,768,517
Unrealized (loss) / gain on revaluation of held-for-trading investment	60,848,367	(43,432,693)
Impairment of assets	(6,804,631)	47,709,871
Return on investments - net	(32,132,095)	(56,283,874)
	76,982,792	53,705,152
	141,906,944	223,379,274
Decrease / (increase) in current assets		
Ijarah / lease rentals receivable	1,153,888	(2,715,961)
Loans, advances and prepayments	11,124,358	(19,796,626)
Accrued profit	(421,027)	1,396,684
Other receivables	(1,642,666)	9,788,923
	10,214,553	(11,326,980)
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	49,476,194	74,016,633
Rent received in advance	(10,569,121)	69,857,685
Customers' security deposit	(12,519,640)	(15,599,024)
	26,387,433	128,275,294
Income tax paid	(5,310,986)	(6,489,199)
Net cash generated from operating activities	173,197,944	333,838,389
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments disposed / (purchased) - net	(90,462,053)	74,975,342
Investment in subsidiary	-	(55,000,000)
Income received on investments	32,132,095	56,283,874
Musharaka finances	17,092,994	57,865,486
Addition to property and equipment - owned	(10,635,914)	(11,601,882)
Addition to property, plant and equipment - ijarah	-	(847,500)
Proceeds from disposal of property and equipment - owned	1,384,055	61,899
Proceeds from disposal of property, plant and equipment - leased / ijarah	15,654,611	24,554,114
Net cash (used in) / generated from investing activities	(34,834,212)	146,291,333
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit paid to certificate holders	(79,413,964)	(19,767,598)
Finance under murabaha, musharaka and finance under mark-up arrangements	(135,707,788)	(317,983,439)
Long-term loan	18,460,000	137,692,684
Financial charges paid	(10,574,162)	(206,131,515)
Net cash used in financing activities	(207,235,914)	(406,189,868)
Net (decrease) / increase in cash and cash equivalents	(68,872,182)	73,939,854
Cash and cash equivalents at the beginning of the year	89,093,317	15,153,463
Cash and cash equivalents at the end of the year	20,221,135	89,093,317

The annexed notes from 1 to 52 form an integral part of these financial statements.

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid-up certificate capital	Capital reserves			Surplus on revaluation of investment	Accumulated loss	Total
	Profit prior to floatation	Merger Reserve	Statutory reserve				
(Rupees)							
Balance as at July 01, 2016	780,462,550	10,532,683	-	618,928,347	219,972,192	(573,297,322)	1,056,598,450
Profit for the year ended June 30, 2017	-	-	-	-	-	169,674,122	169,674,122
Unrealized gain on revaluation of available-for-sale investments - net	-	-	-	-	59,243,527	-	59,243,527
Total comprehensive income for the year	-	-	-	-	59,243,527	169,674,122	228,917,649
Profit distribution for the year ended June 30, 2016							
@ Re.0.27 per certificate	-	-	-	-	-	(21,072,489)	(21,072,489)
Transfer to statutory reserve	-	-	-	82,970,646	-	(82,970,646)	-
Balance as at June 30, 2017	780,462,550	10,532,683	-	701,898,993	279,215,719	(507,666,335)	1,264,443,610
Profit for the year ended June 30, 2018	-	-	-	-	-	64,924,152	64,924,152
Unrealized gain on revaluation of available-for-sale investments - net	-	-	-	-	14,114,643	-	14,114,643
Total comprehensive income for the year	-	-	-	-	14,114,643	64,924,152	79,038,795
Issue of shares on amalgamation	83,160,080	-	-	-	-	-	83,160,080
Reserve on amalgamation	-	-	44,902,567	-	-	-	44,902,567
Profit distribution for the year ended June 30, 2017*	-	-	-	-	-	(79,646,255)	(79,646,255)
Transfer to statutory reserve	-	-	-	32,299,766	-	(32,299,766)	-
Balance as at June 30, 2018	863,622,630	10,532,683	44,902,567	734,198,759	293,330,362	(554,688,204)	1,391,898,797

* @ 0.1 and 0.08 per certificate for BRR and CSM

The annexed notes from 1 to 52 form an integral part of these financial statements.

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1. LEGAL STATUS AND NATURE OF THE BUSINESS

- 1.1** B.R.R. Guardian Modaraba (the Modaraba) is a multipurpose, perpetual modaraba floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under and is managed by B.R.R. Investments (Private) Limited, having its registered office at 18th Floor, BRR Tower, Hassan Ali Street off: I.I. Chundrigar Road, Karachi.

The Modaraba is listed on the Pakistan Stock Exchange Limited. The Modaraba's principal activity is leasing (Ijarah) of assets, deployment of funds in musharakas, murabahas and investment in properties, equity and debt securities. The Modaraba also provides custodial and management services in the name of B.R.R. Security Vault.

- 1.2** During prior year, pursuant to approval from Securities and Exchange Commission of Pakistan the Modaraba has incorporated a wholly owned subsidiary namely BRR Financial Services (Private) Limited (the Company) which was incorporated on November 30, 2015. As per the Memorandum of Association (MoA) of the Company, the Modaraba has undertaken to subscribe to 100,000 ordinary shares of Rs. 10 each of the Company. During the year, the shares have been subscribed by the Modaraba. Further to comply with minimum paid-up capital requirement under Securities Brokers (Licensing and Operations) Regulations, 2017, the Modaraba has subscribed to 5,400,000 right shares of Rs. 10 each of the Company. The subsidiary has not yet commenced operations as at year end.

This represents the stand alone financial statements of the Modaraba.

- 1.3** The Board of Directors of B.R.R. Investment (Private) Limited (the Modaraba Management Company) in their meeting held on September 29, 2017 has approved the scheme of arrangement for merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and into B.R.R. Guardian Modaraba (BRRGM).

Subsequent to year end, the High Court of Sindh sanctioned the scheme of arrangement for merger by way of amalgamation of CSM with and into BRRGM with effect from July 1, 2017, whereby the entire undertaking and business inclusive of all assets, properties, rights, liabilities and dues of CSM will be transferred to and assumed by BRRGM. BRRGM will continue as a going concern and CSM upon amalgamation will cease to exist. These financial statements have been prepared in accordance with the aforesaid order of the High Court of Sindh.

On the scheme becoming effective, the authorized modaraba capital of CSM of Rs. 250,000,000 shall be merged and combined with the authorized capital of BRRGM, consequently the merged authorized capital of BRRGM shall stand increased at Rs.1,400,000,000 divided into 140,000,000 modaraba certificates of Rs.10 each. Further, consequent on the scheme becoming effective the issued, subscribed and paidup capital of CSM of Rs.200,000,000 shall be merged with and combined with the issued, subscribed and paidup certificate capital of BRGM, consequently the Issued, subscribed and paidup certificate capital of BRRGM shall stand increased to Rs.863,622,630 divided into 86,362,263 modaraba certificates of Rs. 10 each at a swap ratio of 1.00 : 2.405 (BRRGM : CSM).

Furthermore, Pakistan Stock Exchange Limited through its Notice no. PSX/N-5315 dated September 18, 2018 notified the suspension of trading in the certificates of CSM with effect from October 8, 2018 for entitlement of certificates of B.R.R. Guardian Modaraba.

As such, as of the effective date of the scheme of arrangement for merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and into B.R.R. Guardian Modaraba (BRRGM), the entire undertaking of CSM Modaraba is merged with and into the Modaraba. As a result as on July 01, 2017, the entire business of CSM including properties, assets, liabilities and rights and obligations vested into the Modaraba. Since CSM was a group entity under common control, the merger has been accounted for as a common control transaction and predecessor accounting has been applied. Under predecessor accounting, the acquired net assets of CSM are included in the financial statements of the Modaraba at the same carrying values as recorded in CSM's own financial statements as on June 30, 2017. The results and the statement of financial position of CSM are consolidated prospectively from date of merger.



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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 (SECP) ['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 repealed Companies Ordinance, 1984 and made applicable to Modarabas under 'the Modaraba Regulations'. Wherever the requirements of 'the Modaraba Regulations' differ from the requirements of these standards, the requirements of 'the Modaraba Regulations' take precedence.

The financial statements of the Modaraba have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directive of Securities and Exchange Commission of Pakistan issued vide Circular No. 17 dated July 20, 2017.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain investments which are classified as held-for-trading and available-for-sale 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.

Judgments made by 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:

Amortization of property, plant and equipment - leased

For details please refer note 4.2.1 to these financial statements.

Depreciation on property and equipment

For details please refer note 4.2.2 to these financial statements.

Classification and valuation of investments

For details please refer note 4.6 to these financial statements.

Provision for doubtful receivables

For details please refer note 4.7 to these financial statements.

Impairment of investments, debt securities and leased assets

For details please refer note 4.10 to these financial statements.



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

3.1 Standards or interpretations that are effective in current year but not relevant to the Modaraba

The Modaraba has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

	Effective date (annual periods beginning on or after)
IFRS 10 Consolidated Financial Statements - Amendments regarding application of the consolidation exception	January 01, 2017
IFRS 11 Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	January 01, 2017
IFRS 12 Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 01, 2017
IAS 1 Presentation of Financial Statements - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16	January 01, 2017
IAS 27 Separate Financial Statements (as amended in 2011) - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	January 01, 2017
IAS 28 Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception	January 01, 2017
IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation	January 01, 2017
IAS 41 Agriculture - Amendments bringing bearer plants into the scope of IAS 16	January 01, 2017

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual Improvements to IFRSs (2012 – 2014) Cycle:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
IFRS 7 Financial Instruments: Disclosures
IAS 19 Employee Benefits
IAS 34 Interim Financial Reporting

3.2 Amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:



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Accounting standards and interpretations:

IFRS 2	Share-based Payments - Amendment to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 7	Statement of Cash flows - Amendments resulting from the disclosure initiative	January 01, 2018
IAS 12	Income Taxes - Amendment regarding the recognition of deferred tax assets for unrealized losses	January 01, 2018

Effective date (annual periods beginning on or after)

IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 40	Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 01, 2018

The Annual Improvements to IFRSs that are effective for annual periods beginning on or after January 01, 2018 are as follows:

Annual Improvements to IFRSs (2014 – 2017) Cycle:

IFRS 12	Disclosure of Interests in Other Entities	January 01, 2018
IAS 28	Investments in Associates and Joint Ventures	January 01, 2018

3.3 Standards or interpretations not yet effective

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

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IFRS 17 Insurance Contracts

The effects of IFRS 15 - Revenues from Contracts with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Modaraba's future financial statements.

The Modaraba expects that the adoption of the above amendments and interpretations of the standards will not have any material impact and therefore, will not affect the Modaraba's financial statements in the period of initial application.

4 SIGNIFICANT ACCOUNTING POLICIES

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



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4.1 Property, plant and equipment under ijarah arrangements

The Modaraba has adopted Islamic Financial Accounting Standard 2 - Ijarah in the year ended June 2009 for all Ijarah contracts commencing on or after July 01, 2008. The assets subject to ijarah commencing on or after July 01, 2008 are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged on these assets using the straight line method over the ijarah period which is from date of delivery of respective assets to mustajir upto the date of maturity / termination of ijarah agreement. In respect of the addition or deletion during the year, amortization is charged proportionately to the period of ijarah.

4.2 Property, plant and equipment

4.2.1 Leased out and amortization

Leased fixed assets are stated at cost less accumulated amortization and impairment loss (if any). Amortization is charged to income applying the annuity method whereby the cost of an asset, less its residual value, is written off over its lease period. In respect of additions and disposals during the year, amortization is charged proportionately to the period of lease.

Gain or loss on disposal of leased assets is recognized as income or expense as and when incurred.

4.2.2 In own use and depreciation

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account during the period in which they are incurred.

Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and disposals during the year, depreciation is charged proportionately to the period of use.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account.

Depreciation method, useful lives and residual values are reassessed at least at each balance sheet date and changes, if any, are recognized prospectively.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised and assets so replaced, if any, are retired.

4.3 Capital work-in-progress

Capital work-in-progress, if any, is stated at cost (less impairment losses, if any) and represents expenditure on fixed assets in the course of construction and installation and advances for capital expenditure. Transfers are made to relevant operating fixed assets and investment property category as and when the assets are available for intended use.

4.4 Investment properties

Property held to earn rentals or for capital appreciation or for sale in the ordinary course of business is classified as investment property. The investment property of the Modaraba comprises of buildings including capital work-in-progress and is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on investment property is charged on straight line method over its estimated useful life at rates ranging from 2% to 5% per annum. In respect of additions and disposals during the year, depreciation is charged proportionately to the period of use.



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4.5 Non current assets – held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amounts are expected to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount immediately prior to their classification as held for sale and fair value less cost to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any gain or loss arising from the sale of these assets are reported in other income.

4.6 Investments

All investments are initially recognized at cost, being the fair value of the consideration given, including the transaction costs associated with the investment, except in the case of held-for-trading investments in which case these transaction costs are charged off to the profit and loss account. After initial recognition these investments are categorised and accounted for as follows:

4.6.1 Held-for-trading at fair value through profit or loss

These investments are initially recognized at cost, being the fair value of the consideration given and subsequently measured at fair value. As per requirement of IAS-39 "Financial Instruments, Recognition and Measurement" the gain or loss on revaluation of investments classified as held-for-trading is to be included in profit and loss account.

4.6.2 Available-for-sale

Investment securities held by the Modaraba which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available-for-sale. These investments are initially recognized at fair value plus transaction cost and subsequently measured at fair value. The investments for which quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Gains and losses arising from revaluation at fair value is recognized in equity through other comprehensive income under fair value reserve until sold, collected, or otherwise disposed of, at which time the cumulative gain or loss previously recognized in equity is included in profit and loss account.

4.6.3 Held to maturity

These are investments with fixed or determinable payments and fixed maturity, and for which, the Modaraba has positive intent and ability to hold till maturity. Held to maturity investments are initially recognized at fair value plus transaction cost and are subsequently measured at amortized cost using effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

4.6.4 Loans and receivables

Loans and receivables are non-derivative investments with fixed or determinable payments that are not quoted on the active market. The Modaraba's loans and receivables comprise of cash and bank balances, ijarah rental receivable, musharaka finance, advances, deposits, prepayments and other receivables and trade debts.

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Modaraba has transferred substantially all risks and rewards of ownership.

4.7 Provisions

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

4.8 Trade date accounting

All 'regular way' purchases and sales of quoted equity securities are recognized on the trade date i.e. the date that the Modaraba commits to purchase / sell the asset. 'Regular way' purchases or sales of quoted investments require delivery within two working days after the transaction date as per stock exchange regulations.



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4.9 Recognition and derecognition of financial instruments

Financial assets are recognized initially at fair value or in case of financial assets that are not carried at fair value through profit or loss, at fair value plus transaction cost.

All financial assets and liabilities are recognized at the time when the entity becomes party to the contractual provisions of the instrument and are recognized in case of assets, when the contractual rights under the instrument are recognized, expired or surrendered and in case of a liability, when the obligation is discharged, cancelled or expired.

Any gain / (loss) on the recognition and derecognition of the financial assets and liabilities is included in the profit / (loss) for the period in which it arises.

Assets and liabilities that are not of contractual nature and that are created as a result of statutory requirements imposed by the Government are not financial instruments of the Modaraba.

4.10 Impairment

4.10.1 Financial assets

Impairment is recognized by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modaraba and subjective evaluation carried out on an ongoing basis.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

4.10.2 Available-for-sale investments

For available-for-sale financial investments, the Modaraba assesses at each balance sheet date whether there is an objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value less any impairment loss on that investment previously recognized in the income statement, is removed from equity and recognized in the profit and loss account. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognized in equity through other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the profit and loss account.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of available for-sale financial assets recognized previously in equity is transferred to profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized in equity through other comprehensive income.

4.10.3 Non-financial assets

The Modaraba assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.



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Where impairment loss for asset subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income in profit and loss account.

4.11 Revenue recognition

4.11.1 Ijarah income / operating lease income

Up until June 30, 2008, the Modaraba treated all leases as operating leases and from July 01, 2008, the Modaraba has adopted IFAS 2 - Ijarah for all new disbursements. In accordance with the requirements of IFAS 2 - Ijarah, rental from Ijarah arrangements are recognised in profit and loss account on accrual basis as and when rentals become due. Unrealised income in respect of non-performing ijarah finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations for Modarabas issued by the SECP.

Leases in which a significant portion of the risk and reward is retained by the Modaraba are classified as operating lease. Rental income from operating leases is recognized on straight line on an accrual basis.

4.11.2 Murabaha and musharaka transactions

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

Profit from murabaha finance is accounted for on culmination of murabaha transaction. However, the profit on that portion of murabaha finance not due for payment is deferred and recorded as "Deferred Murabaha Income". The same is then recognized on a time proportion basis.

4.11.3 Rental income

Rental income arising from investment properties is accounted for on a straight line basis.

4.11.4 Dividend income

Dividend is recognized as income when the Modaraba's right to receive dividend is established.

4.11.5 Gain and losses on sale of investment

Gains and losses on sale of investments are accounted for when their commitment (trade date) for sale of security is made.

4.11.6 Income on debt securities

Income is recognized on a time proportion basis under the effective yield method.

4.11.7 Income on balances with banks

Profit on bank deposit is recognized on accrual basis.

4.11.8 Unrealised income on non-performing assets

Unrealised 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 Securities and Exchange Commission of Pakistan. Unrealised suspense income is recognized in profit and loss account on receipt basis.



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4.12 Taxation

4.12.1 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. Under clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, the non-trading income of modarabas is exempt from income tax, provided not less than 90% of its profits, after appropriation to statutory reserves as required under Modaraba Regulations, are distributed to the certificate holders.

4.12.2 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. However, deferred tax liability has not been provided in these financial statements as the management believes that the future income of Modaraba will not be taxable in the foreseeable future due to the fact that the Modaraba intends to continue availing the tax exemption through profit distribution to the extent of 90 percent of distributable profit.

4.13 Staff provident fund

The Modaraba contributes to an approved group fund scheme covering all its employees who are eligible under the scheme. Equal monthly contributions are made by the Modaraba and the employees to the fund at 10% of the basic salary.

4.14 Foreign currencies translation

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange approximating to those prevalent on the balance sheet date. Foreign currency transactions are converted into Pak Rupees at the rate of exchange prevailing on the date of transactions. Exchange gains and losses on translation are recognized in profit and loss account.

4.15 Financial assets

Financial assets include lease rentals receivable, investments, musharaka and murabaha finances, deposits and other receivables, excluding taxation. Lease rentals receivable, musharaka, murabaha and other receivables are stated at cost as reduced by appropriate allowances for estimated irrecoverable amounts.

4.16 Financial liabilities

Financial liabilities are classified according to the substance of contractual arrangements entered into. These are initially recognised at fair value and subsequently stated at amortised cost. Significant financial liabilities are musharaka, murabaha and finance under mark-up arrangements, deposit on lease contracts and accrued and other liabilities.

4.17 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, balances at banks in current and deposit accounts and stamps in hand, as well as balance held with the State Bank of Pakistan (SBP).

4.18 Profit distribution and other appropriations of profit

Profit distributions to the certificate holders and other appropriations of profit are recognized in the year in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which these relate.



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4.19 Offsetting financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Modaraba has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Corresponding income on the assets and charge on the liability is also off-set.

4.20 Segment reporting

As per IFRS 8, "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The chief executive officer of the modaraba management company has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. An operating segment is a component of the Modaraba that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Modaraba's other components. The Modaraba has only one reportable segment.

4.21 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.

4.22 Related party transactions

All transactions with the related parties are priced on arm's length basis. Prices for those transactions are determined on the basis of admissible valuation methods.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2018 Rupees	2017 Rupees
Property and equipment - own use	5.1	104,942,713	101,444,101
Property, plant and equipment- leased / ijarah	5.2	79,788,386	50,731,875
		<u>184,731,099</u>	<u>152,175,976</u>



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5.1 PROPERTY, PLANT AND EQUIPMENT

Particulars	Leasehold Land	Building on Leasehold Land	Lockers	Furniture and Fixtures	Vehicles	Office Equipment and appliances	Total
	(Rupees)						
Year ended June 30, 2018							
Net carrying value basis							
Opening net book value (NBV)	1,238,663	76,638,146	5,908,119	86,933	15,125,788	2,446,452	101,444,101
Additions (at cost)	-	3,655,000	-	650,000	8,762,457	1,223,457	14,290,914
Disposals (NBV) (refer note 5.1.1)	-	-	-	-	(639,215)	-	(639,215)
Transfer from amalgamated entity	-	-	-	-	24,224	6,095	30,319
Depreciation charge	(50,558)	(2,266,440)	(523,224)	(102,611)	(5,757,739)	(1,482,834)	(10,183,406)
Closing net book value	1,188,105	78,026,706	5,384,895	634,322	17,515,515	2,193,170	104,942,713
Gross carrying value basis							
Cost	2,527,890	110,365,454	22,892,718	2,292,536	33,298,679	18,426,160	189,803,437
Accumulated depreciation	(1,339,785)	(32,338,748)	(17,507,823)	(1,658,214)	(15,783,164)	(16,232,990)	(84,860,724)
Net book value	1,188,105	78,026,706	5,384,895	634,322	17,515,515	2,193,170	104,942,713
Year ended June 30, 2017							
Net carrying value basis							
Opening net book value (NBV)	1,289,221	79,127,894	3,881,656	135,456	12,505,352	2,500,831	99,440,410
Additions (at cost)	-	-	2,487,500	-	7,619,200	1,495,182	11,601,882
Disposals (NBV)	-	-	-	(8)	(2)	(8)	(18)
Depreciation charge	(50,558)	(2,489,748)	(461,037)	(48,515)	(4,998,762)	(1,549,553)	(9,598,173)
Closing net book value	1,238,663	76,638,146	5,908,119	86,933	15,125,788	2,446,452	101,444,101
Gross carrying value basis							
Cost	2,527,890	106,710,454	22,892,718	1,642,536	29,112,540	17,105,859	179,991,997
Accumulated depreciation	(1,289,227)	(30,072,308)	(16,984,599)	(1,555,603)	(13,986,752)	(14,659,407)	(78,547,896)
Net book value	1,238,663	76,638,146	5,908,119	86,933	15,125,788	2,446,452	101,444,101
Depreciation rate % per annum	2%	5%	5%	10%	20%	33.33%	

5.1.1 Disposal of property and equipment - (own use) - during the year

Property and equipment	Cost	Accumulated depreciation	Written down value	Disposal proceed	Gain on disposal	Mode of disposal	Particulars of purchaser
-----Rupees-----							
Vehicles							
Toyota XLI - AYN-620	1,576,720	1,576,719	1	157,672	157,671	Company Policy	Mr. Tahir Mehmood
Toyota XLI - AXM-592	1,477,500	1,477,499	1	147,750	147,749	Company Policy	Mr. Iqbal Rizvi
Toyota XLI - AXE-869	1,516,225	1,516,225	-	151,623	151,623	Company Policy	Mr. Muhammad Ahmad
Suzuki Mehran - BEN-712	683,000	250,434	432,566	610,000	177,434	Company Policy	Jubilee General Insurance
Suzuki Mehran - LEA-14-3099	729,330	534,842	194,488	291,732	97,244	Company Policy	Mr. Farhan Arif
Motorcycle Hero 70 - LEN-12-9838	41,500	41,499	1	4,150	4,149	Company Policy	Mr. Muhammad Aslam
Motorcycle Hero 70 - KGD-4924	52,092	48,618	3,474	5,209	1,735	Company Policy	Mr. Akhtar Ali
Motorcycle Hero 70 - KFW-6157	52,092	48,618	3,474	5,209	1,735	Company Policy	Mr. Malik Azam
Motorcycle Hero 70 - KGD-4925	52,092	46,882	5,210	5,210	-	Company Policy	Mr. Abid Hussain
Office equipment and appliances							
Refrigerator	18,600	18,599	1	5,500	5,499	Company Policy	Mr. Farhan Arif
2018	6,199,151	5,559,935	639,216	1,384,055	744,839		
2017	8,691,052	8,691,033	19	61,899	61,880		



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	Note	2018 Rupees	2017 Rupees
5.2 Property, plant and equipment - leased / ijarah			
	5.2.1	19,615,249	19,615,249
	5.2.2	60,173,137	31,116,626
		<u>79,788,386</u>	<u>50,731,875</u>

5.2.1 Property, plant and equipment - leased

Particulars	Plant and Machinery	Vehicles	Motor boat	Total
	----- (Rupees) -----			
Year ended June 30, 2018				
Net carrying value basis				
Opening net book value (NBV)	14,281,091	5,064,742	269,416	19,615,249
Additions (at cost)	-	-	-	-
Disposals (NBV)	-	-	-	-
Impairment	-	-	-	-
Depreciation charge	-	-	-	-
Closing net book value	14,281,091	5,064,742	269,416	19,615,249
Gross carrying value basis				
Cost	160,851,356	89,744,995	2,694,300	253,290,651
Accumulated impairment	(424,719)	(41,659,585)	-	(42,084,304)
Accumulated depreciation	(146,145,546)	(43,020,668)	(2,424,884)	(191,591,098)
Net book value	14,281,091	5,064,742	269,416	19,615,249
Year ended June 30, 2017				
Net carrying value basis				
Opening net book value (NBV)	28,354,880	6,851,553	269,416	35,475,849
Additions (at cost)	-	-	-	-
Disposals (NBV)	(24,123,908)	(6,233,460)	-	(30,357,368)
Impairment	10,050,119	4,446,649	-	14,496,768
Depreciation charge	-	-	-	-
Closing net book value	14,281,091	5,064,742	269,416	19,615,249
Gross carrying value basis				
Cost	160,851,356	89,744,995	2,694,300	253,290,651
Accumulated impairment	(424,719)	(41,659,585)	-	(42,084,304)
Accumulated depreciation	(146,145,546)	(43,020,668)	(2,424,884)	(191,591,098)
Net book value	14,281,091	5,064,742	269,416	19,615,249
Depreciation rate % per annum	11% - 25%	20% - 33%	20%	



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5.2.2 Property, plant and equipment - Ijarah

Particulars	Plant and Machinery	Vehicles	Office Equipment and appliances	Total
	(Rupees)			
Year ended June 30, 2018				
Net carrying value basis				
Opening net book value (NBV)	5,752,748	25,273,603	90,275	31,116,626
Additions (at cost)	-	-	-	-
Disposals (NBV)	(568,733)	(13,502,771)	(78,500)	(14,150,004)
Transfer from amalgamated entity	9,672,339	71,809,429	1,408,294	82,890,062
Depreciation charge	(8,157,644)	(30,948,128)	(577,775)	(39,683,547)
Closing net book value	6,698,710	52,632,133	842,294	60,173,137
Gross carrying value basis				
Cost	40,065,275	122,535,277	2,125,710	164,726,262
Accumulated depreciation	(33,366,565)	(69,903,144)	(1,283,416)	(104,553,125)
Net book value	6,698,710	52,632,133	842,294	60,173,137
Year ended June 30, 2017				
Net carrying value basis				
Opening net book value (NBV)	8,827,973	49,809,936	231,575	58,869,484
Additions (at cost)	-	847,500	-	847,500
Disposals (NBV)	-	(6,380,840)	-	(6,380,840)
Depreciation charge	(3,075,225)	(19,002,993)	(141,300)	(22,219,518)
Closing net book value	5,752,748	25,273,603	90,275	31,116,626
Gross carrying value basis				
Cost	20,054,955	70,026,380	785,000	90,866,335
Accumulated depreciation	(14,302,207)	(44,752,777)	(694,725)	(59,749,709)
Net book value	5,752,748	25,273,603	90,275	31,116,626
Depreciation rate % per annum	11% - 25%	20% - 33%	20% - 33%	

5.2.3 In view of the large amount of disposals of property, plant and equipment given on lease / Ijarah, the Directors of the Management Company are of the opinion that no practical purpose will be served by presenting details of such disposals.

6	INVESTMENT PROPERTIES	Note	2018 Rupees	2017 Rupees
	Investment properties	6.1	955,254,832	973,202,148
	Capital work- in-progress	6.2	9,089,000	9,089,000
			964,343,832	982,291,148



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6.1 Investment properties

Particulars	Leasehold Land	Building on leasehold land (note 6.1.1)	Office premises (note 6.1.2)	Total
	(Rupees)			
Year ended June 30, 2018				
Net carrying value basis				
Opening net book value (NBV)	151,094,997	530,357,651	291,749,500	973,202,148
Additions (at cost)	-	7,548,227	-	7,548,227
Disposals (NBV)	-	-	-	-
Reversal of Impairment	-	-	6,804,631	6,804,631
Depreciation charge	(3,856,889)	(12,785,431)	(15,657,854)	(32,300,174)
Closing net book value	147,238,108	525,120,447	282,896,277	955,254,832
Gross carrying value basis				
Cost	189,511,155	630,863,509	560,326,414	1,380,701,078
Accumulated impairment	-	-	(40,905,240)	(40,905,240)
Accumulated depreciation	(42,273,047)	(105,743,062)	(236,524,897)	(384,541,006)
Net book value	147,238,108	525,120,447	282,896,277	955,254,832
Year ended June 30, 2017				
Net carrying value basis				
Opening net book value (NBV)	157,085,217	550,401,110	348,376,722	1,055,863,049
Additions (at cost)	-	-	-	-
Disposals (NBV)	-	-	-	-
Impairment	-	-	(47,709,871)	(47,709,871)
Depreciation charge	(1,790,222)	(9,094,069)	(24,066,739)	(34,951,030)
Closing net book value	155,294,995	541,307,041	276,600,112	973,202,148
Gross carrying value basis				
Cost	189,511,155	623,315,282	560,326,414	1,373,152,851
Accumulated impairment	-	-	(47,709,871)	(47,709,871)
Accumulated depreciation	(34,216,160)	(82,008,241)	(236,016,431)	(352,240,832)
Net book value	155,294,995	541,307,041	276,600,112	973,202,148
Depreciation rate % per annum	2%	2-5%	2.2-5%	

6.1.1 This includes an office premises costing Rs. 70 million, which was swapped by the Modaraba in March 2012 from First Dawood Investment Bank Limited (FDIBL), an associated undertaking with 6.1 million unlisted shares of Burj Bank Limited (at par value) along with a receivable from Equity International (Private) Limited (EIL), an associated undertaking. The execution of the sale deed for the said property and transfer of the title in the name of the Modaraba are in abeyance as a commercial bank has obtained stay order against transfer of the property. FDIBL has filed an application of intervention with the Honourable High Court of Sindh for removal of stay of the commercial bank and to effect the transfer of title in its favour, which is pending adjudication. Nevertheless, the original documents and possession of the property rest with the Modaraba. In prior year, the Modaraba had recorded impairment on said investment property amounting to Rs. 47.709 million based on valuation report obtained from approved valuer with panel of Pakistan Banks Association on August 04, 2017. During the year, Modaraba has again carried out revaluation of said property and resulted in reversal of impairment amounting to Rs. 6.804 million.

6.2 Capital work-in-progress

	Note	2018 Rupees	2017 Rupees
Advance for office premises - Jofa Tower, Karachi	6.2.1	66,420,000	66,420,000
Less: Provision against advance for office premises		(57,331,000)	(57,331,000)
		9,089,000	9,089,000



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6.2.1 This includes Rs. 57.331 million paid for the purchase of three shops of Jofa Tower. Because of a dispute in respect of payment for additional space due to structural changes in the design, the title or possession of the said property has not yet been transferred in the name of the Modaraba. In March 2012, the Modaraba filed a law suit for specific performance and deposited Rs. 9.089 million with Nazir High Court of Sindh. The law suit is currently pending before Honourable High Court of Sindh at Karachi. During prior year, Modaraba has made provision against the advance paid for the purchase of three shops amounting to Rs. 57.331 million.

6.3 The fair value of investment property as at June 30, 2018 as per valuation report of independent valuer is Rs. 1,871.991 million (2017: Rs 1,702.195 million).

7	LONG TERM INVESTMENT	2018 Rupees	2017 Rupees
	In quoted wholly owned subsidiary companies - at cost		
	BRR Financial Services (Private) Limited		
	5,500,000 shares of Rs. 10 each	55,000,000	55,000,000
		55,000,000	55,000,000

7.1 In prior year, in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Modaraba has received TREC against surrender of Stock Exchange Membership Card.

Pursuant to approval from Securities and Exchange Commission of Pakistan the Modaraba has incorporated a wholly owned subsidiary, namely, BRR Financial Services (Private) Limited (the Company) on November 30, 2015. In prior year the Modaraba has subscribed 5,500,000 ordinary shares of Rs. 10 each in order to comply with minimum paid-up capital requirement under Securities Brokers (Licensing and Operations) Regulations 2016. As of the balance sheet date, the subsidiary has not yet commenced its operations. The Modaraba has requested Pakistan Stock Exchange to transfer TREC and other brokerage related assets to BRR Financial Services (Private) Limited which is still pending.

The net assets of BRR Financial Services (Private) Limited based on latest audited financial statements as at June 30, 2018 amounted to Rs. 54.663 million (2017 : 54.409 million).

8	LONG TERM MUSHARAKA FINANCES	Note	2018 Rupees	2017 Rupees
	Considered good		48,567,794	19,798,906
	Considered doubtful	8.4	155,351,790	192,196,931
		8.1 & 8.3	203,919,584	211,995,837
	Less: Provision for doubtful receivables	8.2	(155,351,790)	(192,196,931)
			48,567,794	19,798,906
	Less: Current portion of musharaka finances		(12,761,216)	(3,047,492)
			35,806,578	16,751,414

8.1 The expected profit receivable on these arrangements ranges from 9.430% to 11.595% (2017: 8.16% to 10.65%) per annum. The arrangements are secured by way of hypothecation of stock, mortgage of property and equipment and pledge of shares. These finances are receivable on various dates up to June 12, 2022.



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	Note	2018 Rupees	2017 Rupees
8.2 Movement of provision			
Opening balance		192,196,931	233,098,997
Transfer from amalgamated entity		7,262,809	-
Provision during the year		320,579	-
Written off during the year		(5,906,486)	(120,231)
Reversal during the year	32	(38,522,043)	(40,781,835)
Closing balance		<u>155,351,790</u>	<u>192,196,931</u>
8.3 Ageing of musharaka finances			
Neither past due nor impaired		48,451,501	19,786,421
Past due but not impaired		7,379,102	12,485
Past due and impaired		<u>148,088,981</u>	<u>192,196,931</u>
		<u>203,919,584</u>	<u>211,995,837</u>
8.4	This includes an amount of Rs. 49.603 million (2017: 79.276 million) in respect of Pak Hy Oils Limited as detailed in note 32.1 to the financial statements.		
	Note	2018 Rupees	2017 Rupees
9 LONG TERM LOANS, ADVANCES AND DEPOSITS			
Loans - secured - considered good			
To employees	9.1	2,743,084	1,856,530
Less: Current portion of loans to employees		<u>(608,666)</u>	<u>(493,394)</u>
		2,134,418	1,363,136
To executives	9.1, 9.2 & 9.3	3,235,525	3,370,750
Less: Current portion of loans to executives		<u>(1,750,296)</u>	<u>(1,771,092)</u>
		1,485,229	1,599,658
Deposits		5,637,310	5,737,310
Advance against musharaka		338,900	-
Advance against purchase of vehicles		-	509,500
		<u>9,595,857</u>	<u>9,209,604</u>
9.1	These represent house loans disbursed to employees and executives under the terms of employment. These loans carry mark-up at the rate of 5% (2017: 5%) per annum and are secured against the mortgage of properties.		
9.2	The maximum amount of loans and advances due from executives at the end of any month during the year was Rs. 0.007 million (2017: Rs. 0.015 million).		
9.3	The Modaraba has taken the benefit of forced sale value of the collateral amounting to Rs. 1.673 million against a loan to an executive. Had this benefit of FSV not been taken by the Modaraba, the provision against such loan would have been Rs. 1.673 million (2017: Rs. 1.673 million).		
10 SHORT-TERM INVESTMENTS			
Held-for-trading			
Listed ordinary shares	10.1	213,612,057	237,296,245
Derivative financial instruments	10.2	-	1,488,816
		<u>213,612,057</u>	<u>238,785,061</u>



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	Note	2018 Rupees	2017 Rupees
Available-for-sale			
Listed ordinary shares/ Modaraba certificates	10.3	362,667,682	300,188,780
Unlisted ordinary shares	10.4	89,812,733	88,370,817
Unlisted debt securities	10.5	55,370,751	27,117,351
		507,851,166	415,676,948
		721,463,223	654,462,009
Less: Provision for diminution in value of investments	10.6	(16,222,148)	(14,976,195)
		705,241,075	639,485,814

10.1 Held-for-trading: Listed Ordinary shares

Unless stated otherwise, the holdings are in fully paid ordinary shares of Rs. 10 each.

Number of shares /		Name of investee		
2018	2017			
		Glass & Ceramics		
37,900	2,400	Ghani Glass Limited	2,337,672	200,208
		Textile Composite		
13,149	4,649	Kohinoor Textile Mills Limited	723,063	488,750
1,000	-	Nishat Mills Limited	140,920	-
		Cement		
5,283	5,283	Bestway Cement Limited	692,020	1,157,612
2,000	-	D.G. Khan Cement Company Limited	228,980	-
6,400	6,400	Lucky Cement Limited	3,250,752	5,352,064
220	200	Cherat Cement Company Limited	21,391	35,755
24,000	65,000	Fauji Cement Company Limited	548,399	2,666,957
572,500	-	Power Cement Limited	4,780,373	-
		Power Generation & Distribution		
762,246	502,746	K-Electric Limited (ordinary shares of Rs. 3.5 each).	4,329,558	3,468,852
12,600	16,600	The Hub Power Company Limited	1,161,215	1,949,338
		Refinery		
6,399	1,199	Attock Refinery Limited	1,377,769	458,713
41,050	38,450	National Refinery Limited	18,185,562	27,914,317
		Oil & Gas Exploration Companies		
880	680	Mari Petroleum Company Limited	1,325,439	1,071,435
54,820	49,820	Pakistan Petroleum Limited	11,780,818	7,380,335
13,000	8,000	Oil & Gas Development Company Limited	2,023,060	1,125,520
		Oil & Gas Marketing Companies		
-	2,000	Burshane LPG (Pakistan) Limited	-	108,040
17,108	18,608	Sui Northern Gas Pipelines Limited	1,714,564	2,771,103
175,000	34,500	Sui Southern Gas Company Limited	5,743,499	1,256,145



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Number of shares /		Name of investee	2018	2017
2018	2017		Rupees	Rupees
4,500	-	Automobile Assembler		
		General Tyre & Rubber Company of Pakistan Limited	747,900	-
24,275	21,000	Sazgar Engineering Work Limited	6,917,890	5,752,530
3,320	3,320	Millat Tractors Limited	3,944,359	4,563,142
		Automobile Parts & Accessories		
12,700	12,700	Agriauto Industries Limited	3,746,500	5,485,130
55,527	31,500	Loads Limited	1,731,334	1,306,306
		Fertilizer		
3,000	10,000	Engro Corporation Limited	941,580	3,259,100
		Chemical		
13,447	13,247	ICI Pakistan Limited	10,777,770	14,499,503
47,000	42,500	Ittehad Chemicals Limited	1,633,720	1,329,400
10,000	10,000	Sitara Peroxide Limited	173,600	311,000
1,700	1,700	Sitara Chemical Industries Limited	626,144	755,854
21,000	446,000	Lotte Chemical Pakistan Limited	251,159	4,393,100
1,499	28,600	Pakistan Oxygen (formerly Linde Pakistan limited)	359,759	6,893,172
2,400	2,300	Archroma Pakistan Limited	1,212,000	1,639,417
		Engineering		
44,375	40,375	Crescent Steel & Allied Products Limited	4,045,668	9,632,264
12,000	5,000	International Steels Limited	1,220,402	639,450
82,000	100,000	Ittefaq Iron Industries Limited	1,146,360	3,020,000
20,000	20,500	K.S.B Pumps Company Limited	5,600,000	6,457,500
126,486	97,986	Mughal Iron & Steel Industries Limited	7,768,770	7,910,410
3,200	3,200	Pakistan National Shipping Corporation Limited	262,208	402,880
100	100	Pakistan International Container Terminal Limited	22,812	34,800
		Technology & Communication		
6,500	-	Avanceon Limited	430,560	-
45,000	40,000	Pakistan Telecommunication Company Limited	514,800	624,400
		Leather & Tanneries		
13,860	11,560	Service Industries Limited	10,879,823	15,941,240
		Food & Personal Care Products		
-	300	Engro Foods Limited	-	36,447
157,575	96,000	Treet Corporation Limited	5,387,488	5,460,480



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Number of shares /			2018	2017
2018	2017	Name of investee	Rupees	Rupees
		Pharmaceuticals		
1,200	500	Abbott Laboratories (Pakistan) Limited	822,001	467,300
9,250	-	AGP Limited	821,307	-
9,347	6,710	Highnoon Laboratories Limited	3,837,035	4,202,271
16,800	3,900	Ferozsons Laboratories Limited	3,271,464	1,507,389
56,279	33,601	The Searle Company Limited	19,106,720	17,203,040
131,765	108,600	GlaxoSmithKline Pakistan Limited	21,872,989	21,385,511
		GlaxoSmithKline Consumer Healthcare Pakistan Limited	5,387,165	3,030,645
13,300	14,500			
		Cable & Electrical Goods		
15,100	-	Pak Elektron Limited	535,446	-
		Modarabas		
11,000	11,000	First UDL Modaraba	205,150	414,700
		Open-End Mutual Funds		
221,903	224,400	Dawood Islamic Fund	25,980,122	29,762,350
		Commercial Banks		
291	22,791	BankIslami Pakistan Limited	3,478	303,120
		Woollen		
19,000	18,500	Bannu Woollen Mills Limited	945,250	1,267,250
		Synthetic and Rayon		
7,000	-	Tri-Star Polyester Limited	116,270	-
			213,612,057	237,296,245

10.1.1 In view of Order of Honourable High Court of Sindh at Karachi dated 4th September 2018. The Merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and BRR Guardian Modaraba (BRRGM) has been allowed by high court. Therefore BRR Guardian Modaraba through their letter dated September 09, 2018 submitted their broker 786 Investment Limited to transfer Dawood Islamic Fund Units 98,848.4333 from Crescent Standard Modaraba to BRR Guardian Modaraba.

10.2 Derivative financial instruments

Letter of rights		Glass & Ceramics		
-	21,100	Ghani Glass Mills Limited	-	1,488,816
			-	1,488,816

10.3 Available-for-sale: Listed Ordinary shares/Modaraba Certificate

Unless stated otherwise, the holdings are in fully paid ordinary shares of Rs.10 each.

8,350	10,150	Oil & Gas Exploration Companies		
		Mari Petroleum Company Limited	12,576,603	15,992,747
7,962	8,462	Oil & Gas Marketing Companies		
39,660	39,660	Shell Pakistan Limited	2,516,709	4,868,781
		Sui Northern Gas Pipelines Limited	3,974,726	5,906,165



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Number of shares /		Name of investee	2018	2017
2018	2017		Rupees	Rupees
Leather & Tanneries				
3,800	-	Service Industries Limited	2,982,924	-
Modarabas				
1,000	-	ORIX Modaraba	16,610	-
Real Estate Investment Trust				
407,000	-	Dolmen City REIT	5,250,300	-
Chemical				
17,974	49,852	Pakistan Oxygen (formerly Linde Pakistan Limited)	4,313,760	12,015,329
14,199	14,199	Sitara Chemical Industries Limited	5,229,776	6,313,159
Cement				
90	90	Maple Leaf Cement Factory Limited	4,567	10,022
3,055,168	-	Power Cement Limited	25,508,711	-
Engineering				
56,000	56,000	KSB Pumps Company Limited	15,680,000	17,640,000
11,000	11,000	Mughal Iron & Steel Industries Limited	675,620	888,030
2,625	-	Crescent Steel & Allied Products Limited	239,320	-
Transport				
1,000	1,000	Pakistan International Container Terminal Limited	228,120	348,000
5,000	5,000	Pakistan National Shipping Corporation	409,700	629,500
Pharmaceuticals				
42,576	42,576	Abbott Laboratories (Pakistan) Limited	29,164,560	39,791,530
32,165	32,165	GlaxoSmithKline Pakistan Limited	5,339,390	6,333,931
638	638	Highnoon Laboratories Limited	261,905	399,561
30,906	27,648	GlaxoSmithKline Consumer Healthcare Pakistan Limited	12,518,476	5,778,708
Power Generation & Distribution				
1,000	1,000	The Hub Power Company Limited	92,160	117,430
Technology & Communication				
2,103,577	2,103,577	Systems Limited - a related party	212,924,064	159,535,280
Automobile Parts & Accessories				
98,400	69,650	Loads Limited	3,068,111	2,888,385
1,000	-	Millat Tractors Limited	1,188,060	-
Paper & Board				
101,568	92,300	Roshan Packages Limited	2,861,171	5,184,491



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Number of shares /		Name of investee	Note	2018	2017
2018	2017			Rupees	Rupees
10,800	8,100	Glass & Ceramics Ghani Glass Limited		666,144	571,536
1,935,506	1,935,506	Financial services 786 Investments Limited (Formerly Dawood Capital Management Limited) - a related party (fully provided)	10.3.1	4,722,634	4,722,634
3,339,922	3,339,922	First Dawood Investment Bank Limited - a related party (fully provided)		10,253,561	10,253,561
				362,667,682	300,188,780

10.3.1 This represents sponsor shares of the related party and is a non shariah compliant investment. The management is currently in process of finding prospective buyers as per instruction of SECP. Further, full amount of provision has also been recognized.

10.4 Available-for-sale: Investment in unlisted ordinary shares

The holdings are in fully paid ordinary shares of Rs.10 each.

100,000	100,000	Al Baraka Bank (Pakistan) Limited - (note 10.4.3)	874,999	829,000
7,200,000	7,200,000	Dawood Family Takaful Limited - (note 10.4.4)	52,128,000	52,128,000
3,034,603	3,034,603	ISE Tower REIT Management Company Limited - (note 10.4.2 & 10.4.5)	36,809,734	35,413,817
			89,812,733	88,370,817

10.4.1 Breakup value of above investment in unlisted ordinary shares are as follows:

		Break-up value as per latest available audited financial statements (Rupees)	% of holding of the investee's paid-up capital	Auditors
June 30, 2018				
Al Baraka Bank (Pakistan) Limited	(10.4.3)	783,000	0.01%	EY Ford Rhodes, Chartered Accountants
Dawood Family Takaful Limited	(10.4.4)	35,568,000	9.60%	Deloitte Yousuf Adil, Chartered Accountants
ISE Tower REIT Management Company Limited	(10.4.2)	36,809,734	0.83%	BDO Ebrahim & Co., Chartered Accountants
June 30, 2017				
Al Baraka Bank (Pakistan) Limited	(10.4.3)	829,000	0.01%	EY Ford Rhodes, Chartered Accountants
Dawood Family Takaful Limited	(10.4.4)	36,000,000	9.60%	Deloitte Yousuf Adil, Chartered Accountants
ISE Tower REIT Management Company Limited	(10.4.2)	35,413,817	0.83%	BDO Ebrahim & Co., Chartered Accountants



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10.4.2 Breakup value of investment in shares of ISE Tower REIT Management Company Limited amounted to Rs. 336.810 million and Rs. 35.413 million are based on audited financial statements for the year ended June 30, 2017 and June 30, 2016, respectively.

10.4.3 Al Baraka Bank (Pakistan) Limited (ABPL), and Burj Bank Limited (BBL) have successfully merged operations under the name of Al Baraka Bank (Pakistan) Limited.

In pursuance of above, the offer letters dated June 14, 2016 have been received by the Modaraba. The Modaraba confirmed to sell 1,590,000 shares of BBL for Rs. 4/- per share and agreed to convert 170,000 shares of BBL into ABPL shares.

The Modaraba received cash of Rs. 6,360,000/- against surrender of 1,590,000 BBL shares in December 2017. The Modaraba also holds 100,000 shares in ABPL effective from November 01, 2016.

The breakup value of investment in shares of ABPL is Rs. 0.783 million (as per latest available post amalgamation audited financial statements dated December 31, 2017) whereas the book value of investment in shares of ABPL is Rs. 0.829 million resulting in revaluation deficit of Rs. 0.046 million.

10.4.4 The breakup value of investment in shares of Dawood Family Takaful (DFTL) is Rs. 35.568 million (as per latest audited accounts dated December 31, 2017) where as the cost of investment in shares of DFTL is Rs. 72 million. Upto June 30, 2017, management has recorded total impairment of Rs. 19.872 million based on embedded value of investment as at June 30, 2016 amounting to Rs. 52.128 million (Rs. 8.27 per share). Since, embedded value of the investments amounts to Rs. 67.968 million as at June 30, 2018 (Rs. 9.44 per share). Therefore, management has not recorded further impairment on the grounds of embedded value being higher than the carrying value of this investment per latest actuarial valuation.

10.4.5 In prior year, in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Modaraba has received equity shares of Islamabad Stock Exchange Limited (ISE) and Trading Right Entitlement Certificates (TREC) against surrender of Stock Exchange Membership Card.

The Modaraba's entitlement in respect of shares is determined on the basis of valuation of assets and liabilities of the respective exchange as approved by the SECP and the Modaraba has been allotted 3,034,603 shares of ISE of Rs. 10 each out of which 60% of the shares are kept in blocked account and the divestment of the same will be in accordance with the requirements of the Act.

The investment in shares of ISE has been recorded at the carrying value of Stock Exchange Membership Card in the Modaraba's books as available for sale investment.

The breakup value of each share of ISE Tower REIT Management Company Limited as per their latest available audited financial statements for the year ended June 30, 2018 is Rs. 12.13 per share (2017: 11.67 per share) which is greater than the par value of Rs. 10 of ISE Tower REIT Management Company Limited's share .

Accordingly, investment in shares of ISE Tower REIT Management Company Limited has been revalued at par value of Rs. 10 each as at previous balance sheet date and the resulting surplus on revaluation amounting to Rs. 22.596 million was recognized in other comprehensive income being the difference of carrying value of Stock Exchange Membership Card and fair value of 3,034,603 allocated shares of Rs. 10 each.

During the current year, investment in shares of ISE Tower REIT Management Company Limited has been revalued at breakup value of Rs. 12.13 per share and the resulting surplus on revaluation amounting to Rs. 1.396 million has been recognized in other comprehensive income.



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10.5 Available-for-sale: Investment in unlisted debt securities

Number of certificates		Name of investee	2018	2017
2018	2017		Rupees	Rupees
Sukuk				
1,267	-	Eden Housing Limited	1,245,953	-
7,000	4,000	K- Electric Sukuk	35,491,785	20,696,740
23	10	Al Baraka Bank (Pakistan) Limited	7,535,617	6,420,611
5	-	Dubai Islamic Bank Pakistan Limited	5,093,520	-
60	-	Dawood Hercules Corpn. Limited	6,003,876	-
			55,370,751	27,117,351

10.5.1 Details of particulars of Sukuk

Name of the investee	Repayment frequency	Profit Rate per annum	Maturity date	Secured / Unsecured
K-Electric Sukuk	Quarterly	3 months KIBOR + 2.75%	June 17, 2019	Secured
Eden Housing Limited	Quarterly	3 months KIBOR + 2.5%	June 29, 2014	Secured
Al Baraka Bank (Pakistan) Limited	Semi-Annually	6 months KIBOR + 1.25%	July 14, 2021	Unsecured
Dubai Islmic Bank Pakistan Limited	Semi-Annually	6 months KIBOR + 0.05%	July 14, 2027	Unsecured
Dawood Hercules Corporation Limited	Quarterly	3 months KIBOR + 1%	March 01, 2023	Unsecured
			2018	2017
			Rupees	Rupees

10.6 Particulars of provision

Opening balance	14,976,195	14,976,195
Transfer from amalgamated entity	1,245,953	-
Charge for the year	-	-
Reversal for the year	-	-
Closing balance	16,222,148	14,976,195

10.7 In view of Order of Honourable High Court of Sindh at Karachi dated 4th September 2018. The Merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and BRR Guardian Modaraba (BRRGM) has been allowed by high court. Therefore BRR Guardian Modaraba through their letter dated September 09, 2018 instructed their broker Dawood Equities Limited to transfer all securities of Crescent Standard Modaraba participant ID 07450 Account number 4077 to BRR Guardian Modaraba participant ID 07450 account number 521. BRR Guardian Modaraba also instructed them to close the said account after the transfer of all securities.

11 IJARAH / LEASE RENTAL RECEIVABLES

Considered good	955,181	2,799,981
Considered doubtful	56,949,049	56,969,049
Lease rental receivables	57,904,230	59,769,030
Less: Provision for doubtful receivables	(56,949,049)	(56,969,049)
	955,181	2,799,981



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		2018	2017
	Note	Rupees	Rupees
11.1 Provision for doubtful receivables			
Opening		56,969,049	61,815,634
Charge for the year	32	-	-
Reversals during the year	32	(20,000)	-
Written off during the year		-	(4,846,585)
Closing balance		56,949,049	56,969,049
11.2 Ageing of lease rentals receivables			
Neither past due nor impaired		955,181	2,799,981
Past due but not impaired - over 180 days		-	-
Past due and impaired		56,949,049	56,969,049
		57,904,230	59,769,030
12 LOANS, ADVANCES AND PREPAYMENTS			
Loans and advances - secured - considered good			
Against salary		2,445,406	2,330,956
Loans and advances - unsecured - considered good			
Current portion of loans to employees		608,666	493,394
Current portion of loans to executives		1,750,296	1,771,092
Against investment		13,205,000	11,158,719
Against expenses		483,750	11,550,024
Against purchases		44,922,678	-
Against musharaka		-	7,517,246
Prepayments			
Takaful		216,808	29,668
Less: Provision for doubtful receivables		(44,922,678)	-
		18,709,926	34,851,099
13 ACCRUED PROFIT			
Accrued profit on:			
Debt securities		457,238	183,302
Musharaka finances		58,598	17,787
		515,836	201,089
14 OTHER RECEIVABLES			
Receivable from National Clearing			
Company of Pakistan Limited		-	149,331
Receivable from BRR Financial Services			
(Public) Limited - subsidiary		-	545,670
Rent receivable - unsecured, considered good		2,368,120	1,836,054
Takaful premium receivable		538,118	-
Other receivable		635,269	7,230
		3,541,507	2,538,285
Receivable from ex-employees -			
unsecured, considered doubtful	14.1	51,274,920	51,274,920
Less: Provision for doubtful receivables		(51,274,920)	(51,274,920)
		-	-
Others	14.2	33,810,401	-
Less: Provision for doubtful debts		(33,810,401)	-
		-	-
		3,541,507	2,538,285



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14.1 This represents balance receivable from certain ex-employees and other parties in respect of embezzlement of funds. The matter is pending before the Honourable Lahore High Court and National Accountability Bureau - Government of Pakistan. As a matter of prudence, full provision in respect of these receivables has been made in these financial statements.

14.2 This facility was partly secured against pledge of stock of jute while some of the stock was misappropriated from the factory premises of the borrower. During prior year, the Modaraba has filed a criminal case against the borrower and its owner against misappropriation of pledged stock.

A suit has also been filed on September 29, 2012 by the Modaraba before the Modaraba Tribunal / Banking Court-II for the recovery of outstanding dues from borrower. The Tribunal passed a judgment order in favor of the Modaraba and directed the defendant (borrower) to pay all outstanding dues along with cost of the suit, however the recovery of the decretal amount is uncertain due to the misappropriation of pledged stock by the borrower. Therefore, in current year the Modaraba has filed the execution petition for the recovery of decretal amount by attaching the other auctionable assets of the borrower including piece and parcel of land / building of factory situated at 40-More, Lahore Road, Jaranwala and one vehicle. The borrower filed an application in Honorable Lahore High Court against the judgment and pleaded to suspend the judgment and decree in favor of Modaraba. The Modaraba has also filed a reply to the application filed by the borrower which is currently pending consideration.

Complete provision has been recorded against outstanding balance as per Prudential Regulations. The management believes that the said lawsuit and criminal case will be decided in favour of the Modaraba.

	Note	2018 Rupees	2017 Rupees
15 TAXATION			
Advance taxation	39.2	<u>14,552,678</u>	<u>10,812,327</u>
16 CASH AND BANK BALANCES			
Cash in hand		185,867	191,279
Cash with State Bank of Pakistan - current account		40	40
Cash with banks in:			
PLS savings accounts	16.1	18,369,737	74,855,448
Current accounts	16.2	<u>1,665,491</u>	<u>14,046,550</u>
		<u>20,221,135</u>	<u>89,093,317</u>
16.1	These carry mark-up at rates ranging from 2.65% to 5.05% (2017: 3.26% to 5.65%) per annum. PLS saving accounts includes balances placed under arrangements permissible under shariah amounting to Rs. 18.370 million.		
16.2	These current accounts balances do not carry any mark up or interest.		
16.3	In view of Order of Honourable High Court of Sindh at Karachi dated September 4, 2018, the merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and BRR Guardian Modaraba (BRRGM) has been allowed by high court. Therefore, Modaraba through their letter dated September 27, 2018 requested Al Baraka Bank to accept all cheques (Debits / Credits / Transfer) in the name of Crescent Standard Modaraba account no. 0132384621801 into BRR Guardian Modaraba account no. 0133386766801. BRR Guardian Modaraba also requested bank to close above mentioned account and issue a pay order of entire balance available in favour of B.R.R Guardian Modaraba with balance value date along with the account closing letter.		
17 NON CURRENT ASSET HELD FOR SALE			
Non current asset held for sale	17.1	<u>55,800,000</u>	<u>55,800,000</u>



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17.1 During prior years, the Modaraba agreed with First Dawood Investment Bank Limited (FDIBL) as per the approval of SECP to swap its investment in equity securities of Burj Bank Limited (at par value) against consideration of agricultural land at Gharo valuing Rs. 55.880 million (the title and possession of which has been transferred in the name of the Modaraba), Rs. 25.10 million from FDIBL over time i.e. Rs. 10.10 million upfront and remaining balance of Rs. 15 million in 20 equal installment of Rs. 750,000 each with the condition that 1.51 million shares of Dawood Family Takaful Limited (DFTL) shall be placed with the Modaraba in blocked status / lien marked as security till the time the entire balance of Rs. 25.10 million is received from FDIBL.

The SECP also directed to provide copies of cheque/DD/PO of the amount received by Modaraba from FDIBL as upfront payment and monthly installments within seven days from the date of receipt.

The Modaraba has received the upfront payment of Rs. 10.10 million from First Dawood Investment Bank Limited and remaining balance of Rs. 15 million in 20 equal installment of Rs. 750,000 each has been received from FIDBL as per schedule.

As regard, Gharo land valuing Rs. 55.80 million received by the Modaraba from FDIBL against Burj Bank's shares, SECP directed Modaraba to get the property re-valued from a valuer of repute, duly registered with Pakistan Banking Council, preferably by Iqbal A. Nanjee & Company (Private) Limited, before the proposed disposal and the exercise of valuation of the said property should be completed and the valuation report be submitted to SECP within one month from the date of the letter. Further action on the request of disposal of the property shall be considered on the basis of the review of valuation report.

On recommendation of Securities and Exchange Commission of Pakistan, the Modaraba has conducted fresh valuation of the property from M/s Iqbal A Nanji & (Private) Limited. The valuation report dated February 08, 2017 was received and submitted to SECP vide the Modaraba's letter dated February 11, 2016 which showed present market value of Rs. 58.42 million.

During prior year, Modaraba has entered into an agreement dated April 17, 2017 to sell Gharo land for an aggregate consideration of Rs. 60 million. The purchaser has made a down payment of Rs. 20 million and agreed to pay the remaining amount in installments. Title of the land is with the Modaraba and will be transferred only when entire amount will be received. As at June 30, 2018 Modaraba has received Rs. 58.635 million out of the total amount of Rs. 60 million which has been recorded as advance under note 26.2 to the financial statements.

18 AUTHORIZED CAPITAL

The Board of Directors of the management company in its meeting held on October 29, 2016 passed resolution to increase authorized modaraba funds from Rs. 870 million to Rs. 1,150 million (each modaraba certificate of Rs. 10/- each) subject to the Registrar Modaraba's (RM) approval. On January 20, 2017 the Deputy Director Modaraba granted its approval to increase the authorized funds from Rs. 870 million to Rs. 1,150 million divided into Rs. 10/- each.

The Board of Directors of B.R.R. Investment (Private) Limited (the Modaraba Management Company) in their meeting held on September 29, 2017 has approved the scheme of arrangement for merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and into B.R.R. Guardian Modaraba (BRRGM).

On the scheme becoming effective, the authorized modaraba capital of CSM of Rs. 250,000,000 shall be merged and combined with the authorized capital of BRRGM, consequently the merged authorized capital of BRRGM shall stand increased at Rs.1,400,000,000 divided into 140,000,000 modaraba certificates of Rs.10 each. Further, consequent on the scheme becoming effective the issued, subscribed and paidup capital of CSM of Rs.200,000,000 shall be merged with and combined with the issued, subscribed and paidup certificate capital of BRGM, consequently the Issued, subscribed and paidup certificate capital of BRRGM shall stand increased to Rs.863,622,630 divided into 86,362,263 modaraba certificates of Rs. 10 each at a swap ratio of 1.00 : 2.405 (BRRGM : CSM).



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19 ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL

Modaraba certificates of Rs. 10 each

Number of certificates			2018	2017
2018	2017		Rupees	Rupees
39,359,741	39,359,741	Certificates issued as fully paid in cash	393,597,410	393,597,410
8,833,724	8,833,724	Certificates issued as fully paid bonus certificates	88,337,240	88,337,240
29,852,790	29,852,790	Certificates issued to certificate holders of Guardian Modaraba under the Scheme of	298,527,900	298,527,900
8,316,008	-	Certificates issued to certificate holders of Crescent Standard	83,160,080	-
		Modaraba under the	863,622,630	780,462,550
86,362,263	78,046,255			

- 19.1** B.R.R. Investment (Private) Limited (the Management Company) held 13,051,495 (16.72%) certificates of Rs. 10 each as at June 30, 2018 (2017: 12,985,895 (16.63%) certificates).
- 19.2** Equity International (Private) Limited, an associated company, held 2,293,474 (2.94%) certificates of Rs.10 each as at June 30, 2018 (2017: 1,541,474 (1.98%) certificates).
- 19.3** Ayaz Dawood held 7,804,391 (10%) certificates of Rs.10 each as at June 30, 2018 (2017: 6,874,391 (8.81%) certificates).
- 19.4** Consequent to the scheme becoming effective, the issued, subscribed and paidup capital of Crescent Standard Modaraba amounting to Rs.200,000,000 shall be merged with and combined with the issued, subscribed and paidup certificate capital of BRRGM, consequently the issued, subscribed and paidup certificate capital of BRRGM shall stand increased to Rs.863,622,630 divided into 86,362,263 modarba certificates of Rs. 10 each at a swap ratio of 1.00 : 2.405 (BRRGM : CSM). The procedural formalities for allotment has been completed subsequent to the balance sheet date.

20 RESERVE

Capital reserve		
Profit prior to floatation	10,532,683	10,532,683
Statutory reserve	734,198,759	701,898,993
Merger reserve	44,902,567	-
Revenue reserve		
Accumulated loss	(554,688,204)	(507,666,335)
	234,945,805	204,765,341

Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan requires creation of reserve fund to which shall be credited:

- a) an amount not less than 20% and not more than 50% of its after tax profits till such time the reserve fund equals the amount of paid-up capital; and
- b) thereafter a sum not less than 5% of its after tax profits.

The Modaraba has credited 49.75 % of its profit to this reserve for the year.

		Note	2018 Rupees	2017 Rupees
21	SURPLUS ON REVALUATION OF INVESTMENTS			
	Listed ordinary shares		264,023,372	250,947,620
	Unlisted shares/Debt securities		29,306,990	28,268,099
			<u>293,330,362</u>	<u>279,215,719</u>
22	DIMINISHING MUSHARAKA BASED TERM FINANCE CERTIFICATES			
	Diminishing musharaka based Term Finance Certificates (TFCs)	22.1	72,449,843	160,657,631
	Less: Current maturity		<u>(72,449,843)</u>	<u>(88,207,792)</u>
			<u>-</u>	<u>72,449,839</u>
22.1	<p>The above TFCs represent privately placed instruments in the form of Diminishing Musharaka and are secured against investment properties and BRR Tower of the Modaraba. The tenure of the above TFCs is six years redeemable semi annually with six months grace period. Rate of profit is based on 1 month KIBOR on the last business day prior to the beginning of each semi-annual period. The TFC was restructured during 2011.</p> <p>During prior year, Diminishing musharaka based Term Finance Certificates (TFCs) have been restructured as per the second restructuring agreement executed on June 30, 2016 and effective from December 07, 2015. The restructured terms of the agreement are as follows:</p> <ul style="list-style-type: none"> - The restructured principal amount will be redeemed in varying monthly installments commencing from July 07, 2017 and ending on April 07, 2019. - Markup at the rate of 01 month KIBOR plus 1.5% payable on monthly basis. - The overdue principal, regular profit and deferred profit as at December 06, 2015 are to be paid till March 31, 2016. <p>In previous year the overdue principal, regular profit and deferred profit as at December 06, 2015 have been paid by March 31, 2016 except for Rs. 70.794 million which pertains to United Bank Limited, First Dawood Investment Bank Limited and First Dawood Investment Bank and Other Provident Fund. Subsequently, the total amount of Rs. 70.794 million on account of overdue principal, regular profit and deferred profit has been paid to First Dawood Investment Bank Limited, First Dawood Investment Bank and other Employees' Provident Fund and United Bank Limited.</p>			
23	LONG TERM LOAN			
	National Bank of Pakistan	24.1	110,152,684	137,692,684
	B.R.R. Financial Service (Pvt.) Limited	23.2	46,000,000	-
	Less: Current portion of long term loan		<u>(27,536,000)</u>	<u>(27,536,000)</u>
			<u>128,616,684</u>	<u>110,156,684</u>
23.1	Loan from B.R.R. Financial Service (Pvt.) Limited			
	Opening balance		-	-
	Received during the year		66,500,000	-
	Payment during the year		<u>(20,500,000)</u>	<u>-</u>
	Closing balance		<u>46,000,000</u>	<u>-</u>



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23.2 During the year, Modaraba has obtained loan from its subsidiary company B.R.R. Financial Services (Private) Limited (BRRFSL) amounting to Rs.46 million. The loan carries markup at the rate of 5% and is not repayable till the time Trading Right Entitlement Certificate (TREC) is transferred to BRRFSL.

24 LONG TERM MURABAHA, MUSHARAKA AND FINANCE UNDER MARK-UP ARRANGEMENTS

	Note	2018 Rupees	2017 Rupees
Murabaha arrangements	24.1	-	-
Musharaka arrangements	24.2	122,002,248	110,000,000
Mark-up arrangements			
Running finance	24.1	-	-
		122,002,248	110,000,000
Less: Current portion of musharaka arrangements		(93,776,446)	(110,000,000)
		28,225,802	-

24.1 The Modaraba had entered into Murabaha (purchase and sale) agreements with a commercial bank. As per the original contract, the Murabaha sale price was payable on deferred payment basis in quarterly/monthly installments by June 27, 2011. The Modaraba has not met its past due obligation towards the commercial bank on its respective repayment dates. The Modaraba continued to accrue markup on the facilities at rate ranging from 8.04% to 8.37% (2017: 8.04% to 8.37%) per annum. The arrangements are secured by way of hypothecation of the leased assets and future rentals receivable. Later, Modaraba offered a proposal for settlement which includes debt to asset swap and rescheduling of the amount due. However, the proposal was not accepted and after further negotiations the Modaraba made an unconditional offer through its letter dated April 13, 2017 to settle all outstanding liabilities against a sum of Rs. 210.889 million. Under the terms of offer the Modaraba had to pay 35% of the settlement amount i.e Rs. 73.811 million upfront and remaining amount in equal quarterly installments starting from July 2017.

However, the competent authority of commercial bank in their letter dated June 12, 2017 approved the settlement of outstanding liabilities as per following terms:

- All outstanding liabilities to be settled at Rs. 211.500 million.
- Down payment of Rs. 73.811 million to be made immediately.
- Remaining Rs. 137.689 million to be paid in five years in equal quarterly installments commencing from July 01, 2017.
- 1% registered mortgage of property bearing No. Ground Floor & Mezzanine level 1st and 2nd Business and Finance Centre, Plot No, 7/3 Seri Quarters, I.I. Chundrigar Road, Karachi.
- The Modaraba has to provide post-dated cheques of the remaining settlement amount.

The Modaraba has accepted the terms of settlement approved by the competent authority of commercial bank and recorded a gain of Rs. 145.650 million and made down payment of Rs. 73.811 million on June 13, 2017. Further the Modaraba has issued post-dated cheques of the remaining settlement amount. (see note 23).

During the year, the Modaraba has paid Rs. 27.536 million in four quarterly installments amounting to Rs. 6.884 million each as per the settlement agreement with NBP. Remaining amount of Rs. 110.156 million has been classified as loan as on June 30, 2018 (June 30, 2017 : Rs. 137.689 million).

24.2 The Modaraba has entered into Musharaka agreements (Musharaka) with a Taavun (Private) Limited. These Musharaka arrangements were on profit sharing basis and were payable upto December 28, 2014. In prior year, the Modaraba has stopped accruing profit on these balances.



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During the year, Modaraba has entered into a settlement agreement with Taavun (Private) Limited according to which the repayment under Musharaka is to be made in seven installments aggregating to Rs.190 million, as per the agreed repayment schedule, with the last installment to be paid on July 14, 2019. Prior to the date of settlement, the outstanding balance of Finance under Musharaka amounted to Rs.110 million and accrued profit on Finance under Musharaka amounted to Rs. 57.813 million. The present value of the revised cashflows under the settlement agreement at the original profit rate amounted to Rs.181.813 million which resulted in increase in liability of Rs. 14 million. During the year, the Modaraba has made payment of two installments aggregating to Rs. 47.5 million as per the agreed repayment schedule and has amortised profit of Rs. 1.689 million on Musharaka based on amortisation schedule at modified IRR of 30.140%. As at June 30, 2018 the outstanding balance of Musharaka amounted to Rs. 122 million.

		2018	2017
	Note	Rupees	Rupees
25 LONG TERM SECURITY DEPOSITS			
Lease / ijarah		46,264,219	32,693,312
Investment properties		30,252,383	30,508,240
Lockers		17,066,500	16,023,500
		93,583,102	79,225,052
Less: Current portion		(11,941,410)	(1,485,270)
		81,641,692	77,739,782
26 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Modaraba management fee payable	37	7,468,898	19,519,374
Sales tax on Modaraba management fee payable	37	970,957	6,339,806
Provision for Sindh Workers' Welfare Fund	38	7,737,701	5,691,937
Accrued liabilities		18,319,623	16,659,795
Rentals received in advance			
Lockers		29,947,667	27,651,868
Properties		32,466,318	14,898,275
Ijarah		821,958	323,101
Musharaka	32.1	49,488,931	79,130,250
Charity payable	26.1	100,687	81,086
Advance against sale of land	26.2	60,735,500	43,235,500
Others		9,387,223	4,804,663
		217,445,463	218,335,655
26.1 Charity payable			
Opening balance		81,086	79,842
Transfer from amalgamated entity		4,146	-
Accrued during the year		156,906	109,095
Payment	26.1.1	(141,451)	(107,851)
Closing balance		100,687	81,086
26.1.1	This amount includes charity paid to Dawood Global Foundation amounting to Rs. 0.138 million (2017: 0.086 million). Chief Executive and the Chairman of the Board of the Mobaraba are members of the Management Committee of Dawood Global Foundation.		
26.2	This includes amount received as sale proceeds against sale of Gharo Land (refer note 17).		



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	Note	2018 Rupees	2017 Rupees
27 ACCRUED PROFIT ON BORROWINGS			
Finance under musharaka arrangements	24.2	-	57,813,287
Diminishing musharaka based TFCs		407,573	832,138
		407,573	58,645,425
28 PROFIT DISTRIBUTION PAYABLE			
Unclaimed profit payable to certificate holders	28.1	27,836,210	25,057,489
28.1	<p>As per Direction 16 of 2017 dated July 07, 2017 Securities and Exchange Commission of Pakistan (SECP), pursuant to section 244 read with section 510 of the Companies Act 2017, directed all Companies to submit a statement to the Commission through e Service portal within 30 days of issue of this notification stating therein the number of amounts, as the case may be, which remain unclaimed or unpaid for a period of 3 years from the date it is due and payable as of 30th May, 2017 in respect of modaraba certificates, dividend declared by Modaraba and any other instrument. Further SECP through their email dated July 19, 2018 notified the availability of eService portal for submission of aforesaid information immediately. Also, Regulation 10 of 'Unclaimed Shares, Modaraba Certificates, Dividend, Other Instruments and Undistributed Regulations, 2017' requires filing of annual return on 'Form-E' of all unclaimed dividends, shares, certificates and other instruments within 30 days of close of financial year, duly certified by their auditors and the aforesaid information i.e a searchable claimant wise statement having year-wise breakup of unclaimed shares, certificates, dividends etc. shall also be uploaded on website of the company. Further, Section 244 of Companies Act 2017 and the relevant regulations provide procedure to be followed for onward credit of unclaimed dividends due for more than three years to Federal Government.</p>		
29 CONTINGENCIES AND COMMITMENTS			
29.1	<p>A commercial bank has lodged a claim of Rs. 1.090 million on account of excess mark-up paid to the Modaraba during previous years which is not accepted by the Modaraba. The Modaraba has also lodged a claim before the banking tribunal against the said commercial bank for short payment of mark-up to the Modaraba to the extent of Rs. 2.498 million (2017: Rs. 2.498 million). The proceedings under both cases are pending to-date. As a matter of abundant caution, full provision in respect of the said claim of commercial bank had been made by the Modaraba in 2015. During the prior year, bank balances have been written off against provision amounting to Rs. 1.090 million.</p>		
29.2	<p>The Modaraba had received a legal notice from Innovative Investment Bank Limited (formerly: Crescent Standard Investment Bank Limited) which was addressed to previous Management Company (Financial Link Limited) of the Modaraba, wherein they had asked Modaraba to settle an outstanding balance of short-term borrowing amounting to Rs. 171.143 million (2017: Rs. 171.143 million) along with the mark-up thereon on or before February 10, 2007. The management and the legal advisor of the Modaraba believe that the matter will be decided in the favour of the Modaraba and, accordingly, no liability in respect of the above has been recognised in the financial statements.</p>		
30 RENTAL INCOME			
Investment properties	30.1	139,344,157	132,871,212
Lockers and custodial services		34,784,302	31,730,769
		174,128,459	164,601,981



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		Note	2018 Rupees	2017 Rupees
31	RETURN ON INVESTMENTS - NET			
	Dividend income	31.1	13,608,669	12,631,022
	Profit on debt securities		4,410,831	9,135,113
	Gain on sale of investments		14,112,595	34,517,739
			32,132,095	56,283,874
31.1	Dividend income			
	Abbot Laboratories Limited		1,713,554	1,696,359
	Agriauto Industries Limited		145,274	118,281
	Al-Ghazi Tractors Limited		-	7,403
	Archroma Pakistan Limited		119,315	-
	Attock Refinery Limited		42,726	5,953
	Bannu Wollen Mills Limited		94,524	-
	Bestway Cement Limited		61,326	29,538
	Burshane LPG (Pakistan) Limited		1,994	-
	Cherat Cement Company Limited		220	649
	Crescent Steel & Allied Products Limited		215,147	188,530
	Dolmen City Reit		834,350	-
	Dawood Islamic Fund		-	1,187,888
	Engro Corporation		49,635	-
	Fauji Cement Company Limited		87,019	-
	Fauji Fertilizer Company Limited		-	291,009
	Ferozsons Laboratories Limited		66,653	55,045
	First UDL Modaraba		11,816	33,201
	Ghani Glass Limited		163,100	79,000
	GlaxoSmithKline Pakistan Limited		1,136,058	575,497
	Glaxosmithkline Consumer Healthcare		216,035	-
	Highnoon Laboratories Limited		8,159	55,884
	The Hub Power Company Limited		107,892	51,062
	ICI Pakistan Limited		134,444	225,156
	International Steels Limited		24,997	-
	Indus Motor Company Limited		-	114,399
	ISE Tower REIT Management Company Limited		293,142	-
	Ittehad Chemicals Limited		61,100	-
	Kohinoor Textile Mills Limited		23,942	24,641
	KSB Pumps Limited		-	649,795
	Pakistan Oxygen (formerly Linde Pakistan Limited)		107,080	356,464
	Loads Limited		140,919	96,191
	Lucky Cement Limited		106,167	33,544
	Maple Leaf Cement Factory Limited		4,373	11,242
	Mari Gas Company Limited		62,708	64,339
	Millat Tractors Limited		515,892	229,654
	Mughal Iron & Steel Industries Limited		82,692	15,981
	National Refinery		915,867	816,087
	Nishat Mills Limited		2,116	11,292
	Oil & Gas Development Company Limited		134,090	-
	Orix Modaraba		2,700	-
	Pak Elektron Limited		29,370	-
	Pakistan Petroleum Limited		347,573	312,973
	Pakistan International Container Limited		15,043	24,496
	Pakistan National Shipping Corporation		-	16,098



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	Note	2018 Rupees	2017 Rupees
Pakistan Refinery Limited		-	105,048
Pakistan State Oil Company Limited		-	69,087
Pakistan Telecommunication Company Limited		43,880	85,303
Pioneer Cement Limited		-	112
Roshan Packages Limited		91,497	-
Service Industries Limited		564,220	272,309
Shell Pakistan Limited		202,891	296,435
Sitara Chemical Industries Limited		198,586	182,546
Systems Limited		3,634,876	3,886,047
Sui Northern Gas Pipelines Limited		430,098	-
Sazgar Engineering Works Limited		-	62,250
The Searle Company Limited		363,609	199,319
Treet Corporation Limited		-	94,915
		13,608,669	12,631,022

32 PROVISION FOR DOUBTFUL RECEIVABLES - NET

Reversal during the year

Lease rentals	11.1	20,000	-
Musharaka	8.2 & 32.1	38,522,043	40,781,835
		38,542,043	40,781,835

Less: Charged during the year

Lease rentals	11.1	-	-
Ijarah		(39,661)	-
Musharika	8.2	(320,579)	-
Advance against purchase of property	6.2	-	(57,331,000)
		(360,240)	(57,331,000)
		38,181,803	(16,549,165)

32.1 This amount includes Rs. 29.673 million against Pak Hy Oils Limited as a result of settlement agreement between Pak Hy Oils Limited and the Modaraba.

In February 2008, the Modaraba had given musharaka finance facility of Rs. 175 million to Pak Hy Oils Limited (PHOL) for business purposes at an expected profit rate of 6 months KIBOR + 6%. In June 2011, PHOL has defaulted in its obligation towards Modaraba and failed to pay both principal and profit installment since then.

In prior year, a suit has been filed by the Modaraba before the High Court of Sindh for the recovery of outstanding dues from PHOL. During the period, both parties agreed to settle the balance through settlement agreement dated July 30, 2016 for a settlement amount of Rs. 132.639 million which states that this settlement agreement shall be filed in the Sindh High Court in the matter of Suit No. B-37 of 2012. The said suit shall be disposed by way of consent in terms of this agreement with the clear understanding that if PHOL commits default of any of the terms of this agreement, the entire outstanding amount will immediately become due.

The settlement amount represents principal amount outstanding in the books of Modaraba. The Modaraba had suspended markup receivable on the facility amounting to Rs. 58.363 million. The Board of Directors of the Modaraba in their meeting held on September 30, 2016 resolved to approve the settlement agreement without pursuing recovery of the outstanding suspended mark-up.

PHOL has made down payment of Rs. 10.000 million and the balance settlement amount shall be paid in accordance with the repayment schedule of the agreement. During the prior year, Modaraba has received amount of Rs. 187.622 million through cash receipt of Rs. 33.728 million as per agreement and Rs. 153.894 million through sale of collateral shares of Balochistan Glass Limited. Out of the amount received in excess of repayment schedule, Rs. 54.983 million has been disbursed back to PHOL and the balance amount has been carried as rentals in advance amounting to Rs. 79.130 million as at June 30, 2017. During the year, Modaraba has adjusted Rs.29.673 million from rentals received in



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advance against the musharaka facility as per the repayment schedule and the balance of rentals received in advance as at June 30, 2018 amounts to Rs. 49.489 million. As per prudential regulation, 100% provision against outstanding principal of Rs. 49.603 million as at June 30, 2018 is recorded as now it falls under loss category.

		2018 Rupees	2017 Rupees
33	OTHER INCOME		
	Gain on disposal of property and equipment - owned	744,839	61,881
	Income from poultry operation	-	40,000
	Gain on rescheduling of murabaha and finance under mark-up facility	-	145,650,227
	Miscellaneous and other termination charges	414,301	366,091
	Gain on disposal of ijarah assets	-	2,312,708
	Miscellaneous	10,494,151	-
		11,653,291	148,430,907
34	ADMINISTRATIVE EXPENSES		
	Salaries, allowances and other benefits	70,030,366	63,912,796
	Travelling and conveyance	129,461	27,007
	Entertainment	1,293,363	1,183,937
	Electricity, water and gas	2,304,516	515,306
	Telephone and fax	519,950	528,050
	Postage and courier	425,192	340,805
	Stationery and printing	1,587,566	1,061,391
	Computer expenses	523,091	556,256
	Fees and subscriptions	5,218,355	8,903,626
	Takaful	3,924,065	3,366,490
	Repairs and maintenance	1,361,506	11,616,535
	Rent, rates and taxes	2,639,390	5,397,642
	Security expenses	992,216	1,352,773
	Brokerage and commission	744,966	3,957,901
	Legal and professional charges	2,809,628	4,643,951
	Auditor's remuneration	1,374,474	1,173,800
	Depreciation on owned assets	10,183,406	9,598,172
	Depreciation on investment properties	32,300,174	34,951,030
	Others	1,089,862	2,511,707
		139,451,547	155,599,175
34.1	Auditor's remuneration		
	Audit fee	778,000	715,000
	Limited review, special reports, certification	385,050	351,300
	Out of pocket expenses	211,424	107,500
		1,374,474	1,173,800
34.2	During the year, the Modaraba contributed Rs. 2.940 million (2017: Rs. 2.482 million) to the provident fund.		
34.3	Disclosures relating to Provident Fund		
	Size of the fund	139,095,148	124,684,909
	Fair value of investments	125,996,323	100,449,246



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		2018 Rupees	2017 Rupees
	Note		
Break-up of investments			
Government securities		25,000,000	25,000,000
Term Finance Certificates		13,688,232	11,837,056
Investment in sukuk		18,612,679	18,265,243
Listed securities		20,908,766	12,790,568
Unlisted securities		741,000	750,000
Mutual Funds		47,045,646	31,806,379
Break-up of investments		% age of size of the fund	
Government securities		19.84%	24.89%
Term Finance Certificates		10.86%	11.78%
Investment in sukuk		14.77%	18.18%
Listed securities		16.59%	12.73%
Unlisted securities		0.59%	0.75%
Mutual Funds		37.34%	31.67%

34.4 The figures for 2018 are based on the unaudited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2018 and the rules formulated for this purpose.

35 FINANCIAL CHARGES

Profit on:

Finance under musharaka arrangement	1,688,961	-
Finance under murabaha arrangement	-	5,270,734
Diminishing musharaka based TFCs	8,982,631	16,078,197
Finance under mark-up arrangement	1,159,041	3,419,586
Bank charges and commission	9,525	11,805
	11,840,158	24,780,322

36 IMPAIRMENT / (REVERSAL OF IMPAIRMENT) - NET

(Reversal of)/ Impairment loss during the year
Investment property

6.1

(6,804,631)	47,709,871
(6,804,631)	47,709,871

37 MODARABA MANAGEMENT COMPANY'S FEE

In accordance with the Modaraba Companies and Modaraba Rules, 1981 management fee at the rate of 10% of annual profits is payable to the Management Company amounting to Rs. 7.469 million (2017: Rs. 19.519 million). Furthermore, during the current year an amount of Rs. 0.971 million (2017: Rs. 2.537 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

38 SINDH WORKER'S WELFARE FUND

The Finance Act, 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. As a result of these amendments, Workers' Welfare Fund (WWF) is payable at the rate of 2% of the profit before taxation as per the financial statements or taxable income as per the return of income, whichever is higher. The Sindh Assembly, on June 04, 2015, passed The Sindh Workers Welfare Fund Act, 2014 (the SWWF Act). As per Section 5(1) of the WWF Act, contributions are payable with effect from the date of closing of account on or after December 31, 2013, that corresponds to Modaraba's accounting year ended on June 30, 2014. During the year, the management has made a provision of Rs. 1.325 million (2017: 3.463 million) in respect of this liability. Moreover, liability in respect of WWF under the repealed WWF Ordinance and the SWWF Act up to June 30, 2018 has been recorded and disclosed in the financial statement amounting to Rs. 7.738 million.



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39 TAXATION

39.1 The income of non-trading modarabas is exempt from tax under clause 100 of the second schedule of the Income Tax Ordinance 2001, provided not less than 90% of its profits after appropriation to statutory reserves as required under Modaraba Regulations is distributed to the certificate holders. The Modaraba has decided to continue availing the tax exemption and hence no provision has been made in these financial statements for tax liabilities for the current year.

39.2 Return of income for the Tax Year 2017 has duly been filed and assessment upto Tax Year 2017 is deemed to be finalised in terms of section 120 of the Income Tax Ordinance, 2001. The Additional Commissioner Inland Revenue has amended the assessment under section 122(5)(A) of the Income Tax Ordinance, 2001 for the Tax Year 2005 by creating demand of Rs. 954,036. The Modaraba has filed appeal before the Commissioner Inland Revenue (Appeals-I) and decision of the Commissioner Inland revenue (Appeals-I) was made in favor of the Modaraba. Further, the Department has filed appeal before the Appellate Tribunal, Inland revenue and the hearing of appeal is still pending.

Moreover, the Assistant Commissioner of Inland revenue has amended the assessment under section 122(5) of the Income Tax Ordinance, 2011 for the Tax Year 2014 by creating demand of Rs. 472,103. The Modaraba had filed appeal before the Commissioner Inland Revenue (Appeals-I) and the decision has been made in favour of Modaraba. Further, the Department has filed appeal before the Appellate Tribunal, Inland revenue and the hearing of appeal is still pending. There has been no further correspondence regarding the order.

39.3 Assessment for the Tax Year 2012 was selected for audit by Deputy Commissioner (IR), Audit Unit-IV, under section 122(5)(A). The Deputy Commissioner (IR) vide order dated June 30, 2018 has amended the assessment for the Tax Year 2012 thereby creating a demand of Rs. 5,908,802. The Modaraba has filed an appeal before the Commissioner Appeals against the said demand which is pending adjudication.

	2018 Rupees	2017 Rupees
40 EARNINGS PER CERTIFICATE - BASIC AND DILUTED		
The earnings per certificate as required under IAS 33 "Earnings per share" is given below:		
Profit for the year	64,924,152	169,674,122
Weighted average number of certificates outstanding	86,362,263	78,046,255
Earnings per certificate - Basic and diluted (Rupees)	0.75	2.17

40.1 There were no convertible dilutive potential ordinary certificates outstanding as on June 30, 2018 and 2017 which have dilutive effect on earnings per certificate.

41 REMUNERATION OF OFFICERS AND EXECUTIVES

Remuneration	18,867,350	26,118,000
Medical expenses	402,000	803,146
Retirement benefits	1,006,801	1,597,818
	20,276,151	28,518,964
Number of officers / executives at the end of the year	7	17

The officers and executives are also provided with the free use of vehicles owned and maintained by the Modaraba.



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42 FUTURE MINIMUM LEASE RENTALS RECEIVABLES

Future minimum lease rentals receivable on the basis of lease agreements executed up to June 30, 2018 are as follows:

	2018 Rupees	2017 Rupees
Receivable - not later than one year	38,455,091	16,055,094
Receivable - later than one year and not later than five year	14,454,027	12,989,272
	<u>52,909,118</u>	<u>29,044,366</u>

43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Modaraba's objective in managing risk is the creation and protection of certificate holders' value. Risk is inherent in the Modaraba's activities, but it is managed through monitoring and controlling activities which are primarily setup to be performed, based on limits established by the Management Company, Modaraba's constitutive documents and the regulations and directives of the SECP. The Modaraba's activities expose it to a variety of financial risks: market risk (including profit rate risk, equity price risk and fair value risk), credit risk and liquidity risk. The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Modaraba's risk management framework.

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

The Modaraba primarily invests in ijarah assets, musharaka, diversified portfolio of listed securities, sukuk certificates and term finance certificates. Such investments are subject to varying degrees of risk, which emanate from various factors that include but are not limited to market risk, credit risk and liquidity risk.

43.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and equity prices.

43.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. As of June 30, 2018 the Modaraba's exposure to the risk of changes in market interest rates relates primarily to bank balances in PLS saving accounts, musharaka and murabaha agreements and debt securities. The bank balances in PLS saving accounts are subject to profit rates as declared by the respective banks on periodic basis while, the musharaka and murabaha agreements and debt securities are subject to floating profit rates. As at June 30, 2018 approximately 15.27% (2017: 15.61%) of the Modaraba's financial assets are subject to floating profit rates. Management of the Modaraba estimates that an increase of 100 basis points in the market profit rate, with all other factors remaining constant, would increase the Modaraba's income by Rs. 1.233 million (2017: Rs. 1.245 million) and a decrease of 100 basis points would result in a decrease in the Modaraba's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

43.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Modaraba does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

43.4 Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, its business sector, industry and / or the economy in general.



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At the balance sheet date, the exposure to listed equity securities is Rs. 576.280 million (2017: Rs. 523.997 million). Management of the Modaraba estimates that 5% increase or decrease in the overall equity prices in the market with all other factors remaining constant would result in increase or decrease of Modaraba's net assets by Rs. 28.003 million (2017: Rs. 26.199 million). However, in practice, the actual results may differ from the sensitivity analysis.

43.5 Segment by class of business for investment in equity securities

	2018		2017	
	Rupees	%	Rupees	%
Automobile assembler	11,610,149	2.22%	10,315,672	1.97%
Automobile parts and accessories	9,734,005	1.86%	9,679,821	1.85%
Cable and electrical goods	535,446	0.10%	-	0.00%
Cement	35,035,193	6.69%	9,222,410	1.76%
Chemical	24,577,688	4.69%	48,149,934	9.19%
Commercial banks	3,478	0.00%	-	0.00%
Engineering	36,376,140	6.94%	46,187,654	8.81%
Fertilizer	941,580	0.18%	3,259,100	0.62%
Financial services	14,976,195	2.86%	30,480,170	5.82%
Food and personal care products	5,387,488	1.03%	5,496,927	1.05%
Glass and ceramics	3,003,816	0.57%	2,260,560	0.43%
Leather and tanneries	13,862,747	2.65%	15,941,240	3.04%
Modarabas	221,760	0.04%	-	0.00%
Oil and gas exploration companies	27,705,920	5.29%	25,570,037	4.88%
Oil and gas marketing companies	13,949,498	2.66%	14,910,234	2.85%
Open-End Mutual Funds	25,980,122	4.96%	-	0.00%
Paper and board	2,861,171	0.55%	5,184,491	0.99%
Pharmaceuticals	102,403,012	19.54%	100,099,886	19.10%
Power generation and distribution	5,582,933	1.07%	5,535,620	1.06%
Real Estate Investment Trust	5,250,300	1.00%	-	0.00%
Refinery	19,563,331	3.73%	28,373,030	5.41%
Synthetic and Rayon	116,270	0.02%	-	0.00%
Technology and communication	213,869,424	40.81%	160,159,680	30.56%
Textile composite	863,983	0.16%	488,750	0.09%
Transport	922,840	0.18%	1,415,180	0.27%
Woolen	945,250	0.18%	1,267,250	0.24%
	576,279,739	100%	523,997,646	100%

43.6 Liquidity risk

Liquidity risk is defined as the risk that the Modaraba will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Modaraba could be required to pay its liabilities earlier than expected. 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 stressful conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation.

The table below summarizes the maturity profile of the Modaraba's financial liabilities based on contractual undiscounted payments.



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2018	Profit rate	Six months or less	Six to Twelve months	One to five years	Over five years	Total contractual cash flows
Rupees						
Long term loan	-	13,768,000	13,768,000	128,616,684	-	156,152,684
Musharaka, murabaha and finance under mark-up arrangements	-	46,888,223	46,888,223	28,225,802	-	122,002,248
Diminishing musharaka based TFCs	1 month KIBOR + 1%	36,224,922	36,224,922	-	-	72,449,843
Creditors, accrued and other liabilities	-	-	217,445,463	-	-	217,445,463
Accrued profit on borrowing	-	407,573	-	-	-	407,573
Profit distribution payable	-	27,836,210	-	-	-	27,836,210
Total	-	125,124,928	314,326,608	156,842,486	-	596,294,021

2017	Profit rate	Six months or less	Six to Twelve months	One to five years	Over five years	Total contractual cash flows
Rupees						
Long term loan	-	13,768,000	13,768,000	110,156,684	-	137,692,684
Musharaka, murabaha and finance under mark-up arrangements	-	110,000,000	-	-	-	110,000,000
Diminishing musharaka based TFCs	1 month KIBOR + 1%	44,103,896	44,103,896	72,449,839	-	160,657,631
Creditors, accrued and other liabilities	-	-	218,335,655	-	-	218,335,655
Accrued profit on borrowing	-	58,645,425	-	-	-	58,645,425
Profit distribution payable	-	25,057,489	-	-	-	25,057,489
Total	-	251,574,810	276,207,551	182,606,523	-	710,388,884

43.7 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Modaraba by failing to discharge its obligation. The Modaraba's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Modaraba's maximum exposure to credit risk. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements at reporting date:

	2018 Rupees	2017 Rupees
Musharaka finance	48,567,794	19,798,906
Short-term investments	705,241,075	639,485,814
Lease rentals receivables	955,181	2,799,981
Loans, advances and other receivables	28,305,783	44,060,703
Accrued profit	515,836	201,089
Bank balances	20,035,268	88,902,038
	803,620,937	795,248,531

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Modaraba's total credit exposure. The Modaraba's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The table below analyses the Modaraba's concentration of credit risk by industrial distribution:



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43.7.1 Segment by class of business for property, plant and equipment - leased/ijarah

	2018		2017	
	Rupees	%	Rupees	%
Oil and gas	1,109,640	1.39%	1,109,640	2.19%
Transport	4,986,087	6.25%	4,986,087	9.83%
Food and confectioneries	600,000	0.75%	852,748	1.68%
Engineering and metals	78,500	0.10%	78,500	0.15%
Power generation	-	0.00%	-	0.00%
Insurance	-	0.00%	304,920	0.60%
Miscellaneous	73,014,004	91.51%	43,399,980	85.55%
	79,788,231	100%	50,731,875	100%

43.7.2 Segment by class of business for musharaka finances

	2018		2017	
	Rupees	%	Rupees	%
Textile industry	12,842,553	6.30%	14,073,686	6.64%
Oil and lubricants	51,937,330	25.47%	81,327,485	38.36%
Chemical and pharmaceutical	32,341,761	15.86%	31,000,000	14.62%
Engineering	27,057,459	13.27%	33,763,945	15.93%
Auto and transportation	1,973,080	0.97%	2,419,500	1.14%
Hotelling industry	9,471,425	4.64%	9,471,425	4.47%
Miscellaneous	68,295,976	33.49%	39,939,796	18.84%
	203,919,584	100%	211,995,837	100%

43.7.3 Segment by class of business for investment in debt securities - TFC's / Sukuk

	2018		2017	
	Rupees	%	Rupees	%
Electricity	35,491,785	64.10%	20,696,740	76.32%
Miscellaneous	19,878,966	35.90%	6,420,611	23.68%
	55,370,751	100%	27,117,351	100%

43.8 Financial instruments by category

	2018 Rupees	2017 Rupees
Financial assets		
Loans and receivables at amortised cost		
Long-term deposits	5,637,310	5,737,310
Musharaka finance	48,567,794	19,798,906
Ijarah / lease rental receivable	955,181	2,799,981
Loans and advances	22,451,665	38,293,725
Accrued profit	515,836	201,089
Other receivables	3,541,507	2,538,285
Cash and bank balances	20,221,135	89,093,317
Available-for-sale		
Short-term investments	491,629,018	400,700,753
Held-for-trading		
Short-term investments	213,612,057	237,296,245
Derivative financial instruments	-	1,488,816
	807,131,503	797,948,427



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	2018 Rupees	2017 Rupees
Financial liabilities		
Financial liabilities at amortised cost		
Long term loan	156,152,684	137,692,684
Diminishing musharaka based Term Finance Certificates	72,449,843	160,657,631
Murabaha, musharaka and finance under mark-up arrangements	122,002,248	110,000,000
Creditors, accrued and other liabilities	217,445,463	218,335,655
Accrued profit on borrowings	407,573	58,645,425
Profit distribution payable	27,836,210	25,057,489
	596,294,021	710,388,884

44 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value as the items are short term in nature.

The carrying values of all financial assets and liabilities reflected in the financial statements are approximate to their fair values except for held to maturity investments. Fair value is determined on the basis of the objective evidence at each required date. The following table compares the carrying amounts and fair values of the Modaraba's financial assets and financial liabilities as at June 30, 2018.

	As at June 30, 2018		As at June 30, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and receivables at amortised cost				
Long-term deposits	5,637,310	5,637,310	5,737,310	5,737,310
Musharaka finance	48,567,794	48,567,794	19,798,906	19,798,906
Ijarah / lease rental receivable	955,181	955,181	2,799,981	2,799,981
Loans and advances	22,668,473	22,668,473	38,323,393	38,323,393
Accrued profit	515,836	515,836	201,089	201,089
Other receivables	3,541,507	3,541,507	2,538,285	2,538,285
Cash and bank balances	20,221,135	20,221,135	89,093,317	89,093,317
Available-for-sale				
Short-term investments	340,182,019	362,667,682	277,703,117	300,188,780
Held-for-trading				
Short-term investments	205,246,768	213,612,057	228,930,956	237,296,245
Derivative financial instruments	-	-	1,488,816	1,488,816
Financial liabilities				
Financial liabilities at amortised cost				
Diminishing musharaka based Term Finance Certificates	72,449,843	72,449,843	160,657,631	160,657,631
Murabaha, musharaka and finance under mark-up arrangements	122,002,248	122,002,248	110,000,000	110,000,000
Creditors, accrued and other liabilities	217,445,463	217,445,463	218,335,655	218,335,655
Accrued profit on borrowings	407,573	407,573	58,645,425	58,645,425
Profit distribution payable	27,836,210	27,836,210	25,057,489	25,057,489



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44.1 Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2018, the Modaraba held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
Investments at fair value through profit or loss - held-for-trading				
Listed ordinary shares	213,612,057	-	-	213,612,057
Derivative financial instruments	-	-	-	-
Available-for-sale investments				
Listed ordinary shares - net	362,667,682	-	-	362,667,682
Unlisted ordinary shares	-	-	89,812,733	89,812,733
Debt securities	-	55,370,751	-	55,370,751
	<u>576,279,739</u>	<u>55,370,751</u>	<u>89,812,733</u>	<u>721,463,223</u>

As at June 30, 2017, the Modaraba held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
Investments at fair value through profit or loss - held-for-trading				
Listed ordinary shares	237,296,245	-	-	237,296,245
Derivative financial instruments	1,488,816	-	-	1,488,816
Available-for-sale investments				
Listed ordinary shares - net	300,188,780	-	-	300,188,780
Unlisted ordinary shares	-	-	88,370,817	88,370,817
Debt securities	-	27,117,351	-	27,117,351
	<u>538,973,841</u>	<u>27,117,351</u>	<u>88,370,817</u>	<u>654,462,009</u>

Valuation techniques

For Level 2 debt securities available for sale investments the Modaraba values the investments using rates prescribed by MUFAP. For Level 3 available-for-sale investments the Modaraba values the investment at breakup value or embedded value of investee which approximates the fair value of the investment.

Transfers during the year

During the year, there were no transfers into or out of Level 3 fair value measurements.

The following table presents the movement in level 3 instruments.



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	2018 Rupees	2017 Rupees
Opening balance	88,370,817	152,525,167
Redemption / sales during the year	-	(69,137,617)
Unrealized gain / (loss) during the year	1,441,917	4,983,267
Impairment during the year	-	-
Closing balance	<u>89,812,734</u>	<u>88,370,817</u>

45 CAPITAL RISK MANAGEMENT

The Modaraba's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for certificate-holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of profit distributed to certificate-holders, issue new certificates or sell assets to reduce debt.

The Modaraba's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Modaraba monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total Diminishing Musharaka Term Finance Certificates and borrowings less cash and bank balances.

The gearing ratio of the Modaraba at year end is as follows:

Debts	350,604,775	408,350,315
Cash and bank balances	(20,221,135)	(89,093,317)
Net debt	<u>330,383,640</u>	<u>319,256,998</u>
Equity	<u>1,391,898,797</u>	<u>1,264,443,610</u>
Net debt to equity ratio	<u>0.24</u>	<u>0.25</u>

46 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include a subsidiary company, associated companies with or without common directors, retirement benefit funds, directors, and key management personnel.

The Modaraba has related party relationship with its Management Company, Associated Undertakings, Employee Benefit Plans, and its Key Management Personnel.

A number of transactions are entered into with related parties in the normal course of business. These include financings, investments, borrowings, sharing of common expenses and rental income.

The detail of transactions with related parties and balances with them, apart from compensation to executives as disclosed in note 41, is given below:



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Relationship with the Modaraba	Nature of transactions / Balances	2018 Rupees	2017 Rupees
Management Company			
BRR Investment (Private) Limited	Management fee accrued	7,468,899	19,519,375
BRR Investment (Private) Limited	Management fee paid	19,921,896	5,380,520
BRR Investment (Private) Limited	Rent received	300,000	300,000
BRR Investment (Private) Limited	Advance received	55,200,000	-
BRR Investment (Private) Limited	Advance paid	55,200,000	-
Subsidiary Company			
BRR Financial Services (Private) Limited	Preliminary expenses paid	-	13,700
BRR Financial Services (Private) Limited	Reimbursement of preliminary expenses - received	545,670	-
BRR Financial Services (Private) Limited	Subscription against share capital	-	55,000,000
BRR Financial Services (Private) Limited	Loan received	66,500,000	-
BRR Financial Services (Private) Limited	Loan repaid	20,500,000	-
BRR Financial Services (Private) Limited	Profit repaid	1,159,041	-
Dawood Family Takaful Limited	Sale of Dubai Islamic Bank units	6,000,000	-
Dawood Family Takaful Limited	Rental received against ijarah / property	4,601,043	4,548,310
Dawood Family Takaful Limited	Group life insurance paid	136,374	286,918
Dawood Family Takaful Limited	Principal paid against investment in Sukuk	18,779,220	11,737,015
Dawood Family Takaful Limited	Profit paid against investment in Sukuk	2,002,767	4,197,868
First Dawood Investment Bank Limited	Rent received against property	818,400	818,400
First Dawood Investment Bank Limited	Share of common expenses received - net	175,170	171,040
First Dawood Investment Bank Limited	Principal paid against investment in Sukuk	10,696,368	17,457,854
First Dawood Investment Bank Limited	Profit paid against investment in Sukuk	1,140,746	10,281,928
First Dawood Investment Bank Limited	Consideration received against BBL share	-	9,080,000
First Dawood Employees Provident Fund	Transfer to provident fund	2,940,151	2,482,333
First Dawood Employees Provident Fund	Principal paid against investment in Sukuk	8,784,156	6,229,571
First Dawood Employees Provident Fund	Profit paid against investment in Sukuk	936,814	2,640,314
Hamida Dawood	Principal paid against investment in Sukuk	2,883,120	1,801,950



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Relationship with the Modaraba	Nature of transactions / Balances	2018 Rupees	2017 Rupees
Hamida Dawood	Profit paid against investment in Sukuk	307,478	644,484
Dawood Global Foundation Systems Limited	Charity paid	98,451	86,280
Dawood Islamic Fund	Dividend received	3,634,876	3,886,047
Hydrochina Dawood Power (Private) Limited	Dividend received	-	1,187,888
	Rent received	66,550	-

46.1 Year end balances

Management Company

BRR Investment (Private) Limited	Management fee payable	7,468,899	19,519,375
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Subsidiary Company

BRR Financial Services (Private) Limited	Receivable against preliminary expenses	-	545,670
BRR Financial Services (Private) Limited	Loan payable	46,000,000	-
First Dawood Investment Bank Limited	Principal payable against investment in Sukuk	8,785,497	19,481,865
First Dawood Investment Bank Limited	Profit payable against investment in Sukuk	49,363	100,846
First Dawood Employees Provident Fund	Principal payable against investment in Sukuk	7,214,902	15,999,058
First Dawood Employees Provident Fund	Profit payable against investment in Sukuk	40,594	82,875
Dawood Family Takaful Limited	Principal payable against investment in Sukuk	15,424,391	34,203,611
Dawood Family Takaful Limited	Profit payable against investment in Sukuk	86,788	177,175
Hamida Dawood	Principal payable against investment in Sukuk	2,368,055	5,251,175
Hamida Dawood	Profit payable against investment in Sukuk	13,325	27,202
Hydrochina Dawood Power (Private) Limited	Advance rental	13,915	24,200

46.2 Group shared services

The Company has entered into arrangements with associated undertakings to share various administrative, human resource and related costs on agreed terms.

47 SEGMENT REPORTING

As per IFRS 8, operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer of the Management Company has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Operating Officer is responsible for the Modaraba's entire product portfolio and considers the business to have single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.



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The internal reporting provided to the Chief Executive Officer for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investments in entities incorporated in Pakistan.

48 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on October 31, 2018 have approved profit distribution at the rate of 3.4% i.e. Re. 0.34 (2017: at the rate of 1% i.e. Rs. 1 per certificate) for the year ended June 30, 2018. These financial statements do not reflect this distribution.

49 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **October 31, 2018** by the Board of Directors of B.R.R. Investment (Private) Limited.

50 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. However, no significant reclassification has been made during the year.

51 NUMBER OF EMPLOYEES

The number of employees as at year end was 59 (2017: 78) and average number of employees during the year was 69 (2017: 74).

52 GENERAL

Amounts have been presented and rounded off to the nearest Rupees.

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer

Consolidated Financial Statements
For The Year Ended
June 30, 2018



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DIRECTORS' REPORT

On behalf of the Board of Directors of B.R.R. Investment (Private) Limited ('BRRRI' or 'the company'), manager of B.R.R. Guardian Modaraba ('BRRGM' or 'the Modaraba'), it gives us great pleasure to present to you the Annual Report and Audited Financial Statements for the year ended June 30, 2018.

MODARABA'S PERFORMANCE:

Summary of the comparative financial performance is given below:

	June 2018	June 2017
Rupees.....	
Profit Before Management Fee & WWF	74,942,958	194,602,869
Management Fee	7,468,899	19,519,375
Sales Tax on Management Fee	970,957	2,537,519
Provision for Workers' Welfare Fund	1,324,983	3,462,737
Profit After Management Fee & WWF	65,178,119	169,083,238
Earning per certificate	0.75	2.17
Certificate Holder's Equity	1,391,561,880	1,263,852,726

Dividend:

The Board is pleased to announce Re. 0.34 per certificate cash dividend for the year ended June 30, 2018 versus Rs.1 per certificate last year.

The Certificate Holders' Equity of the Modaraba stands at Rs. 1,391.562 million as compared with Rs. 1,263.853 million during last year with an increase of 10.11%. The breakup value share comes to Rs 16.11 per certificate.

Pursuant to approval from S.E.C.P, the Modaraba incorporated a wholly owned subsidiary, B.R.R. Financial Services (Private) Limited during November 2015, which has not yet commenced operations. The principal business activity of the subsidiary is to render brokerage service in capital and money market and to render other consultancy services.

Authorized Fund:

On September 4, 2018 the High Court of Sindh sanctioned the scheme of arrangement for merger by way of amalgamation of CSM with and into BRRGM with effect from July 1, 2017.

On the scheme becoming effective, the authorized modaraba capital of CSM of Rs. 250,000,000 merged with the authorized capital of BRRGM; consequently the merged authorized capital stands increased to Rs. 1,400,000,000 divided into 140,000,000 modaraba certificates of Rs.10 each. Further, the paid-up certificate capital of CSM of Rs. 200,000,000 merged with the paid-up certificate capital of BRGM, consequently the Issued, subscribed and paid-up certificate capital of BRRGM stands increased to Rs. 863,622,630 divided into 86,362,263 modaraba certificates of Rs. 10 each at a swap ratio of 1.00 : 2.405 (BRRGM : CSM)

NATURE OF BUSINESS AND MARKET DYNAMICS:

B.R.R. Guardian Modaraba (BRRGM) is pioneer in the field of Modaraba in Pakistan, it was founded in 1983. Being the the oldest perpetual Modaraba.

Our pride B.R.R. TOWER, is a 19-storey state of the art building reflects the Islamic architecture through its three arches and is a manifest addition in the financial district of Karachi, i.e. at I. I. Chundrigar Road. It is first-of-its-kind because of 'Energy Efficient' and 'Partially Green Building'. There are 2 wind turbines with 7.5 KW capacity each installed on the top of Tower along with Solar PV Panels for 3 KWS.

The TOWER is now fully occupied by blue chip companies. Moreover, the tower also caters the need of its occupants and has recently inaugurated a Café on the ground floor of the building.

B.R.R. Guardian Modaraba has also built a state of the art B.R.R. Security Vault which commenced business during July 1989. This custom built fort-like building on Shahrah-e-Quaideen, offers a unique blend of high security with a pleasant and friendly atmosphere within and around the building.

ECONOMIC REVIEW

Economic growth in Pakistan has historically remained volatile, lacking a steady growth path and adding to the economic uncertainty about the country's economic conditions.

Gross Public Debt Ratio worsened 67.2 percent to GDP from 59.3 percent to GDP last year. As Budget deficit soars to record-high therefore interest rates are expected to increase when we re-enter into new IMF program.

STRATEGY FOR BUSINESS SUSTAINABILITY

As our business strategy, we shall remain focused on following areas in FY 2018 -2019:

- Add new good customer within the portfolio.
- Renting of properties to highly rated customers.
- Enhance size of investment in sound, stable and dividend paying Shariah compliant listed securities along with Sukuk and Musharaka based TFCs.
- Refresh tool of risk management processes particularly credit risk management in line with latest techniques.
- Further strengthen Shariah governance and compliance culture.
- Further develop operation capacity of human resource through proper training.

Total Assets Of Modaraba Sector	
Financial Year	Rupees in Million
2013	31,434
2014	30,212
2015	30,736
2016	36,806
2017	44,016



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The market share of BRRGM as per the MAP Year Book 2017 of NBFI & Modaraba Association of Pakistan for the financial year ended June 30th, 2017 is presented below:

	Rupees in million		% of BRRGM's share to all modarabas
	Combine position of 25 modarabas	BRRGM's share	
Total Equity	21,835	1,264	5.79%
Total Assets	44,016	2,054	4.67%
Net Profit	1,577	170	10.78%

RESOURCES, OPPORTUNITIES, BUSINESS RISKS AND MITIGANTS:

Your Modaraba is a pioneer of Islamic financial Institutions in Pakistan and operating for last more than three decades in the country. Modarabas are the trend setters of Islamic modes of financing and creates a distinctive value proposition that meets the needs of its customers and ensure Shariah compliant business and Halal income practices.

COMPLIANCE WITH THE BEST PRACTICE OF THE CODE OF CORPORATE GOVERNANCE:

Your Management Company has implemented provisions of the code of corporate governance relevant for the year ended June 30, 2018. The external auditors review report on the statement of compliance with the code of corporate governance is annexed with this report.

As per directives of SECP/Pakistan Stock Exchange, the Directors hereby confirm the following code of good governance and ethical business practices required by relevant clause(s) of the Code:

- The financial statements prepared by management present fairly Modaraba's state of affairs, the result of its operations, cash flows and changes in equity.
- Your Modaraba has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements on reasonable and prudent judgment.
- Relevant International Accounting Standards and Islamic Financial Accounting Standards, as applicable in Pakistan, provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies & Modaraba Rules, 1981 and directives of the Securities and Exchanges Commission of Pakistan have been followed in the preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts over the ability to continue as going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no statutory payments on account of taxes, duties, levies and charges outstanding, except as disclosed in the financial statements.
- There has been no departure from the best practices of transfer pricing.



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TRADING / DEALING IN CERTIFICATE OF MODARABA:

During the fiscal year, no trade in the certificate of the Modaraba was carried out by the Directors, CFO, Company Secretary, and their spouses of minor children except the CEO has purchased 930,000 BRRGM's Certificates and 497,000 Certificates of Crescent Standard Modaraba (CSM).

On September 4, 2018 the High Court of Sindh sanctioned the scheme of arrangement for merger by way of amalgamation of CSM with and into BRRGM with effect from July 1, 2017 at a swap ratio of 1.00 : 2.405 (BRRGM : CSM). Furthermore, Pakistan Stock Exchange Limited through its Notice no. PSX/N-5315 dated September 18, 2018 notified the suspension of trading in the certificates of CSM with effect from October 8, 2018 for entitlement of certificates of B.R.R. Guardian Modaraba.

CODE OF CONDUCT:

The Board of Directors of the Management Company has adopted the required 'Code of Conduct' to which the management company & Modaraba is committed voluntarily maintaining the highest standards of conduct and ethical behavior is a moral right and legal requirement that requires the personal commitment.

The Code of Conduct indicates good business conduct that generally promotes the qualities of honesty, fairness, consideration and enlightened professionalism.

STAFF RETIREMENT BENEFITS:

BRR Guardian Modaraba operates a Provident Fund scheme for all permanent employees. The value of investments as at June 30, 2018 is Rs 125.996 million (2017: Rs. 103.777 million).

POST BALANCE SHEET EVENTS:

No circumstances have arisen since the Balance Sheet date, which require adjustment to disclosure in the Financial Statements.

TRANSACTION WITH CONNECTED PERSONS / RELATED PARTIES:

All transactions between BRR Guardian Modaraba (BRRGM) and connected person/related parties are carried at an arm's length basis except for those transactions whose justification has been recorded.

AUDITORS:

We would also like to appraise the certificate-holders that on recommendation of Audit Committee Horwath Hussain Chaudhury & Co. have been appointed as auditors for the year ended 2018-19 subject to approval of Registrar Modaraba Companies and Modarabas, in place of retiring auditor BDO Ebrahim & Company who have completed 5 years.

KEY OPERATING AND FINANCIAL DATA:

The Key Operating and Financial data of last six years has been presented with analysis summarized on the last page.

RISK MANAGEMENT FRAMEWORK:

Risk taking is an integral part of any business and is rooted in the philosophy of risk versus reward, (the higher the risk the greater the reward). Our fundamental objective is to maximize certificate's value, but this must be carried out in a clearly articulated risk tolerance framework.



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Board of Directors Meetings

The status of Board of Directors Meetings is as follows:

Sr. No	Name	Designation	Attendance
1	Mr. Rafique Dawood	Chairman	4 out of 4
2	Mr. Ayaz Dawood	CEO	4 out of 4
3	Mr. Waqas Anwer Qureshi	Director	4 out of 4
4	Syed Ali Raza	Director	1 out of 4

Audit Committee Meetings

The status of Board Audit Committee Meetings is as follows

Sr. No	Name	Designation	Attendance
1	Mr. Waqas Anwer Qureshi	Chairman	4 out of 4
2	Mr. Rafique Dawood	Member	4 out of 4
3	Syed Ali Raza	Member	1 out of 4

AUDITORS' OBSERVATIONS:

The auditors have expressed their unmodified opinion on the consolidated financial statement except for certain emphasis of matter paragraphs with explanations below:

- I. Refer to note 6.1.1 to the consolidated financial statement which states that the Modaraba had swapped certain assets with an office premises valuing Rs. 70 million from an associated undertaking, the title of which has not been transferred in the name of Modaraba as a commercial bank has obtained a stay order against the same. However, the original title documents and possession of the property rest with Modaraba.
- II. Refer to note 23.1 to the consolidated financial statements which provides details relating to settlement agreement entered into with a commercial bank.
- III. Refer to note 31.1 to the consolidated financial statements which provides details in respect of Musharaka Settlement during the period.
- IV. Refer to note 1.3 to the consolidated financial statements which provide details regarding scheme of arrangement for merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and into B.R.R. Guardian Modaraba (BRRGM). As a consequence of the scheme of amalgamation, BRRGM shall be taking over the business, functions, contracts, policies, proceedings, undertakings, assets, liabilities. of CSM at a specific date subject to approval of Registrar of Modaraba and such changes, modifications as may be required or advised by legal counsel and/ or accounting consultants and/ or by the High court. Subsequent to year end, the High Court of Sindh sanctioned the scheme of arrangement for merger by way of amalgamation of CSM with and into BRRGM with effect from July 1, 2017, where by the entire undertaking and business inclusive of all assets, properties, rights, liabilities and dues of CSM will be transferred to and assumed by BRRGM. BRRGM will continue as a going concern and CSM upon amalgamation will cease to exist. The financial statements of CSM has been merged with and into BRRGM on the basis of accounting detailed in notes 1.3 to the consolidated financial statements.
- V. Refer to Notes 9.7 and 15.3 to the consolidated financial statements which provide details in respect of transfer of securities and bank accounts, respectively, from CSM to BRRGM.



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INTERNAL CONTROL AND AUDIT FUNCTION:

The Board is responsible for effective implementation of a sound internal control system including compliance with control procedures. At BRRGM, Audit Committee has in-house Internal Audit Function, for wider functions and role identified as below:

1. Review compliance with responsibility for monitoring compliance with Relevant International Accounting Standards, Islamic Financial Accounting Standards, as applicable in Pakistan, provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies & Modaraba Rules, 1981 and compliance of the policies and procedures framed by the Board.
2. Review accounting and internal control system
3. Review the economy, efficiency and effectiveness of operations (Value for Money Audits / VFM Audits)
4. Examining financial and operational information.
5. Assisting with the identification of significant risks.

Dedicated Internal Audit Function helps to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. It is a control which functions by examining and evaluating the adequacy and effectiveness of other controls.

FUTURE STRATEGY:

During the year CSM has been merged by way of amalgamation with BRRGM into pursuant to the order of High Court of Sindh at Karachi in terms of sections 279-283 of the Companies Act, 2017, read with SRO 840(I)/2017 dated August 17, 2017, "Scheme of Arrangement (Modarabas)", involving swap ratio of 1.00 : 2.405 (BRRGM : CSM) on the basis of breakup values of the Certificates of BRRGM and CSM. The amalgamation of both Modarabas will result in synergies which will reduce costs and increase efficiency.

HUMAN RESOURCE MANAGEMENT POLICIES & SUCCESSION PLANNING:

We are 'an equal opportunity employer' and the Management of BRRGM is committed to induct talented professionals through a transparent and competitive process while complying with best legal and ethical practices that has prescribed in our Human Resource Policy.

Our employees are our biggest asset and we go to great lengths to facilitate them. The compensation and benefit policies are designed not only to keep the employees motivated but also to attract and retain the competent valued workforce.

Employees' career management is being managed in parallel lines through utilizing a multidimensional approach. Performance management and annual appraisal are important part of career management. The Modaraba provides training to various disciplines and with a view to extend support to the Accounting & Finance professional as part of our CSR program.

SUCCESSION PLAN:

Our management policy is not only to take on board talented & dedicated professionals but also grooms and develops their skills for future leadership roles.

At BRRGM, we believe in empowering people by providing them challenging opportunities to enhance their potential and develop their abilities. Succession plan contain information on performance and potential. In many cases succession plan is prepared for possible moves of key personnel and therefore treated in a highly confidential manner.

CORPORATE SUSTAINABILITY:

At BRRGM, we recognize that we have responsibilities not only towards our customers, employees and shareholders, but also the communities in which we operate.

We believe that a sustainable company must be consistently profitable, but not solely concerned with making a profit. Success for BRRGM means providing our customers with the products and services they need and want, understanding and managing the impact we have on society and the environment, and investing in the future of our employees and the communities we serve. These measures help us to carry out our work in a way that is both commercially astute and ethically sound.



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Corporate Social Responsibility:

In an age in which environmental and social issues are top of mind for many consumers, businesses can no longer exist in a bubble. Today's shoppers aren't just looking for the best price and quality - they expect the companies they patronize to do well with their money and make a positive impact on the world around them. To this end, many organizations are now making social responsibility a top priority.

All non-Shariah income and dividend have been purified by the Shariah Advisor of the Modaraba and has been given to charities.

Health, Safety & Environment:

At BRRGM, we are committed to maintain a safe and healthy working environment for our employees. Through our proactive approach, we ensured that occupational safety is upheld by relevant contract workforce through code of conduct contractors. We are confident that our office premises have proper electric wiring, installation of fire extinguisher, ready first aid to office inmates while maintaining smoking free environment.

BRRGM has valid Takaful policies against all possible perils relating to the property. BRRGM has also provided group family and health Takaful to all its employees against natural and incidental health related hazards.

PATTERN OF CERTIFICATE HOLDING:

The pattern of certificate holding as on June 30, 2018 along with disclosure as required under the Code of Corporate Governance is annexed.

DIRECTORS' TRAINING PROGRAM:

Out of four, three directors of the board are having more than 14 years of education and more than 16 years of experience. CEO and one director have completed the director's training program. Further, the directors of the company have been provided with copies of the Code of Corporate Governance, Modaraba Rules, Company's Memorandum and Articles of Association, Modaraba Prospectus and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Modaraba, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities.

CONCLUSION & APPRECIATION:

Looking ahead, 2018-19 we will strive to enhance market outreach and add quality assets through costume base portfolio and renting out properties. We always adopt best practices in its endeavor to create certificate holders wealth and gain market-confidence. BRRGM remains determined in maintaining its status amongst the top tier Modarabas of the country and committed for its smooth operations.

On Behalf of the Board of Directors
B.R.R. Investment (Private) Limited

Waqas Anwar Qureshi
Director

Ayaz Dawood
Chief Executive Officer

October 31, 2018
Karachi.

ڈائریکٹر کی رپورٹ

بی.آر.آر. انویسٹمنٹ (پرائیویٹ) لمیٹڈ ("بی.آر.آر. آئی" یا کمپنی)، بورڈ آف ڈائریکٹر کی طرف سے، بی.آر.آر. گارڈین مڈارباہ (بی.آر.آر. جی ایم) کے مینیجر کی حیثیت سے ہم جون 30، 2018 کو ختم ہونے والے سال کی سالانہ رپورٹ اور آڈٹ کئے گئے مالیاتی گوشوارے پیش کرتے ہوئے بے حد مسرت محسوس کر رہے ہیں۔

مضاربہ کی کارکردگی

تفصیلی مالیاتی کارکردگی کا خلاصہ مندرجہ ذیل ہے:

جون 30، 2017	جون 30، 2018	
پاکستانی روپے میں		
194,602,869	74,942,958	منافع قبل از انتظامیہ کی فیس اور ڈیلیوڈیلیو ایف
19,519,375	7,468,899	انتظامیہ کی فیس
2,537,519	970,957	انتظامیہ فیس پر سیلز ٹیکس
3,462,737	1,324,983	ورکرز ویلفیئر فنڈ کی فراہمی
169,083,238	65,178,119	منافع بعد از انتظامیہ کی فیس اور ڈیلیوڈیلیو ایف
2.17	0.75	نفع فی سرٹیفکیٹ
1,263,852,726	1,391,561,880	سرٹیفکیٹ ہولڈرز کی ایکونٹی

ڈیویڈنڈ

بورڈ آف ڈائریکٹر گزشتہ برس کے 1 روپے کے مقابلے میں 30 جون، 2018 کو ختم ہونے والے سال کے لیے فی سرٹیفکیٹ 0.34 روپے نقد ڈیویڈنڈ کا اعلان کرتے ہیں۔

مضاربہ کے سرٹیفکیٹ ہولڈرز کی ایکونٹی پچھلے سال 1,263.853 ملین روپے کے مقابلے میں 10.11 فیصد اضافے کے ساتھ 1,391.562 ملین روپے ہو گئی ہے۔ بریک اپ ویلیو شیئر 16.11 روپے فی سرٹیفکیٹ ہے۔

ایس۔ای۔سی۔پی۔ سے منظوری کے مطابق مضاربہ نے نومبر 2015 میں ایک مکمل ملکیتی ذیلی کمپنی بی.آر.آر. فنانشل سروسز (پرائیویٹ) لمیٹڈ تشکیل دی ہے جس نے ابھی تک کام شروع نہیں کیا ہے۔ ذیلی کمپنی کی بنیادی کاروباری سرگرمی کمپنیل اور مبنی مارکیٹ میں بروکر کی خدمات اور دیگر مشاورتی خدمات فراہم کرنا ہے۔

مجاز فنڈ

ستمبر 2018، 4 کو سندھ ہائی کورٹ نے سی ایس ایم کے بی.آر.آر. جی ایم میں انضمام کی منصوبہ بندی کی منظوری دے دی ہے جس کا اطلاق جولائی 1، 2017 سے ہوگا۔ منصوبے کے نافذ ہونے پر سی ایس ایم کا مجاز سرمایہ جو کہ 250,000,000 روپے ہے بی.آر.آر. جی ایم کے مجاز سرمایہ میں ضم ہو جائیگا؛ اس کے نتیجے میں ضم مجاز سرمایہ بڑھ کے 1,400,000,000 تک پہنچ گیا ہے جو کہ 10 روپے فی سرٹیفکیٹ کے حساب سے 140,000,000 مضاربہ سرٹیفکیٹس پر مشتمل ہے۔ مزید یہ کہ



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200,000,000 روپے مالیت کا سی ایس ایم کاواشدہ سرٹیفکیٹ سرمایہ نی آدر آرمی ایم کے واشدہ سرٹیفکیٹ سرمایہ میں ضم ہو گیا ہے، جس کے نتیجے میں 1.00:2.405 کے تبدیلی کے تناسب سے سی آدر آرمی ایم کا جاری، سبسکرآپڈ اور واشدہ سرمایہ بڑھ کے 863,622,630 روپے پہنچ گیا ہے جو کہ 10 روپے فی سرٹیفکیٹ کے حساب سے 86,362,263 مضاربہ سرٹیفکیٹس پر مشتمل ہے۔

کاروبار کی نوعیت اور مارکیٹ ڈائنامکس

بی آ آر گارمین مضاربہ نے پاکستان میں مضاربہ کی داغ بیل ڈالی، اس کا قیام 1983 میں ہوا۔ یہ سب سے پرانا مضاربہ ہے۔

ہمارا فخر بی آ آر، ماور جو کہ ایک جدید 19 منزلہ عمارت ہے اپنے تین محرابوں سے اسلامی فن تعمیر کی عکاسی کرتی ہے اور کراچی کے مالیاتی ضلع آئی آئی، چندر نگر روڈ پر ایک واضح اضافہ ہے۔ "توانائی کے مؤثر استعمال" اور "جزوی طور پر ماحول دوست" ہونے کے ناطے یہ اپنے آپ کی پہلے مثال ہے۔ 3 کلو واٹ صلاحیت کے حامل شمسی توانائی کے پینلز کے ساتھ 7.5 کلو واٹ صلاحیت کے حامل ہوا کی طاقت سے چلنے والی ٹر بانسز ماور کے اوپر نصب ہیں۔

پورانماور اب مشہور کمپنیوں کے زیر استعمال ہے۔ اس کے علاوہ حال ہی میں کمپنیوں کی ضرورت کو پورا کرتے ہوئے ماور کی گراؤنڈ فلور پر ایک کینے کا افتتاح کیا گیا ہے۔

بی آ آر، گارمین مضاربہ نے ایک جدید بی آ آر، سیکورٹی والٹ بھی تعمیر کیا ہے جس نے جولائی 1989 میں کاروبار کی شروعات کی۔ یہ شمار کاٹمین پوائنٹی گنی قلعہ نما عمارت اپنے اندر اور ارد گرد اعلیٰ سیکورٹی کے ساتھ خوشگوار اور دوستانہ ماحول کا ایک منفرد امتزاج پیش کرتی ہے۔

اقتصادی جائزہ

پاکستان میں اقتصادی ترقی تاریخی طور پر غیر مستحکم رہی ہے، ایک مستحکم نمو کی راہ کا نہ ہو نالک کے اقتصادی حالات میں غیر یقینی صورتحال میں اضافہ کرتا ہے۔

مجموعی عوامی قرض کا بی ڈی پی سے تناسب گزشتہ سال کے 59.3 فیصد سے بہتر ہو کہ 67.2 فیصد ہو گیا ہے۔ جیسا کہ بجٹ خسارہ ریکارڈ سٹاپ پہنچ چکا ہے لہذا جب ہم آئی ایم ایف پر گرام میں دو بار داخل ہو گئے تو شرح سود میں اضافہ متوقع ہے۔

کاروباری استحکام کے لیے حکمت عملی

مالی سال 2018-19 کے لیے ہم درج ذیل شعبوں پر متوجہ رہیں گے :

- کرم فرماؤں / گاہک کی تعداد میں اضافہ۔
- اعلیٰ درجے کے کسٹمرز کو اپنی کراسے پر دینا۔
- سکوک اور مشارک کی بنیاد پر متعارف کرائے جانے والے فی ایف سیز کے ساتھ ساتھ شرعی اصولوں سے مطابقت رکھنے والی سکیورٹی پر انحصار۔
- رسک مینیجمنٹ بہتر بنانا، بالخصوص جدید ترین طریقوں کو بروئے کار لاتے ہوئے ڈیٹ مینیجمنٹ کے لیے کوشاں رہنا۔
- شرعی اصولوں کے مطابق کام کرتے رہنے کو ترجیح دینا۔
- بہتر اور بروقت تربیت کے ذریعے افرادی قوت سے زیادہ سے زیادہ استفادہ کرنا۔

مارکیٹ کے حصے کی معلومات

مضاربہ کے شعبے کی مجموعی ہائے	
ملین روپے	مالی سال
31,434	2013
30,212	2014
30,736	2015
36,806	2016
44,016	2017

جون 30، 2017 کو ختم ہونے والے مالی سال کے لیے مضاربہ ایسوسی ایشن آف پاکستان اور این بی ایف آئی کی MAP بک برائے 2017 کے مطابق بی آر آر جی ایم کا مارکیٹ شیئر حسب ذیل رہا :

ملین روپے			
بی آر آر جی ایم کا حصہ تمام مضاربہ میں	25 مضاربہ کی پوزیشن	بی آر آر جی ایم کا حصہ	
5.79%	21,835	1,264	حصص یافتگان کی ایکوٹی
467%	44,016	2,054	ہائے کل
10.78%	1,577	170	غائص منافع

وسائل، مواقع، کاروباری خطرات اور ان خطرات کی شدت کم کرنے والے اقدامات

آپ کے مضاربہ نے پاکستان میں اسلامی مالیاتی اداروں کی داغ بیل ڈالی اور پچھلی تین دہائیوں سے زیادہ اس ملک میں کام کر رہا ہے۔ مضاربہ کمپنیوں نے ملک میں اسلامی اصولوں کے مطابق بینکاری اور مالیات کی خدمات متعارف کرائی ہیں۔ ان اداروں نے شریعت کے بیان کردہ مالی و کاروباری اصولوں کے مطابق کام کرتے ہوئے مکمل حلال آمدن یقینی بنانے میں اہم کردار ادا کیا ہے۔

کوڈ آف کارپوریٹ گورننس کے ضوابط کی بہترین پریکٹس کے ساتھ تعمیل

آپ کی ناظم کمپنی نے جون 30، 2018 کو ختم ہونے والے سال سے متعلقہ کوڈ آف کارپوریٹ گورننس کے احکامات نافذ کر دیے ہیں۔ کوڈ آف کارپوریٹ گورننس کے مطابق ایکسٹرل آڈیٹرز کی رپورٹ پر اس دستاویز سے منسلک ہے۔



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ایس ای سی پی ور پاکستان اسٹاک ایکسچینج کی ہدایات کی روشنی میں ڈائریکٹرز تصدیق کرتے ہیں کہ اوپر سے کے تمام کاروباری افعال میں کوڈ آف گورننس اور اخلاقی حدود کا پورا خیال رکھا گیا ہے۔

- کمپنی کے مالیاتی حسابات تمام کاروباری معاملات، اقدامات کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی واضح نمائندگی کرتی ہیں۔
- اوپر سے نے ہر طرح کا حساب کتاب تمام مروجہ طریقوں اور اصولوں کے مطابق یعنی درست حالت میں رکھا ہے۔
- مالیاتی حسابات کی تیاری میں اکاؤنٹنگ کے تمام مروجہ معیارات کا پورا خیال رکھا گیا ہے۔
- تمام مالیاتی حسابات مضاربہ کمپنیز اینڈ مضاربہ (فلوئیشن اینڈ کنٹرول) آرڈیننس 1980، مضاربہ کمپنیز اینڈ مضاربہ رولز 1981 اور سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی روشنی میں انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز اور اسلامک اکاؤنٹنگ اسٹینڈرڈز اپناتے ہوئے تیار کی گئی ہیں۔
- انٹرئل کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور اس کا مؤثر اطلاق اور نگرانی کی جاتی ہے۔
- بطور ادارہ کمپنی کے کام جاری رکھنے کی صلاحیت پر کوئی شک نہیں۔
- لمٹنگ کے ضوابط میں تصویلاً درج کارپوریٹ گورننس کے رہنماء اصولوں سے انحراف نہیں کیا گیا ہے۔
- مالیاتی گوشواروں کے اندراجات کے علاوہ ٹیکسوں، ڈیویڈنڈز، لیویز اور باقیات کی مد میں کوئی رقم واجب الادا نہیں ہے۔
- ٹرانسفر پر اسٹاک کے رہنماء اصولوں سے انحراف نہیں کیا گیا ہے۔

مضاربہ سرٹیفکیٹ میں تجارت / لین دین

گزشتہ ہونے والی سال میں ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری اور ان کے اہل خانہ نے سرٹیفکیٹس میں کوئی ٹریڈنگ نہیں کی، سوائے سی ای او کے جنہوں نے 9 لاکھ، 30 ہزار بی آر آئی ایم کے سرٹیفکیٹ اور 4 لاکھ 97 ہزار کریڈنٹ اسٹینڈرڈ مضاربہ (سی ایس ایم) کے سرٹیفکیٹ خریدے۔

ستمبر 2018، 4 کو سندھ ہائی کورٹ نے سی ایس ایم کے بی آر آئی ایم میں انضمام کی منصوبہ بندی کی منظوری دے دی ہے جس کا اطلاق 1.00:2.405 کے تبدیلی کے تناسب (swap ratio) سے جولائی 2017، 1 سے ہو گا۔ اس کے علاوہ، پاکستان اسٹاک ایکسچینج لمیٹڈ نے اپنے نوٹس نمبر PSX/N-5315 بتاریخ ستمبر 2018، 18 کے تحت بی آر آئی، گارجین مضاربہ کے سرٹیفکیٹس میں استحقاق کے لئے سی ایس ایم کے سرٹیفکیٹس میں لین دین معطل کر دی ہے جس کا اطلاق اکتوبر 2018، 8 سے ہو گا۔

ضابطہ اخلاق

بورڈ آف ڈائریکٹرز نے کاروباری معاملات میں تمام مروجہ اصولوں اور پریکٹس کا خیال رکھا ہے۔ اس حوالے سے ایک ضابطہ اخلاق اپنایا گیا ہے۔ اس سلسلے میں تمام قانونی تقاضوں کا انفرادی طور پر احساس ذمہ داری کے ساتھ خیال رکھا گیا ہے۔

ضابطہ اخلاق اتھسے کاروباری رویے کی نشاندہی کرتا ہے اور ایمان داری، شفافیت اور روشن خیالی پر وفیشنل طرز فکر و عمل کا پتہ دیتا ہے۔

قوائد برائے اسٹاف ریٹائرمنٹ

تمام مستقل ملازمین کے لیے پراویڈنٹ فنڈ موجود ہے۔ جون 30، 2018 تک سرمایہ کاری کی قدر 125,996 ملین روپے رہی جو 2017 میں 103,777 ملین روپے تھی۔

واقعات بعد از بیلنس شیٹ

بیلنس شیٹ کے اجراء تک کوئی غیر موافق صورتحال درپیش نہیں ہوئی جس کی رو سے مالیاتی گوشواروں میں رد و بدل کی ضرورت ہو۔

منسلک افراد/متعلقہ فریقین سے لین دین

بی آر جی ایم اور متعلقہ افراد یا اداروں کے درمیان کاروباری معاملات کسی دباؤ یا غیر ضروری جانب داری کے بغیر انجام پاتے ہیں، سوائے ان معاملات یا ٹرانزیکشنز کے جن کا جوہر بیان کیا گیا ہو۔

آڈیٹرز

ہم سرٹیفکیٹ ہولڈرز کو مطلع کرتے ہیں کہ آڈٹ کمیٹی کی تجویز پر ریٹائر ہونے والے آڈیٹری ڈی او ابراہیم اینڈ کمیٹی جنہوں نے پانچ سال مکمل کر لئے ہیں کی جگہ ہوروتھ جسنن چوہدری اینڈ کمیٹی کو برائے سال 2018-19 کے لئے رجسٹرار مضاربہ کمیٹیز اور مضاربہ کی منظوری سے مشروط آڈیٹر تعینات کیا جا رہا ہے۔

اہم آپریٹنگ اور مالی اعداد و شمار

گزشتہ چھ سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار آخری صفحے پر تجزیے کے خلاصے کے ساتھ پیش کیے گئے ہیں۔

رہسک مینیجمنٹ فریم ورک

کسی بھی کاروبار میں خطرات تو ہوتے ہی ہیں۔ بلند شرح سے منافع کمانے کے لیے ہر کاروباری ادارے کو تھوڑے بہت خطرات تو مول لینا ہی پڑتے ہیں۔ ہم سرٹیفکیٹ کی قدر میں اضافہ پر قرار رکھنے کے لیے کام کرتے ہیں۔ خطرات بھی مول لیے جاتے ہیں مگر پوری احتیاط کے ساتھ اور اس معاملے میں متعلقہ فریم ورک یا طریق کار کو کسی بھی پہلو کو نظر انداز نہیں کیا جاتا۔

بورڈ آف ڈائریکٹرز کا اجلاس

بورڈ آف ڈائریکٹرز کے اجلاس کی صورتحال درج ذیل ہے:

نمبر	نام	عہدہ	حاضری
1	جناب رفیق داؤد	چیئرمین	4 میں سے 4
2	جناب ایاز داؤد	سی ای او	4 میں سے 4



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نمبر	نام	عہدہ	حاضری
3	جناب وقاص انور قریشی	ڈائریکٹر	4 میں سے 4
4	سید علی رضا	ڈائریکٹر	4 میں سے 1

آڈٹ کمیٹی کا اجلاس

بورڈ کی آڈٹ کمیٹی کے اجلاسوں کی صورت حال درج ذیل ہے:

نمبر	نام	عہدہ	حاضری
1	جناب وقاص انور قریشی	چئیرمین	4 میں سے 4
2	جناب رفیق داؤد	ممبر	4 میں سے 4
3	سید علی رضا	ممبر	4 میں سے 1

آڈیٹرز کے مشاہدات

آڈیٹرز نے فی نفل اسٹیٹمنٹس پر مجموعی اعتبار سے اطمینان کا اظہار کرتے ہوئے چند ایک امور کی نشاندہی اور تصریح کی ہے جو حسب ذیل ہیں:

I. مالیاتی گوشوارے کے نوٹ 6.1.1 کے مطابق مضاربہ نے سات کروڑ مالیت کی جائیداد اپنے کچھ اثاثوں کے بدلے میں تصفیہ کے طور پر ایک منسلک ادارے سے لی جس کی ملکیت مضاربہ کے نام پہ منتقل نہیں ہوئی ہے کیونکہ ایک کمرشل بینک نے اس کے خلاف حکم امتناع لیا ہوا ہے۔ تاہم، جائیداد کے اصل کاغذات اور قبضہ مضاربہ کے پاس ہے۔

II. مالیاتی گوشوارے کے نوٹ 23.1 کمرشل بینک کے ساتھ معاہدہ برائے تصفیہ کے متعلق تفصیلات فراہم کی گئی ہیں۔

III. مالیاتی گوشوارے کے نوٹ 31.1 میں دوران سال ہونے والے تصفیہ مشارکہ کی تفصیلات فراہم کی گئی ہیں۔

IV. مالیاتی گوشوارے کے نوٹ 1.3 میں کریڈٹ اسٹیٹمنٹ مضاربہ (سی ایس ایم) کے پی آر آر گارمین مضاربہ (پی آر آر جی ایم) میں انضمام کی منصوبہ بندی کی تفصیلات فراہم کی گئی ہیں۔ انضمام کے نتیجے میں، پی آر آر جی ایم سی ایس ایم کے کاروبار، افعال، معاہدے، پالیسیاں، کاروائیاں، ذمہ داریاں، اثاثے، واجبات و غیرہ کو ایک مخصوص تاریخ پہ حاصل کر لے گا جو کہ رجسٹرار مضاربہ کی منظوری سے اور قانونی مشیر اور ایڈوکیٹ کنسلٹنٹس اور ایڈیٹری کورٹ کی تجویزوں یا ترامیم سے مشروط ہے۔ سال کے اختتام کے بعد سندھ ہائی کورٹ نے سی ایس ایم کے پی آر آر جی ایم میں انضمام کی منصوبہ بندی کی منظوری دے دی ہے جس کا اطلاق جولائی 2017 سے ہو گا، اس کے تحت سی ایس ایم کا مکمل کاروبار اور کام بشمول تمام اثاثے، جائیداد، حقوق، ذمہ داریاں اور واجبات پی آر آر جی ایم کو منتقل ہو جائیں گے۔ پی آر آر جی ایم اپنا کاروبار جاری رکھے گا جب کہ انضمام کے نتیجے میں سی ایس ایم کا وجود ختم ہو جائیگا۔ مالیاتی گوشوارے کے نوٹ 1.3 میں بیان کاؤنٹنگ کی بنیاد پر سی ایس ایم کے مالیاتی گوشوارے پی آر آر جی ایم میں ضم کر دیئے گئے ہیں۔

V. مالیاتی گوشوارے کے نوٹ 9.7 اور 15.3 میں سی ایس ایم سے بی آر آرجی ایم میں باسٹریب سکیورٹیز اور بینک اکاؤنٹس کی منتقلی کی تفصیلات فراہم کی گئی ہیں۔

انٹر عمل کنٹرول اینڈ آڈٹ

بورڈ آف ڈائریکٹرز تمام طے شدہ اور مردونہ طریقوں کو بروئے کار لا کر موثر اندرونی انتظام اور انضباط یقینی بنانے کا پابند ہے۔ بی آر آرجی ایم کی آڈٹ کمیٹی ان باؤس انٹر عمل آڈٹ فنکشن یقینی بناتی ہے۔ اس حوالے سے درج ذیل کردار متعین کیے گئے ہیں:

1. مردونہ انٹر عمل کنٹرول اینڈ آڈٹ اسٹینڈرڈز، اسلامک فن نیشنل اکاؤنٹنگ اسٹینڈرڈز، مضاربہ کمپنیز اینڈ مضاربہ (فلو ٹیشن اینڈ کنٹرول) آرڈیننس مجریہ 1980، مضاربہ کمپنیز رولز مجریہ 1981 اور بورڈ آف ڈائریکٹرز کے طے کردہ طریق کار اور پالیسیوں پر عمل کرنا۔
2. اکاؤنٹنگ اور انٹر عمل کنٹرول سسٹم کا جائزہ لینا۔
3. تمام کاروباری معاملات میں کفایت، بہتر کارکردگی اور اثر پذیری کا جائزہ لینا۔ کارپوریٹ اصطلاح میں اسے (ولٹیو فار مینی آڈٹس وی ایف ایم آڈٹ) کہا جاتا ہے۔
4. فن نیشنل اور آپریشنل معاملات کا جائزہ۔
5. اہم خطرات کی تشخیص اور نشانہ دہی۔

انٹر عمل آڈٹ فنکشن عمدہ طریقے سے کام کرے تو خطرات کا سامنا کرنے کا موثر نظام وضع کرنے میں غیر معمولی مدد ملتی ہے۔ مختلف سرگرمیوں کو بہتر طریقے سے انجام دینا ممکن ہو جاتا ہے۔ بہتر نتائج حاصل ہوتے ہیں۔ انٹر عمل آڈٹ فنکشن معاملات کرنے اور رکھنے کے دیگر طریقوں کی کارکردگی کا بھی جائزہ دیتا ہے۔

مستقبل کی حکمت عملی

اس سال کے دوران سندھ ہائی کورٹ کے حکم کے مطابق جو کہ کمپنیز ایکٹ 2017 کی زیر دفعہ 279:283، جس کو SRO 840(D)/2017 مورخہ 17 اگست 2017 کے ساتھ پڑھا جائے، کہ تحت جاری ہوا سی ایس ایم کا انضمام بی آر آرجی ایم میں ہو چکا ہے۔ اس میں بی آر آرجی ایم، اور سی ایس ایم کے سرٹیفیکیٹس کی بریک اپ ویلیو کہ تحت تبدیلی کا تناسب (swap ratio) سی ایس ایم کہ ہر 2.405 سرٹیفیکیٹس کے بدلے میں بی آر آرجی ایم کہ 1.00 سرٹیفیکیٹ ہے۔ دونوں مضاربہ کے انضمام سے مطابقت بڑھے گی جس سے اخراجات کو کم کرنے اور کارکردگی بڑھانے میں مدد ملے گی۔

انسانی وسائل کا نظم و نسق اور جانشینی کی منصوبہ بندی

ہمارا ادارہ وہ سب کے لیے مساوی مواقع کے اصول کی بنیاد پر ملازمت فراہم کرتا ہے۔ کسی بھی شخص کو ملازمت فراہم کرتے وقت اس کی قابلیت اور کام کرنے کی تگن دیکھی جاتی ہے۔ میرٹ کا پورا خیال رکھا جاتا ہے۔ خدمات مستعار لینے کی پالیسی شفاف اور مردونہ طریقہ کار کے مطابق ہے۔ اس حوالے سے تمام قانونی اور اخلاقی نکات ہماری بیو من ریسورس پالیسی میں درج ہاتھ درج ہیں۔

ہمارے ملازمین ہمارے لیے اٹائے کار جو رکھتے ہیں۔ ہم انہیں زیادہ سے زیادہ سہولتیں فراہم کرتے ہیں تاکہ وہ اپنی صلاحیتوں کو بہترین طریقے سے بروئے کار لانے کے ساتھ ساتھ نئی صلاحیتیں بھی اپنے اندر پروان چڑھائیں۔ ملازمین کو زیادہ سے زیادہ سہولتیں فراہم کرنے ایک مقصد تو انہیں بہتر کارکردگی کی طرف مائل کرنا ہے اور دوسرا مقصد یہ ہے کہ دوسرے قابل افراد کو بھی ہمارے ادارے کے لیے کام کرنے کی تحریک ملے۔



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ہم اپنے ملازمین کی کارکردگی بہتر بنانے اور ان میں مزید صلاحیتیں اور مہارتیں پیدا کرنے کے لیے کیریئر مینجمنٹ کا بھی اہتمام کرتے ہیں۔ مشاہروں پر ہر سال نظر ثانی کی جاتی ہے۔ ہم سی آر ایس پر و گرام کے تحت اپنے ملازمین کے لیے اضافی تربیت کا اہتمام بھی کرتے ہیں تاکہ وہ زیادہ اچھی طرح اپنی صلاحیتوں کا اظہار کریں اور ان کے کیریئر میں گہرائی و گیرائی پیدا ہو۔ کیریئر مینجمنٹ پالیسی کے تحت اکاؤنٹنٹ اینڈ فنانس پر فیشلز کو بہتر نتائج کے حصول کے قابل بنانے پر خاص توجہ دی جاتی ہے۔

جانشینی کی منصوبہ بندی

ہم باصلاحیت اور پر عزم نوجوانوں کو ورک فورس کا حصہ بنانے تک محدود نہیں رہتے بلکہ انہیں مستقبل میں قائدانہ کردار ادا کرنے کے قابل بنانے پر بھی توجہ دیتے ہیں۔

بی آر جی ایم کا یقین اس بات پر ہے کہ باصلاحیت افراد کو زیادہ سے زیادہ مواقع دیے جانے چاہئیں تاکہ وہ اپنی صلاحیتوں کو پورا ان چڑھائیں اور انہیں بروئے کار لا کر اپنے بہتر امکانات پیدا کریں۔ سیکشن پلان کارکردگی اور صلاحیت و سکت دونوں پہلوؤں پر نظر رکھتا ہے۔ ایسی صورت میں کسی بھی وقت کسی باصلاحیت ملازم کو ڈھونڈنے میں دشواری پیش نہیں آتی اور یوں اسے موزوں ذمہ داری دے کر بہتر کارکردگی کے قابل بنایا جاسکتا ہے۔

کاروباری پائیداری

ہمیں اس بات کا پورا احساس ہے کہ ہماری ذمہ داری کسٹمر، ملازمین اور شیئرز ہولڈرز کو مطمئن کرنے تک محدود نہیں بلکہ ہم جس ماحول میں کام کر رہے ہیں اسے بہتر بنائے رکھنا بھی ہماری ذمہ داری ہے۔

ہم اس بات پر یقین ضرور رکھتے ہیں کہ کامیاب کمپنی وہ ہے جو زیادہ منافع کمائے مگر صرف منافع کا حصول ہی سب کچھ نہیں۔ بی آر جی ایم کے لیے کامیابی کا حقیقی مفہوم یہ ہے کہ کسٹمرز کو وہ اشیاء و خدمات ملتی رہیں جن کی انہیں ضرورت ہے اور ساتھ ہی ساتھ معاشرے اور ماحول کو بھی نقصان سے زیادہ سے زیادہ محفوظ رکھا جائے۔ ہم ایک ایسا ماحول پیدا کرنے کے لیے کوشاں رہتے ہیں جو تجارتی نقطہ نظر سے بے حد منافع بخش اور اخلاقی نقطہ نظر سے قابل قبول ہو۔

کارپوریٹ سماجی ذمہ داری

ایک ایسے دور میں کہ جب ماحول اور معاشرے کے لیے مسائل بڑھتے جا رہے ہیں اور اس حوالے سے سوچنے والوں کی تعداد بھی بڑھ رہی ہے، ٹیلے جیسے ماحول میں کاروبار نہیں کیا جاسکتا۔ لوگ خریداری کرتے وقت بہت کچھ سوچتے ہیں۔ وہ اس بات پر بھی غور کرتے ہیں کہ جو چیز وہ خرید رہے ہیں اس کی تیاری میں معاشرے یا ماحول کو نقصان تو نہیں پہنچایا گیا۔ لوگوں کو اپنی اور دوسروں کی ذمہ داریوں کا بھرپور احساس ہے۔ یہی سبب ہے کہ آج کے بیشتر ادارے معاشرے میں خرابیوں کو روکنے اور ماحول کو بہتر حالت میں رکھنے کے حوالے سے اپنا کردار ادا کرنے کی بھی کوشش کر رہے ہیں۔

غیر شرعی ذرائع سے حاصل ہونے والی تمام آمدن کو شریعہ ایڈوائزرز کے مشورے سے پاک کرنے کے بعد عطیہ کر دیا جاتا ہے۔

صحت، حفاظتی تدابیر اور ماحول

ہم اپنے ملازمین کو کام کرنے کا محفوظ ماحول فراہم کرنے کے عہد پر کاربند ہیں۔ اپنی عمل پسند سوچی کے ذریعے ہم اس بات کو یقینی بناتے ہیں کہ تمام ملازمین زیادہ سے زیادہ سہولت اور تحفظ کے ساتھ کام کریں۔ ہم پورے اعتماد کے ساتھ کہہ سکتے ہیں کہ ہمارے تمام دفاتر میں درست الیکٹریک وائرنگ کی گئی ہے، آگ بجھانے کے آلات موجود ہیں اور کسی کے زخمی ہو جانے کی صورت میں ابتدائی طبی امداد کا بھرپور انتظام ہے۔ ماحول کو صاف اور صحت بخش رکھنے کے لیے تمباکو نوشی پر مکمل پابندی عائد ہے۔



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

بی آر جی ایم نے پراپٹی سے متعلق کسی بھی ایسی دینی بات سے نمٹنے کے لیے موزوں نکافل (بیہ) لے رکھا ہے۔ تمام ملازمین کو قدرتی اور حادثاتی موت کی صورت میں نکافل میسر ہے۔ ملازمین کے اہل خانہ کو صحت و غیرہ کے معاملے میں نکافل کی سہولت میسر ہے۔

سرٹیفکیٹ ہولڈنگ کی طرز

30 جون، 2018 کو ختم ہونے والے مالی سال کے لیے بیٹرن آف سرٹیفکیٹ ہولڈنگ اور کوڈ آف کارپورٹ گورننس کے تحت مطلوب ڈسکاوڈر اس دستاویز سے منسلک ہے۔

ترقیاتی پروگرام برائے ڈائریکٹرز

چار میں سے پورے تین ڈائریکٹر 14 سال سے زائد تعلیم اور 16 سال سے زائد تجربے کے حامل ہیں۔ سی ای او اور ایک ڈائریکٹر نے ڈائریکٹر ٹریننگ پروگرام کیا ہوا ہے۔ اس کے علاوہ کمپنی کے ڈائریکٹر کو کوڈ آف کارپورٹ گورننس، مضاربہ رولز، کمپنی کے میمورینڈم اور آرٹیکلز آف اسوسیشن، مضاربہ پراسیکشن اور دیگر تمام متعلقہ قواعد و ضوابط کی کاپیاں فراہم کی گئی ہیں جس کی وجہ سے وہ مضاربہ سے متعلق تمام قابل اطلاق قوانین، اس کی پالیسیوں اور طریقہ کار اور میمورینڈم اور آرٹیکلز آف اسوسیشن کی شقوں اور اپنے فرائض اور ذمہ داریوں کا تحمل علم رکھتے ہیں۔

اختتامی کلمات اور اظہارِ تشکر

آگے کا دیکھتے ہوئے ہم سال 2018-19 میں مارکیٹ میں اپنی دسترس کو وسعت دینے کی بھرپور کوشش کر رہے ہیں۔ کسٹمر میسجیورٹ فوئیوڈ کے ذریعے اور پراپٹی کو کرائے پر دے کر معیاری اثاثوں میں اضافہ یقینی بنایا جائے گا۔ ہم سرٹیفکیٹ ہولڈرز کا اعتماد پانے اور ان کے لیے زیادہ سے زیادہ منافع یقینی بنانے کے لیے ہمیشہ معیاری پیکٹس لہاتے ہیں۔ بی آر جی ایم اپنی منفرد پوزیشن برقرار رکھنے کے لیے کوشاں ہے۔ اپنے اپنے افعال کو زیادہ سے زیادہ سبک اور معیاری بنانے کے عہد پر کاربند ہیں۔

از طرف بورڈ آف ڈائریکٹرز

بی. آر. آر. انویسٹمنٹ (پرائیویٹ) لمیٹڈ

ایاز داؤد

چیف ایگزیکٹو آفیسر

وقاص انور قریشی

ڈائریکٹر

اکتوبر 31، 2018

کراچی

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **B.R.R. GUARDIAN MODARABA** (the holding company) and its subsidiary company as at June 30, 2018 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 **B.R.R. GUARDIAN MODARABA** except for **BRR Financial Services (Private) Limited** which were audited by other 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 Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the **B.R.R. GUARDIAN MODARABA** and its subsidiary company as at June 30, 2018 and the results of their operations for the year then ended.

Without modifying our opinion, we draw attention to:

- (i) note 6.1.1 to the consolidated financial statements which states that the Modaraba had swapped certain assets with an office premises valuing Rs. 70 million from an associated undertaking, the title of which has not been transferred in the name of Modaraba as a commercial bank has obtained a stay order against the same. However, the original title documents and possession of the property rest with Modaraba.
- (ii) note 23.1 to the consolidated financial statements which provides details relating to settlement agreement entered into with a commercial bank.
- (iii) note 31.1 to the consolidated financial statements which provides details in respect of Musharaka settlement during the period.
- (iv) note 1.3 to the consolidated financial statements which provide details regarding the approval of scheme of arrangement for merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and into B.R.R. Guardian Modaraba (BRRGM) by the Board of Directors of Modaraba Management Company in their meeting held on September 29, 2017. As a consequence of the scheme of amalgamation, BRRGM shall be taking over the business, functions, contracts, policies, proceedings, undertakings, assets, liabilities, etc. of CSM at a specific date subject to approval of Registrar of Modaraba and such changes, modifications as may be required or advised by legal counsel and/ or accounting consultants and/ or by the High Court.


Subsequent to year end, the High Court of Sindh sanctioned the scheme of arrangement for merger by way of amalgamation of CSM with and into BRRGM with effect from July 1, 2017, where by the entire undertaking and business inclusive of all assets, properties, rights, liabilities and dues of CSM will be transferred to and assumed by BRRGM. BRRGM will continue as a going concern and CSM upon amalgamation will cease to exist. The financial statements of CSM has been merged with and into BRRGM on the basis of accounting detailed in note 1.3 to the financial statement.

- (v) Notes 9.7 and 15.3 to the financial statements which provide details in respect of transfer of securities and bank accounts, respectively, from CSM to BRRGM.

KARACHI

DATED: October 31, 2018

CHARTERED ACCOUNTANTS

 Engagement Partner: Zulfikar Ali Causer



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	5	184,731,099	152,175,976
Investment properties	6	964,343,832	982,291,148
Long term musharaka finances	7	35,806,578	16,751,414
Long-term loans, advances and deposits	8	9,595,857	9,209,604
		1,194,477,366	1,160,428,142
CURRENT ASSETS			
Short-term investments	9	711,449,205	639,485,814
Current portion of musharaka finances	7	12,761,216	3,047,492
Ijarah / lease rental receivable	10	955,181	2,799,981
Loans, advances and prepayments	11	18,709,926	34,851,099
Accrued profit	12	515,836	201,089
Other receivables	13	3,541,507	1,992,615
Taxation	14	14,916,906	10,813,919
Cash and bank balances	15	22,854,663	144,097,751
		785,704,440	837,289,760
Non current asset held for sale	16	55,800,000	55,800,000
TOTAL CURRENT ASSETS		841,504,440	893,089,760
TOTAL ASSETS		2,035,981,806	2,053,517,902
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital			
115,000,000 (2017: 115,000,000) Modaraba certificates of Rs. 10/- each	17	1,150,000,000	1,150,000,000
Issued, subscribed and paid-up certificate capital	18	863,622,630	780,462,550
Reserves	19	234,608,888	204,174,457
Surplus on revaluation of investments	20	293,330,362	279,215,719
		1,391,561,880	1,263,852,726
LIABILITIES			
NON-CURRENT LIABILITIES			
Diminishing musharaka based Term Finance Certificates	21	-	72,449,839
Long-term loan	22	82,616,684	110,156,684
Long-term murabaha, musharaka and finance under mark-up arrangements	23	28,225,802	-
Long-term security deposits	24	81,641,692	77,739,782
TOTAL NON-CURRENT LIABILITIES		192,484,178	260,346,305
CURRENT LIABILITIES			
Current portion of long term loan	22	27,536,000	27,536,000
Current portion of long term murabaha, musharaka and finance under mark-up arrangements	23	93,776,446	110,000,000
Current portion of diminishing musharaka based Term Finance Certificates	21	72,449,843	88,207,792
Current portion of security deposits	24	11,941,410	1,485,270
Creditors, accrued and other liabilities	25	217,988,266	218,386,895
Accrued profit on borrowings	26	407,573	58,645,425
Profit distribution payable	27	27,836,210	25,057,489
TOTAL CURRENT LIABILITIES		451,935,748	529,318,871
TOTAL EQUITY AND LIABILITIES		2,035,981,806	2,053,517,902
CONTINGENCIES AND COMMITMENTS			
	28		

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
INCOME			
Rental income	29	174,128,459	164,601,981
Income on musharaka finances		10,271,961	10,572,150
Ijarah rental income		49,990,397	34,934,982
Return on investments - net	30	32,414,916	56,283,874
Profit on bank balances		2,457,434	3,811,142
Reversal of provision	31	38,181,803	-
Unrealized (loss) / gain on revaluation of held-for-trading investment		(61,874,882)	43,432,693
Gain on disposal of ijarah assets		1,504,607	-
Other income	32	11,653,291	148,430,907
Reversal of impairment	35	6,804,631	-
		265,532,617	462,067,729
EXPENSES			
Amortization on ijarah assets	5.2.2	39,683,547	22,219,518
Provision against doubtful receivables - net	31	-	16,549,165
Administrative expenses	33	140,224,656	156,205,984
Financial charges	34	10,681,456	24,780,322
Impairment of assets	35	-	47,709,871
		190,589,659	267,464,860
		74,942,958	194,602,869
Modaraba management company's fee	36	7,468,899	19,519,375
Sales tax on Modaraba management company's fee		970,957	2,537,519
Provision for Workers' Welfare Fund	37	1,324,983	3,462,737
Profit before taxation		65,178,119	169,083,238
Taxation	38	-	-
Profit for the year		65,178,119	169,083,238
Earnings per certificate - basic and diluted	39	0.75	2.17

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
Profit for the year	65,178,119	169,083,238
Other comprehensive income for the year		
Items that will be subsequently reclassified to profit or loss:		
Unrealized gain on revaluation of available-for-sale investments	21,758,428	81,786,237
Unrealised gain on revaluation of available for sale investments transferred to the income statement on disposal	(7,643,785)	(22,542,710)
Total comprehensive income for the year	<u>79,292,762</u>	<u>228,326,765</u>

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	65,178,119	169,083,238
Adjustment of non-cash and other items:		
Depreciation	42,483,613	44,549,237
Amortization on ijarah assets	39,683,547	22,219,518
Provision against doubtful receivable-net	(38,181,803)	16,549,165
Gain on disposal of property and equipment - owned	(744,839)	(61,881)
Gain on disposal of property, plant and equipment - leased / ijarah	-	(2,312,708)
Profit on musharaka, murabaha and finance under mark-up arrangements	10,671,592	24,768,517
Unrealized (loss) / gain on revaluation of held-for-trading investment	61,874,882	(43,432,693)
Impairment of assets	(6,804,631)	47,709,871
Return on investments - net	(32,414,916)	(56,283,874)
	<u>76,567,445</u>	<u>53,705,152</u>
	141,745,564	222,788,390
Decrease / (increase) current assets		
Ijarah / lease rentals receivable	1,153,888	(2,715,961)
Loans, advances and prepayments	11,124,358	(19,796,626)
Accrued profit	(421,027)	1,396,684
Other receivables	(2,188,336)	10,334,593
	<u>9,668,883</u>	<u>(10,781,310)</u>
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	49,967,757	74,067,873
Rent received in advance	(10,569,121)	69,857,685
Customers' security deposit	(12,519,640)	(15,599,024)
	<u>26,878,996</u>	<u>128,326,534</u>
Income tax paid	(5,673,622)	(6,490,791)
Net cash generated from operating activities	<u>172,619,821</u>	<u>333,842,823</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments disposed / (purchased) -net	(97,696,359)	74,975,342
Income received on investments	32,414,916	56,283,874
Musharaka finances	17,092,994	57,865,486
Addition to property and equipment - owned	(10,635,914)	(11,601,882)
Addition to property, plant and equipment - ijarah	-	(847,500)
Proceeds from disposal of property and equipment - owned	1,384,055	61,899
Proceeds from disposal of property, plant and equipment - leased / ijarah	15,654,611	24,554,114
Net cash (used in) / generated from investing activities	<u>(41,785,697)</u>	<u>201,291,333</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit paid to certificate holders	(79,413,964)	(19,767,598)
Finance under murabaha, musharaka and finance under mark-up arrangements	(135,707,788)	(317,983,439)
Long-term loan	(27,540,000)	137,692,684
Financial charges paid	(9,415,460)	(206,131,515)
Net cash used in financing activities	<u>(252,077,212)</u>	<u>(406,189,868)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(121,243,088)</u>	<u>128,944,288</u>
Cash and cash equivalents at the beginning of the year	144,097,751	15,153,463
Cash and cash equivalents at the end of the year	<u>22,854,663</u>	<u>144,097,751</u>

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid-up certificate capital	Capital reserves			Surplus on revaluation of investment	Accumulated loss	Total
		Profit prior to floatation	Merger Reserve	Statutory reserve			
	----- (Rupees) -----						
Balance as at July 01, 2016	780,462,550	10,532,683	-	618,928,347	219,972,192	(573,297,322)	1,056,598,450
Profit for the year ended June 30, 2017	-	-	-	-	-	169,083,238	169,083,238
Unrealized gain on revaluation of available-for-sale investments - net	-	-	-	-	59,243,527	-	59,243,527
Total comprehensive income for the year	-	-	-	-	59,243,527	169,083,238	228,326,765
Profit distribution for the year ended June 30, 2016							
@ Re.0.27 per certificate	-	-	-	-	-	(21,072,489)	(21,072,489)
Transfer to statutory reserve	-	-	-	82,970,646	-	(82,970,646)	-
Balance as at June 30, 2017	780,462,550	10,532,683	-	701,898,993	279,215,719	(508,257,219)	1,263,852,726
Profit for the year ended June 30, 2018	-	-	-	-	-	65,178,119	65,178,119
Unrealized gain on revaluation of available-for-sale investments - net	-	-	-	-	14,114,643	-	14,114,643
Total comprehensive income for the year	-	-	-	-	14,114,643	65,178,119	79,292,762
Issue of shares on amalgamation	83,160,080	-	-	-	-	-	83,160,080
Reserve on amalgamation	-	-	44,902,567	-	-	-	44,902,567
Profit distribution for the year ended June 30, 2017*	-	-	-	-	-	(79,646,255)	(79,646,255)
Transfer to statutory reserve	-	-	-	32,299,766	-	(32,299,766)	-
Balance as at June 30, 2018	863,622,630	10,532,683	44,902,567	734,198,759	293,330,362	(555,025,121)	1,391,561,880

* @ 0.1 and 0.08 per certificate for BRR and CSM

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1. LEGAL STATUS AND NATURE OF THE BUSINESS

These consolidated financial statements consist of the following group companies:

1.1 Holding Company

B.R.R. Guardian Modaraba (the Modaraba) is a multipurpose, perpetual modaraba floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under and is managed by B.R.R. Investments (Private) Limited, having its registered office at 18th Floor, BRR Tower, Hassan Ali Street off: I.I. Chundrigar Road, Karachi.

The Modaraba is listed on the Pakistan Stock Exchange Limited. The Modaraba's principal activity is leasing (Ijarah) of assets, deployment of funds in musharakas, murabahas and investment in properties, equity and debt securities. The Modaraba also provides custodial and management services in the name of B.R.R. Security Vault.

1.2

During prior year, pursuant to approval from Securities and Exchange Commission of Pakistan the Modaraba has incorporated a wholly owned subsidiary namely BRR Financial Services (Private) Limited (the Company) which was incorporated on November 30, 2015. As per the Memorandum of Association (MoA) of the Company, the Modaraba has undertaken to subscribe to 100,000 ordinary shares of Rs. 10 each of the Company. During the year, the shares have been subscribed by the Modaraba. Further to comply with minimum paid-up capital requirement under Securities Brokers (Licensing and Operations) Regulations, 2017, the Modaraba has subscribed to 5,400,000 right shares of Rs. 10 each of the Company. The subsidiary has not yet commenced operations as at year end.

The Board of Directors of B.R.R. Investment (Private) Limited (the Modaraba Management Company) in their meeting held on September 29, 2017 has approved the scheme of arrangement for merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and into B.R.R. Guardian Modaraba (BRRGM).

Subsequent to year end, on September 4, 2018 the High Court of Sindh sanctioned the scheme of arrangement for merger by way of amalgamation of CSM with and into BRRGM with effect from July 1, 2017, whereby the entire undertaking and business inclusive of all assets, properties, rights, liabilities and dues of CSM will be transferred to and assumed by BRRGM. BRRGM will continue as a going concern and CSM upon amalgamation will cease to exist. These financial statements have been prepared in accordance with the aforesaid order of the High Court of Sindh.

1.3

On the scheme becoming effective, the authorized modaraba capital of CSM of Rs. 250,000,000 shall be merged and combined with the authorized capital of BRRGM, consequently the merged authorized capital of BRRGM shall stand increased at Rs.1,400,000,000 divided into 140,000,000 modaraba certificates of Rs.10 each. Further, consequent on the scheme becoming effective the issued, subscribed and paidup capital of CSM of Rs.200,000,000 shall be merged with and combined with the issued, subscribed and paidup certificate capital of BRGM, consequently the Issued, subscribed and paidup certificate capital of BRRGM shall stand increased to Rs.863,622,630 divided into 86,362,263 modaraba certificates of Rs. 10 each at a swap ratio of 1.00 : 2.405 (BRRGM : CSM).

Furthermore, Pakistan Stock Exchange Limited through its Notice no. PSX/N-5315 dated September 18, 2018 notified the suspension of trading in the certificates of CSM with effect from October 8, 2018 for entitlement of certificates of B.R.R. Guardian Modaraba.

As such, as of the effective date of the scheme of arrangement for merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and into B.R.R. Guardian Modaraba (BRRGM), the entire undertaking of CSM Modaraba is merged with and into the Modaraba. As a result as on July 01, 2017, the entire business of CSM including properties, assets, liabilities and rights and obligations vested into the Modaraba. Since CSM was a group entity under common control, the merger has been accounted for as a common control transaction and predecessor accounting has been applied. Under predecessor accounting, the acquired net assets of CSM are included in the financial statements of the Modaraba at the same carrying values as recorded in CSM's own financial statements as on July 01, 2017. The results and the statement of financial position of CSM are consolidated prospectively from date of merger.



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

1.4 Subsidiary Company

The group comprises of the following subsidiary company.

BRR Financial Services (Private) Limited (the Company) was incorporated in Pakistan on November 30, 2015 as a private limited company under the repealed Companies Ordinance, 1984. The principal business activity of the Company is to render brokerage service in capital and money market and to render other consultancy services etc. The registered office of the Company is at 18th Floor, BRR Tower, Hassan Ali Street off I.I. Chundrigar Road, Karachi.

As per the Memorandum of Association (MoA) of the Company, the Modaraba has undertaken to subscribe to 100,000 ordinary shares of Rs. 10 each of the Company. During the year, the shares have been subscribed by the Modaraba. Further to comply with minimum paid-up capital requirement under Securities Brokers (Licensing and Operations) Regulations, 2016, the Modaraba has subscribed to 5,400,000 right shares of Rs. 10 each of the Company. The subsidiary has not yet commenced operations as at year end.

The Company is wholly owned subsidiary of B.R.R Guardian Modaraba (Modaraba).

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated 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 (SECP) ['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 repealed Companies Ordinance, 1984 and made applicable to Modarabas under 'the Modaraba Regulations'. Wherever the requirements of 'the Modaraba Regulations' differ from the requirements of these standards, the requirements of 'the Modaraba Regulations' take precedence.

The consolidated financial statements of the Modaraba have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directive of Securities and Exchange Commission of Pakistan issued vide Circular No. 17 dated July 20, 2017.

The Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 29 dated September 5, 2016, had prescribed certain additional disclosures to facilitate shariah screening of listed companies for Islamic Equity Index and encouraged all listed companies to voluntarily disclose the information. Accordingly, the Group has opted to present these disclosures in these consolidated financial statements.

2.2 Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Modaraba and the financial statements of subsidiary from the date that control of the subsidiary by the Group commences until the date that control ceases. The financial statements of the subsidiary is incorporated on a line-by-line basis and the investment held by the Modaraba is eliminated against the corresponding share capital of subsidiary in the consolidated financial statements.

The financial statement of subsidiary is prepared for the same reporting period as the Holding Company, using accounting policies that are generally consistent with those of the Holding Company.

Material intra-group balances and transactions are eliminated.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain investments which are classified as held-for-trading and available-for-sale which are stated at fair value. These consolidated financial statements have been prepared following accrual basis of accounting except for cash flow information.



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2.3 Functional and presentation currency

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

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

Amortization of property, plant and equipment - leased

For details please refer note 4.2.1 to these consolidated financial statements.

Depreciation on property and equipment

For details please refer note 4.2.2 to these consolidated financial statements.

Classification and valuation of investments

For details please refer note 4.6 to these consolidated financial statements.

Provision for doubtful receivables

For details please refer note 4.7 to these consolidated financial statements.

Impairment of investments, debt securities and leased assets

For details please refer note 4.10 to these consolidated financial statements.

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

3.1 Standards or interpretations that are effective in current year but not relevant to the Modaraba

The Modaraba has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:



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		Effective date (annual periods beginning on or after)
IFRS 10	Consolidated financial statements - Amendments regarding application of the consolidation exception	January 01, 2017
IFRS 11	Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	January 01, 2017
IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 01, 2017
IAS 1	Presentation of consolidated financial statements - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16	January 01, 2017
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception	January 01, 2017
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation	January 01, 2017
IAS 41	Agriculture - Amendments bringing bearer plants into the scope of IAS 16	January 01, 2017

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual Improvements to IFRSs (2012 – 2014) Cycle:

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 34	Interim Financial Reporting

3.2 Amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
Accounting standards and interpretations:		
IFRS 2	Share-based Payments - Amendment to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 7	Statement of Cash flows - Amendments resulting from the disclosure initiative	January 01, 2018
IAS 12	Income Taxes - Amendment regarding the recognition of deferred tax assets for unrealized losses	January 01, 2018
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 40	Investment Property - Amendments to clarify transfers of property to, or from, investment property	January 01, 2018



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The Annual Improvements to IFRSs that are effective for annual periods beginning on or after January 01, 2018 are as follows:

Annual Improvements to IFRSs (2014 – 2017) Cycle:

IFRS 12	Disclosure of Interests in Other Entities	January 01, 2018
IAS 28	Investments in Associates and Joint Ventures	January 01, 2018

3.3 Standards or interpretations not yet effective

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

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 17	Insurance Contracts

The effects of IFRS 15 - Revenues from Contracts with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Modaraba's future financial statements.

The Modaraba expects that the adoption of the above amendments and interpretations of the standards will not have any material impact and therefore, will not affect the Modaraba's financial statements in the period of initial application.

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment under ijarah arrangements

The Modaraba has adopted Islamic Financial Accounting Standard 2 - Ijarah in the year ended June 2009 for all Ijarah contracts commencing on or after July 01, 2008. The assets subject to ijarah commencing on or after July 01, 2008 are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged on these assets using the straight line method over the ijarah period which is from date of delivery of respective assets to mustajir upto the date of maturity / termination of ijarah agreement. In respect of the addition or deletion during the year, amortization is charged proportionately to the period of ijarah.

4.2 Property, plant and equipment

4.2.1 Leased out and amortization

Leased fixed assets are stated at cost less accumulated amortization and impairment loss (if any). Amortization is charged to income applying the annuity method whereby the cost of an asset, less its residual value, is written off over its lease period. In respect of additions and disposals during the year, amortization is charged proportionately to the period of lease.

Gain or loss on disposal of leased assets is recognized as income or expense as and when incurred.

4.2.2 In own use and depreciation

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss account during the period in which they are incurred.

Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and disposals during the year, depreciation is charged proportionately to the period of use.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.



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Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account.

Depreciation method, useful lives and residual values are reassessed at least at each balance sheet date and changes, if any, are recognized prospectively.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised and assets so replaced, if any, are retired.

4.3 Capital work-in-progress

Capital work-in-progress, if any, is stated at cost (less impairment losses, if any) and represents expenditure on fixed assets in the course of construction and installation and advances for capital expenditure. Transfers are made to relevant operating fixed assets and investment property category as and when the assets are available for intended use.

4.4 Investment properties

Property held to earn rentals or for capital appreciation or for sale in the ordinary course of business is classified as investment property. The investment property of the Modaraba comprises of buildings including capital work-in-progress and is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on investment property is charged on straight line method over its estimated useful life at rates ranging from 2% to 5% per annum. In respect of additions and disposals during the year, depreciation is charged proportionately to the period of use.

4.5 Non current assets – held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amounts are expected to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount immediately prior to their classification as held for sale and fair value less cost to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any gain or loss arising from the sale of these assets are reported in other income.

4.6 Investments

All investments are initially recognized at cost, being the fair value of the consideration given, including the transaction costs associated with the investment, except in the case of held-for-trading investments in which case these transaction costs are charged off to the profit and loss account. After initial recognition these investments are categorised and accounted for as follows:

4.6.1 Held-for-trading at fair value through profit or loss

These investments are initially recognized at cost, being the fair value of the consideration given and subsequently measured at fair value. As per requirement of IAS-39 "Financial Instruments, Recognition and Measurement" the gain or loss on revaluation of investments classified as held-for-trading is to be included in profit and loss account.

4.6.2 Available-for-sale

Investment securities held by the Modaraba which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available-for-sale. These investments are initially recognized at fair value plus transaction cost and subsequently measured at fair value. The investments for which quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Gains and losses arising from revaluation at fair value is recognized in equity through other comprehensive income under fair value reserve until sold, collected, or otherwise disposed of, at which time the cumulative gain or loss previously recognized in equity is included in profit and loss account.

4.6.3 Held to maturity

These are investments with fixed or determinable payments and fixed maturity, and for which, the Modaraba has positive intent and ability to hold till maturity. Held to maturity investments are initially recognized at fair value plus transaction cost and are subsequently measured at amortized cost using effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.



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4.6.4 Loans and receivables

Loans and receivables are non-derivative investments with fixed or determinable payments that are not quoted on the active market. The Modaraba's loans and receivables comprise of cash and bank balances, ijarah rental receivable, musharaka finance, advances, deposits, prepayments and other receivables and trade debts.

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Modaraba has transferred substantially all risks and rewards of ownership.

4.7 Provisions

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

4.8 Trade date accounting

All 'regular way' purchases and sales of quoted equity securities are recognized on the trade date i.e. the date that the Modaraba commits to purchase / sell the asset. 'Regular way' purchases or sales of quoted investments require delivery within two working days after the transaction date as per stock exchange regulations.

4.9 Recognition and derecognition of financial instruments

Financial assets are recognized initially at fair value or in case of financial assets that are not carried at fair value through profit or loss, at fair value plus transaction cost.

All financial assets and liabilities are recognized at the time when the entity becomes party to the contractual provisions of the instrument and are recognized in case of assets, when the contractual rights under the instrument are recognized, expired or surrendered and in case of a liability, when the obligation is discharged, cancelled or expired.

Any gain / (loss) on the recognition and derecognition of the financial assets and liabilities is included in the profit / (loss) for the period in which it arises.

Assets and liabilities that are not of contractual nature and that are created as a result of statutory requirements imposed by the Government are not financial instruments of the Modaraba.

4.10 Impairment

4.10.1 Financial assets

Impairment is recognized by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modaraba and subjective evaluation carried out on an ongoing basis.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

4.10.2 Available-for-sale investments

For available-for-sale financial investments, the Modaraba assesses at each balance sheet date whether there is an objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value less any impairment loss on that investment previously recognized in the income statement, is removed from equity and recognized in the profit and loss account. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognized in equity through other comprehensive income.



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In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the profit and loss account.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of available for-sale financial assets recognized previously in equity is transferred to profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized in equity through other comprehensive income.

4.10.3 Non-financial assets

The Modaraba assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss for asset subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income in profit and loss account.

4.11 Revenue recognition

4.11.1 Ijarah income / operating lease income

Up until June 30, 2008, the Modaraba treated all leases as operating leases and from July 01, 2008, the Modaraba has adopted IFAS 2 - Ijarah for all new disbursements. In accordance with the requirements of IFAS 2 - Ijarah, rental from Ijarah arrangements are recognised in profit and loss account on accrual basis as and when rentals become due. Unrealised income in respect of non-performing ijarah finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations for Modarabas issued by the SECP.

Leases in which a significant portion of the risk and reward is retained by the Modaraba are classified as operating lease. Rental income from operating leases is recognized on straight line on an accrual basis.

4.11.2 Murabaha and musharaka transactions

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

Profit from murabaha finance is accounted for on culmination of murabaha transaction. However, the profit on that portion of murabaha finance not due for payment is deferred and recorded as "Deferred Murabaha Income". The same is then recognized on a time proportion basis.

4.11.3 Rental income

Rental income arising from investment properties is accounted for on a straight line basis.

4.11.4 Dividend income

Dividend is recognized as income when the Modaraba's right to receive dividend is established.

4.11.5 Gain and losses on sale of investment

Gains and losses on sale of investments are accounted for when their commitment (trade date) for sale of security is made.



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4.11.6 Income on debt securities

Income is recognized on a time proportion basis under the effective yield method.

4.11.7 Income on balances with banks

Profit on bank deposit is recognized on accrual basis.

4.11.8 Unrealised income on non-performing assets

Unrealised 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 Securities and Exchange Commission of Pakistan. Unrealised suspense income is recognized in profit and loss account on receipt basis.

4.12 Taxation

4.12.1 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. Under clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, the non-trading income of modarabas is exempt from income tax, provided not less than 90% of its profits, after appropriation to statutory reserves as required under Modaraba Regulations, are distributed to the certificate holders.

4.12.2 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 consolidated financial statements used for taxation purposes. However, deferred tax liability has not been provided in these consolidated financial statements as the management believes that the future income of Modaraba will not be taxable in the foreseeable future due to the fact that the Modaraba intends to continue availing the tax exemption through profit distribution to the extent of 90 percent of distributable profit.

4.13 Staff provident fund

The Modaraba contributes to an approved group fund scheme covering all its employees who are eligible under the scheme. Equal monthly contributions are made by the Modaraba and the employees to the fund at 10% of the basic salary.

4.14 Foreign currencies translation

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange approximating to those prevalent on the balance sheet date. Foreign currency transactions are converted into Pak Rupees at the rate of exchange prevailing on the date of transactions. Exchange gains and losses on translation are recognized in profit and loss account.

4.15 Financial assets

Financial assets include lease rentals receivable, investments, musharaka and murabaha finances, deposits and other receivables, excluding taxation. Lease rentals receivable, musharaka, murabaha and other receivables are stated at cost as reduced by appropriate allowances for estimated irrecoverable amounts.

4.16 Financial liabilities

Financial liabilities are classified according to the substance of contractual arrangements entered into. These are initially recognised at fair value and subsequently stated at amortised cost. Significant financial liabilities are musharaka, murabaha and finance under mark-up arrangements, deposit on lease contracts and accrued and other liabilities.



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4.17 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, balances at banks in current and deposit accounts and stamps in hand, as well as balance held with the State Bank of Pakistan (SBP).

4.18 Profit distribution and other appropriations of profit

Profit distributions to the certificate holders and other appropriations of profit are recognized in the year in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which these relate.

4.19 Offsetting financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Modaraba has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Corresponding income on the assets and charge on the liability is also off-set.

4.20 Segment reporting

As per IFRS 8, "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The chief executive officer of the modaraba management company has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. An operating segment is a component of the Modaraba that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Modaraba's other components. The Modaraba has only one reportable segment.

4.21 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.

4.22 Related party transactions

All transactions with the related parties are priced on arm's length basis. Prices for those transactions are determined on the basis of admissible valuation methods.

	Note	2018 Rupees	2017 Rupees
5 PROPERTY, PLANT AND EQUIPMENT			
Property and equipment - own use	5.1	104,942,713	101,444,101
Property, plant and equipment- leased / ijarah	5.2	79,788,386	50,731,875
		184,731,099	152,175,976



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5.1 PROPERTY, PLANT AND EQUIPMENT

Particulars	Leasehold Land	Building on Leasehold Land	Lockers	Furniture and Fixtures	Vehicles	Office Equipment and appliances	Total
	(Rupees)						
Year ended June 30, 2018							
Net carrying value basis							
Opening net book value (NBV)	1,238,663	76,638,146	5,908,119	86,933	15,125,788	2,446,452	101,444,101
Additions (at cost)	-	3,655,000	-	650,000	8,762,457	1,223,457	14,290,914
Disposals (NBV) (refer note 5.1.1)	-	-	-	-	(639,215)	-	(639,215)
Transfer from amalgamated entity	-	-	-	-	24,224	6,095	30,319
Depreciation charge	(50,558)	(2,266,440)	(523,224)	(102,611)	(5,757,739)	(1,482,834)	(10,183,406)
Closing net book value	1,188,105	78,026,706	5,384,895	634,322	17,515,515	2,193,170	104,942,713
Gross carrying value basis							
Cost	2,527,890	110,365,454	22,892,718	2,292,536	33,298,679	18,426,160	189,803,437
Accumulated depreciation	(1,339,785)	(32,338,748)	(17,507,823)	(1,658,214)	(15,783,164)	(16,232,990)	(84,860,724)
Net book value	1,188,105	78,026,706	5,384,895	634,322	17,515,515	2,193,170	104,942,713
Year ended June 30, 2017							
Net carrying value basis							
Opening net book value (NBV)	1,289,221	79,127,894	3,881,656	135,456	12,505,352	2,500,831	99,440,410
Additions (at cost)	-	-	2,487,500	-	7,619,200	1,495,182	11,601,882
Disposals (NBV)	-	-	-	(8)	(2)	(8)	(18)
Depreciation charge	(50,558)	(2,489,748)	(461,037)	(48,515)	(4,998,762)	(1,549,553)	(9,598,173)
Closing net book value	1,238,663	76,638,146	5,908,119	86,933	15,125,788	2,446,452	101,444,101
Gross carrying value basis							
Cost	2,527,890	106,710,454	22,892,718	1,642,536	29,112,540	17,105,859	179,991,997
Accumulated depreciation	(1,289,227)	(30,072,308)	(16,984,599)	(1,555,603)	(13,986,752)	(14,659,407)	(78,547,896)
Net book value	1,238,663	76,638,146	5,908,119	86,933	15,125,788	2,446,452	101,444,101
Depreciation rate % per annum	2%	5%	5%	10%	20%	33.33%	

5.1.1 Disposal of property and equipment - (own use) - during the year

Property and equipment	Cost	Accumulated depreciation	Written down value	Disposal proceed	Gain on disposal	Mode of disposal	Particulars of purchaser
-----Rupees-----							
Vehicles							
Toyota XLI - AYN-620	1,576,720	1,576,719	1	157,672	157,671	Company Policy	Mr. Tahir Mehmood
Toyota XLI - AXM-592	1,477,500	1,477,499	1	147,750	147,749	Company Policy	Mr. Iqbal Rizvi
Toyota XLI - AXE-869	1,516,225	1,516,225	-	151,623	151,623	Company Policy	Mr. Muhammad Ahmad
Suzuki Mehran - BEN-712	683,000	250,434	432,566	610,000	177,434	Company Policy	Jubilee General Insurance
Suzuki Mehran - LEA-14-3099	729,330	534,842	194,488	291,732	97,244	Company Policy	Mr. Farhan Arif
Motorcycle Hero 70 - LEN-12-9838	41,500	41,499	1	4,150	4,149	Company Policy	Mr. Muhammad Aslam
Motorcycle Hero 70 - KGD-4924	52,092	48,618	3,474	5,209	1,735	Company Policy	Mr. Akhtar Ali
Motorcycle Hero 70 - KFW-6157	52,092	48,618	3,474	5,209	1,735	Company Policy	Mr. Malik Azam
Motorcycle Hero 70 - KGD-4925	52,092	46,882	5,210	5,210	-	Company Policy	Mr. Abid Hussain
Office equipment and appliances							
Refrigerator	18,600	18,599	1	5,500	5,499	Company Policy	Mr. Farhan Arif
2018	6,199,151	5,559,935	639,216	1,384,055	744,839		
2017	8,691,052	8,691,033	19	61,899	61,880		



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	Note	2018 Rupees	2017 Rupees
5.2 Property, plant and equipment - leased / ijarah			
	5.2.1	19,615,249	19,615,249
	5.2.2	60,173,137	31,116,626
		79,788,386	50,731,875

5.2.1 Property, plant and equipment - leased

Particulars	Plant and Machinery	Vehicles	Motor boat	Total
		(Rupees)		
Year ended June 30, 2018				
Net carrying value basis				
Opening net book value (NBV)	14,281,091	5,064,742	269,416	19,615,249
Additions (at cost)	-	-	-	-
Disposals (NBV)	-	-	-	-
Impairment	-	-	-	-
Depreciation charge	-	-	-	-
Closing net book value	14,281,091	5,064,742	269,416	19,615,249
Gross carrying value basis				
Cost	160,851,356	89,744,995	2,694,300	253,290,651
Accumulated impairment	(424,719)	(41,659,585)	-	(42,084,304)
Accumulated depreciation	(146,145,546)	(43,020,668)	(2,424,884)	(191,591,098)
Net book value	14,281,091	5,064,742	269,416	19,615,249
Year ended June 30, 2017				
Net carrying value basis				
Opening net book value (NBV)	28,354,880	6,851,553	269,416	35,475,849
Additions (at cost)	-	-	-	-
Disposals (NBV)	(24,123,908)	(6,233,460)	-	(30,357,368)
Impairment	10,050,119	4,446,649	-	14,496,768
Depreciation charge	-	-	-	-
Closing net book value	14,281,091	5,064,742	269,416	19,615,249
Gross carrying value basis				
Cost	160,851,356	89,744,995	2,694,300	253,290,651
Accumulated impairment	(424,719)	(41,659,585)	-	(42,084,304)
Accumulated depreciation	(146,145,546)	(43,020,668)	(2,424,884)	(191,591,098)
Net book value	14,281,091	5,064,742	269,416	19,615,249
Depreciation rate % per annum	11% - 25%	20% - 33%	20%	



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5.2.2 Property, plant and equipment - Ijarah

Particulars	Plant and Machinery	Vehicles	Office Equipment and appliances	Total
	(Rupees)			
Year ended June 30, 2018				
Net carrying value basis				
Opening net book value (NBV)	5,752,748	25,273,603	90,275	31,116,626
Additions (at cost)	-	-	-	-
Disposals (NBV)	(568,733)	(13,502,771)	(78,500)	(14,150,004)
Transfer from amalgamated entity	9,672,339	71,809,429	1,408,294	82,890,062
Depreciation charge	(8,157,644)	(30,948,128)	(577,775)	(39,683,547)
Closing net book value	6,698,710	52,632,133	842,294	60,173,137
Gross carrying value basis				
Cost	40,065,275	122,535,277	2,125,710	164,726,262
Accumulated depreciation	(33,366,565)	(69,903,144)	(1,283,416)	(104,553,125)
Net book value	6,698,710	52,632,133	842,294	60,173,137
Year ended June 30, 2017				
Net carrying value basis				
Opening net book value (NBV)	8,827,973	49,809,936	231,575	58,869,484
Additions (at cost)	-	847,500	-	847,500
Disposals (NBV)	-	(6,380,840)	-	(6,380,840)
Depreciation charge	(3,075,225)	(19,002,993)	(141,300)	(22,219,518)
Closing net book value	5,752,748	25,273,603	90,275	31,116,626
Gross carrying value basis				
Cost	20,054,955	70,026,380	785,000	90,866,335
Accumulated depreciation	(14,302,207)	(44,752,777)	(694,725)	(59,749,709)
Net book value	5,752,748	25,273,603	90,275	31,116,626
Depreciation rate % per annum	11% - 25%	20% - 33%	20% - 33%	

5.2.3 In view of the large amount of disposals of property, plant and equipment given on lease / Ijarah, the Directors of the Management Company are of the opinion that no practical purpose will be served by presenting details of such disposals.



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6	INVESTMENT PROPERTIES	Note	2018 Rupees	2017 Rupees
	Investment properties	6.1	955,254,832	973,202,148
	Capital work- in-progress	6.2	9,089,000	9,089,000
			964,343,832	982,291,148

6.1 Investment properties

Particulars	Leasehold Land	Building on leasehold land (note 6.1.1)	Office premises (note 6.1.2)	Total
	(Rupees)			
Year ended June 30, 2018				
Net carrying value basis				
Opening net book value (NBV)	151,094,997	530,357,651	291,749,500	973,202,148
Additions (at cost)	-	7,548,227	-	7,548,227
Disposals (NBV)	-	-	-	-
Reversal of Impairment	-	-	6,804,631	6,804,631
Depreciation charge	(3,856,889)	(12,785,431)	(15,657,854)	(32,300,174)
Closing net book value	147,238,108	525,120,447	282,896,277	955,254,832
Gross carrying value basis				
Cost	189,511,155	630,863,509	560,326,414	1,380,701,078
Accumulated impairment	-	-	(40,905,240)	(40,905,240)
Accumulated depreciation	(42,273,047)	(105,743,062)	(236,524,897)	(384,541,006)
Net book value	147,238,108	525,120,447	282,896,277	955,254,832
Year ended June 30, 2017				
Net carrying value basis				
Opening net book value (NBV)	157,085,217	550,401,110	348,376,722	1,055,863,049
Additions (at cost)	-	-	-	-
Disposals (NBV)	-	-	-	-
Impairment	-	-	(47,709,871)	(47,709,871)
Depreciation charge	(1,790,222)	(9,094,069)	(24,066,739)	(34,951,030)
Closing net book value	155,294,995	541,307,041	276,600,112	973,202,148
Gross carrying value basis				
Cost	189,511,155	623,315,282	560,326,414	1,373,152,851
Accumulated impairment	-	-	(47,709,871)	(47,709,871)
Accumulated depreciation	(34,216,160)	(82,008,241)	(236,016,431)	(352,240,832)
Net book value	155,294,995	541,307,041	276,600,112	973,202,148
Depreciation rate % per annum	2%	2-5%	2.2-5%	

6.1.1 This includes an office premises costing Rs. 70 million, which was swapped by the Modaraba in March 2012 from First Dawood Investment Bank Limited (FDIBL), an associated undertaking with 6.1 million unlisted shares of Burj Bank Limited (at par value) along with a receivable from Equity International (Private) Limited (EIL), an associated undertaking. The execution of the sale deed for the said property and transfer of the title in the name of the Modaraba are in abeyance as a commercial bank has obtained stay order against transfer of the property. FDIBL has filed an application of intervention with the Honourable High Court of Sindh for removal of stay of the commercial bank and to effect the transfer of title in its favour, which is pending adjudication. Nevertheless, the original documents and possession of the property rest with the Modaraba. In prior year, the Modaraba had recorded impairment on said investment property amounting to Rs. 47.709 million based on valuation report obtained from approved valuer with panel of Pakistan Banks Association on August 04, 2017. During the year, Modaraba has again carried out revaluation of said property and resulted in reversal of impairment amounting to Rs. 6.804 million.



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	Note	2018 Rupees	2017 Rupees
6.2 Capital work-in-progress			
Advance for office premises - Jofa Tower, Karachi	6.2.1	66,420,000	66,420,000
Less: Provision against advance for office premises		(57,331,000)	(57,331,000)
		9,089,000	9,089,000
6.2.1	This includes Rs. 57.331 million paid for the purchase of three shops of Jofa Tower. Because of a dispute in respect of payment for additional space due to structural changes in the design, the title or possession of the said property has not yet been transferred in the name of the Modaraba. In March 2012, the Modaraba filed a law suit for specific performance and deposited Rs. 9.089 million with Nazir High Court of Sindh. The law suit is currently pending before Honourable High Court of Sindh at Karachi. During prior year, Modaraba has made provision against the advance paid for the purchase of three shops amounting to Rs. 57.331 million.		
6.3	The fair value of investment property as at June 30, 2018 as per valuation report of independent valuer is Rs. 1,871.991 million (2017: Rs 1,702.195 million).		
	Note	2018 Rupees	2017 Rupees
7 LONG TERM MUSHARAKA FINANCES			
Considered good		48,567,794	19,798,906
Considered doubtful	7.4	155,351,790	192,196,931
	7.1 & 7.3	203,919,584	211,995,837
Less: Provision for doubtful receivables	7.2	(155,351,790)	(192,196,931)
		48,567,794	19,798,906
Less: Current portion of musharaka finances		(12,761,216)	(3,047,492)
		35,806,578	16,751,414
7.1	The expected profit receivable on these arrangements ranges from 9.430% to 11.595% (2017: 8.16% to 10.65%) per annum. The arrangements are secured by way of hypothecation of stock, mortgage of property and equipment and pledge of shares. These finances are receivable on various dates up to June 12, 2022.		
7.2 Movement of provision			
Opening balance		192,196,931	233,098,997
Transfer from amalgamated entity		7,262,809	-
Provision during the year		320,579	-
Written off during the year		(5,906,486)	(120,231)
Reversal during the year	31	(38,522,043)	(40,781,835)
Closing balance		155,351,790	192,196,931
7.3 Ageing of musharaka finances			
Neither past due nor impaired		48,451,501	19,786,421
Past due but not impaired		7,379,102	12,485
Past due and impaired		148,088,981	192,196,931
		203,919,584	211,995,837



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- 7.4** This includes an amount of Rs. 49.603 million (2017: 79.276 million) in respect of Pak Hy Oils Limited as detailed in note 31.1 to the financial statements.

	Note	2018 Rupees	2017 Rupees
8 LONG TERM LOANS, ADVANCES AND DEPOSITS			
Loans - secured - considered good			
To employees	8.1	2,743,084	1,856,530
Less: Current portion of loans to employees		(608,666)	(493,394)
		2,134,418	1,363,136
To executives	8.1, 8.2 & 8.3	3,235,525	3,370,750
Less: Current portion of loans to executives		(1,750,296)	(1,771,092)
		1,485,229	1,599,658
Deposits		5,637,310	5,737,310
Advance against musharaka		338,900	-
Advance against purchase of vehicles		-	509,500
		9,595,857	9,209,604

- 8.1** These represent house loans disbursed to employees and executives under the terms of employment. These loans carry mark-up at the rate of 5% (2017: 5%) per annum and are secured against the mortgage of properties.
- 8.2** The maximum amount of loans and advances due from executives at the end of any month during the year was Rs. 0.007 million (2017: Rs. 0.015 million).
- 8.3** The Modaraba has taken the benefit of forced sale value of the collateral amounting to Rs. 1.673 million against a loan to an executive. Had this benefit of FSV not been taken by the Modaraba, the provision against such loan would have been Rs. 1.673 million (2017: Rs. 1.673 million).

9 SHORT-TERM INVESTMENTS

Held-for-trading

Listed ordinary shares	9.1	219,665,987	237,296,245
Derivative financial instruments	9.2	-	1,488,816
		219,665,987	238,785,061

Available-for-sale

Listed ordinary shares/ Modaraba certificates	9.3	362,821,882	300,188,780
Unlisted ordinary shares	9.4	89,812,733	88,370,817
Unlisted debt securities	9.5	55,370,751	27,117,351
		508,005,366	415,676,948
		727,671,353	654,462,009
Less: Provision for diminution in value of investments	9.6	(16,222,148)	(14,976,195)
		711,449,205	639,485,814



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			2018 Rupees	2017 Rupees
9.1 Held-for-trading: Listed Ordinary shares				
Unless stated otherwise, the holdings are in fully paid ordinary shares of Rs. 10 each.				
Number of shares /				
2018	2017	Name of investee		
		Glass & Ceramics		
37,900	2,400	Ghani Glass Limited	2,337,672	200,208
		Textile Composite		
38,649	4,649	Kohinoor Textile Mills Limited	2,125,308	488,750
6,000	-	Nishat Mills Limited	845,520	-
		Cement		
5,283	5,283	Bestway Cement Limited	692,020	1,157,612
2,000	-	D.G. Khan Cement Company Limited	228,980	-
6,400	6,400	Lucky Cement Limited	3,250,752	5,352,064
220	200	Cherat Cement Company Limited	21,391	35,755
29,000	65,000	Fauji Cement Company Limited	662,649	2,666,957
572,500	-	Power Cement Limited	4,780,373	-
		Power Generation & Distribution		
959,746	502,746	K-Electric Limited (ordinary shares of Rs. 3.5 each).	5,451,358	3,468,852
21,600	16,600	The Hub Power Company Limited	1,990,655	1,949,338
		Refinery		
6,399	1,199	Attock Refinery Limited	1,377,769	458,713
41,050	38,450	National Refinery Limited	18,185,562	27,914,317
5,500	-	Byco Petroleum Ltd.	67,100	-
		Oil & Gas Exploration Companies		
880	680	Mari Petroleum Company Limited	1,325,439	1,071,435
54,820	49,820	Pakistan Petroleum Limited	11,780,818	7,380,335
13,000	8,000	Oil & Gas Development Company Limited	2,023,060	1,125,520
		Oil & Gas Marketing Companies		
-	2,000	Burshane LPG (Pakistan) Limited	-	108,040
17,108	18,608	Sui Northern Gas Pipelines Limited	1,714,564	2,771,103
175,000	34,500	Sui Southern Gas Company Limited	5,743,499	1,256,145



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Number of shares / 2018	2017	Name of investee	2018 Rupees	2017 Rupees
Automobile Assembler				
4,500	-	General Tyre & Rubber Company of Pakistan Limited	747,900	-
24,275	21,000	Sazgar Engineering Work Limited	6,917,890	5,752,530
3,320	3,320	Millat Tractors Limited	3,944,359	4,563,142
Automobile Parts & Accessories				
12,700	12,700	Agriauto Industries Limited	3,746,500	5,485,130
71,502	31,500	Loads Limited	2,229,434	1,306,306
Fertilizer				
3,000	10,000	Engro Corporation Limited	941,580	3,259,100
Chemical				
13,447	13,247	ICI Pakistan Limited	10,777,770	14,499,503
47,000	42,500	Ittehad Chemicals Limited	1,633,720	1,329,400
10,000	10,000	Sitara Peroxide Limited	173,600	311,000
1,700	1,700	Sitara Chemical Industries Limited	626,144	755,854
21,000	446,000	Lotte Chemical Pakistan Limited	251,159	4,393,100
		Pakistan Oxygen (formerly Linde Pakistan limited)	359,759	6,893,172
1,499	28,600	Archroma Pakistan Limited	1,212,000	1,639,417
2,400	2,300			
Engineering				
46,375	40,375	Crescent Steel & Allied Products Limited	4,228,008	9,632,264
12,000	5,000	International Steels Limited	1,220,402	639,450
87,000	100,000	Ittefaq Iron Industries Limited	1,216,260	3,020,000
20,000	20,500	K.S.B Pumps Company Limited	5,600,000	6,457,500
126,486	97,986	Mughal Iron & Steel Industries Limited	7,768,770	7,910,410
7,500	-	Dost Steel Limited	59,325	-
Transport				
3,200	3,200	Pakistan National Shipping Corporation Limited	262,208	402,880
100	100	Pakistan International Container Terminal Limited	22,812	34,800



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Number of shares /			2018	2017
2018	2017	Name of investee	Rupees	Rupees
Technology & Communication				
6,500	-	Avanceon Limited	430,560	-
45,000	40,000	Pakistan Telecommunication Company Limited	514,800	624,400
Leather & Tanneries				
13,860	11,560	Service Industries Limited	10,879,823	15,941,240
Food & Personal Care Products				
-	300	Engro Foods Limited	-	36,447
157,575	96,000	Treet Corporation Limited	5,387,488	5,460,480
Pharmaceuticals				
1,200	500	Abbott Laboratories (Pakistan) Limited	822,001	467,300
9,250	-	AGP Limited	821,307	-
9,347	6,710	Highnoon Laboratories Limited	3,837,035	4,202,271
17,800	3,900	Ferozsons Laboratories Limited	3,466,194	1,507,389
56,279	33,601	The Searle Company Limited	19,106,720	17,203,040
131,765	108,600	GlaxoSmithKline Pakistan Limited	21,872,989	21,385,511
15,300	14,500	GlaxoSmithKline Consumer Healthcare Pakistan Limited	6,197,265	3,030,645
Cable & Electrical Goods				
15,100	-	Pak Elektron Limited	535,446	-
Modarabas				
11,000	11,000	First UDL Modaraba	205,150	414,700
Open-End Mutual Funds				
221,903	224,400	Dawood Islamic Fund	25,980,122	29,762,350
Commercial Banks				
291	22,791	BankIslami Pakistan Limited	3,478	303,120
Woollen				
19,000	18,500	Bannu Woollen Mills Limited	945,250	1,267,250
Synthetic and Rayon				
7,000	-	Tri-Star Polyester Limited	116,270	-
			219,665,987	237,296,245



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9.1.1 In view of Order of Honourable High Court of Sindh at Karachi dated 4th September 2018. The Merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and BRR Guardian Modaraba (BRRGM) has been allowed by high court. Therefore BRR Guardian Modaraba through their letter dated September 09, 2018 submitted their broker 786 Investment Limited to transfer Dawood Islamic Fund Units 98,848.4333 from Crescent Standard Modaraba to BRR Guardian Modaraba.

9.2 Derivative financial instruments

Number of shares		Name of investee	2018	2017
2018	2017		Rupees	Rupees
Letter of rights		Glass & Ceramics		
-	21,100	Ghani Glass Mills Limited	-	1,488,816
			-	1,488,816

9.3 Available-for-sale: Listed Ordinary shares/Modaraba Certificate

Unless stated otherwise, the holdings are in fully paid ordinary shares of Rs.10 each.

		Oil & Gas Exploration Companies		
8,350	10,150	Mari Petroleum Company Limited	12,576,603	15,992,747
		Oil & Gas Marketing Companies		
7,962	8,462	Shell Pakistan Limited	2,516,709	4,868,781
39,660	39,660	Sui Northern Gas Pipelines Limited	3,974,726	5,906,165
		Leather & Tanneries		
3,800	-	Service Industries Limited	2,982,924	-
		Modarabas		
1,000	-	ORIX Modaraba	16,610	-
		Real Estate Investment Trust		
407,000	-	Dolmen City REIT	5,250,300	-
		Chemical		
17,974	49,852	Pakistan Oxygen (formerly Linde Pakistan Limited)	4,313,760	12,015,329
14,199	14,199	Sitara Chemical Industries Limited	5,229,776	6,313,159
		Cement		
90	90	Maple Leaf Cement Factory Limited	4,567	10,022
3,055,168	-	Power Cement Limited	25,508,711	-
		Engineering		
56,000	56,000	KSB Pumps Company Limited	15,680,000	17,640,000
11,000	11,000	Mughal Iron & Steel Industries Limited	675,620	888,030
2,625	-	Crescent Steel & Allied Products Limited	239,320	-



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Number of shares		Name of investee	Note	2018	2017
2018	2017			Rupees	Rupees
Transport					
1,000	1,000	Pakistan International Container Terminal Limited		228,120	348,000
5,000	5,000	Pakistan National Shipping Corporation		409,700	629,500
Pharmaceuticals					
42,576	42,576	Abbott Laboratories (Pakistan) Limited		29,164,560	39,791,530
32,165	32,165	GlaxoSmithKline Pakistan Limited		5,339,390	6,333,931
638	638	Highnoon Laboratories Limited		261,905	399,561
30,906	27,648	GlaxoSmithKline Consumer Healthcare Pakistan Limited		12,518,476	5,778,708
Power Generation & Distribution					
1,000	1,000	The Hub Power Company Limited		92,160	117,430
Technology & Communication					
2,103,577	2,103,577	Systems Limited - a related party		212,924,064	159,535,280
Automobile Parts & Accessories					
98,400	69,650	Loads Limited		3,068,111	2,888,385
1,000	-	Millat Tractors Limited		1,188,060	-
Paper & Board					
101,568	92,300	Roshan Packages Limited		2,861,171	5,184,491
Glass & Ceramics					
13,300	8,100	Ghani Glass Limited		820,344	571,536
Financial services					
1,935,506	1,935,506	786 Investments Limited (Formerly Dawood Capital Management Limited) - a related party (fully provided)	9.3.1	4,722,634	4,722,634
3,339,922	3,339,922	First Dawood Investment Bank Limited - a related party (fully provided)		10,253,561	10,253,561
				362,821,882	300,188,780



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9.3.1 This represents sponsor shares of the related party and is a non shariah compliant investment. The management is currently in process of finding prospective buyers as per instruction of SECP. Further, full amount of provision has also been recognized.

9.4 Available-for-sale: Investment in unlisted ordinary shares

The holdings are in fully paid ordinary shares of Rs.10 each.

			2018 Rupees	2017 Rupees
100,000	100,000	Al Baraka Bank (Pakistan) Limited - (note 9.4.3)	874,999	829,000
7,200,000	7,200,000	Dawood Family Takaful Limited - (note 9.4.4)	52,128,000	52,128,000
3,034,603	3,034,603	ISE Tower REIT Management Company Limited - (note 9.4.2 & 9.4.5)	36,809,734	35,413,817
			89,812,733	88,370,817

9.4.1 Breakup value of above investment in unlisted ordinary shares are as follows:

		Break-up value as per latest available audited financial statements (Rupees)	% of holding of the investee's paid- up capital	Auditors
June 30, 2018				
Al Baraka Bank (Pakistan) Limited	(9.4.3)	783,000	0.01%	EY Ford Rhodes, Chartered Accountants
Dawood Family Takaful Limited	(9.4.4)	35,568,000	9.60%	Deloitte Yousuf Adil, Chartered Accountants
ISE Tower REIT Management Company Limited	(9.4.2)	36,809,734	0.83%	BDO Ebrahim & Co., Chartered Accountants
June 30, 2017				
Al Baraka Bank (Pakistan) Limited	(9.4.3)	829,000	0.01%	EY Ford Rhodes, Chartered Accountants
Dawood Family Takaful Limited	(9.4.4)	36,000,000	9.60%	Deloitte Yousuf Adil, Chartered Accountants
ISE Tower REIT Management Company Limited	(9.4.2)	35,413,817	0.83%	BDO Ebrahim & Co., Chartered Accountants

9.4.2 Breakup value of investment in shares of ISE Tower REIT Management Company Limited amounted to Rs. 336.810 million and Rs. 35.413 million are based on audited financial statements for the year ended June 30, 2017 and June 30, 2016, respectively.

9.4.3 Al Baraka Bank (Pakistan) Limited (ABPL), and Burj Bank Limited (BBL) have successfully merged operations under the name of Al Baraka Bank (Pakistan) Limited. Following are the salient features of scheme of amalgamation communicated by ABPL and BBL through their correspondences:

- Rs. 4.00 per share cash against surrender of each BBL share.
- non-selling shareholders of BBL will receive one share of ABPL for every 1.7 shares held in BBL.

In pursuance of above, the offer letters dated June 14, 2016 have been received by the Modaraba. The Modaraba confirmed to sell 1,590,000 shares of BBL for Rs. 4/- per share and agreed to convert 170,000 shares of BBL into ABPL shares.

The Modaraba received cash of Rs. 6,360,000/- against surrender of 1,590,000 BBL shares in December 2017. The Modaraba also holds 100,000 shares in ABPL effective from November 01, 2016.

The breakup value of investment in shares of ABPL is Rs. 0.783 million (as per latest available post amalgamation audited financial statements dated December 31, 2017) whereas the book value of investment in shares of ABPL is Rs. 0.829 million resulting in revaluation deficit of Rs. 0.046 million.



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9.4.4 The breakup value of investment in shares of Dawood Family Takaful (DFTL) is Rs. 35.568 million (as per latest audited accounts dated December 31, 2017) where as the cost of investment in shares of DFTL is Rs. 72 million. Upto June 30, 2017, management has recorded total impairment of Rs. 19.872 million based on embedded value of investment as at June 30, 2016 amounting to Rs. 52.128 million (Rs. 8.27 per share). Since, embedded value of the investments amounts to Rs. 67.968 million as at June 30, 2018 (Rs. 9.44 per share). Therefore, management has not recorded further impairment on the grounds of embedded value being higher than the carrying value of this investment per latest actuarial valuation.

9.4.5 In prior year, in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Modaraba has received equity shares of Islamabad Stock Exchange Limited (ISE) and Trading Right Entitlement Certificates (TREC) against surrender of Stock Exchange Membership Card.

The Modaraba's entitlement in respect of shares is determined on the basis of valuation of assets and liabilities of the respective exchange as approved by the SECP and the Modaraba has been allotted 3,034,603 shares of ISE of Rs. 10 each out of which 60% of the shares are kept in blocked account and the divestment of the same will be in accordance with the requirements of the Act.

The investment in shares of ISE has been recorded at the carrying value of Stock Exchange Membership Card in the Modaraba's books as available for sale investment.

The breakup value of each share of ISE Tower REIT Management Company Limited as per their latest available audited financial statements for the year ended June 30, 2018 is Rs. 12.13 per share (2017: 11.67 per share) which is greater than the par value of Rs. 10 of ISE Tower REIT Management Company Limited's share .

Accordingly, investment in shares of ISE Tower REIT Management Company Limited has been revalued at par value of Rs. 10 each as at previous balance sheet date and the resulting surplus on revaluation amounting to Rs. 22.596 million was recognized in other comprehensive income being the difference of carrying value of Stock Exchange Membership Card and fair value of 3,034,603 allocated shares of Rs. 10 each.

During the current year, investment in shares of ISE Tower REIT Management Company Limited has been revalued at breakup value of Rs. 12.13 per share and the resulting surplus on revaluation amounting to Rs. 1.396 million has been recognized in other comprehensive income.

9.5 Available-for-sale: Investment in unlisted debt securities

Number of certificates		Name of investee	2018	2017
2018	2017		Rupees	Rupees
		Sukuk		
1,267	-	Eden Housing Limited	1,245,953	-
7,000	4,000	K-Electric Sukuk	35,491,785	20,696,740
23	10	Al Baraka Bank (Pakistan) Limited	7,535,617	6,420,611
5	-	Dubai Islamic Bank Pakistan Limited	5,093,520	-
60	-	Dawood Hercules Corpn. Limited	6,003,876	-
			55,370,751	27,117,351

9.5.1 Details of particulars of Sukuk

Name of the investee	Repayment frequency	Profit Rate per annum	Maturity date	Secured / Unsecured
K-Electric Sukuk	Quarterly	3 months KIBOR + 2.75%	June 17, 2019	Secured
Eden Housing Limited	Quarterly	3 months KIBOR + 2.5%	June 29, 2014	Secured
Al Baraka Bank (Pakistan) Limited	Semi-Annually	6 months KIBOR + 1.25%	July 14, 2021	Unsecured
Dubai Islamic Bank Pakistan Limited	Semi-Annually	6 months KIBOR + 0.05%	July 14, 2027	Unsecured
Dawood Hercules Corporation Limited	Quarterly	3 months KIBOR + 1%	March 01, 2023	Unsecured



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	Note	2018 Rupees	2017 Rupees
9.6 Particulars of provision			
Opening balance		14,976,195	14,976,195
Transfer from amalgamated entity		1,245,953	-
Charge for the year		-	-
Reversal for the year		-	-
Closing balance		16,222,148	14,976,195
9.7	In view of Order of Honourable High Court of Sindh at Karachi dated 4th September 2018. The Merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and BRR Guardian Modaraba (BRRGM) has been allowed by high court. Therefore BRR Guardian Modaraba through their letter dated September 09, 2018 instructed their broker Dawood Equities Limited to transfer all securities of Crescent Standard Modaraba participant ID 07450 Account number 4077 to BRR Guardian Modaraba participant ID 07450 account number 521. BRR Guardian Modaraba also instructed them to close the said account after the transfer of all securities.		
10 IJARAH / LEASE RENTAL RECEIVABLES			
Considered good		955,181	2,799,981
Considered doubtful		56,949,049	56,969,049
Lease rental receivables		57,904,230	59,769,030
Less: Provision for doubtful receivables	10.1	(56,949,049)	(56,969,049)
		955,181	2,799,981
10.1 Provision for doubtful receivables			
Opening		56,969,049	61,815,634
Charge for the year	31	-	-
Reversals during the year	31	(20,000)	-
Written off during the year		-	(4,846,585)
Closing balance		56,949,049	56,969,049
10.2 Ageing of lease rentals receivables			
Neither past due nor impaired		955,181	2,799,981
Past due but not impaired - over 180 days		-	-
Past due and impaired		56,949,049	56,969,049
		57,904,230	59,769,030
11 LOANS, ADVANCES AND PREPAYMENTS			
Loans and advances - secured - considered good			
Against salary		2,445,406	2,330,956
Loans and advances - unsecured - considered good			
Current portion of loans to employees		608,666	493,394
Current portion of loans to executives		1,750,296	1,771,092
Against investment		13,205,000	11,158,719
Against expenses		483,750	11,550,024
Against purchases		44,922,678	-
Against musharaka		-	7,517,246
Prepayments			
Takaful		216,808	29,668
Less: Provision for doubtful receivables		(44,922,678)	-
		18,709,926	34,851,099



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		2018 Rupees	2017 Rupees
12 ACCRUED PROFIT	Note		
Accrued profit on:			
Debt securities		457,238	183,302
Musharaka finances		58,598	17,787
		<u>515,836</u>	<u>201,089</u>
13 OTHER RECEIVABLES			
Receivable from National Clearing Company of Pakistan Limited		-	149,331
Rent receivable - unsecured, considered good		2,368,120	1,836,054
Takaful premium receivable		538,118	-
Other receivable		635,269	7,230
		<u>3,541,507</u>	<u>1,992,615</u>
Receivable from ex-employees - unsecured, considered doubtful	13.1	51,274,920	51,274,920
Less: Provision for doubtful receivables		(51,274,920)	(51,274,920)
		-	-
Others	13.2	33,810,401	-
Less: Provision for doubtful debts		(33,810,401)	-
		-	-
		<u>3,541,507</u>	<u>1,992,615</u>
13.1	This represents balance receivable from certain ex-employees and other parties in respect of embezzlement of funds. The matter is pending before the Honourable Lahore High Court and National Accountability Bureau - Government of Pakistan. As a matter of prudence, full provision in respect of these receivables has been made in these financial statements.		
13.2	This facility was partly secured against pledge of stock of jute while some of the stock was misappropriated from the factory premises of the borrower. During prior year, the Modaraba has filed a criminal case against the borrower and its owner against misappropriation of pledged stock.		
A suit has also been filed on September 29, 2012 by the Modaraba before the Modaraba Tribunal / Banking Court-II for the recovery of outstanding dues from borrower. The Tribunal passed a judgment order in favor of the Modaraba and directed the defendant (borrower) to pay all outstanding dues along with cost of the suit, however the recovery of the decretal amount is uncertain due to the misappropriation of pledged stock by the borrower. Therefore, in current year the Modaraba has filed the execution petition for the recovery of decretal amount by attaching the other auctionable assets of the borrower including piece and parcel of land / building of factory situated at 40-More, Lahore Road, Jaranwala and one vehicle. The borrower filed an application in Honorable Lahore High Court against the judgment and pleaded to suspend the judgment and decree in favor of Modaraba. The Modaraba has also filed a reply to the application filed by the borrower which is currently pending consideration.			
Complete provision has been recorded against outstanding balance as per Prudential Regulations. The management believes that the said lawsuit and criminal case will be decided in favour of the Modaraba.			
14 TAXATION			
Advance taxation	38.2	14,916,906	10,813,919
15 CASH AND BANK BALANCES			
Cash in hand		194,388	191,279
Cash with State Bank of Pakistan - current account		40	40
Cash with banks in:			
PLS savings accounts	15.1	20,994,744	129,859,882
Current accounts	15.2	1,665,491	14,046,550
		<u>22,854,663</u>	<u>144,097,751</u>



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15.1 These carry mark-up at rates ranging from 2.65% to 5.05% (2017: 3.26% to 5.65%) per annum. PLS saving accounts includes balances placed under arrangements permissible under shariah amounting to Rs. 18.370 million.

15.2 These current accounts balances do not carry any mark up or interest.

15.3 In view of Order of Honourable High Court of Sindh at Karachi dated September 04, 2018, the merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and BRR Guardian Modaraba (BRRGM) has been allowed by high court. Therefore, BRR Guardian Modaraba through their letter dated September 27, 2018 requested Al Baraka Bank to accept all cheques (Debits/Credits/Transfer) in the name of Crescent Standard Modaraba account no. 0132384621801 into BRR Guardian Modaraba account no. 0133386766801. BRR Guardian Modaraba also requested bank to close above mentioned account and issue a pay order of entire balance available in favour of B.R.R Guardian Modaraba with balance value date along with the account closing letter.

16	NON CURRENT ASSET HELD FOR SALE	Note	2018 Rupees	2017 Rupees
	Non current asset held for sale	16.1	55,800,000	55,800,000

16.1 During prior years, the Modaraba agreed with First Dawood Investment Bank Limited (FDIBL) as per the approval of SECP to swap its investment in equity securities of Burj Bank Limited (at par value) against consideration of agricultural land at Gharao valuing Rs. 55.880 million (the title and possession of which has been transferred in the name of the Modaraba), Rs. 25.10 million from FDIBL over time i.e. Rs. 10.10 million upfront and remaining balance of Rs. 15 million in 20 equal installment of Rs. 750,000 each with the condition that 1.51 million shares of Dawood Family Takaful Limited (DFTL) shall be placed with the Modaraba in blocked status / lien marked as security till the time the entire balance of Rs. 25.10 million is received from FDIBL.

The SECP also directed to provide copies of cheque/DD/PO of the amount received by Modaraba from FDIBL as upfront payment and monthly installments within seven days from the date of receipt.

The Modaraba has received the upfront payment of Rs. 10.10 million from First Dawood Investment Bank Limited and remaining balance of Rs. 15 million in 20 equal installment of Rs. 750,000 each has been received from FIDBL as per schedule.

As regard, Gharao land valuing Rs. 55.80 million received by the Modaraba from FDIBL against Burj Bank's shares, SECP directed Modaraba to get the property re-valued from a valuer of repute, duly registered with Pakistan Banking Council, preferably by Iqbal A. Nanjee & Company (Private) Limited, before the proposed disposal and the exercise of valuation of the said property should be completed and the valuation report be submitted to SECP within one month from the date of the letter. Further action on the request of disposal of the property shall be considered on the basis of the review of valuation report.

On recommendation of Securities and Exchange Commission of Pakistan, the Modaraba has conducted fresh valuation of the property from M/s Iqbal A Nanji & (Private) Limited. The valuation report dated February 08, 2017 was received and submitted to SECP vide the Modaraba's letter dated February 11, 2016 which showed present market value of Rs. 58.42 million.

During prior year, Modaraba has entered into an agreement dated April 17, 2017 to sell Gharao land for an aggregate consideration of Rs. 60 million. The purchaser has made a down payment of Rs. 20 million and agreed to pay the remaining amount in installments. Title of the land is with the Modaraba and will be transferred only when entire amount will be received. As at June 30, 2018 Modaraba has received Rs. 58.635 million out of the total amount of Rs. 60 million which has been recorded as advance under note 25.2 to the financial statements.

17 AUTHORIZED CAPITAL

The Board of Directors of the management company in its meeting held on October 29, 2016 passed resolution to increase authorized modaraba funds from Rs. 870 million to Rs. 1,150 million (each modaraba certificate of Rs. 10/- each) subject to the Registrar Modaraba's (RM) approval. On January 20, 2017 the Deputy Director Modaraba granted its approval to increase the authorized funds from Rs. 870 million to Rs. 1,150 million divided into Rs. 10/- each.

The Board of Directors of B.R.R. Investment (Private) Limited (the Modaraba Management Company) in their meeting held on September 29, 2017 has approved the scheme of arrangement for merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and into B.R.R. Guardian Modaraba (BRRGM).



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On the scheme becoming effective, the authorized modaraba capital of CSM of Rs. 250,000,000 shall be merged and combined with the authorized capital of BRRGM, consequently the merged authorized capital of BRRGM shall stand increased at Rs.1,400,000,000 divided into 140,000,000 modaraba certificates of Rs.10 each. Further, consequent on the scheme becoming effective the issued, subscribed and paidup capital of CSM of Rs.200,000,000 shall be merged with and combined with the issued, subscribed and paidup certificate capital of BRGM, consequently the Issued, subscribed and paidup certificate capital of BRRGM shall stand increased to Rs.863,622,630 divided into 86,362,263 modaraba certificates of Rs. 10 each at a swap ratio of 1.00 : 2.405 (BRRGM : CSM).

18 ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL

Modaraba certificates of Rs. 10 each

Number of certificates			2018	2017
2018	2017		Rupees	Rupees
39,359,741	39,359,741	Certificates issued as fully paid in cash	393,597,410	393,597,410
8,833,724	8,833,724	Certificates issued as fully paid bonus certificates	88,337,240	88,337,240
29,852,790	29,852,790	Certificates issued to certificate holders of Guardian Modaraba under the Scheme of Amalgamation	298,527,900	298,527,900
8,316,008	-	Certificates issued to certificate holders of Crescent Standard Modaraba under the Scheme of Amalgamation	83,160,080	-
86,362,263	78,046,255		863,622,630	780,462,550

- 18.1** B.R.R. Investment (Private) Limited (the Management Company) held 13,051,495 (16.72%) certificates of Rs. 10 each as at June 30, 2018 (2017: 12,985,895 (16.63%) certificates).
- 18.2** Equity International (Private) Limited, an associated company, held 2,293,474 (2.94%) certificates of Rs.10 each as at June 30, 2018 (2017: 1,541,474 (1.98%) certificates).
- 18.3** Ayaz Dawood held 7,804,391 (10%) certificates of Rs.10 each as at June 30, 2018 (2017: 6,874,391 (8.81%) certificates).
- 18.4** Consequent to the scheme becoming effective, the issued, subscribed and paidup capital of Crescent Standard Modaraba amounting to Rs.200,000,000 shall be merged with and combined with the issued, subscribed and paidup certificate capital of BRRGM, consequently the Issued, subscribed and paidup certificate capital of BRRGM shall stand increased to Rs.863,622,630 divided into 86,362,263 modaraba certificates of Rs. 10 each at a swap ratio of 1.00 : 2.405 (BRRGM : CSM). The procedural formalities for allotment has been completed subsequent to the balance sheet date.

19 RESERVES

Capital reserve		
Profit prior to floatation	10,532,683	10,532,683
Statutory reserve	734,198,759	701,898,993
Merger reserve	44,902,567	-
Revenue reserve		
Accumulated loss	(555,025,121)	(508,257,219)
	234,608,888	204,174,457



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Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan requires creation of reserve fund to which shall be credited:

- a) an amount not less than 20% and not more than 50% of its after tax profits till such time the reserve fund equals the amount of paid-up capital; and
- b) thereafter a sum not less than 5% of its after tax profits.

The Modaraba has credited 49.75 % of its profit to this reserve for the year.

	Note	2018 Rupees	2017 Rupees
20 SURPLUS ON REVALUATION OF INVESTMENTS			
Listed ordinary shares		264,023,372	250,947,620
Unlisted shares/Debt securities		29,306,990	28,268,099
		293,330,362	279,215,719
21 DIMINISHING MUSHARAKA BASED TERM FINANCE CERTIFICATES			
Diminishing musharaka based Term Finance Certificates (TFCs)	21.1	72,449,843	160,657,631
Less: Current maturity		(72,449,843)	(88,207,792)
		-	72,449,839

21.1 The above TFCs represent privately placed instruments in the form of Diminishing Musharaka and are secured against investment properties and BRR Tower of the Modaraba. The tenure of the above TFCs is six years redeemable semi annually with six months grace period. Rate of profit is based on 1 month KIBOR on the last business day prior to the beginning of each semi-annual period. The TFC was restructured during 2011.

During prior year, Diminishing musharaka based Term Finance Certificates (TFCs) have been restructured as per the second restructuring agreement executed on June 30, 2016 and effective from December 07, 2015. The restructured terms of the agreement are as follows:

- The restructured principal amount will be redeemed in varying monthly installments commencing from July 07, 2017 and ending on April 07, 2019.
- Markup at the rate of 01 month KIBOR plus 1.5% payable on monthly basis.
- The overdue principal, regular profit and deferred profit as at December 06, 2015 are to be paid till March 31, 2016.

In previous year the overdue principal, regular profit and deferred profit as at December 06, 2015 have been paid by March 31, 2017 except for Rs. 70.794 million which pertains to United Bank Limited, First Dawood Investment Bank Limited and First Dawood Investment Bank and Other Provident Fund. , the total amount of Rs. 70.794 million on account of overdue principal, regular profit and deferred profit has been paid to First Dawood Investment Bank Limited, First Dawood Investment Bank and other Employees' Provident Fund and United Bank Limited.

22 LONG TERM LOAN

National Bank of Pakistan	23.1	110,152,684	137,692,684
Less: Current portion of long term loan		(27,536,000)	(27,536,000)
		82,616,684	110,156,684



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23	LONG TERM MURABAHA, MUSHARAKA AND FINANCE UNDER MARK-UP ARRANGEMENTS	Note	2018 Rupees	2017 Rupees
	Murabaha arrangements	23.1	-	-
	Musharaka arrangements	23.2	122,002,248	110,000,000
	Mark-up arrangements			
	Running finance	23.1	-	-
			122,002,248	110,000,000
	Less: Current portion of musharaka arrangements		(93,776,446)	(110,000,000)
			28,225,802	-

- 23.1** The Modaraba had entered into Murabaha (purchase and sale) agreements with a commercial bank. As per the original contract, the Murabaha sale price was payable on deferred payment basis in quarterly/monthly installments by June 27, 2011. The Modaraba has not met its past due obligation towards the commercial bank on its respective repayment dates. The Modaraba continued to accrue markup on the facilities at rate ranging from 8.04% to 8.37% (2017: 8.04% to 8.37%) per annum. The arrangements are secured by way of hypothecation of the leased assets and future rentals receivable. Later, Modaraba offered a proposal for settlement which includes debt to asset swap and rescheduling of the amount due. However, the proposal was not accepted and after further negotiations the Modaraba made an unconditional offer through its letter dated April 13, 2017 to settle all outstanding liabilities against a sum of Rs. 210.889 million. Under the terms of offer the Modaraba had to pay 35% of the settlement amount i.e Rs. 73.811 million upfront and remaining amount in equal quarterly installments starting from July 2017.

However, the competent authority of commercial bank in their letter dated June 12, 2017 approved the settlement of outstanding liabilities as per following terms:

- All outstanding liabilities to be settled at Rs. 211.500 million.
- Down payment of Rs. 73.811 million to be made immediately.
- Remaining Rs. 137.689 million to be paid in five years in equal quarterly installments commencing from July 01, 2017.
- 1% registered mortgage of property bearing No. Ground Floor & Mezzanine level 1st and 2nd Business and Finance Centre, Plot No, 7/3 Seri Quarters, I.I. Chundrigar Road, Karachi.
- The Modaraba has to provide post-dated cheques of the remaining settlement amount.

The Modaraba has accepted the terms of settlement approved by the competent authority of commercial bank and recorded a gain of Rs. 145.650 million and made down payment of Rs. 73.811 million on June 13, 2017. Further the Modaraba has issued post-dated cheques of the remaining settlement amount. (see note 23).

During the year, the Modaraba has paid Rs. 27.536 million in four quarterly installments amounting to Rs. 6.884 million each as per the settlement agreement with NBP. Remaining amount of Rs. 110.156 million has been classified as loan as on June 30, 2018 (June 30, 2017 : Rs. 137.689 million).

- 23.2** The Modaraba has entered into Musharaka agreements (Musharaka) with a Taavun (Private) Limited. These Musharaka arrangements were on profit sharing basis and were payable upto December 28, 2014. In prior year, the Modaraba had stopped accruing profit on these balances.

During the year, Modaraba has entered into a settlement agreement with Taavun (Private) Limited according to which the repayment under Musharaka is to be made in seven installments aggregating to Rs.190 million, as per the agreed repayment schedule, with the last installment to be paid on July 14, 2019. Prior to the date of settlement, the outstanding balance of Finance under Musharaka amounted to Rs.110 million and accrued profit on Finance under Musharaka amounted to Rs. 57.813 million. The present value of the revised cashflows under the settlement agreement at the original profit rate amounted to Rs.181.813 million which resulted in increase in liability of Rs. 14 million. During the year, the Modaraba has made payment of two installments aggregating to Rs. 47.5 million as per the agreed repayment schedule and has amortised profit of Rs. 1.689 million on Musharaka based on amortisation schedule at modified IRR of 30.140%. As at June 30, 2018 the outstanding balance of Musharaka amounted to Rs. 122 million.



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	Note	2018 Rupees	2017 Rupees
24 LONG TERM SECURITY DEPOSITS			
Lease / ijarah		46,264,219	32,693,312
Investment properties		30,252,383	30,508,240
Lockers		17,066,500	16,023,500
		93,583,102	79,225,052
Less: Current portion		(11,941,410)	(1,485,270)
		81,641,692	77,739,782
25 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Modaraba management fee payable	36	7,468,898	19,519,374
Sales tax on Modaraba management fee payable	36	970,957	6,339,806
Provision for Sindh Workers' Welfare Fund	37	7,737,701	5,691,937
Accrued liabilities		18,370,843	16,659,795
Rentals received in advance			
Lockers		29,947,667	27,651,868
Properties		32,466,318	14,898,275
Ijarah		821,958	323,101
Musharaka	31.1	49,488,931	79,130,250
Charity payable	25.1	100,687	81,086
Advance against sale of land	25.2	60,735,500	43,235,500
Others		9,878,806	4,855,903
		217,988,266	218,386,895
25.1 Charity payable			
Opening balance		81,086	79,842
Transfer from amalgamated entity		4,146	-
Accrued during the year		156,906	109,095
Payment	25.1.1	(141,451)	(107,851)
Closing balance		100,687	81,086
25.1.1	This amount includes charity paid to Dawood Global Foundation amounting to Rs. 0.138 million (2017: 0.086 million). Chief Executive and the Chairman of the Board of the Mobaraba are members of the Management Committee of Dawood Global Foundation.		
25.2	This includes amount received as sale proceeds against sale of Gharo Land (refer note 16).		
26 ACCRUED PROFIT ON BORROWINGS			
Finance under musharaka arrangements	23.2	-	57,813,287
Diminishing musharaka based TFCs		407,573	832,138
		407,573	58,645,425



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			2018 Rupees	2017 Rupees
27	PROFIT DISTRIBUTION PAYABLE	Note		
	Unclaimed profit payable to certificate holders	27.1	27,836,210	25,057,489
27.1	As per Direction 16 of 2017 dated July 07, 2017 Securities and Exchange Commission of Pakistan (SECP), pursuant to section 244 read with section 510 of the Companies Act 2017, directed all Companies to submit a statement to the Commission through e Service portal within 30 days of issue of this notification stating therein the number of amounts, as the case may be, which remain unclaimed or unpaid for a period of 3 years from the date it is due and payable as of 30th May, 2017 in respect of modaraba certificates, dividend declared by Modaraba and any other instrument. Further SECP through their email dated July 19, 2018 notified the availability of eService portal for submission of aforesaid information immediately. Also, Regulation 10 of 'Unclaimed Shares, Modaraba Certificates, Dividend, Other Instruments and Undistributed Regulations, 2017' requires filing of annual return on 'Form-E' of all unclaimed dividends, shares, certificates and other instruments within 30 days of close of financial year, duly certified by their auditors and the aforesaid information i.e a searchable claimant wise statement having year-wise breakup of unclaimed shares, certificates, dividends etc. shall also be uploaded on website of the company. Further, Section 244 of Companies Act 2017 and the relevant regulations provide procedure to be followed for onward credit of unclaimed dividends due for more than three years to Federal Government.			
28	CONTINGENCIES AND COMMITMENTS			
28.1	A commercial bank has lodged a claim of Rs. 1.090 million on account of excess mark-up paid to the Modaraba during previous years which is not accepted by the Modaraba. The Modaraba has also lodged a claim before the banking tribunal against the said commercial bank for short payment of mark-up to the Modaraba to the extent of Rs. 2.498 million (2017: Rs. 2.498 million). The proceedings under both cases are pending to-date. As a matter of abundant caution, full provision in respect of the said claim of commercial bank had been made by the Modaraba in 2015. During the prior year, bank balances have been written off against provision amounting to Rs. 1.090 million.			
28.2	The Modaraba had received a legal notice from Innovative Investment Bank Limited (formerly: Crescent Standard Investment Bank Limited) which was addressed to previous Management Company (Financial Link Limited) of the Modaraba, wherein they had asked Modaraba to settle an outstanding balance of short-term borrowing amounting to Rs. 171.143 million (2017: Rs. 171.143 million) along with the mark-up thereon on or before February 10, 2007. The management and the legal advisor of the Modaraba believe that the matter will be decided in the favour of the Modaraba and, accordingly, no liability in respect of the above has been recognised in the financial statements.			
		Note	2018 Rupees	2017 Rupees
29	RENTAL INCOME			
	Investment properties	29.1	139,344,157	132,871,212
	Lockers and custodial services		34,784,302	31,730,769
			174,128,459	164,601,981
29.1	This includes rental income amounting to Rs. 6.705 million (2017: Rs. 5.339 million) from management company and associated companies / related parties.			



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	Note	2018 Rupees	2017 Rupees
30 RETURN ON INVESTMENTS - NET			
Dividend income	30.1	13,730,444	12,631,022
Profit on debt securities		4,410,831	9,135,113
Gain on sale of investments		14,273,641	34,517,739
		32,414,916	56,283,874
30.1 Dividend income			
Abbot Laboratories Limited		1,713,554	1,696,359
Agriauto Industries Limited		145,274	118,281
Al-Ghazi Tractors Limited		-	7,403
Archroma Pakistan Limited		119,315	-
Attock Refinery Limited		42,726	5,953
Bannu Wollen Mills Limited		94,524	-
Bestway Cement Limited		61,326	29,538
Burshane LPG (Pakistan) Limited		1,994	-
Cherat Cement Company Limited		220	649
Crescent Steel & Allied Products Limited		217,147	188,530
Dolmen City Reit		834,350	-
Dawood Islamic Fund		-	1,187,888
Engro Corporation		49,635	-
Fauji Cement Company Limited		96,519	-
Fauji Fertilizer Company Limited		-	291,009
Ferozsons Laboratories Limited		70,653	55,045
First UDL Modaraba		11,816	33,201
Ghani Glass Limited		170,600	79,000
GlaxoSmithKline Pakistan Limited		1,136,058	575,497
Glaxosmithkline Consumer Healthcare		226,035	-
Highnoon Laboratories Limited		8,159	55,884
The Hub Power Company Limited		122,292	51,062
ICI Pakistan Limited		134,444	225,156
International Steels Limited		24,997	-
Indus Motor Company Limited		-	114,399
ISE Tower REIT Management Company Limited		293,142	-
Ittehad Chemicals Limited		61,100	-
Kohinoor Textile Mills Limited		55,817	24,641
KSB Pumps Limited		-	649,795
Pakistan Oxygen (formerly Linde Pakistan Limited)		107,080	356,464
Loads Limited		145,919	96,191
Lucky Cement Limited		106,167	33,544
Maple Leaf Cement Factory Limited		4,373	11,242
Mari Gas Company Limited		62,708	64,339
Millat Tractors Limited		515,892	229,654
Mughal Iron & Steel Industries Limited		82,692	15,981
National Refinery		915,867	816,087
Nishat Mills Limited		27,116	11,292
Oil & Gas Development Company Limited		134,090	-



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	Note	2018 Rupees	2017 Rupees
Orix Modaraba		2,700	-
Pak Elektron Limited		29,370	-
Pakistan Petroleum Limited		347,573	312,973
Pakistan International Container Limited		15,043	24,496
Pakistan National Shipping Corporation		-	16,098
Pakistan Refinery Limited		-	105,048
Pakistan State Oil Company Limited		-	69,087
Pakistan Telecommunication Company Limited		43,880	85,303
Pioneer Cement Limited		-	112
Roshan Packages Limited		91,497	-
Service Industries Limited		564,220	272,309
Shell Pakistan Limited		202,891	296,435
Sitara Chemical Industries Limited		198,586	182,546
Systems Limited		3,634,876	3,886,047
Sui Northern Gas Pipelines Limited		430,098	-
Sazgar Engineering Works Limited		-	62,250
The Searle Company Limited		363,610	199,319
Treet Corporation Limited		-	94,915
Javedan Co-operation Limited		12,500	-
		13,730,444	12,631,022
31 PROVISION FOR DOUBTFUL RECEIVABLES - NET			
Reversal during the year			
Lease rentals	10.1	20,000	-
Musharaka	7.2 & 31.1	38,522,043	40,781,835
		38,542,043	40,781,835
Less: Charged during the year			
Lease rentals	10.1	-	-
Ijarah		(39,661)	-
Musharika	7.2	(320,579)	-
Advance against purchase of property	6.2	-	(57,331,000)
		(360,240)	(57,331,000)
		38,181,803	(16,549,165)

31.1 This amount includes Rs. 29.673 million against Pak Hy Oils Limited as a result of settlement agreement between Pak Hy Oils Limited and the Modaraba.

In February 2008, the Modaraba had given musharaka finance facility of Rs. 175 million to Pak Hy Oils Limited (PHOL) for business purposes at an expected profit rate of 6 months KIBOR + 6%. In June 2011, PHOL has defaulted in its obligation towards Modaraba and failed to pay both principal and profit installment since then.

In prior year, a suit has been filed by the Modaraba before the High Court of Sindh for the recovery of outstanding dues from PHOL. During the period, both parties agreed to settle the balance through settlement agreement dated July 30, 2016 for a settlement amount of Rs. 132.639 million which states that this settlement agreement shall be filed in the Sindh High Court in the matter of Suit No. B-37 of 2012. The said suit shall be disposed by way of consent in terms of this agreement with the clear understanding that if PHOL commits default of any of the terms of this agreement, the entire outstanding amount will immediately become due.



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The settlement amount represents principal amount outstanding in the books of Modaraba. The Modaraba had suspended markup receivable on the facility amounting to Rs. 58.363 million. The Board of Directors of the Modaraba in their meeting held on September 30, 2016 resolved to approve the settlement agreement without pursuing recovery of the outstanding suspended mark-up.

PHOL has made down payment of Rs. 10.000 million and the balance settlement amount shall be paid in accordance with the repayment schedule of the agreement. During the prior year, Modaraba has received amount of Rs. 187.622 million through cash receipt of Rs. 33.728 million as per agreement and Rs. 153.894 million through sale of collateral shares of Balochistan Glass Limited. Out of the amount received in excess of repayment schedule, Rs. 54.983 million has been disbursed back to PHOL and the balance amount has been carried as rentals in advance amounting to Rs. 79.130 million as at June 30, 2017. During the year, Modaraba has adjusted Rs.29.673 million from rentals received in advance against the musharaka facility as per the repayment schedule and the balance of rentals received in advance as at June 30, 2018 amounts to Rs. 49.489 million. As per prudential regulation, 100% provision against outstanding principal of Rs. 49.603 million as at June 30, 2018 is recorded as now it falls under loss category.

	Note	2018 Rupees	2017 Rupees
32 OTHER INCOME			
Gain on disposal of property and equipment - owned		744,839	61,881
Income from poultry operation		-	40,000
Gain on rescheduling of murabaha and finance under mark-up facility	23.1	-	145,650,227
Miscellaneous and other termination charges		414,301	366,091
Gain on disposal of ijarah assets		-	2,312,708
Miscellaneous		10,494,151	-
		11,653,291	148,430,907
33 ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	33.2	70,030,366	63,912,796
Travelling and conveyance		129,461	27,007
Entertainment		1,293,363	1,183,937
Electricity, water and gas		2,304,516	515,306
Telephone and fax		519,950	528,050
Postage and courier		425,192	340,805
Stationery and printing		1,587,620	1,061,391
Computer expenses		523,091	556,256
Fees and subscriptions		5,426,170	8,923,681
Takaful		3,924,065	3,366,490
Repairs and maintenance		1,361,506	11,616,535
Rent, rates and taxes		2,639,390	5,397,642
Security expenses		992,216	1,352,773
Brokerage and commission		763,034	3,957,901
Legal and professional charges		2,810,718	4,643,951
Auditor's remuneration	33.1	1,421,974	1,223,800
Depreciation on owned assets	5.1	10,183,406	9,598,172
Depreciation on investment properties	6.1	32,300,174	34,951,030
Others		1,588,444	3,048,461
		140,224,656	156,205,984
33.1 Auditor's remuneration			
Audit fee		823,000	750,000
Limited review, special reports, certification and sundry advisory services		385,050	363,800
Out of pocket expenses		213,924	110,000
		1,421,974	1,223,800



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33.2 During the year, the Modaraba contributed Rs. 2.940 million (2017: Rs. 2.482 million) to the provident fund.

	2018 Rupees	2017 Rupees
33.3 Disclosures relating to Provident Fund		
Size of the fund	139,095,148	124,684,909
Fair value of investments	125,996,323	100,449,246
	2018 Rupees	2017 Rupees
Break-up of investments		
Government securities	25,000,000	25,000,000
Term Finance Certificates	13,688,232	11,837,056
Investment in sukuk	18,612,679	18,265,243
Listed securities	20,908,766	12,790,568
Unlisted securities	741,000	750,000
Mutual Funds	47,045,646	31,806,379
	% age of size of the fund	
Government securities	19.84%	24.89%
Term Finance Certificates	10.86%	11.78%
Investment in sukuk	14.77%	18.18%
Listed securities	16.59%	12.73%
Unlisted securities	0.59%	0.75%
Mutual Funds	37.34%	31.66%

33.4 The figures for 2018 are based on the unaudited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2018 and the rules formulated for this purpose.

34 FINANCIAL CHARGES

Profit on:

Finance under musharaka arrangement	1,688,961	-
Finance under murabaha arrangement	-	5,270,734
Diminishing musharaka based TFCs	8,982,631	16,078,197
Finance under mark-up arrangement	-	3,419,586
Bank charges and commission	9,864	11,805
	10,681,456	24,780,322

35 IMPAIRMENT / (REVERSAL OF IMPAIRMENT) - NET

(Reversal of)/ Impairment loss during the year

Investment property	6.1	(6,804,631)	47,709,871
		(6,804,631)	47,709,871

36 MODARABA MANAGEMENT COMPANY'S FEE

In accordance with the Modaraba Companies and Modaraba Rules, 1981 management fee at the rate of 10% of annual profits is payable to the Management Company amounting to Rs. 7.469 million (2017: Rs. 19.519 million). Furthermore, during the current year an amount of Rs. 0.971 million (2017: Rs. 2.537 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.



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37 SINDH WORKER'S WELFARE FUND

The Finance Act, 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. As a result of these amendments, Workers' Welfare Fund (WWF) is payable at the rate of 2% of the profit before taxation as per the financial statements or taxable income as per the return of income, whichever is higher. The Sindh Assembly, on June 04, 2015, passed The Sindh Workers Welfare Fund Act, 2014 (the SWWF Act). As per Section 5(1) of the WWF Act, contributions are payable with effect from the date of closing of account on or after December 31, 2013, that corresponds to Modaraba's accounting year ended on June 30, 2014. During the year, the management has made a provision of Rs. 1.325 million (2017: 3.463 million) in respect of this liability. Moreover, liability in respect of WWF under the repealed WWF Ordinance and the SWWF Act up to June 30, 2018 has been recorded and disclosed in the financial statement amounting to Rs. 7.738 million.

38 TAXATION

38.1 The income of non-trading modarabas is exempt from tax under clause 100 of the second schedule of the Income Tax Ordinance 2001, provided not less than 90% of its profits after appropriation to statutory reserves as required under Modaraba Regulations is distributed to the certificate holders. The Modaraba has decided to continue availing the tax exemption and hence no provision has been made in these financial statements for tax liabilities for the current year.

38.2 Return of income for the Tax Year 2017 has duly been filed and assessment upto Tax Year 2017 is deemed to be finalised in terms of section 120 of the Income Tax Ordinance, 2001. The Additional Commissioner Inland Revenue has amended the assessment under section 122(5)(A) of the Income Tax Ordinance, 2001 for the Tax Year 2005 by creating demand of Rs. 954,036. The Modaraba has filed appeal before the Commissioner Inland Revenue (Appeals-I) and decision of the Commissioner Inland revenue (Appeals-I) was made in favor of the Modaraba. Further, the Department has filed appeal before the Appellate Tribunal, Inland revenue and the hearing of appeal is still pending.

Moreover, the Assistant Commissioner of Inland revenue has amended the assessment under section 122(5) of the Income Tax Ordinance, 2011 for the Tax Year 2014 by creating demand of Rs. 472,103. The Modaraba had filed appeal before the Commissioner Inland Revenue (Appeals-I) and the decision has been made in favour of Modaraba. Further, the Department has filed appeal before the Appellate Tribunal, Inland revenue and the hearing of appeal is still pending. There has been no further correspondence regarding the order.

38.3 Assessment for the Tax Year 2012 was selected for audit by Deputy Commissioner (IR), Audit Unit-IV, under section 122(5)(A). The Deputy Commissioner (IR) vide order dated June 30, 2018 has amended the assessment for the Tax Year 2012 thereby creating a demand of Rs. 5,908,802. The Modaraba has filed an appeal before the Commissioner Appeals against the said demand which is pending adjudication.

39 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

2018
Rupees

2017
Rupees

The earnings per certificate as required under IAS 33 "Earnings per share" is given below:

Profit for the year	65,178,119	169,083,238
Weighted average number of certificates outstanding	86,362,263	78,046,255
Earnings per certificate - Basic and diluted (Rupees)	0.75	2.17

39.1 There were no convertible dilutive potential ordinary certificates outstanding as on June 30, 2018 and 2017 which have dilutive effect on earnings per certificate.

40 REMUNERATION OF OFFICERS AND EXECUTIVES

Remuneration	18,867,350	26,118,000
Medical expenses	402,000	803,146
Retirement benefits	1,006,801	1,597,818
	20,276,151	28,518,964
Number of officers / executives at the end of the year	7	17

The officers and executives are also provided with the free use of vehicles owned and maintained by the Modaraba.



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41 FUTURE MINIMUM LEASE RENTALS RECEIVABLES

Future minimum lease rentals receivable on the basis of lease agreements executed up to June 30, 2018 are as follows:

	2018 Rupees	2017 Rupees
Receivable - not later than one year	38,455,091	16,055,094
Receivable - later than one year and not later than five year	14,454,027	12,989,272
	52,909,118	29,044,366

42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Modaraba's objective in managing risk is the creation and protection of certificate holders' value. Risk is inherent in the Modaraba's activities, but it is managed through monitoring and controlling activities which are primarily setup to be performed, based on limits established by the Management Company, Modaraba's constitutive documents and the regulations and directives of the SECP. The Modaraba's activities expose it to a variety of financial risks: market risk (including profit rate risk, equity price risk and fair value risk), credit risk and liquidity risk. The Board of Directors of the Management Company has overall responsibility for the establishment and over sight of the Modaraba's risk management framework.

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

The Modaraba primarily invests in ijarah assets, musharaka, diversified portfolio of listed securities, sukuk certificates and term finance certificates. Such investments are subject to varying degrees of risk, which emanate from various factors that include but are not limited to market risk, credit risk and liquidity risk.

42.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and equity prices.

42.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. As of June 30, 2018 the Modaraba's exposure to the risk of changes in market interest rates relates primarily to bank balances in PLS saving accounts, musharaka and murabaha agreements and debt securities. The bank balances in PLS saving accounts are subject to profit rates as declared by the respective banks on periodic basis while, the musharaka and murabaha agreements and debt securities are subject to floating profit rates. As at June 30, 2018 approximately 15.43% (2017: 15.61%) of the Modaraba's financial assets are subject to floating profit rates. Management of the Modaraba estimates that an increase of 100 basis points in the market profit rate, with all other factors remaining constant, would increase the Modaraba's income by Rs. 1.259 million (2017: Rs. 1.245 million) and a decrease of 100 basis points would result in a decrease in the Modaraba's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

42.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Modaraba does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

42.4 Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, its business sector, industry and / or the economy in general.

At the balance sheet date, the exposure to listed equity securities is Rs. 582.488 million (2017: Rs. 523.997 million). Management of the Modaraba estimates that 5% increase or decrease in the overall equity prices in the market with all other factors remaining constant would result in increase or decrease of Modaraba's net assets by Rs. 28.313 million (2017: Rs. 26.199 million). However, in practice, the actual results may differ from the sensitivity analysis.



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42.5 Segment by class of business for investment in equity securities

	2018		2017	
	Rupees	%	Rupees	%
Automobile assembler	11,610,149	1.99%	10,315,672	1.97%
Automobile parts and accessories	10,232,105	1.76%	9,679,821	1.85%
Cable and electrical goods	535,446	0.09%	-	0.00%
Cement	35,149,443	6.03%	9,222,410	1.76%
Chemical	24,577,688	4.22%	48,149,934	9.19%
Commercial banks	3,478	0.00%	-	0.00%
Engineering	36,687,705	6.30%	46,187,654	8.81%
Fertilizer	941,580	0.16%	3,259,100	0.62%
Financial services	14,976,195	2.57%	30,480,170	5.82%
Food and personal care products	5,387,488	0.92%	5,496,927	1.05%
Glass and ceramics	3,158,016	0.54%	2,260,560	0.43%
Leather and tanneries	13,862,747	2.38%	15,941,240	3.04%
Modarabas	221,760	0.04%	-	0.00%
Oil and gas exploration companies	27,705,920	4.76%	25,570,037	4.88%
Oil and gas marketing companies	13,949,498	2.39%	14,910,234	2.85%
Open-End Mutual Funds	25,980,122	4.46%	-	0.00%
Paper and board	2,861,171	0.49%	5,184,491	0.99%
Pharmaceuticals	103,407,842	17.75%	100,099,886	19.10%
Power generation and distribution	7,534,173	1.29%	5,535,620	1.06%
Real Estate Investment Trust	5,250,300	0.90%	-	0.00%
Refinery	19,630,431	3.37%	28,373,030	5.41%
Synthetic and Rayon	116,270	0.02%	-	0.00%
Technology and communication	213,869,424	36.72%	160,159,680	30.56%
Textile composite	2,970,828	0.51%	488,750	0.09%
Transport	922,840	0.16%	1,415,180	0.27%
Woolen	945,250	0.16%	1,267,250	0.24%
	582,487,869	100%	523,997,646	100%

42.6 Liquidity risk

Liquidity risk is defined as the risk that the Modaraba will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Modaraba could be required to pay its liabilities earlier than expected. 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 stressful conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation.

The table below summarizes the maturity profile of the Modaraba's financial liabilities based on contractual undiscounted payments.

2018	Profit rate	Six months or less	Six to Twelve months	One to five years	Over five years	Total contractual cash flows
Rupees						
Long term loan	-	13,768,000	13,768,000	82,616,684	-	110,152,684
Musharaka, murabaha and finance under mark-up arrangements	-	46,888,223	46,888,223	28,225,802	-	122,002,248
Diminishing musharaka based TFCs	1 month KIBOR + 1%	36,224,922	36,224,922	-	-	72,449,844
Creditors, accrued and other liabilities	-	-	217,988,266	-	-	217,988,266
Accrued profit on borrowing	-	407,573	-	-	-	407,573
Profit distribution payable	-	27,836,210	-	-	-	27,836,210
Total	-	125,124,928	314,869,411	110,842,486	-	550,836,825



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2017	Profit rate	Six months or less	Six to Twelve months	One to five years	Over five years	Total contractual cash flows
Rupees						
Long term loan	-	13,768,000	13,768,000	110,156,684	-	137,692,684
Musharaka, murabaha and finance under mark-up arrangement:	-	110,000,000	-	-	-	110,000,000
Diminishing musharaka based TFCs	1 month KIBOR + 1%	44,103,896	44,103,896	72,449,839	-	160,657,631
Creditors, accrued and other liabilities	-	-	218,386,895	-	-	218,386,895
Accrued profit on borrowing	-	58,645,425	-	-	-	58,645,425
Profit distribution payable	-	25,057,489	-	-	-	25,057,489
Total	-	251,574,810	276,258,791	182,606,523	-	710,440,124

42.7 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Modaraba by failing to discharge its obligation. The Modaraba's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Modaraba's maximum exposure to credit risk. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements at reporting date:

	2018 Rupees	2017 Rupees
Musharaka finance	48,567,794	19,798,906
Short-term investments	711,449,205	639,485,814
Lease rentals receivables	955,181	2,799,981
Loans, advances and other receivables	28,305,783	44,060,703
Accrued profit	515,836	201,089
Bank balances	22,660,275	143,906,472
	812,454,074	850,252,965

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Modaraba's total credit exposure. The Modaraba's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The table below analyses the Modaraba's concentration of credit risk by industrial distribution:

42.7.1 Segment by class of business for property, plant and equipment - leased/ijarah

	2018		2017	
	Rupees	%	Rupees	%
Oil and gas	1,109,640	1.39%	1,109,640	2.19%
Transport	4,986,087	6.25%	4,986,087	9.83%
Food and confectioneries	600,000	0.75%	852,748	1.68%
Engineering and metals	78,500	0.10%	78,500	0.15%
Power generation	-	0.00%	-	0.00%
Insurance	-	0.00%	304,920	0.60%
Miscellaneous	73,014,004	91.51%	43,399,980	85.55%
	79,788,231	100%	50,731,875	100%



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42.7.2 Segment by class of business for musharaka and murabaha finances

	2018		2017	
	Rupees	%	Rupees	%
Textile industry	12,842,553	6.30%	14,073,686	6.64%
Oil and lubricants	51,937,330	25.47%	81,327,485	38.36%
Chemical and pharmaceutical	32,341,761	15.86%	31,000,000	14.62%
Engineering	27,057,459	13.27%	33,763,945	15.93%
Auto and transportation	1,973,080	0.97%	2,419,500	1.14%
Hotelling industry	9,471,425	4.64%	9,471,425	4.47%
Miscellaneous	68,295,976	33.49%	39,939,796	18.84%
	203,919,584	100%	211,995,837	100%

42.7.3 Segment by class of business for investment in debt securities - TFC's / Sukuk

	2018		2017	
	Rupees	%	Rupees	%
Electricity	35,491,785	64.10%	20,696,740	76.32%
Miscellaneous	19,878,966	35.90%	6,420,611	23.68%
	55,370,751	100%	27,117,351	100%

	2018 Rupees	2017 Rupees
42.8 Financial instruments by category		
Financial assets		
Loans and receivables at amortised cost		
Long-term deposits	5,637,310	5,737,310
Musharaka finance	48,567,794	19,798,906
Ijarah / lease rental receivable	955,181	2,799,981
Loans and advances	22,451,665	38,293,725
Accrued profit	515,836	201,089
Other receivables	3,541,507	1,992,615
Cash and bank balances	22,854,663	144,097,751
Available-for-sale		
Short-term investments	491,783,218	400,700,753
Held-for-trading		
Short-term investments	219,665,987	237,296,245
Derivative financial instruments	-	1,488,816
	815,973,161	852,407,191
Financial liabilities		
Financial liabilities at amortised cost		
Long term loan	110,152,684	137,692,684
Diminishing musharaka based Term		
Finance Certificates	72,449,843	160,657,631
Murabaha, musharaka and finance under		
mark-up arrangements	122,002,248	110,000,000
Creditors, accrued and other liabilities	217,988,266	218,386,895
Accrued profit on borrowings	407,573	58,645,425
Profit distribution payable	27,836,210	25,057,489
	550,836,824	710,440,124



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43 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value as the items are short term in nature.

The carrying values of all financial assets and liabilities reflected in the financial statements are approximate to their fair values except for held to maturity investments. Fair value is determined on the basis of the objective evidence at each required date. The following table compares the carrying amounts and fair values of the Modaraba's financial assets and financial liabilities as at June 30, 2018.

	As at June 30, 2018		As at June 30, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and receivables at amortised cost				
Long-term deposits	5,637,310	5,637,310	5,737,310	5,737,310
Musharaka finance	48,567,794	48,567,794	19,798,906	19,798,906
Ijarah / lease rental receivable	955,181	955,181	2,799,981	2,799,981
Loans and advances	22,668,473	22,668,473	38,323,393	38,323,393
Accrued profit	515,836	515,836	201,089	201,089
Other receivables	3,541,507	3,541,507	1,992,615	1,992,615
Cash and bank balances	22,854,663	22,854,663	144,097,751	144,097,751
Available-for-sale				
Short-term investments	340,336,219	362,821,882	277,703,117	300,188,780
Held-for-trading				
Short-term investments	211,300,698	219,665,987	228,930,956	237,296,245
Derivative financial instruments	-	-	1,488,816	1,488,816
Financial liabilities				
Financial liabilities at amortised cost				
Diminishing musharaka based Term Finance Certificates	72,449,843	72,449,843	160,657,631	160,657,631
Murabaha, musharaka and finance under mark-up arrangements	122,002,248	122,002,248	110,000,000	110,000,000
Creditors, accrued and other liabilities	217,988,266	217,988,266	218,386,895	218,386,895
Accrued profit on borrowings	407,573	407,573	58,645,425	58,645,425
Profit distribution payable	27,836,210	27,836,210	25,057,489	25,057,489

43.1 Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2018, the Modaraba held the following financial instruments measured at fair value:



B.R.R. Guardian Modaraba
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	Level 1	Level 2	Level 3	Total
	Rupees			
Investments at fair value through profit or loss - held-for-trading				
Listed ordinary shares	219,665,987	-	-	219,665,987
Derivative financial instruments	-	-	-	-
Available-for-sale investments				
Listed ordinary shares - net	362,821,882	-	-	362,821,882
Unlisted ordinary shares	-	-	89,812,733	89,812,733
Debt securities	-	55,370,751	-	55,370,751
	<u>582,487,869</u>	<u>55,370,751</u>	<u>89,812,733</u>	<u>727,671,353</u>

As at June 30, 2017, the Modaraba held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
Investments at fair value through profit or loss - held-for-trading				
Listed ordinary shares	237,296,245	-	-	237,296,245
Derivative financial instruments	1,488,816	-	-	1,488,816
Available-for-sale investments				
Listed ordinary shares - net	300,188,780	-	-	300,188,780
Unlisted ordinary shares	-	-	88,370,817	88,370,817
Debt securities	-	27,117,351	-	27,117,351
	<u>538,973,841</u>	<u>27,117,351</u>	<u>88,370,817</u>	<u>654,462,009</u>

Valuation techniques

For Level 2 debt securities available for sale investments the Modaraba values the investments using rates prescribed by MUFAP. For Level 3 available-for-sale investments the Modaraba values the investment at breakup value or embedded value of investee which approximates the fair value of the investment.

Transfers during the year

During the year, there were no transfers into or out of Level 3 fair value measurements.

The following table presents the movement in level 3 instruments.

	2018 Rupees	2017 Rupees
Opening balance	88,370,817	152,525,167
Redemption / sales during the year	-	(69,137,617)
Unrealized gain / (loss) during the year	1,441,917	4,983,267
Impairment during the year	-	-
Closing balance	<u>89,812,734</u>	<u>88,370,817</u>



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44 CAPITAL RISK MANAGEMENT

The Modaraba's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for certificate-holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of profit distributed to certificate-holders, issue new certificates or sell assets to reduce debt.

The Modaraba's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Modaraba monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total Diminishing Musharaka Term Finance Certificates and borrowings less cash and bank balances.

The gearing ratio of the Modaraba at year end is as follows:

	2018 Rupees	2017 Rupees
Debts	304,604,775	408,350,315
Cash and bank balances	(22,854,663)	(144,097,751)
Net debt	281,750,112	264,252,564
Equity	1,391,561,880	1,263,852,726
Net debt to equity ratio	0.20	0.21

45 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include a subsidiary company, associated companies with or without common directors, retirement benefit funds, directors, and key management personnel.

The Modaraba has related party relationship with its Management Company, Associated Undertakings, Employee Benefit Plans, and its Key Management Personnel.

A number of transactions are entered into with related parties in the normal course of business. These include financings, investments, borrowings, sharing of common expenses and rental income.

The detail of transactions with related parties and balances with them, apart from compensation to executives as disclosed in note 40, is given below:



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Relationship with the Modaraba	Nature of transactions / Balances	2018 Rupees	2017 Rupees
Management Company			
BRR Investment (Private) Limited	Management fee accrued	7,468,899	19,519,375
BRR Investment (Private) Limited	Management fee paid	19,921,896	5,380,520
BRR Investment (Private) Limited	Rent received	300,000	300,000
BRR Investment (Private) Limited	Advance received	55,200,000	-
BRR Investment (Private) Limited	Advance paid	55,200,000	-
Associated companies / other related parties			
Dawood Family Takaful Limited	Sale of Dubai Islamic Bank units	6,000,000	-
Dawood Family Takaful Limited	Rental received against ijarah / property	4,601,043	4,548,310
Dawood Family Takaful Limited	Group life insurance paid	136,374	286,918
Dawood Family Takaful Limited	Principal paid against investment in Sukuk	18,779,220	11,737,015
Dawood Family Takaful Limited	Profit paid against investment in Sukuk	2,002,767	4,197,868
First Dawood Investment Bank Limited	Rent received against property	818,400	818,400
First Dawood Investment Bank Limited	Share of common expenses received - net	175,170	171,040
First Dawood Investment Bank Limited	Principal paid against investment in Sukuk	10,696,368	17,457,854
First Dawood Investment Bank Limited	Profit paid against investment in Sukuk	1,140,746	10,281,928
First Dawood Investment Bank Limited	Consideration received against BBL share	-	9,080,000
First Dawood Employees Provident Fund	Transfer to provident fund	2,940,151	2,482,333
First Dawood Employees Provident Fund	Principal paid against investment in Sukuk	8,784,156	6,229,571
First Dawood Employees Provident Fund	Profit paid against investment in Sukuk	936,814	2,640,314
Hamida Dawood	Principal paid against investment in Sukuk	2,883,120	1,801,950
Hamida Dawood	Profit paid against investment in Sukuk	307,478	644,484
Dawood Global Foundation	Charity paid	98,451	86,280
Systems Limited	Dividend received	3,634,876	3,886,047
Dawood Islamic Fund	Dividend received	-	1,187,888
Hydrochina Dawood Power (Private) Limited	Rent received	66,550	-



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45.1 Year end balances

Relationship with the Modaraba	Nature of transactions / Balances	2018 Rupees	2017 Rupees
Management Company			
BRR Investment (Private) Limited	Management fee payable	7,468,899	19,519,375
Associated companies / other related parties			
First Dawood Investment Bank Limited	Principal payable against investment in Sukuk	8,785,497	19,481,865
First Dawood Investment Bank Limited	Profit payable against investment in Sukuk	49,363	100,846
First Dawood Employees Provident Fund	Principal payable against investment in Sukuk	7,214,902	15,999,058
First Dawood Employees Provident Fund	Profit payable against investment in Sukuk	40,594	82,875
Dawood Family Takaful Limited	Principal payable against investment in Sukuk	15,424,391	34,203,611
Dawood Family Takaful Limited	Profit payable against investment in Sukuk	86,788	177,175
Hamida Dawood	Principal payable against investment in Sukuk	2,368,055	5,251,175
Hamida Dawood	Profit payable against investment in Sukuk	13,325	27,202
Hydrochina Dawood Power (Private) Limited	Advance rental	13,915	24,200

45.2 Group shared services

The Company has entered into arrangements with associated undertakings to share various administrative, human resource and related costs on agreed terms.

46 SEGMENT REPORTING

As per IFRS 8, operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer of the Management Company has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Operating Officer is responsible for the Modaraba's entire product portfolio and considers the business to have single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

The internal reporting provided to the Chief Executive Officer for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investments in entities incorporated in Pakistan.



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47 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on October 31, 2018 have approved profit distribution at the rate of 3.4% i.e. Re. 0.34 (2017: at the rate of 1% i.e. Rs. 1 per certificate) for the year ended June 30, 2018. These financial statements do not reflect this distribution.

48 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on **October 31, 2018** by the Board of Directors of B.R.R. Investment (Private) Limited.

49 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. However, no significant reclassification has been made during the year.

50 NUMBER OF EMPLOYEES

The number of employees as at year end was 59 (2017: 78) and average number of employees during the year was 69 (2017: 74).

51 GENERAL

Amounts have been presented and rounded off to the nearest Rupees.

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



B.R.R. Guardian Modaraba
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PATTERN OF CERTIFICATE HOLDING - FORM "34"
CERTIFICATE HOLDERS STATISTICS AS AT JUNE 30, 2018
(Before Merger by way of Amalgamation of CSM with and into BRRGM)

(Note: On September 04, 2018 the High Court of Sindh sanctioned the scheme of arrangement for merger by way of amalgamation of CSM with and into BRRGM with effect from July 1, 2017. On the scheme becoming effective, the Issued, subscribed and paidup certificate capital of BRRGM shall stand increased to Rs.863,622,630 divided into 86,362,263 modarba certificates of Rs. 10 each at a swap ratio of 1.00 : 2.405 (BRRGM : CSM). The following information as at June 30, 2018 is without the effect of merger by way of amalgamation of CSM with and into BRRGM)

I) B.R.R GUARDIAN MODARABA

CERTIFICATE HOLDERS STATISTICS AS AT JUNE 30, 2018

Number of Certificate Holders	Certificate Holding		Certificate Held
	From	To	
1622	1	100	73,410
1241	101	500	336,005
2464	501	1000	1,671,827
717	1001	5000	1,653,495
144	5001	10000	1,120,221
50	10001	15000	640,990
26	15001	20000	459,133
22	20001	25000	522,579
20	25001	30000	579,735
13	30001	35000	416,491
5	35001	40000	188,423
4	40001	45000	171,683
13	45001	50000	637,940
3	50001	55000	160,413
8	55001	60000	468,194
4	65001	70000	275,000
2	70001	75000	149,090
3	75001	80000	231,024
5	80001	85000	416,130
4	95001	100000	400,000
2	100001	105000	203,000
1	105001	110000	109,943
1	110001	115000	113,000
1	115001	120000	120,000
2	120001	125000	242,934
1	135001	140000	136,000
1	140001	145000	141,000
1	145001	150000	147,000
1	165001	170000	170,000
1	170001	175000	175,000
1	185001	190000	186,786
3	195001	200000	600,000
1	210001	215000	214,500



B.R.R. Guardian Modaraba
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Number of Certificate Holders	Certificate Holding		Certificate Held
	From	To	
1	215001	220000	220,000
1	240001	245000	244,500
1	255001	260000	255,985
1	295001	300000	300,000
1	300001	305000	305,000
1	335001	340000	340,000
1	360001	365000	361,994
1	365001	370000	366,500
1	370001	375000	373,000
2	390001	395000	781,611
1	395001	400000	400,000
1	400001	405000	404,000
1	470001	475000	473,000
1	495001	500000	495,500
1	580001	585000	582,500
2	640001	645000	1,284,980
1	680001	685000	684,500
1	695001	700000	700,000
1	765001	770000	767,403
1	790001	795000	794,498
1	845001	850000	845,758
1	890001	895000	893,184
1	955001	960000	955,026
1	995001	1000000	999,000
1	1040001	1045000	1,041,500
1	1170001	1175000	1,172,500
1	1245001	1250000	1,247,000
1	1250001	1255000	1,251,974
1	1260001	1265000	1,264,500
1	1305001	1310000	1,305,203
1	1675001	1680000	1,676,965
1	1710001	1715000	1,715,000
1	1995001	2000000	2,000,000
1	2100001	2105000	2,103,335
1	2985001	2990000	2,985,279
1	3680001	3685000	3,682,351
1	6460001	6465000	6,460,786
1	6760001	6765000	6,763,344
1	7310001	7315000	7,310,943
1	9105001	9110000	9,106,690
6429			78,046,255

ADDITIONAL INFORMATION AS ON JUNE 30, 2018

S. No.	Categories Certificate holders	Number	Certificates Held	% Age
1	Associated Companies	3	18,422,369	23.60
	B.R.R. Investment (Pvt.) Ltd.		13,051,395	
	Equity International (Pvt) Ltd.		2,293,474	
	Dawood Family Takaful Limited		3,077,500	
2	NIT / ICP	2	3,711,749	4.76
	CDC - Trustee National Investmet (Unit) Trust		3,682,351	
	Investment Corporation of Pakistan		29,398	
3	Directors, CEO their Spouse & Minor Children	2	7,830,191	10.03
	Rafique Dawood		25,800	
	Ayaz Dawood		7,804,391	
4	Banks, DFIs, NBFIs, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and others	63	21,743,398	27.86
5	General Public	6,359	26,338,548	33.75
Total		6,429	78,046,255	100.00

Certificate holders holding five percent or more Certificates

Paid up Capital	78,046,255	
B.R.R. Investment (Pvt.) Ltd.	13,051,495	16.72
State Life Insurance Corp. Of Pakistan	7,310,943	9.37
Amanah Investments Limited	7,258,844	9.30
Ayaz Dawood	7,804,391	10.00



B.R.R. Guardian Modaraba
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II) CRESENT STANDARD MODARABA

CERTIFICATE HOLDERS STATISTICS AS AT JUNE 30, 2018

Number of Certificate Holders	Certificate Holding			Certificate Held
	From		To	
114	1	-	100	4,920
1143	101	-	500	557,118
87	501	-	1000	84,259
160	1001	-	5000	484,662
49	5001	-	10000	397,000
18	10001	-	15000	234,500
19	15001	-	20000	347,233
11	20001	-	25000	256,051
4	25001	-	30000	110,500
2	30001	-	35000	61,640
2	35001	-	40000	79,749
5	40001	-	45000	216,000
5	45001	-	50000	245,200
1	55001	-	60000	57,500
2	60001	-	65000	125,000
1	65001	-	70000	69,000
1	80001	-	85000	83,500
3	95001	-	100000	298,000
1	105001	-	110000	109,500
1	110001	-	115000	112,500
2	125001	-	130000	253,000
1	160001	-	165000	164,000
1	175001	-	180000	175,500
1	185001	-	190000	187,503
1	275001	-	280000	277,500
1	290001	-	295000	292,000
1	375001	-	380000	378,001
1	880001	-	885000	884,900
1	890001	-	895000	893,500
1	995001	-	1000000	998,500
1	1020001	-	1025000	1,024,300
1	1810001	-	1815000	1,812,864
1	1995001	-	2000000	2,000,000
1	6720001	-	6725000	6,724,600
1644				20,000,000

ADDITIONAL INFORMATION AS ON JUNE 30, 2018

S. No.	Categories Certificate holders	Number	Certificates Held	% Age
1	Associated Companies	2	2,933,249	14.47
	B.R.R. Investment (Pvt.) Ltd.		2,893,500	
	Equity Interanational (Pvt.) Limited		39,749	
2	NIT & ICP	1	12,000	0.06
	Investment Corporation of Pakistan		12,000	
3	Directors, CEO their Spouse & Minor Children	1	2,837,164	14.19
	Ayaz Dawood		2,837,164	
4	Banks, DFIs, NBFIs, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and others	32	9,008,832	45.24
5	General Pubkic	1,609	5,208,755	26.04
Total		1,645	20,000,000	100.00

Certificate Holders holding five percent or more in the Modaraba

Paid Up Capital	20,000,000	
Innovative Investment Bank Limited	6,724,600	33.62
B.R.R. Investment (Pvt.) Ltd.	2,893,500	14.47
Ayaz Dawood	2,837,164	14.19



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

SIX YEARS' FINANCIAL SUMMARY

2018	2017	2016	2015	2014	2013
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Profit & Loss Account

(Rs. In million)

Operating income	254.01	313.62	243.01	206.96	234.38	377.33
Other income	11.65	148.43	29.41	94.10	14.31	2.66
Amortization on ijarah assets	39.68	22.22	30.27	33.56	26.61	17.97
Financial charges	11.84	24.78	37.31	79.44	135.55	202.99
Administrative expenses	139.45	155.60	138.08	136.88	103.89	100.64
Provision/(Reversal) for doubtful debts/receivables	(38.18)	16.55	(5.06)	(26.30)	(64.50)	(9.15)
Unrealized loss / (gain) on revaluation of held-for-trading investment	60.85	(43.43)	(0.09)	(33.47)	(14.54)	(12.84)
Net Profit	64.92	169.67	46.72	70.23	41.44	53.41
Dividend	29.36	78.05	21.07	31.61	18.73	24.19

Balance Sheet

Paid-up Capital	863.62	780.46	780.46	780.46	780.46	780.46
Reserves	528.28	483.98	276.14	210.67	73.84	21.60
Certificate Holders Equity	1,391.90	1,264.44	1,056.60	991.13	854.29	802.06
Borrowings	350.60	408.35	588.64	699.71	949.22	1,617.99
Lease portfolio	79.79	50.73	94.35	121.50	162.20	135.63
Morabaha & Musharaka Portfolio	48.57	19.80	36.88	110.71	215.99	673.19

Performance Indicators

Earnings / (Loss) per certificate (Rs.)	0.75	2.17	0.60	0.90	0.53	0.68
Profit paid per certificate (Rs.)	0.34	1.000	0.270	0.405	0.24	0.31
Profit paid per certificate (%)	3.40%	10.00%	2.70%	4.05%	2.40%	3.10%
Profit payout (after statutory reserves) (%)	90.00%	90.02%	90.21%	90.01%	90.00%	90.00%
Break-up value per certificate (Rs.)	16.12	16.20	13.54	12.70	10.95	10.28
Market value per certificate (Rs.)	8.74	9.43	6.95	7.73	6.00	3.75
Price Earnings ratio	11.65	4.35	11.58	8.59	11.32	5.48
Income/Expense ratio	1.39	1.73	1.24	1.29	1.17	1.18
Financial Charges/Total Expenses (%)	6.20%	0.09	0.17	28.40%	48.43%	59.64%

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