FIRST PRUDENTIAL MODARABA

ANNUAL REPORT
JUNE 30, 2024

MANAGED BY

AWWAL MODARABA MANAGEMENT LIMITED

Vision

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

Mission

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Khalid Aziz Mirza	Chairman	Non-Executive Director
Mr. Shahid Ghaffar		Independent Director
Mr. Nazir Ahmed Shaheen		Independent Director
Mr. Irfan Ahmed		Non-Executive Director
Ms. Humaira Siddique		Non-Executive Director
Ms. Sadaf Shabbir		Chief Executive Officer

Audit Committee

Mr. Shahid Ghaffar	Chairman
Mr. Khalid Aziz Mirza	Member
Ms. Humaira Siddique	Member

Human Resource and Remuneration Committee

Mr. Khalid Aziz Mirza	Chairman
Ms. Humaira Siddique	Member
Ms. Sadaf Shabbir	Member

Company Secretary
Ms. Misbah Asjad

Chief Financial Officer
Mr. Aftab Afroz Mahmoodi

Auditor
BDO Ebrahim & Co, Chartered Accountants

Bankers
Habib Bank Limited
Dubai Islamic Bank

Certificate Registrar
M-13, Progressive Plaza, Plot No. 5 - CL - 10, Civil Lines Quarter,
Beaumont Road, Karachi - 75530, Pakistan.
Tel: +92 21-35685930 | +92 21-35687839
Fax: +92 21 35687839
Email: zakir@cnk.com.pk

Legal Advisor
S & B Durrani Law Associates

Shariah Advisor
Al-Hamd Shariah Advisory Services (Pvt) Limited

Registered & Head Office
3rd Floor, Horizon Vista,
Plot No: Commercial 10, Block-4, Clifton,
Karachi-75530
Phone: 021- 35361215-9,
Fax: 021-35374275

Chairman's Review

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

The outgoing year was marked with several critical developments in the political and economic fronts. General elections were held successfully in February 2024 and continued political stability as well as improvements in the security situation are essential for continued economic revival. Following a contraction in FY23, Pakistan's GDP grew in FY24 at 2.4% driven by the agricultural sector. We expect the economy to continue its recovery trend in FY25 with several positive indicators including stability in exchange rate, lower inflation and interest rates, and a recovering capital market.

During the year, the government successfully secured $3 billion Stand-By Arrangement ("SBA") program with the International Monetary Fund ("IMF") which is expected to be followed by a decision on USD 7.0 billion Extended Fund Facility ("EFF") on September 25. Global rating agency, Moody's, also upgraded Pakistan's local and foreign currency issuer and senior unsecured debt ratings to Caa2 from Caa3 in August 2024 with Positive Outlook in view of the improving macroeconomic and external positions.

Monetary policy has been supportive of economic growth in view of declining inflation with consecutive rate cutes since June 2024 of 450 bps with Policy rate at 17.5% in September 2024. Overall inflation fell to 12.6% YoY in June 2024 from 29.7% YoY in December 2023. However, energy inflation continues to impact business growth.

In September 2023, the Board of Directors of Pak Brunei Investment Company Ltd. ("Pak Brunei") took the strategic decision to divest its total interest in AMML to an appropriate investor followed by a Share Purchase Agreement in April 2024. On September 19, 2024, Registrar Modaraba, SECP granted approval regarding the transfer of 100% shareholding of AMML from Pak Brunei Investment Company to Wasl Investment Finance Limited. The shares of AMML, along with the management rights of the Modaraba, will be transferred to WASL after completion of applicable corporate formalities.

In light of this decision, the modaraba has followed a conservative approach in operations to maintain robust asset quality and profitability. Core profitability improved in FY24 with total revenues increased from PKR 178.53 million in FY23 to PKR 201.65million in FY24. Administration expenses were contained at PKR 62.57 million during the year. Financial expenses arising from PKR 150 million borrowing from Pak Brunei increased to PKR 36.44 million, however, are expected to reduce in line with the reducing interest rate scenario.

FPRM incurred provisioning under IFRS-9 of PKR 13.84 million in FY24. In the previous year, there were additional benefits of approx. PKR 46 million arising from unrealized gain on revaluation of properties and reversal of provisioning against doubtful receivables. Total profit after taxation, therefore, was lower than previous year at PKR 61.70 million in FY24 arising compared to PKR 98.55 million in the previous year.

Going forward, top line growth will be impacted in view of declining interest rates and low leverage position of the modaraba. The management will have to plan for increased volumes while maintaining asset quality. In contrast to previous years, the modaraba has now an established track record of business growth and profitability which puts it in a strong position to raise funds for business growth.

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

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

Khalid Aziz Mirza
Chairman

Dated: 25 September 2024

چیئرمین کی جائزہ رپورٹ

مجھے اول مضاربہ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز کے چیئرمین کے طور پر اپنا جائزہ پیش کرتے ہوئے خوشی ہو رہی ہے، جو فرسٹ پرڈینشل مضاربہ کی انتظامی کمپنی ہے۔

گزشتہ سال سیاسی اور اقتصادی محاذوں پر کئی اہم پیش رفتوں کے ساتھ نشان زد ہوا۔ عام انتخابات فروری 2024 میں کامیابی سے ہوئے اور معاشی بحالی کے لیے سیاسی استحکام کا تسلسل ضروری ہے۔ مالی سال 23 میں سکڑاؤ کے بعد، مالی سال 24 میں پاکستان کی جی ڈی پی میں 2.4 فیصد اضافہ ہوا جو کہ زرعی شعبے کی وجہ سے تھا۔ ہم توقع کرتے ہیں کہ معیشت مالی سال 25 میں اپنی بحالی کے رجحان کو جاری رکھے گی جس میں متعدد مثبت اشارے شامل ہیں جن میں زر مبادلہ کی شرح میں استحکام، افراط زر اور شرح سود میں کمی، اور کیپٹل مارکیٹ کی بحالی شامل ہیں۔

سال کے دوران، حکومت نے بین الاقوامی مالیاتی فنڈ ("IMF") کے ساتھ 3$ بلین اسٹینڈ بائی ارینجمنٹ ("SBA") پروگرام کو کامیابی سے حاصل کیا جس کے بعد 7.0 بلین امریکی ڈالر کی توسیعی فنڈ سہولت ("EFF") کے فیصلے کی توقع ہے۔ 25 ستمبر کو عالمی ریٹنگ ایجنسی، موڈیز نے پاکستان کے مقامی اور غیر ملکی کرنسی جاری کرنے والے اور سینئر غیر محفوظ قرضوں کی درجہ بندی کو اگست 2024 میں Caa3 سے Caa2 میں اپ گریڈ کیا جس میں معاشی اور بیرونی پوزیشنوں میں بہتری کے پیش نظر مثبت آؤٹ لک کے ساتھ۔

مانیٹری پالیسی جون 2024 سے لگاتار شرحوں میں کمی کے ساتھ گرتی ہوئی افراط زر کے پیش نظر معاشی نمو کے لیے معاون رہی ہے جس میں ستمبر 2024 میں پالیسی ریٹ 17.5 فیصد کے ساتھ 450 bps ہے۔ مجموعی طور پر افراط زر جون 2024 میں% 12.6 YoY تک گر گیا جو دسمبر2023 میں%29.7 YoY تھا۔ تاہم، توانائی کی افراط زر کاروبار کی ترقی کو متاثر کرتی ہے۔

ستمبر 2023 میں، پاک برونائی انویسٹمنٹ کمپنی لمیٹڈ ("پاک برونائی") کے بورڈ آف ڈائریکٹرز نے AMML میں اپنی کل دلچسپی کو ایک مناسب سرمایہ کار کے حوالے کرنے کا اسٹریٹجک فیصلہ لیا جس کے بعد اپریل 2024 میں شیئر کی خریداری کا معاہدہ ہوا۔ 19 ستمبر کو، 2024، رجسٹرار مضاربہ، ایس ای سی پی نے پاک برونائی انویسٹمنٹ کمپنی سے AMML کی% 100 شیئر ہولڈنگ وصل انویسٹمنٹ فنانس لمیٹڈ کو منتقل کرنے کے حوالے سے منظوری دے دی۔ AMML کے حصص، مضاربہ کے انتظامی حقوق کے ساتھ، قابل اطلاق کارپوریٹ رسمی کارروائیوں کی تکمیل کے بعد WASL کو منتقل کر دیے جائیں گے۔

اس فیصلے کی روشنی میں، مضاربہ نے مضبوط اثاثہ کے معیار اور منافع کو برقرار رکھنے کے لیے آپریشنز میں ایک قدامت پسندانہ انداز اپنایا ہے۔ مالی سال 24 میں بنیادی منافع میں بہتری آئی اور کل محصولات مالی سال 23 میں PKR 178.53 ملین سے بڑھ کر FY24 میں PKR 201.65 ملین ہو گئے۔ سال کے دوران انتظامی اخراجات PKR 62.57 ملین تھے۔ پاک برونائی سے PKR 150 ملین قرض لینے سے پیدا ہونے والے مالی اخراجات بڑھ کر PKR 36.44 ملین ہو گئے، تاہم، شرح سود میں کمی کے منظر نامے کے مطابق کم ہونے کی توقع ہے۔

مضاربہ نے FY24 میں PKR 13.84 ملین کے IFRS-9 کے تحت پروویژننگ کی۔ پچھلے سال میں، تقریبا کے اضافی فوائد تھے. PKR 46 ملین جائیدادوں کی دوبارہ تشخیص پر غیر حقیقی فائدہ اور مشکوک وصولیوں کے خلاف پروویژننگ کے الٹ جانے سے پیدا ہوا۔ لہذا، ٹیکس کے بعد کل منافع گزشتہ سال کے مقابلے میں PKR 61.70 ملین پر FY24 میں کم تھا جو پچھلے سال کے PKR 98.55 ملین کے مقابلے میں پیدا ہوا تھا۔

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مزید، شرح سود میں کمی اور مضاربہ کی کم لیوریج پوزیشن کے پیش نظر ٹاپ لائن گروتھ پر اثر پڑے گا۔ انتظامیہ کو اثاثوں کے معیار کو برقرار رکھتے ہوئے حجم میں اضافے کی منصوبہ بندی کرنی ہوگی۔ پچھلے سالوں کے برعکس، مضاربہ کے پاس اب کاروباری ترقی اور منافع کا ایک ٹریک ریکارڈ قائم ہے جو اسے کاروبار کی ترقی کے لیے فنڈز اکٹھا کرنے کی مضبوط پوزیشن میں رکھتا ہے۔

مینجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز میں پانچ ممبران شامل ہیں جن میں دو آزاد نان ایگزیکٹو ڈائریکٹرز اور ایک خاتون ڈائریکٹر شامل ہیں۔ بورڈ اپنے قانونی فرائض انجام دیتا ہے اور اس بات کو یقینی بنا کر اپنی ذمہ داریوں کو پورا کرتا ہے کہ مضاربہ کے پاس ایک قابل قیادت اور ایک موثر انتظامی انتظامی ٹیم ہے۔ بورڈ، سہ ماہی بنیادوں پر، کاروباری خطرات کا مجموعی جائزہ لیتا ہے تاکہ اس بات کو یقینی بنایا جا سکے کہ انتظامیہ کمپنی اور اس کے اسٹیک ہولڈرز کے اثاثوں، وسائل، ساکھ اور مفادات کے تحفظ کے لیے خطرے کی شناخت، رسک مینجمنٹ اور متعلقہ نظامی داخلی کنٹرول کا ایک درست نظام برقرار رکھے۔

بورڈ کی جانب سے، میں مضاربہ پر اعتماد کرنے کے لیے اپنے تمام صارفین، سرمایہ کاروں، ریگولیٹرز اور دیگر اسٹیک ہولڈرز کا شکریہ ادا کرتا ہوں۔

خالد عزیز مرزا
چیئرمین
بتاریخ: 25 ستمبر 2024

DIRECTORS' REPORT

The Board of Directors of Awwal Modaraba Management Limited, the management company of **First Prudential Modaraba**, is pleased to present the Directors' Report together with Audited Financial Statements of First Prudential Modaraba for the year ended 30 June 2024.

Economic Review & Outlook

Pakistan's economy has shown signs of recovery in FY24 following a contraction in FY23. Notable indicators include robust agriculture growth, a decrease in inflationary pressure, stability in exchange rate, and an improved current account balance.

The government was able to successfully secure $3 billion Stand-By Arrangement ("SBA") program with the International Monetary Fund ("IMF") which paved the way for a USD 7.0 billion Extended Fund Facility ("EFF") Arrangement. The staff-level agreement was reached in July and Executive Board meeting is scheduled on September 25 for the EFF. The program aims to support economic reforms to ensure stability. Supported by economic stability and increased investor confidence, the Pakistani Rupee has maintained stability during the year with exchange rate at PKR 279.75/USD as of August 31, 2024.

Pakistan GDP recovered in FY24 with a growth rate of 2.4%, driven by a significant surge in agricultural production of 6.25%. This robust agriculture growth offsets the weaker growth in industrial activity, which increased by 1.21% and the service sector which also grew by 1.21%.

Fiscal Year 2024 average inflation clocked-in at 23.9% compared to 29.0% in the preceding fiscal year. However, it fell to 12.6% YoY in June 2024, as compared to 29.7% YoY in December 2023. In response to improved inflation conditions and a decrease in core inflation pressures, we have seen cumulative rate cuts amounting to 450 bps by the State Bank of Pakistan ("SBP") since June 2024 to September 2024 with Policy Rate standing at 17.5% now. The Federal Reserve has also lowered interest rates by 50 basis points in first cut since 2020.

The Pakistan Stock Exchange (PSX) depicted strong performance during the period, with the benchmark KSE-100 rising by 25.6% during the half year ended June 2024, closing at 78,445 points. This was largely driven by improving fundamentals and influx of liquidity from both domestic and international investors.

Global rating agency, Moody's, upgraded Pakistan's local and foreign currency issuer and senior unsecured debt ratings to Caa2 from Caa3 in August 2024 with Positive Outlook. The agency said its decision to upgrade was due to Pakistan's improving macroeconomic conditions and moderately better government liquidity and external positions, from very weak levels.

Strategic Direction of the Modaraba

In September 2023, the Board of Directors of Pak Brunei Investment Company Ltd. ("Pak Brunei") decided to proceed with divestment of its total interest in AMML. After seeking expression of interest and extensive due diligence process, appropriate buyer has been selected to proceed with the transaction. Accordingly, Pak Brunei entered into a Share Purchase Agreement ("SPA") in April 2024 for divestment of 100% of its shareholding in AMML subject to the approval of the SECP and other necessary approvals.

On September 19, 2024, Registrar Modaraba, SECP granted approval regarding the transfer of 100% shareholding of AMML from Pak Brunei Investment Company to Wasl Investment Finance Limited. The shares of AMML, along with the management rights of the Modaraba, will be transferred to WASL after completion of applicable corporate formalities. In light of this decision, the modaraba has followed a conservative approach in operations to maintain robust asset quality and profitability.

Financial Snapshot

Total revenues increased from PKR 178.53 million in FY23 to PKR 201.65 million in FY24. Administration expenses were contained at PKR 62.57 million during the year while financial expenses related to PKR 150 million borrowing from PBICL increased to PKR 36.44 million.

However, profit before management fees and taxes was lower at PKR 80.88 million in FY24 compared to PKR 109.1 million in FY23. FPRM incurred provisioning under IFRS-9 of PKR 13.84 million in FY24. In the previous year, non-core profits of approx. PKR 46 million was recorded arising from unrealized gain on revaluation of properties and reversal of provisioning against doubtful receivables. Total profit after taxation amounted to PKR 61.70 million in FY24 arising from core profitability compared to PKR 98.55 million in the previous year.

With interest rates declining in FY2025, the management needs to increase the volume of business while maintaining asset quality to maintain profitability levels. The modaraba has established a sound track record of profitability and maintaining asset quality since transfer of management rights to AMML which will support effort to increase leverage to build volumes.

Operating Results

	30 June 2024 (Rupees '000')	**30 June 2023** (Rupees '000')
Balance Sheet		
Certificate capital	1,293,916	1,293,916
Total equity	751,774	731,218
Diminishing Musharaka	583,736	653,441
Investment Properties	74,180	74,180
Profit & Loss		
Revenue	199,272	223,816
Operating expenses	99,012	93,573
Profit before Management Fee	80,881	109,097
Taxation	(9,565)	2,255
Net profit for the year	61,696	98,545
Appropriations		
Profit distribution @ 3.00% (2023: 3.00%)	38,817	38,817
Statutory reserve	157,982	157,982
Earnings per certificate	0.48	0.76

Profit Distribution

The Board in its meeting held on 25 September 2024 has approved cash dividend of PKR 0.30 per certificate (3.00%), subject to deduction of zakat and tax at source where applicable, for the year ended 30 June 2024.

Governance & Shariah Compliance

The Board of Directors is committed to ensure compliance with various requirements of the Pakistan Stock Exchange and Securities and Exchange Commission of Pakistan (SECP). The Modaraba is in compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, relevant for the year ended 30 June 2024.

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

Sustainability related Risk

The Board is committed to effectively addressing risks that affect our operations and stakeholders. We are dedicated to integrating ESG factors into the Modaraba's strategic framework, with a strong emphasis on environmental sustainability, social responsibility, and strong governance practices.

Corporate and Financial Reporting Framework

The Board of Directors is pleased to report that:

- The financial statements, prepared by the management of the Modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable to Modarabas in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Modaraba's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on 30 June 2024 except for those disclosed in the financial statements.

- During the year under review, five (5) meetings of the Board of Directors were held. Attendance by each director was as follows:

Name of Director	No. of Meetings attended
Mr. Khalid Aziz Mirza	5
Mr. Shahid Ghaffar	5
Mr. S. M. Aamir Shamim	4
Mr. Abdul Jaleel Shaikh	4
Ms. Humaira Siddique	4
Ms. Sadaf Shabbir (CEO)	3
Mr. Karim Hatim (Ex-CEO)	2

Change in Directors

On the completion of the term of the Board, election of the directors were conducted in the Annual General Meeting of the Company held on April 18, 2024 and the approval of the Registrar Modaraba, Securities & Exchange Commission of Pakistan have been obtained for the following Directors of the Company:

1	Mr. Khalid Aziz Mirza	Non-Executive Director
2	Mr. Shahid Ghaffar	Independent Director
3	Mr. Nazir Ahmed Shaheen	Independent Director
4	Mr. Irfan Ahmed	Non-Executive Director(Nominated by Pak Brunei Investment Company Limited)
5	Ms. Humaira Siddique	Non-Executive Director(Nominated by Pak Brunei Investment Company Limited)

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

• During the year under review, five (5) meetings of the Audit Committee were held. Attendance by each member was as follows:

Name of Member	No. of Meetings attended
Mr. Shahid Ghaffar	5
Mr. Khalid Aziz Mirza	5
Mr. Abdul Jaleel Shaikh	4
Ms. Humaira Siddique	4

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

The Board of Directors

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

a. Male: 4

b. Female: 2

The current composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Shahid Ghaffar Mr. Nazir Ahmed Shaheen
Non-Executive Director	Mr. Khalid Aziz Mirza
Other Non-Executive Directors (Nominated by Pak Brunei Investment Company Limited)	Mr. Irfan Ahmed Ms. Humaira Siddique
Chief Executive Officer	Ms. Sadaf Shabbir

Director's Remuneration

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

Auditors

On the recommendation of the Audit Committee, the Board has approved the present auditors M/s BDO Chartered Accountants, being eligible for appointment and upon their consent to act as auditors, have been appointed as external auditors of the Modaraba for the year ending 30 June 2025. However, their appointment will be subject to the approval of Registrar of Modaraba Companies and Modarabas.

Shariah Advisor’s Report

The Modaraba continues to seek guidance from its Shari’ah Advisor, Mufti Muhammad Ibrahim Essa as and when required to ensure full compliance to Shari’ah Audit mechanism developed in consultation with Registrar Modaraba. The internal audit department has also been trained to handle the day-to-day affairs of the Modaraba ensuring complete adherence to Shari’ah policies and principles. The Shari’ah Advisor Report issued for the affairs of the Modaraba for the year ended 30 June 2024 is attached in the Annual Financial Statements.

Future Outlook

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

Acknowledgments

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

On behalf of the Board

Sadaf Shabbir
Chief Executive
Date: September 25, 2024

Humaira Siddique
Director

ڈائریکٹرز کی رپورٹ

فرسٹ پروڈینشل مودربہ کی انتظامی کمپنی اوول مودربہ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 جون 2024 کو ختم ہونے والے سال کے لیے فرسٹ پروڈینشل مودربہ کے آڈٹ شدہ مالیاتی بیانات کے ساتھ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں -

اقتصادی جائزہ اور آؤٹ لک

پاکستان کی معیشت نے مالی سال 23 میں سکڑاؤ کے بعد مالی سال 24 میں بحالی کے آثار دکھائے ہیں۔ قابل ذکر اشاریوں میں مضبوط زرعی ترقی، افراط زر کے دباؤ میں کمی، شرح مبادلہ میں استحکام، اور کرنٹ اکاؤنٹ بیلنس میں بہتری شامل ہیں۔

حکومت بین الاقوامی مالیاتی فنڈ ("IMF") کے ساتھ 3$ بلین اسٹینڈ بائی ارینجمنٹ ("SBA") پروگرام کو کامیابی کے ساتھ محفوظ کرنے میں کامیاب رہی جس نے USD 7.0 بلین توسیعی فنڈ سہولت ("EFF") کے انتظامات کی راہ ہموار کی۔ عملے کی سطح کا معاہدہ جولائی میں طے پایا تھا اور ای ایف ایف کے لیے ایگزیکٹو بورڈ کا اجلاس 25 ستمبر کو ہونا ہے۔ اس پروگرام کا مقصد استحکام کو یقینی بنانے کے لیے اقتصادی اصلاحات کی حمایت کرنا ہے۔ معاشی استحکام اور سرمایہ کاروں کے بڑھتے ہوئے اعتماد کی مدد سے، پاکستانی روپے نے 31 اگست 2024 تک USD/279.75 PKR کی شرح مبادلہ کے ساتھ سال کے دوران استحکام برقرار رکھا ہے۔

پاکستان کی جی ڈی پی مالی سال 24 میں 2.4 فیصد کی شرح نمو کے ساتھ بحال ہوئی، جس کی وجہ زرعی پیداوار میں 6.25 فیصد نمایاں اضافہ ہے۔ یہ مضبوط زرعی ترقی صنعتی سرگرمیوں کی کمزور ترقی کو پورا کرتی ہے، جس میں 1.21 فیصد اضافہ ہوا اور سروس سیکٹر جس میں بھی 1.21 فیصد اضافہ ہوا۔

مالی سال 2024 میں اوسط افراط زر گزشتہ مالی سال کے 29.0 فیصد کے مقابلے میں 23.9 فیصد پر پہنچ گیا۔ تاہم، یہ جون 2024 میں % 12.6 YoY تک گر گیا، جو دسمبر 2023 میں % 29.7 YoY کے مقابلے میں تھا۔ مہنگائی کے بہتر حالات اور بنیادی افراط زر کے دباؤ میں کمی کے جواب میں، ہم نے اسٹیٹ بینک کی طرف سے مجموعی شرح میں 450 bps کی کمی دیکھی ہے۔ پاکستان کا ("SBP") جون 2024 سے ستمبر 2024 تک پالیسی ریٹ کے ساتھ اب % 17.5 ہے۔ فیڈرل ریزرو نے بھی 2020 کے بعد پہلی کٹوتی میں شرح سود میں 50 بیسس پوائنٹس کی کمی کی ہے۔

پاکستان اسٹاک ایکسچینج (PSX) نے اس عرصے کے دوران مضبوط کارکردگی کو ظاہر کیا، بینچ مارک KSE-100 جون 2024 کو ختم ہونے والی ششماہی کے دوران 25.6 فیصد اضافے کے ساتھ 78,445 پوائنٹس پر بند ہوا۔ یہ بنیادی طور پر ملکی اور بین الاقوامی سرمایہ کاروں کی طرف سے بنیادی اصولوں اور لیکویڈیٹی کی آمد میں بہتری کے ذریعے کارفرما تھا۔

عالمی ریٹنگ ایجنسی، موڈیز نے اگست 2024 میں مثبت آؤٹ لک کے ساتھ پاکستان کے مقامی اور غیر ملکی کرنسی جاری کرنے والے اور سینئر غیر محفوظ قرضوں کی درجہ بندی کو Caa3 سے Caa2 میں اپ گریڈ کیا۔ ایجنسی نے کہا کہ اس کی اپ گریڈیشن کا فیصلہ پاکستان کے بہتر ہوتے ہوئے معاشی حالات اور معتدل طور پر بہتر حکومتی لیکویڈیٹی اور بیرونی پوزیشنوں کی وجہ سے ہے، جو کہ انتہائی کمزور سطح سے ہے۔

مضاربہ کی اسٹریٹجک سمت

ستمبر 2023 میں، پاک برونائی انویسٹمنٹ کمپنی لمیٹڈ ("پاک برونائی") کے بورڈ آف ڈائریکٹرز نے AMML میں اپنی کل دلچسپی کی ذیلی کاروباری سرمایہ کاری کو فروخت کرنے کے لیے آگے بڑھنے کا فیصلہ کیا۔ دلچسپی کے اظہار اور وسیع مستعدی کے عمل کی تلاش کے بعد، لین دین کو آگے بڑھانے کے لیے مناسب خریدار کا انتخاب کیا گیا ہے۔ اس کے مطابق، پاک برونائی نے اپریل 2024 میں SECP کی منظوری اور دیگر ضروری منظوریوں سے مشروط AMML میں اپنے 100% شیئر ہولڈنگ کی تقسیم کے لیے شیئر پرچیز ایگریمنٹ ("SPA") کیا۔

رجسٹرار مضاربہ، ایس ای سی پی نے 19 ستمبر 2024 کو پاک برونائی انویسٹمنٹ کمپنی سے AMML کی% 100 شیئر ہولڈنگ وصل انویسٹمنٹ فنانس لمیٹڈ کو منتقل کرنے کی منظوری دی۔
ایم ایم ایل کے حصص، مضاربہ کے انتظامی حقوق کے ساتھ، ضروری کارپوریٹ اقدامات کی تکمیل کے بعد WASL کو منتقل کر دیے جائیں گے۔

مالی سنیپ شاٹ

کل محصولات مالی سال 23 میں PKR 178.53 ملین سے بڑھ کر FY24 میں PKR 201.65 ملین ہو گئے۔ سال کے دوران انتظامی اخراجات PKR 62.57 ملین تھے جبکہ PBICL سے PKR 150 ملین کے قرضے سے متعلق مالی اخراجات بڑھ کر PKR 36.44 ملین ہو گئے۔

تاہم، انتظامی فیسوں اور ٹیکسوں سے پہلے کا منافع مالی سال 23 میں PKR 109.1 ملین کے مقابلے FY24 میں PKR 80.88 ملین پر کم تھا۔ FPRM نے FY24 میں PKR 13.84 ملین کے IFRS-9 کے تحت پروویژننگ کی۔ پچھلے سال میں، تقریبا کے غیر بنیادی منافع. PKR 46 ملین ریکارڈ کیا گیا جو جائیدادوں کی دوبارہ تشخیص پر غیر حقیقی فائدہ اور مشکوک وصولیوں کے خلاف پروویژننگ کو تبدیل کرنے سے پیدا ہوا۔ مالی سال 24 میں ٹیکس کے بعد کل منافع PKR 61.70 ملین تھا جو کہ بنیادی منافع سے پیدا ہوا تھا جو پچھلے سال کے PKR 98.55 ملین تھا۔

مالی سال 2025 میں شرح سود میں کمی کے ساتھ، انتظامیہ کو منافع کی سطح کو برقرار رکھنے کے لیے اثاثوں کے معیار کو برقرار رکھتے ہوئے کاروبار کا حجم بڑھانے کی ضرورت ہے۔ مضاربہ نے AMML کو انتظامی حقوق کی منتقلی کے بعد منافع اور اثاثہ کے معیار کو برقرار رکھنے کا ایک اچھا ٹریک ریکارڈ قائم کیا ہے جو حجم کو بڑھانے کے لیے فائدہ اٹھانے کی کوششوں میں مدد فراہم کرے گا۔

آپریٹنگ نتائج

30-Jun-23 (Rupees '000')	30-Jun-24 (Rupees '000')	
		بیلنس شیٹ
1,293,916	1,293,916	سرٹیفکیٹ کیپٹل
731,218	751,774	کل ایکویٹی
653,441	583,736	Diminishing مشارکہ
74,180	74,180	سرمایہ کاری کی جائیدادیں
		نفع اور نقصان
223,816	199,272	آمدنی
93,573	99,012	آپریٹنگ اخراجات
109,097	80,881	مینجمنٹ فیس سے پہلے منافع
2,255	(9,565)	ٹیکس لگانا
98,545	61,696	سال کے لیے خالص منافع
		مختصات
38,817	38,817	منافع کی تقسیم @ _3% (2023: 3.0%)
157,982	157,982	قانونی ریزرو
0.76	0.48	آمدنی فی سرٹیفکیٹ

منافع کی تقسیم

بورڈ نے 25 ستمبر 2024 کو ہونے والے اپنے اجلاس میں 30 جون 2024 کو ختم ہونے والے سال کے لیےPKR 00.30 (3.0%) فی سرٹیفکیٹ نقد ڈیویڈنڈ کی منظوری دی ہے، زکوٰۃ اور ذرائع پر ٹیکس کی کٹوتی سے مشروط ہے۔

گورننس اور شریعت کی تعمیل

بورڈ آف ڈائریکٹرز پاکستان اسٹاک ایکسچینج اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی مختلف ضروریات کی تعمیل کو یقینی بنانے کے لیے پرعزم ہے۔ مضاربہ 30 جون 2024 کو ختم ہونے والے سال کے لیے متعلقہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تقاضوں کے مطابق ہے۔

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

پائیداری سے متعلق خطرہ

بورڈ ان خطرات سے مؤثر طریقے سے نمٹنے کے لیے پرعزم ہے جو ہمارے آپریشنز اور اسٹیک ہولڈرز کو متاثر کرتے ہیں۔ ہم ESG عوامل کو مضاربہ کے اسٹریٹجک فریم ورک میں ضم کرنے کے لیے وقف ہیں، جس میں ماحولیاتی پائیداری، سماجی ذمہ داری، اور مضبوط حکمرانی کے طریقوں پر زور دیا گیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

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

- مضاربہ کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات، اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو کافی حد تک پیش کرتے ہیں۔
- مضاربہ کے حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں مدارس پر لاگو ہوتا ہے، مالی بیانات کی تیاری میں پیروی کی گئی ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- مضاربہ کی قابلیت پر کوئی خاص شبہات نہیں ہیں کہ وہ ایک جاری تشویش ہے۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔
- ٹیکسز، ڈیوٹی، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو 30 جون 2024 تک بقایا ہیں سوائے ان مالیاتی گوشواروں کے جن کا انکشاف کیا گیا ہے۔

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کی پانچ (5) میٹنگیں ہوئیں۔ ہر ڈائریکٹر کی حاضری حسب ذیل تھی:

ڈائریکٹر کا نام	شرکت کرنے والے اجلاسوں کی تعداد
جناب خالد عزیز مرزا	5
جناب شاہد غفار	5
جناب عامر شمیم	4
جناب عبدالجلیل شیخ	4
محترمہ حمیرا صدیق	4
محترمہ صدف شبیر (CEO)	3
جناب کریم حاتم (سابق سی ای او)	2

<u>ڈائریکٹرز میں تبدیلی</u>

بورڈ کی مدت پوری ہونے پر، 18 اپریل 2024 کو ہونے والے سالانہ اجلاس میں ڈائریکٹرز کا انتخاب کیا گیا اور کمپنی کے درج ذیل ڈائریکٹرز کے لیے رجسٹرار مضاربہ، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی منظوری حاصل کی گئی:

ڈائریکٹر کا نام	عہدہ
جناب خالد عزیز مرزا	غیر ایگزیکٹو ڈائریکٹر
جناب شاہد غفار	آزاد ڈائریکٹر
جناب نذیر احمد شاہین	آزاد ڈائریکٹر
جناب عرفان احمد	غیر ایگزیکٹو ڈائریکٹر (پاک برونائی انویسٹمنٹ کمپنی لمیٹڈ کی طرف سے نامزد)
محترمہ حمیرا صدیق	غیر ایگزیکٹو ڈائریکٹر (پاک برونائی انویسٹمنٹ کمپنی لمیٹڈ کی طرف سے نامزد)

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

- زیر جائزہ سال کے دوران، آڈٹ کمیٹی کے پانچ (5) اجلاس منعقد ہوئے۔ ہر ممبر کی حاضری حسب ذیل تھی۔

ڈائریکٹر کا نام	شرکت کرنے والے اجلاسوں کی تعداد
جناب شاہد غفار	5
جناب خالد عزیز مرزا	5
جناب عبدالجلیل شیخ	4
محترمہ حمیرا صدیق	4

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

بورڈ آف ڈائریکٹرز

مندرجہ ذیل کے مطابق ڈائریکٹرز کی کل تعداد چھ ہے جس میں سی ای او بھی شامل ہیں:
مرد: 4
خاتون: 2
بورڈ کی موجودہ تشکیل حسب ذیل ہے:

نام	زمرہ
جناب شاہد غفار جناب نذیر احمد شاہین	آزاد ڈائریکٹر
	غیر ایگزیکٹو ڈائریکٹرز
جناب خالد عزیز مرزا	غیر ایگزیکٹو ڈائریکٹر
جناب عرفان احمد محترمہ حمیرا صدیق	غیر ایگزیکٹو ڈائریکٹر (پاک برونائی انویسٹمنٹ کمپنی لمیٹڈ کی طرف سے نامزد)
محترمہ صدف شبیر	غیر ایگزیکٹو ڈائریکٹر (پاک برونائی انویسٹمنٹ کمپنی لمیٹڈ کی طرف سے نامزد)

ڈائریکٹر کا معاوضہ

بورڈ یا بورڈ کی کسی کمیٹی کے اجلاسوں میں شرکت کے لیے ڈائریکٹر کے معاوضے کا تعین اول مضاربہ مینجمنٹ لمیٹڈ کی طرف سے اختیار کردہ ڈائریکٹر کی معاوضہ پالیسی کے تحت کیا جاتا ہے۔ مذکورہ پالیسی کے تحت، بورڈ کے آزاد ممبران اور غیر ایگزیکٹو ممبران (نامزد ڈائریکٹرز کو چھوڑ کر) صرف بورڈ میٹنگ میں شرکت کے لیے بورڈ آف ڈائریکٹرز کی طرف سے مقرر کردہ فیس وصول کرنے کے حقدار ہیں۔ مزید برآں، نامزد ڈائریکٹرز/چیف ایگزیکٹیو آفیسر/کوئی دوسرا ڈائریکٹر کمپنی کے ساتھ کل وقتی معاوضہ کی خدمت میں بورڈ یا

بورڈ کی کسی کمیٹی کے اجلاسوں میں شرکت کے لیے کسی ادائیگی کا حقدار نہیں ہے۔ تاہم، تمام ڈائریکٹرز کمپنی کے کاروبار کے سلسلے میں ڈائریکٹرز یا ڈائریکٹرز کی کسی کمیٹی یا کمپنی کی جنرل میٹنگ میں شرکت اور واپسی میں ان کے تمام سفری، ہوٹل اور دیگر اخراجات ادا کرنے کے حقدار ہیں۔

آڈیٹرز

آڈٹ کمیٹی کی سفارش پر، بورڈ نے موجودہ آڈیٹرز M/s BDO چارٹرڈ اکاؤنٹنٹس کو تقرری کے اہل ہونے اور آڈیٹر کے طور پر کام کرنے کے لیے ان کی رضامندی پر، 30 جون کو ختم ہونے والے سال کے لیے مضاربہ کے بیرونی آڈیٹرز کے طور پر مقرر کیا گیا ہے۔ 2025۔ تاہم، ان کی تقرری رجسٹرار آف مضاربہ کمپنیز اور مضارب کی منظوری سے مشروط ہوگی۔

شریعہ ایڈوائزر کی رپورٹ

مضاربہ اپنے شرعی مشیر مفتی محمد ابراہیم عیسیٰ سے رہنمائی حاصل کرتا رہتا ہے اور جب ضرورت پڑتی ہے تو رجسٹرار مضاربہ کی مشاورت سے تیار کردہ شرعی آڈٹ میکانزم کی مکمل تعمیل کو یقینی بنایا جاتا ہے۔ اندرونی آڈٹ ڈیپارٹمنٹ کو بھی تربیت دی گئی ہے کہ وہ مضاربہ کے روزمرہ کے معاملات کو شرعی پالیسیوں اور اصولوں کی مکمل پابندی کو یقینی بنائے۔ 30 جون 2024 کو ختم ہونے والے سال کے لیے مضاربہ کے امور کے لیے جاری کردہ شرعی مشیر کی رپورٹ سالانہ مالیاتی گوشواروں میں منسلک ہے۔

مستقبل کا آؤٹ لک

مضاربہ منیجمنٹ کمپنی میں ہولڈنگ کمپنی کی دلچسپی کے منقطع ہونے کی وجہ سے مضاربہ منتقلی کے دور میں داخل ہو رہا ہے۔ اگرچہ یہ بعض چیلنجوں اور غیر یقینی صورتحال کو متعارف کرواتا ہے، بورڈ آف ڈائریکٹرز اس منتقلی کو ہوشیاری اور لچک کے ساتھ آگے بڑھانے کے لیے پرعزم ہے۔

اعترافات

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

بورڈ کی جانب سے

صدف شبیر	حمیرا صدیق
چیف ایگزیکٹو	ڈائریکٹر

تاریخ: 25 ستمبر 2024

First Prudential Modaraba
Summery of key operating and financial data of the Modaraba for last 6 years
Year ended June 30, 2024
………..Rupees in millions………….

Year	2024	2023	2022 Restated	2021	2020	2019
Paid-up Capital	1293.916	1293.916	1293.916	872.177	872.177	872.177
Statutory Reserve	157.982	157.982	157.982	153.623	151.747	151.747
Reserve arising out of merger	(208.031)	(208.031)	(208.031)	-	-	-
Certificate Holders Equity	757.854	734.975	657.317	429.947	420.571	425.973
Nos.of Modaraba Certificates	129.391	129.391	129.391	87.217	87.217	87.217
Current liabilities	247.822	253.589	247.692	107.869	58.866	51.769
Non-currrent Assets	509.309	642.348	467.128	119.168	132.438	234.746
Current Assets	512.151	365.822	455.996	429.637	344.901	258.657
Profit / (Loss) before Taxation	71.261	96.290	24.079	9.376	(3.705)	3.900
Taxation	(9.565)	2.255	(3.440)	-	(1.697)	(1.578)
Earning / (Loss) per Certificate (Rs)	0.48	0.76	0.16	0.11	(0.06)	0.03

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019
Awwal Modaraba Management Limited
Year ended June 30, 2024

This statement is being presented to comply with Listed Companies (Code of Corporate Governance) Regulations, 2019.

Awwal Modaraba Management Limited ('the Company') has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are six (6) as at June 30, 2024 as per the following;
a. Male: 04
b. Female: 02

2. The composition of Board is as follows:

Category	Names
Independent Directors	Mr. Shahid Ghaffar Mr. Nazir Ahmed Shaheen
Non-Executive Directors	Mr. Khalid Aziz Mirza Mr. Irfan Ahmed Ms. Humaira Siddique
Executive Directors	Ms. Sadaf Shabbir (Chief Executive Officer)
Female Director	Ms. Humaira Siddique

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board meets the criteria of requirement of Directors' Training program.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

Audit Committee	Mr. Shahid Ghaffar (Chairman) Mr. Khalid Aziz Mirza Ms. Humaira Siddique
*HR and Remuneration Committee (HRRC)	Mr. Khalid Aziz Mirza (Chairman) Ms. Humaira Siddique Ms. Sadaf Shabbir

*Mr. Nazir Ahmed Shaheen appointed on the Board as an independent director did not receive fit and proper clearance from SECP by June 30, 2024, as a result, Mr. Khalid Aziz Mirza was appointed as Chairman of the HRRC. The composition of HRRC committee will be reviewed in the Board's next meeting to consider the inclusion of an additional independent director, as they received fit and proper clearance from the SECP after June 30, 2024.

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

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

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

15. The Board has outsourced the internal audit function to the internal audit department of the parent company (Pak Brunei Investment Company Limited) who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 (non-mandatory requirements) are noted below:

S. No.	**Requirement**	**Explanation**	**Reg. No.**
1.	The Board is responsible for setting the Company's sustainability strategies, priorities and targets to create long term corporate value. The Board may establish a dedicated sustainability committee having at least one female director.	At present the Board provides governance and oversight in relation to the Company's initiatives on Environmental, Social and Governance (ESG) matters. Nevertheless, the requirements introduced recently by SECP through notification dated June 12, 2024 will be complied with in due course.	10(A)(5)

Khalid Aziz Mirza
Chairman

Dated: September 25, 2024

BDO

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE CERTIFICATE HOLDERS FIRST PRUDENTIAL MODARABA ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF wwCORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Awwal Modaraba Management Company (Private) Limited (the Modaraba Management Company) for and on behalf of First Prudential Modaraba (the Modaraba) for the year ended June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2024.

BDO

Further, we highlight below instances of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

S.No.	Regulation reference	Description
1	28 (1) & (2)	The Human Resource and Remuneration Committee does not have any independent director nor its Chairman is an independent director at the reporting date.
2	10 (A)(5)	The Board does not have the policies and procedure to address sustainability risk and opportunities nor does it has a dedicated sustainability committee at the reporting date.

KARACHI

DATED: October 3, 2024

UDIN: CR202410166APIN7Haoi

BDO Ebrahim & Co.

CHARTERED ACCOUNTANTS
Engagement Partner: Tariq Feroz Khan

بسم الله الرحمن الرحيم

نحمده و نصلی علیٰ رسوله الكريم

Annual Shariah Advisor's Report

For the period ended June 30, 2024

We have reviewed the affairs of **First Prudential Modaraba** for the year ended June 30, 2024 in accordance with the requirements of the Circular No.8 of 2012, issued by the Securities and Exchange Commission of Pakistan, regarding Shariah Compliance and Shariah Audit Mechanism for Modarabas.

SHARIAH COMPLIANCE:

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

REVIEW OF OPERATIONS:

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

BANK ACCOUNTS:

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

FRESH DISBURSEMENTS:

DIMINISHING MUSHARAKAH & SHIRKATUL MILK CUM IJARAH:

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

DIVIDEND PURIFICATION:

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

TAKAFUL:

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

EQUITY SHARES:

All of Modaraba's equity investments were made in approved Shariah-compliant scripts. However, in 2022, Modaraba held 843,975 shares in LSE Financial Services Limited. LSE Financial Services Limited underwent a demerger in 2023, transferring its shares to LSE Ventures Limited and LSE

Proptech Limited. In 2024, LSE Proptech went through another demerger, transferring its shares to LSE Capital. Subsequently, LSE Capital was listed on the Pakistan Stock Exchange in May 2024.

According to the KMI List issued by the Pakistan Stock Exchange, both LSE Ventures and LSE Capital are non-compliant by nature. Consequently, Modaraba has donated the dividends from both shares to charity. Currently, there are no buyers available to dispose of these shares. Therefore, Modaraba is committed to disposing of these shares as soon as a buyer becomes available.

CONCLUSION:

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

MUFTI MUHAMMAD IBRAHIM ESSA
Chief Executive Officer

MUFTI UBAID UR RAHMAN ZUBAIRI
Director

Dated: August 20, 2024

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

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **FIRST PRUDENTIAL MODARABA** (the Modaraba), which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and statement of comprehensive income, the statement of change in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980), in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2024 and of the profit other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Modaraba and Awwal Modaraba Management Company (the Modaraba Management Company) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

we draw attention to note 1.5 to the financial statements which states that the Board of Directors of the Holding Company of the Management Company has decided to divest its interest in the Modaraba Management Company and the progress made so far in this regard. Our opinion is not modified in this respect.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	**Existence & Valuation of Diminishing Musharaka Financing including Expected Credit Loss Assessment**	
	Refer note 9 to the financial statements for the year ended June 30, 2024, the Modaraba has outstanding balance of Rs. 583.736 million relating to Diminishing Musharaka Financing, which represent significant element of statement of financial position. A discrepancy in the existence or valuation of Diminishing Musharaka Financing could cause the assets to be materially misstated, which would impact the Modaraba's reported financial position as those are the main drivers of movement in the assets of the Modaraba. Management considers certain specific factors including the age of the balance, recent payment patterns, historical defaults and forward-looking information on macro-economics factors and other available information. Management uses this information to determine whether a provision for impairment is required at a specific or overall balance level. In view of significance of Diminishing Musharaka Financing in relation to the total assets of the Modaraba, we have considered Diminishing Musharaka Financing as a Key audit matter.	Our audit procedures in respect of this area includes the following: • Our audit procedures included assessing and testing the design and operations of key internal controls over the recognition, valuation and existence of diminishing musharaka financing. • We performed test of controls over addition, termination and periodic valuation of the portfolio and performed other substantive audit procedures on the year end balances. • We have reviewed documentation required in the context of the parties and verified income from financing during the year by performing recalculation of schedules on a sample basis as per applicable accounting framework. • We performed detailed assessment of the credit approval procedures of the diminishing musharaka sanctioned in accordance with the modaraba regulations and performed credit review procedures on sample basis. • In addition, we have circulated confirmations to certain parties and checked realization of assets.

S. No	Key audit matters	How the matter was addressed in our audit
		• We assessed the reasonableness of provision made by the management in accordance with IFRS- 9. • We obtained an understanding of the requirements of IFRS 9 included, amongst others, review of the methodology developed and applied by the Modaraba to estimate the ECL in relation to trade debts. • We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. • We evaluated the relevance, completeness, and accuracy of the source data used for computation of ECL. • We checked the mathematical accuracy of the ECL model by performing recalculation on test basis. The adequacy of the disclosures presented in the financial statements regarding allowance for ECL was also assessed, based on the applicable accounting standards, requirements of Companies Act, 2017 and regulation of modaraba for appropriateness of the assumptions used and the methodology applied.

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

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Modaraba Company for the Financial Statements

Management of the modaraba is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management of the Modaraba Management Company is responsible for assessing the Modaraba's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Modaraba or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurances about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Modaraba's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Modaraba Company;

- Conclude on the appropriateness of the management of the Modaraba Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Modaraba's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Modaraba to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors of the Modaraba Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors of the Modaraba Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors of the Modaraba Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) Proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980) and are in agreement with the books of account;

c) business conducted, investments made, expenditure incurred and guarantees extended during the year by the Modaraba were in accordance with the objects, terms and conditions of the Modaraba; and

d) 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.

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

KARACHI

DATED: 03 OCT 2024

UDIN: AR202410166FC68eJZaO

BDO Ebrahim & Co.

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

FIRST PRUDENTIAL MODARABA
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		----------Rupees----------	
ASSETS			
NON CURRENT ASSETS			
Property and equipment - own use	5	2,433,724	1,815,466
Property, plant and equipment - Ijarah	6	60,614,607	82,676,743
Intangible assets	7	-	41,111
Investment properties	8	74,180,000	74,180,000
Long term portion of Diminishing Musharika Finance	9	355,590,778	462,904,323
Long term investments	10	5,611,474	9,006,813
Long term advances and deposits	11	864,445	730,003
Deferred tax asset	12	10,013,865	10,993,677
		509,308,893	642,348,136
CURRENT ASSETS			
Modaraba, Musharika, Murabaha and Other finance - net	13	-	-
Current portion of Diminishing Musharika Finance	9	228,145,583	190,537,594
Short term investments	14	16,957,897	6,539,334
Ijarah rentals receivable	15	1,528,722	3,136,775
Receivable against sale of agriculture produce - net	16	-	-
Advances, prepayments and other receivables	17	4,745,419	56,413,369
Taxation - net	18	29,009,587	22,865,160
Cash and bank balances	19	231,763,932	86,330,327
		512,151,140	365,822,559
TOTAL ASSETS		1,021,460,033	1,008,170,695
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized certificate capital			
152,217,660 modaraba certificates of rupees 10/- each		1,522,176,600	1,522,176,600
Issued, subscribed and paid-up certificate capital			
129,391,676 modaraba certificates of rupees 10/- each	20	1,293,916,760	1,293,916,760
Statutory reserve		157,982,325	157,982,325
Reserve arising out of merger		(208,031,240)	(208,031,240)
Accumulated loss		(486,013,717)	(508,892,154)
		757,854,128	734,975,691
Unrealised gain on remeasurement of investment classified as fair value through other comprehensive income		(6,080,254)	(3,757,902)
		751,773,874	731,217,789
NON CURRENT LIABILITIES			
Long term portion of Ijarah deposits	21	21,863,249	23,363,249
CURRENT LIABILITIES			
Short term finance	22	150,000,000	150,000,000
Redeemable capital - participatory and unsecured		815,000	815,000
Current portion of Ijarah deposits	21	10,688,681	14,670,556
Accrued and other liabilities	23	33,297,435	41,907,083
Unclaimed profit distribution		53,021,794	46,197,018
		247,822,910	253,589,657
TOTAL EQUITY AND LIABILITIES		1,021,460,033	1,008,170,695
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes from 1 to 44 form an integral part of these financial statements.

For Awwal Modaraba Management Limited
(Management Company)

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE OFFICER	DIRECTOR	DIRECTOR

FIRST PRUDENTIAL MODARABA
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		----Rupees----	
Income			
Ijarah rentals earned	25	29,557,320	28,580,831
Income from deposits with banks		7,989,458	10,013,702
Income from Diminishing Musharika Finance		160,002,741	117,018,716
Dividend income		1,052,853	1,609,947
Rental income from investment properties		227,408	4,004,210
Other income	26	2,821,740	17,303,422
		201,651,520	178,530,828
Unrealized gain / (loss) on investments classified as 'fair value through profit or loss	14.2.2	10,418,563	(1,696,913)
Unrealized gain on revaluation of investments properties		-	24,075,000
Allowance for expected credit loss	9.2 & 15.2	(13,844,959)	-
Reversal of provision against impairment of investment	10.1.2	223,584	-
Reversal of provision against doubtful receivables	27	823,748	22,907,873
		199,272,456	223,816,788
Expenses			
Depreciation on Ijarah assets		(19,379,074)	(21,146,672)
Administrative expenses	28	(62,568,311)	(61,803,403)
Finance charges	29	(36,443,826)	(31,769,986)
		(118,391,211)	(114,720,061)
		80,881,245	109,096,727
Modaraba Company's remuneration	30	(7,126,101)	(9,629,014)
Provision for service sales tax on Management ' Company's remuneration	31	(1,068,915)	(1,251,772)
		(8,195,016)	(10,880,786)
Provision for Workers' Welfare Fund		(1,425,220)	(1,925,803)
Profit before taxation		71,261,009	96,290,138
Taxation	32	(9,565,069)	2,255,348
Profit after taxation		61,695,940	98,545,486
Earnings per certificate - basic and diluted	33	0.48	0.76

The annexed notes from 1 to 44 form an integral part of these financial statements.

For Awwal Modaraba Management Limited
(Management Company)

CHIEF FINANCIAL OFFICER **CHIEF EXECUTIVE OFFICER** **DIRECTOR** **DIRECTOR**

FIRST PRUDENTIAL MODARABA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		--------------Rupees-------------	
Profit for the year		61,695,940	98,545,486
Other comprehensive loss for the year:			
Item that will be not be reclassified subsequently to profit or loss			
Unrealised loss on remeasurement of investment classified as 'fair value through other comprehensive loss		(2,322,352)	(11,527,099)
Total comprehensive income for the year		59,373,588	87,018,387

The annexed notes from 1 to 44 form an integral part of these financial statements.

For Awwal Modaraba Management Limited
(Management Company)

CHIEF FINANCIAL OFFICER **CHIEF EXECUTIVE OFFICER** **DIRECTOR** **DIRECTOR**

TEMENT OF CHANGES IN EQUITY
THE YEAR ENDED JUNE 30, 2024

	Issued, subscribed, and paid up certificate capital	Merger Reserve	Statutory reserve	Accumulated loss	Unrealised (loss) / gain on investment classified as fair value through other comprehensive income	Total
	---------- (Rupees) ----------					
ınce at July 1, 2022 (Restated)	1,293,916,760	(208,031,240)	157,982,325	(586,549,989)	7,769,197	665,087,05
ıl comprehensive income for the year						
ít for the year	-	-	-	98,545,486	-	98,545,48
ər comprehensive loss	-	-	-	-	(11,527,099)	(11,527,09
	-	-	-	98,545,486	(11,527,099)	87,018,38
ribution @ Rs. 0.17 per certificate dividend declared for the year ended June 2022- FPRM	-	-	-	(14,827,003)	-	(14,827,00
ribution @ Rs. 0.10 per certificate dividend declared for the year ended June 2022- KASB	-	-	-	(4,806,648)	-	(4,806,64
tribution @ Rs. 0.10 per certificate dividend declared for the year ended June 2022- FPM	-	-	-	(1,254,000)	-	(1,254,00
	-	-	-	77,657,835	(11,527,099)	66,130,73
ance at June 30, 2023	1,293,916,760	(208,031,240)	157,982,325	(508,892,154)	(3,757,902)	731,217,78
lance at July 1, 2023	1,293,916,760	(208,031,240)	157,982,325	(508,892,154)	(3,757,902)	731,217,78
ıfit for the year	-	-	-	61,695,940	-	61,695,9
ıer comprehensive loss	-	-	-	-	(2,322,352)	(2,322,3
	-	-	-	61,695,940	(2,322,352)	59,373,5
stribution @ Rs. 0.30 per certificate declared for the year ended June 2023	-	-	-	(38,817,503)	-	(38,817,5
lance at June 30, 2024	1,293,916,760	(208,031,240)	157,982,325	(486,013,717)	(6,080,254)	751,773,8

e annexed notes from 1 to 44 form an integral part of these financial statements.

For Awwal Modaraba Management Limited
(Management Company)

CHIEF FINANCIAL OFFICER **CHIEF EXECUTIVE OFFICER** **DIRECTOR** **DIRECTOR**

FIRST PRUDENTIAL MODARABA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023
	----------Rupees------------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
Adjustments for:	71,261,009	96,290,138
Depreciation - own use assets		
Depreciation - Ijarah assets	260,742	352,810
Amortization on intangible assets	19,379,074	21,146,672
Dividend income	41,111	131,123
Unrealised (gain)/loss on investments	(1,052,853)	(1,609,947)
Gain on disposal - ijarah assets	(10,418,563)	1,696,913
Gain on disposal - own assets	(266,811)	(1,461,717)
Financial charges	-	(855,000)
Gain on remeasurement of investment property	36,443,826	31,769,986
	-	(24,075,000)
	44,386,526	27,095,838
Cash flows before movements in working capital	115,647,535	123,385,978
Decrease / (increase) in current assets		
Diminishing Musharika Finance		
Investment against repurchase agreement	69,705,556	(103,570,671)
Ijarah rentals receivable	-	23,624,891
Advances, prepayments and other receivables	1,608,053	(2,432,691)
	52,513,320	(32,526,666)
Increase / (decrease) in current liabilities	123,826,929	(114,905,137)
Ijarah deposits		
Redeemable capital	(5,481,875)	16,179,375
Unclaimed dividend	-	(500,000)
Accrued and other liabilities	6,824,776	4,438,029
	(17,101,730)	1,052,967
	(15,758,829)	21,170,371
Taxes paid / received	223,715,635	29,651,212
Financial charges	(6,144,427)	4,958,015
Net cash generated from operating activities	(36,443,826)	(31,769,986)
	181,127,382	2,839,241
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of own assets		
Proceeds from disposal - ijarah assets	(879,000)	(117,500)
Proceeds from disposal - own assets	2,949,873	48,214,633
Purchase of ijarah assets	-	855,000
Dividend received	-	(92,250,000)
Net cash flows generated from investing activities	1,052,853	1,609,947
	3,123,726	(41,687,920)
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit paid to certificate holders		
Net cash used in financing activities	(38,817,503)	(20,887,650)
Net (increase) in cash and cash equivalents	(38,817,503)	(20,887,650)
Cash and cash equivalents at beginning of the year	145,433,605	(59,736,329)
Cash and cash equivalents at end of the year	86,330,327	146,066,656
	231,763,932	86,330,327

The annexed notes from 1 to 44 form an integral part of these financial statements.

For Awwal Modaraba Management Limited
(Management Company)

CHIEF FINANCIAL OFFICER **CHIEF EXECUTIVE OFFICER** **DIRECTOR** **DIRECTOR**

FIRST PRUDENTIAL MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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

1.5 During the year the Board of Directors of PBICL has decided to proceed with divestment of its total interest in AMML. Accordingly, the Board of Directors of AMML in their meeting held on September 30, 2023 directed to disseminate the significant development to relevant authorities and stakes holders in a timely and transparent manner.

The material information was sent to the Pakistan Stock Exchange and Securities & Exchange Commission of Pakistan on September 30, 2023.

On October 12 2023, invitation for Expression of Interest was published in the newspaper for complete acquisition of AMML including management rights of the modaraba.

On November 21, 2023, the PBICL informed the Registrar Modaraba, SECP about the receipt of bids from various parties. The SECP vide letter dated November 21, 2023, directed to apply to the Registrar Modaraba for the transfer of AMML shares and management rights of the modaraba to the proposed acquirer.

The process of evaluation/ review of the bids, received by the PBICL, is completed and the Share Purchase Agreement (agreement) between the PBICL and the buyer has been signed on April 03, 2024. The buyer has paid the advance consideration to the PBICL (20% of total consideration) with the signing of the agreement and the balance shall be paid after fulfilment of legal/ regulatory obligations as applicable on PBICL and the buyer. The closing date for the completion of all process was determined as maximum of 120 days from the execution date of the agreement or such later date as mutually agreed by both the parties.

Subsequent to the year end, the Registrar Modaraba, SECP vide letter No. SC/M/AMML/46/2024/36 dated September 19, 2024 granted approval for the sale and transfer of total shares of AMML held by the PBICL to the WASL Investment Finance Limited (Buyer). However, the approval is subject to fulfilment of the specific conditions as reproduced hereunder:

(a) The buyer will provide undertaking to the Registrar Modaraba on the following matters:

(i) It shall replace the shareholder loan of Rs. 150 million into the First Prudential Modaraba within a period of 6 moths from the date of transfer of management;

(ii) The said shareholder loan of Rs. 150 million shall not be released without its replacement with the new injection by the buyer; and

(iii) The said injection of Rs. 150 million by the buyer shall be converted into equity not later than 6 months from the date of injection.

(b) Within thirty days of the completion of the transfer of shares of AMML to the buyer, the new composition of the board of directors of AMML will be finalized and necessary approvals shall be obtained.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Material accounting estimates and judgments

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

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

i)	Classification of financial instruments	Note 4.4
ii)	Provision for impairment	Note 4.5
iii)	Provision for taxation	Note 4.12 & 32
iv)	Determination and measurement of useful life and residual value of property and equipments, intangible assets and ijarah assets.	Note 4.1, 5, 6 & 7
v)	Contingencies	Note 4.10 & 24

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

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Modaraba's operations and did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendmends to IAS 1 'Presentation of Financial Statements' and IFRS Practice	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

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

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 4 "Material accounting policies" (2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

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

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

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendmends to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendmends to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendmends to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP)

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied in all periods except policy mentioned in note 4.5.1 below. In addition Modaraba adopted Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2) from January 01, 2023. The amendments requires the disclosure of 'material', rather than 'significant', accounting policies. Although amendment did not result in any changes to the accounting policies themselves.

4.1 Property and equipment

a) Ijarah and depreciation

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

Depreciation is charged to statement of profit or loss applying the straight line method whereby the depreciable amount of an asset is depreciated over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use and continued to be depreciated until it is derecognised, that is, up to the month preceding the month of disposal. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use.

b) In own use and depreciation

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

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

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

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

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

4.4.3 Subsequent measurement

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

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

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

4.4.4 Regular way contracts

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

4.4.5 Financial liabilities

Financial liabilities are initially recognized on trade date i.e. date on which the Modaraba becomes party to the respective contractual provisions. Financial liabilities include Short Term Finance and trade and other payables. The Modaraba derecognizes the financial liabilities when contractual obligations are discharged or cancelled or expire.

Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortized cost using effective interest rate method.

4.5 Impairment

4.5.1 Change in accounting policy - Impairment of Financial Assets

The Securities and Exchange Commission of Pakistan (SECP) vide S.R.O 1827 (I)/2022 dated September 29, 2022 has made the applicability of International Financial Reporting Standard (IFRS) 9 - 'Financial Instruments' for Non-Banking Finance Companies and Modarabas effective for the reporting period/year on or after June 30, 2024. The said standard has superseded International Accounting Standard (IAS) 39 - 'Financial Instruments: Recognition and Measurement'. During the year, the Modaraba has adopted IFRS 9, 'Financial Instruments' and accordingly applied the recognition and measurement criteria including the Expected Loss Model.

IFRS 9 requires the Modaraba to record an allowance for ECLs for all loans and other debt financial assets not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Modaraba expects to receive. The shortfall is then discounted at an approximation to the asset's original effective profit rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Modaraba considers a financial asset in default when contractual payaments are 90 days past due. However, in certain cases, the Modaraba may also consider a financial asset to be in default when the internal or external information indicates that Modaraba is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Modaraba.

Impact of intial application of IFRS 9

The Modaraba has adopted the requirements of ECL model as given in IFRS 9 using the modified retrospective approach. A lifetime ECL is recorded on Ijara Financing and Diminishing Musharakah Financing in which there have been significant increase in credit risk from the date of initial recognition and which are credit impaired as on the reporting date.

Upon adoption of ECL model under IFRS 9, the Modaraba while recognizing provisioning for impaired assets has considered the amount which is higher of :

- the provisioning required under the Modaraba Regulation, 2021; and
- the provisioning required under IFRS 9 using the Expected Credit Loss (ECL) model.

Furthermore, the management has made an assessment of impairment under expected credit loss model complying with the requirement of IFRS 9 for financial assets as at June 30, 2024 and concluded that impact is not material to the financial statements. Accordingly, no impact has been accounted for in the opening retained earnings of Modaraba.

4.5.2 Non-financial assets

The Modaraba assesses at the end of each reporting period whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where impairment loss for asset subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income in the statement of profit or loss.

4.5.3 Offsetting of financial assets and financial liabilities

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

4.6 Staff retirement benefits

Defined contribution plan

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

4.7 Accrued and other liabilities

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

4.8 **Provisions**

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

4.9 **Contingent liabilities**

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

4.10 **Revenue recognition**

4.10.1 **Ijarah rentals**

Income from ijarah is recognized as and when lease rentals become due on a systematic basis over the lease and ijarah period. Documentation charges, front end fees and other ijarah related income are taken to the statement of profit or loss, when they are realized, and are included in other income.

4.10.2 **Modaraba, Morabaha and musharaka transactions**

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

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

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

4.10.3 **Diminishing musharaka**

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

4.10.4 **Rental income**

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

4.10.5 Dividend income

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

4.10.6 Return on short term finances

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

4.10.7 Other income

Other income is recognized on receipt basis.

4.10.8 Income from Shariah non-compliant avenues

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

4.10.9 Mark-up income

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

4.11 Taxation

Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, and taxes paid under the final tax regime. The charge for the current year tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred tax is accounted for using the Balance Sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available in future years to utilize deductible temporary differences, unused tax losses and tax credits. Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The carrying amount of deferred tax asset is reviewed at each statement of financial position date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax is calculated based on tax rates that have been enacted or substantively enacted up to the statement of financial position date and are expected to apply to the periods when the differences reverse. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

The Modaraba takes into account decisions taken by the taxation authorities. For instance where the Modaraba's view differs from the income tax department at the assessment stage and where the Modaraba considers that its view on items of material nature is in accordance with law, the disputed amounts are shown as contingent liabilities.

4.12 Foreign currencies translation

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

4.13 Cash and cash equivalents

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

4.14 Profit distribution

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

4.15 Earning's per certificate

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

4.16 Related party transactions

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at agreed terms as approved by the Board of Directors.

5 **Property and equipment - own use**

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

Description	June 30, 2024					
	Office premises	Office equipment	Furniture and fixtures	Computer equipments	Vehicles	Total
	Rupees					
At July 01, 2023						
Cost	3,100,000	153,400	2,102,716	281,130	2,789,154	8,426,400
Accumulated impairment	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(783,466)	(153,400)	-	(186,248)	(2,789,154)	(3,912,268)
Carrying amount	1,720,584	-	-	94,882	-	1,815,466
Year ended June 30, 2024						
Opening carrying amount	1,720,584	-	-	94,882	-	1,815,466
Additions - at cost	-	-	-	879,000	-	879,000
Disposal - at cost	-	-	-	-	-	-
Depreciation charge for the year	(148,752)	-	-	(111,990)	-	(260,742)
Closing carrying amount	1,571,832	-	-	861,892	-	2,433,724
At June 30, 2024						
Cost	3,100,000	153,400	2,102,716	1,160,130	2,789,154	9,305,400
Accumulated impairment	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(932,218)	(153,400)	-	(298,238)	(2,789,154)	(4,173,010)
Carrying amount	1,571,832	-	-	861,892	-	2,433,724
Depreciation rate (% per annum)	5	33	20	33	20	

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

6 PROPERTY, PLANT AND EQUIPMENT - IJARAH

Description	June 30, 2024			
	Plant and machinery	Office equipment	Vehicles	Total
	Rupees			
As at July 01, 2023				
Cost	86,558,681	801,000	109,931,839	197,291,520
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(38,945,544)	(512,150)	(48,957,744)	(88,415,438)
Carrying amount	38,845,125	-	43,831,618	82,676,743
Year ended June 30, 2024				
Opening carrying amount	38,845,125	-	43,831,618	82,676,743
Additions - at cost	-	-	-	-
Disposal - at cost	-	-	(8,425,000)	(8,425,000)
Depreciation charge for the year	(8,333,328)	-	(11,045,746)	(19,379,074)
Accumulated depreciation on disposal	-	-	5,741,938	5,741,938
Closing carrying amount	30,511,797	-	30,102,810	60,614,607
As at June 30, 2024				
Cost	86,558,681	801,000	101,506,839	188,866,520
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(47,278,872)	(512,150)	(54,261,552)	(102,052,574)
Carrying amount	30,511,797	-	30,102,810	60,614,607
Useful life (months)	36 to 60	24 to 60	24 to 60	

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

	Note	June 30 2024	June 30 2023
		----------Rupees----------	

7 INTANGIBLE ASSETS

	Note	June 30 2024	June 30 2023
Computer software	7.1	-	41,111
PSX - Trading rights entitlement certificates (TREC)	7.2	-	-
		-	41,111

7.1 Computer software

		June 30 2024	June 30 2023
Opening balance		2,163,135	2,163,135
Addition / (disposal)		-	-
Closing balance		2,163,135	2,163,135
Amortization			
Opening balance		(2,122,024)	(1,990,901)
Charge for the period		(41,111)	(131,123)
		(2,163,135)	(2,122,024)
Closing balance		-	41,111
Rate of Amortization		33.33%	33.33%

7.2 PSX - Trading rights entitlement certificates (TREC)

	Note	June 30 2024	June 30 2023
PSX - Trading rights entitlement certificates (TREC)		5,344,352	5,344,352
Impairment of TREC	7.2.2	(5,344,352)	(5,344,352)
		-	-

7.2.1 Lahore Stock Exchange (LSE) membership card and room was obtained by the Modaraba in the year 2010 against the settlement of certain outstanding balance of a defaulted party.

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

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

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

		June 30 2024	June 30 2023
		----------Rupees----------	
Trading Right Entitlement Certificate (TREC).	7.2.2	5,344,352	5,344,352
Broker's room	7.2.3	4,217,500	4,217,500
Ordinary shares of face value of Rs. 10/- each of LSE	7.2.4	12,764,715	12,764,715
		22,326,567	22,326,567

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

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

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

8 INVESTMENT PROPERTIES - CARRIED AT FAIR VALUE

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

Description	Office suite (Note 8.1)	Four shops (Note 8.2)	Total
		Rupees	
Net carrying value basis year ended June 30, 2024			
Opening net book value	57,780,000	16,400,000	74,180,000
Closing net book value	57,780,000	16,400,000	74,180,000
Gross carrying value basis year ended June 30, 2024			
Cost / revalued amount	57,780,000	16,400,000	74,180,000
Closing net book value	57,780,000	16,400,000	74,180,000
Net carrying value basis year ended June 30, 2023			
Opening net book value	33,705,000	16,400,000	50,105,000
Closing net book value	57,780,000	16,400,000	74,180,000
Gross carrying value basis year ended June 30, 2023			
Cost / revalued amount	33,705,000	16,400,000	50,105,000
Gain from fair value adjustment	24,075,000	-	24,075,000
Closing net book value	57,780,000	16,400,000	74,180,000

8.1 Office suite represents two offices in Lakson Sqaure, Karachi, acquired through a settlement agreement.

Represents four shops in Zarkoon Plaza, Sadar, Rawalpindi acquired through a settlement agreement.

8.2 Investment property is revalued by an independent valuer named Ocean Surveyors (Private) Limited as at June 30, 2024. Fair value of office suite, Karachi and Zarkoon Plaza shops are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation. Fair values have been derived considering factors like global economic recession, general business enviroment, sales comparison approach, availability of prospective buyers, life of the property, any difficulty in obtaining possession of the property etc.

8.3 Forced sales value of office suite, Karachi and Zarkoon Plaza shops as of June 30, 2024 amount to Rs. 46.224 million and Rs. 12.3 million, respectively.

	Note	June 30 2024	June 30 2023
		----------Rupees------------	
9 DIMINISHING MUSHARIKA			
Diminishing musharika finance - considered good	9.1	810,793,660	927,302,191
Diminishing musharika finance - doubtful		14,468,381	539,959
Unearned Income		(227,057,299)	(273,860,274)
		598,204,742	653,981,876
Less: Allownce for expected credit loss	9.2	(14,468,381)	(539,959)
		583,736,361	653,441,917
Less: Current portion of diminishing musharika		(228,145,583)	(190,537,594)
		355,590,778	462,904,323

9.1 This represent diminishing musharaka financing for a term of 3 to 5 years. These carry profit rate ranging from 14.00% and 28.58% (2023: 14.00% and 26.58%). All diminishing musharika arrangements are secured against hypothecation of assets, personal guarantees and promissory notes.

9.2 Movement of Expected Credit Loss

Opening balance		539,959	666,134
Reversal of provision during the period		-	(126,175)
Charge for the year		13,802,247	-
Transfer from unearned income against suspended income		126,175	-
Closing balance		14,468,381	539,959

10 LONG TERM INVESTMENTS

Investment classified as 'fair value through other comprehensive income			
Unquoted Companies	10.1	-	-
Quoted Companies	10.2	5,611,474	9,006,813
		5,611,474	9,006,813

10.1 Unquoted companies

June 30 2024	June 30 2023			June 30 2024	June 30 2023
				----------Rupees-----------	
Number of Shares					
1,594,744	1,594,744	**Prudential Securities Limited**			
		Cost		9,048,707	9,048,707
		Less: Impairment	10.1.1	(9,048,707)	(9,048,707)
				-	-
		Prudential Discount and Guarantee			
-	191,700	**House Limited**			
		Cost		-	1,041,815
		Less: Impairment	10.1.1 & 10.1.2	-	(1,041,815)
				-	-
				-	-

10.1.1 The investment is fully impaired due to adverse financial conditions of the investee Company.

10.1.2 As per Honorable Islamabad High Court (IHC) order dated November 15, 2021, the Company has been wounded up through liquidator. Final return of Rs.223,584/-(i.e Rs.1.166 per share) has been received by the Modaraba during the year.

10.2 Quoted Companies

June 30 2024	June 30 2023			June 30 2024	June 30 2023
				----------Rupees-----------	
Number of Shares					
-	295,535	**LSE Proptech Limited**			
		Cost	10.2.1	-	3,313,951
		Fair value adjustment		-	(1,892,428)
				-	1,421,523
		LSE Venture Limited			
842,810	842,810	Cost		9,450,764	9,450,764
		Fair value adjustment		(4,604,607)	(1,865,474)
				4,846,157	7,585,290
		LSE Capital Limited			
245,294	-	Cost	10.2.1	3,313,951	-
		Fair value adjustment		(2,548,634)	-
				765,317	-
				5,611,474	9,006,813

10.2.1 The Lahore High Court vide order dated April 03, 2024, approved the scheme for merger of LSE Proptech Limited (LSEPL) with and into LSE Capital Ltd (LSECL). The swap ratio between the LSEPL and LSECL was 0.83 : 1 i.e 83 shares of LSECL against 100 shares of LSEPL. Accordingly, entire investment of modaraba in LSEPL has been converted into LSECL with actual number of shares allotted to the Modaraba.

		Note	June 30 2024	June 30 2023
11	**LONG TERM ADVANCES AND DEPOSITS**		----------Rupees----------	
	Long term advances	11.1	376,145	241,703
	Long term deposits	11.2	488,300	488,300
			864,445	730,003

11.1 Long term advances

	Note	June 30 2024	June 30 2023
Secured and interest free			
To employees - considered good	11.1.1	1,421,724	1,171,464
Less: Due within one year shown under current assets		(1,045,579)	(929,761)
		376,145	241,703

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

11.2 Long term deposits

	Note	June 30 2024	June 30 2023
Margin deposit	11.2.1	3,000,000	3,000,000
Other deposits		488,300	488,300
		3,488,300	3,488,300
Less: Provision against doubtful amounts		(3,000,000)	(3,000,000)
		488,300	488,300

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

12 DEFERRED TAXATION - NET

The defferred tax asset is attributable to the following items

	June 30 2024	June 30 2023
Deductible temporary differences		
Tax losses carry forward	2,902,413	2,902,413
Alternate corporate tax	2,733,954	8,317,079
Provision for gratuity	-	82,569
Property and equipment	-	747,971
Long term investments	1,072,986	-
Allownce for expected credit loss	4,015,039	-

	Note	June 30 2024	June 30 2023
		----------Rupees----------	
Taxable temporary differences			
Property, Plant & Equipment		(710,527)	-
Long term investments		-	(1,056,355)
		10,013,865	10,993,677

13 MODARABA, MUSHARIKA, MURABAHA AND OTHER FINANCE

	Note	June 30 2024	June 30 2023
Modaraba, Musharaka and Morabaha Finance			
Considered good		-	-
Considered doubtful	13.1	446,294,606	468,341,342
		446,294,606	468,341,342
Less: Allowance for expected credit loss	13.2	(446,294,606)	(468,341,342)
		-	-

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

13.2 Movement of Expected Credit Loss

	Note	June 30 2024	June 30 2023
Opening balance		468,341,342	517,237,262
Written off during the year		(21,641,736)	(39,285,290)
Reversal of provision during the year	13.2.1	(405,000)	(9,610,630)
Closing balance		446,294,606	468,341,342

13.2.1 The reversal of provision has been made to extent of actual amount recovered from the customers.

14 SHORT TERM INVESTMENTS

	Note	June 30 2024	June 30 2023
Amortised cost			
Term Deposits Receipts - considered doubtful	14.1	-	-
Fair value through profit or loss			
Quoted securities	14.2	16,957,897	6,539,334
		16,957,897	6,539,334

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

	Note	June 30 2024	June 30 2023
		----------Rupees------------	
Term Deposit Receipt as at December 06, 2012		10,000,000	10,000,000
Less: Amortization charge		(2,000,000)	(2,000,000)
Less: received in earlier period		(3,219,433)	(3,219,433)
Net receivable		4,780,567	4,780,567
Less: Allowance for expected credit loss	14.1.1	(4,780,567)	(4,780,567)
		-	-

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

14.2 Quoted securities

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

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

June 30 2024	June 30 2023	Name of Investee Company / Fund	Note	June 30 2024	June 30 2023
Number of Shares / Units				---------Rupees----------	
525	525	Nishat Mills Limited		37,196	29,804
54,367	54,367	The Hub Power Company Limited		8,866,170	3,782,856
1,495	1,495	Sui Northern Gas Pipeline Limited*		94,888	58,858
16,468	16,468	Thal Limited		7,959,643	2,667,816
348	348	Hussain Industries Limited	14.2.1	-	-
1,670,720	1,670,720	Prudential Stock Fund	14.2.1	-	-
360,000	360,000	Zeal-Pak Cement Factory Limited	14.2.1	-	-
2,103,923	2,103,923			16,957,897	6,539,334

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

* These shares are not in the name of the Modaraba: Sui Northern Gas Pipeline Limited 254 out of 1495 (June 30,2023: 254 out of 1495) shares .

		June 30 2024	June 30 2023
14.2.2 Net unrealized gain / (loss) on re-measurement of investments classified as financial assets at fair value through profit or loss' - net			
Weighted average cost of investments		6,539,334	8,236,247
Unrealized gain/(loss) on changes in fair value		10,418,563	(1,696,913)
Market value of investments		16,957,897	6,539,334

15 IJARAH RENTAL RECEIVABLE

Considered good		1,571,434	3,136,775
Considered doubtful		61,847,457	61,847,457
		63,418,891	64,984,232
Less: Allowance for expected credit loss	15.2	(61,890,169)	(61,847,457)
		1,528,722	3,136,775

15.1 Future minimum ijarah rentals receivable

Within one year	27,935,395	30,947,887
After one year but not more than five years	19,085,133	46,842,352
	47,020,528	77,790,239

15.2 Movement of Expected Credit Loss

Opening balance		61,847,457	69,759,016
Charge for the year		42,712	-
Reversal of provision during the year	15.2.1	-	(7,911,559)
Closing balance		61,890,169	61,847,457

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

16 RECEIVABLE AGAINST SALE OF AGRICULTURE PRODUCE - SECURED

Considered doubtful	16.1	46,011,658	46,011,658
Less: Allownce for expected credit loss		(46,011,658)	(46,011,658)
		-	-

16.1 During 2016, KASB Modaraba (KASBM) & First Prudential Modaraba (FPRM) entered into a joint project for crushing of banola seed and sale of oil cake (Khal) in the market. M/s Pakistan Phutti International Limited (PPIL) was engaged as seller & service provider responsible for sale of agriculture produce. Subsequently, natural cyclical shortage in productivity of cotton crop affected the availability of the banola seed and therefore the project was prudently discontinued by the management to safeguard the interest of the Modaraba.

As per settlement agreement dated April 27, 2016, with PPIL advance for purchase of banola seed was converted into ijarah finance (secured) leaving a balance of Rs.46.012 million receivable against sale of agriculture produce. Receivable amount is secured against Registered Mortgage on Property of service provider. After continuous default of payment the management of Modaraba has filed recovery suits in the Banking Courts which is pending adjudication. The management and the legal counsel are optimistic on favorable outcome of the case. However, on prudent basis the management has fully provided the outstanding balance. The details of receivables are as under:

	KASB Modaraba	First Prudential Modaraba	Total
	----------Rupees----------		
Initial investment	51,000,000	81,000,000	132,000,000
Add: Gain on sale of agriculture produce	1,060,000	1,590,000	2,650,000
Less: Receipt against sale of agriculture produce	(14,353,590)	(14,473,432)	(28,827,022)
Less: Converted to Ijarah financing	(19,311,320)	(40,000,000)	(59,311,320)
Less: Consultancy charges	(194,950)	(305,050)	(500,000)
	18,200,140	27,811,518	46,011,658
Provision for doubtful receivable against sale of agriculture	(18,200,140)	(27,811,518)	(46,011,658)
Balance as at June 30, 2024	-	-	-
Balance as at June 30, 2023	-	-	-

17 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Note	Considered good		Considered doubtful		Total	
		June 2024	June 2023	June 2024	June 2023	June 2024	June 2023
		---------- Rupees ----------					
Advance							
To staff - Secured	11.1 & 17.1	1,045,579	929,761	1,814,000	1,814,000	2,859,579	2,743,761
Against purchase of assets		-	48,468,500	-	-	-	48,468,500
Prepayments		987,698	801,627	-	-	987,698	801,627
Other receivables from							
Brokers on account							
- of sale of shares	17.2	-	-	78,095,768	77,095,768	78,095,768	77,095,768
- of advance for shares	17.3	-	-	18,432,273	19,432,273	18,432,273	19,432,273
A bank	17.4	-	-	10,241,347	10,241,347	10,241,347	10,241,347
Return on deposits with banks		2,594,550	752,237	-	-	2,594,550	752,237
Others		117,592	5,461,244	18,381,590	18,381,590	18,499,182	23,842,834
Subtotal		4,745,419	56,413,369	126,964,978	126,964,978	131,710,397	183,378,347
Provision for doubtful receivables		-	-	(126,964,978)	(126,964,978)	(126,964,978)	(126,964,978)
		4,745,419	56,413,369	-	-	4,745,419	56,413,369

17.1 The employees balances are secured against Provident Fund (PF) balances of employees.

17.1.1 The doubtful amount of Rs.1.8 million was paid to an ex-managing director of the Modaraba without prior approval of the board of directors of previous Modaraba Management Company (Prudential Capital Management Limited) for the purchase of a motor vehicle. The Modaraba has initiated legal proceedings for the recovery of said amount from the ex-managing director.

17.2 The doubtful amount includes claim of Rs. 64.62 million receivable from a defaulted stock broker – Investec Securities Limited. Various proposals were initiated in past but none of them was materialized for settlement. In one of the proposal, the said broker has offered / transferred shares and certificates of following entities which were not acknowledged by the Management of the Modaraba, owing to the weak financial position of the entities and significance of the amount of claim. Accordingly, the management of the Modaraba has not accepted the shares / certificates as satisfaction of claim and same is not recorded in the books of account. Detail of shares / certificates offered / transferred is as under:

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

This also includes an amount receivable from Prudential Securities Limited(PSL) and Pearl Captial Management Limited (PCML) on account of advance for purchase of securites amounting to Rs.1 million and other receivable amounting to Rs.11.475 million. Since operations of PSL & PCML were suspended and keeping in view the remote chances of recovery, provision against the full amount has been recorded.

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

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

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

17.4 This represents an unauthorised amount debited to Modaraba's account by a scheduled commercial bank on behalf of a party considered to be a group Company. The Modaraba filed a suit for recovery under the Financial Institutions (Recovery of Finances) Ordinance, XLVI of 2001 which was decreed against the Modaraba only due to the reason that it was time-barred. Management of the Modaraba filed an appeal in the Sindh High Court against the judgment of the Banking Court.

The Sindh High Court has set aside the decree of the Banking Court with the directions that the Banking Court, in the first instance, shall decide the application for leave to defend moved by the Bank. The case is under process with the Banking Court.

		Note	June 30 2024 Un-audited	June 30 2023 Audited
			----------Rupees------------	
18	**TAXATION - NET**			
	Advance tax		36,521,858	31,503,671
	Provision for taxation		(7,512,271)	(8,638,511)
			29,009,587	22,865,160
19	**CASH AND BANK BALANCES**			
	Cash in hand		-	-
	Balances with banks			
	Current accounts		32,053,013	25,230,031
	Saving accounts	19.1	199,710,919	61,100,296
			231,763,932	86,330,327
			231,763,932	86,330,327

19.1 The balance in saving accounts carry profit at an average rates ranging from 6.00% to 18.50% per annum (June 30, 2023: 3.75% to 15.00% per annum).

20 **CERTIFICATE CAPITAL**

June 30, 2024	June 30, 2023		June 30, 2024	June 30 2023
No. of certificates			------------Rupees---------	
		Authorised		
152,217,660	152,217,660	Modaraba certificates of Rs.10 each	1,522,176,600	1,522,176,600
		Issued, subscribed and paid-up		
13,451,650	13,451,650	Modaraba certificates of Rs.10 each fully paid in cash	134,516,500	134,516,500
8,864,716	8,864,716	Modaraba certificates of Rs.10/-each fully paid bonus certificates	88,647,160	88,647,160
64,901,294	64,901,294	Modaraba certificates of Rs.10/- issued under scheme of arrangement for	649,012,940	649,012,940
42,174,016	42,174,016	Modaraba certificates issued under Scheme of Merger with KASB Modaraba and First Pak Modaraba	421,740,160	421,740,160
129,391,676	129,391,676		1,293,916,760	1,293,916,760

As at June 30, 2024, Awwal Modaraba Management Limited, the management company, held 12,939,167 (June 30, 2023: 12,939,167) certificates of Rs. 10/- each.

			June 30 2024	June 30 2023
21	**IJARAH DEPOSITS**		----------Rupees------------	
	Ijarah deposits		32,551,930	38,033,805
	Less: Current portion ijarah deposit		(10,688,681)	(14,670,556)
			21,863,249	23,363,249
22	**SHORT TERM FINANCE**	22.1	150,000,000	150,000,000

22.1 The Modaraba has availed finance facility of Rs.150 million under Wakala Agreement dated December 29, 2022 from Pak Brunei Investment Company Limited (PBICL) for a period of one year.The facility may thereafter be extended by a further period or periods of one year each if approved by both parties.

As per terms of the agreement, PBICL acts as Muwakkil (the principal) and Modaraba as Wakil (the agent) to execute the Shariah Compliant transactions through and as part of the Wakil's pool of assets for deployment of funds under the extended facility. Return to the Muwakil on investment is expected at 3 Months KIBOR + 2% per annum.

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

22.2 As per share purcahse agreement between the PBICL and the buyer (Note-1.5), the facility shall either be settled or refinanced within six months from the closing date, i.e. that is 120 days from the execution date of the agreement (April 03, 2024) or such later date as mutually agreed by both the parties.

23 ACCRUED AND OTHER LIABILITIES

		2024	2023
Accrued expenses		2,899,656	2,871,702
Modaraba Company's remuneration	30	7,126,101	9,629,014
Sales Tax on Management Company's remuneration	31	3,237,023	2,168,108
Share in common expenses		772,991	5,616,754
Takaful premium payable		2,380,732	3,291,369
Workers' welfare fund	23.1	4,986,115	5,786,678
Charity payable	23.2	35,177	396,346
Gratuity payable		-	1,592,270
Client share against diminishing musharika finance		15,422	2,314,922
Others		11,844,218	8,239,920
		33,297,435	41,907,083

23.1 The Sindh Assembly passed a bill on May 04, 2015 and notified Sindh Worker's Welfare Act 2014 (the SWWF Act) on June 4, 2015. As per the said SWWF Act the applicability of Sindh Worker's Welfare Fund is effective from the financial year of the entities ended on or after May 31, 2013. Accordingly, provision has been made at the rate of 2% of profit before taxation or taxable income, whichever is higher, effective after June 30, 2014. During the year, an amount of Rs.1,425,220 (2023: Rs.1,925,803) have been provided.

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

	June 30 2024	June 30 2023
	----------Rupees------------	
Charity payable		
Opening balance	396,346	556,765
Add: amount credited during the year	578,220	1,006,571
	974,566	1,563,336
Less: paid / adjusted during the year	(939,389)	(1,166,990)
Closing balance	35,177	396,346

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

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

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

24.2 Commitment

There was no commitment as at the reporting date (2023: Nil).

25 IJARAH RENTALS EARNED	29,557,320	28,580,831

		Note	June 30 2024	June 30 2023
			----------Rupees------------	
26	**OTHER INCOME**			
	Gain on disposal of property and equipment -Ijarah		266,811	1,461,717
	Documentation charges and others		959,609	1,686,742
	Miscllaneous Income		1,145,336	502,847
	Post default rentals recovered on settlement		-	11,025,000
	Termination charges on diminishing Musharaka/ Ijarah		286,671	1,338,554
	Gain on disposal of property and equipment - Own		-	855,000
	Differential of takaful premium recovered from customers		163,313	433,562
			2,821,740	17,303,422
27	**REVERSAL OF PROVISION AGAINST DOUBTFUL RECEIVABLES**			
	Reversal against modaraba, morabaha finance		405,000	9,610,630
	Reversal against Ijarah		-	7,911,559
	Reversal against provision/ suspension		418,749	126,175
	Other finance - unsecured		-	5,259,509
			823,749	22,907,873
28	**ADMINISTRATIVE EXPENSES**			
	Salaries, allowances and benefits	28.1	30,820,190	24,543,091
	Fees and subscription		3,589,890	6,798,231
	Repairs and maintenance		3,544,576	2,223,890
	Rent, rates and taxes		2,781,297	2,449,103
	Registrar services		636,984	882,657
	Telephone and postage		418,280	611,433
	Travelling and conveyance		236,375	691,862
	Depreciation-own use assets	5	260,742	352,810
	Amortization - Intangible assets	7	41,111	131,123
	Auditors' remuneration	28.2	1,320,000	1,100,000
	Electricity, water and gas		925,925	752,153
	Printing and stationery		718,173	570,139
	Vehicles running		5,180	9,300
	Legal and professional		2,200,930	3,393,188
	Entertainment		596,473	736,602
	Advertisement		274,645	1,022,360

	June 30 2024	June 30 2023
	----------Rupees----------	
Takaful	864,861	999,208
Reimbursement of common expenses	3,571,209	4,795,902
Shared services cost	9,525,536	9,564,728
Miscellaneous	235,934	175,623
	62,568,311	61,803,403

28.1 Remuneration of officers and other employees

REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

	2024			2023		
	Officers	Other employees	Total	Officers	Other employees	Total
	----Rupees----			----Rupees----		
Remuneration	15,031,707	13,071,756	28,103,463	16,466,725	5,131,410	21,598,135
Provident fund	273,494	338,762	612,256	726,680	188,436	915,116
Terminal Benefits		164,852	164,852			
Medical	65,206	454,163	519,369	573,475	204,905	778,380
Fuel	903,717	276,683	1,180,400	1,176,435	-	1,176,435
Others	44,800	195,050	239,850	33,975	41,050	75,025
	16,318,924	14,501,266	30,820,190	18,977,290	5,565,801	24,543,091
No. of persons	2	12	14	6	9	15

The total number of employee's as at June 30th 2024 are 14 (2023:15) and the average number of employees during the year equates to 13 (2023:14)

28.2 Auditor's Remuneration

	June 30 2024	June 30 2023
	----------Rupees----------	
Statutory audit	900,000	750,000
Half year review	360,000	300,000
Review of code of corporate governance	60,000	50,000
	1,320,000	1,100,000

29 FINANCIAL CHARGES

Bank charges	12,574	42,098
Return on short term finance	36,431,252	31,727,888
	36,443,826	31,769,986

	June 30 2024	June 30 2023
	----------Rupees------------	

30 MANAGEMENT COMPANY'S REMUNERATION

Management Company's remuneration	7,126,101	9,629,014

The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 up to a maximum of 10% per annum of the net annual profits of the Modaraba.

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

The Sindh Revenue Board (SRB) has imposed Sindh Sales Tax (SST) on the Modaraba Management Company's remuneration with effect from 01 November 2011. However, certain modaraba management companies have approached the Honourable Sindh High Court (HSC) and Appellate Tribunal of SRB, challenging the levy of SST on management company's remuneration. The Modaraba Management Company has not received any demand notice from SRB for payment of SST on Management Company's remuneration and accordingly, based on legal advisor's opinion obtained by one of the Modaraba under common management, can neither file any petition challenging the levy of SST on Management Company's remuneration nor can join the proceedings of pending petition in the Court (HSC). As a matter of abundant caution the management is accruing SST on Management Company's remuneration and will discharge the liability on direction of the Court (HSC) based on outcome of the petition filed by other Modaraba Management Companies.

32 TAXATION

Current	7,512,271	8,638,511
Deferred	2,052,798	(10,893,859)
	9,565,069	(2,255,348)

32.1 Relationship between tax expense and accounting profit

Profit before tax	71,261,009	96,290,138
Tax at the applicable rate of 29%	20,665,693	27,924,140
Tax effect of income taxed at lower rate	(152,324)	(225,393)
Tax effect of permenant diffrences due to reversal of provision and tax loss on sale of ijarah asset	1,311,672	-
Tax effect of permenant diffrences due to tax losses, and revaluation of property/ investment and alternative corporate tax	(12,259,972)	(29,954,095)
	9,565,069	(2,255,348)

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

	June 30 2024	June 30 2023

33 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

Basic

Profit for the year	61,695,940	98,545,486
Weighted average number of ordinary certificates	129,391,676	129,391,676
Earnings per certificate	0.48	0.76

Diluted

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

34 CAPITAL MANAGEMENT

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

The Modaraba manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. As at reporting date, Modaraba has short term finance facility and has sufficient surplus funds to manage the affairs of the Modaraba effectively. Further, the Modaraba has a positive current ratio of 2.07:1 (2023: 1.44:1).

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

Debts	150,000,000	150,000,000
Bank balances	(231,763,932)	(86,330,327)
Net debt	(81,763,932)	63,669,673
Equity	734,975,691	734,975,691
Net debt to equity ratio	(0.111):1	0.088:1

35 FINANCIAL RISK MANAGEMENT

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

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

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

35.1 Liquidity risk management

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. The Modaraba holds total current assets of Rs. 512.151 million against its current liabilities of Rs. 247.823 million which lead to total surplus of Rs. 264.328 million.

The table below analyses the Modaraba's financial assets and liabilities into relevant maturity groupings to contractual maturity date. However, Modaraba has surplus funds to pay off its liabilities. The amounts in the table are the contractual undiscounted cash flows.

	Total	Up to three months	More than three months & up to one year	More than one year
		-------------------- Rupees	--------------------	
June 30,2024				
Financial assets				
Diminishing musharika finance	598,204,743	67,290,470	177,244,513	353,669,760
Long term advances and deposits	864,445	-	-	864,445
Advances, prepayments and other receivables	4,745,419	4,010,288	735,131	-
Cash and bank balances	231,763,932	231,763,932	-	-
	835,578,539	303,064,690	177,979,644	354,534,205

	Total	Up to three months	More than three months & up to one year	More than one year
			Rupees	
Financial liabilities				
Short term finance	150,000,000	-	150,000,000	-
Other liabilities	33,297,435	33,297,435	-	-
	-	-	150,000,000	-
June 30,2023				
Financial assets				
Diminishing musharika finance	653,981,876	54,319,420	296,563,879	303,098,577
Long term advances and deposits	730,003			730,003
Advances, prepayments and other receivables	56,413,369	55,765,413	647,956	
Cash and bank balances	86,330,327	86,330,327	-	-
	797,455,575	196,415,160	297,211,835	303,828,580
Financial liabilities				
Short term finance	150,000,000	-	150,000,000	-
Other liabilities	41,907,083	41,907,083	-	-
	191,907,083	41,907,083	150,000,000	-

35.2 Credit risk

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

The Modaraba is exposed to credit risk from its financing activities (diminishing musharaka finance, ijarah rental receivables), deposits with bank and financial institutions and other receivables.

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

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

The Modaraba's maximum exposure to credit risk related to receivable at June 30, 2024 and June 30, 2023 is the carrying amounts of following financial assets.

	2024 Rupees	2023 Rupees
Balances with banks	231,763,932	86,330,327
Diminishing musharaka	583,736,361	653,441,917
Ijarah rentals receivable	1,528,722	3,136,775
Advances and other receivables	3,757,721	7,143,242
	820,786,736	750,052,261

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

Bank name	Short Term	Long Term		
HBL Islamic Banking Limited	A-1+	AAA	47,290,902	48,478,098
Dubai Islamic Bank Pakistan Ltd	A-1+	AA	173,792,632	31,066,710
Albaraka Bank (Pakistan) Limited	A-1	A+	939,136	952,000
Soneri Bank Limited	A1+	A+	5,181,176	1,296,803
Bank Islami Limited	A1	AA-	689,918	684,869
Bank Makramah Limited	-	-	3,822,963	3,822,536

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

	As at June 30, 2024				
	OAEM	Substandar	Doubtful	Loss	Total
	------------- Rupees -------------				
Ijarah rental receivable	-	-	-	61,890,169	61,890,169
Musharaka, morabaha and other finance	-	-	-	446,294,606	446,294,606
Receivable against sale of agriculture produce	-	-	-	46,011,658	46,011,658

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

Total impairment against these assets as at June 30, 2024 is Rs.554.2 million (2023: Rs. 576.2 million).

Concentration of Credit Risk

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other considerations. Concentration of credit risk indicates the relative sensitivity of the Modaraba's performance to developments affecting a particular industry.

The Modaraba manages concentration of credit risk exposure through diversification of portfolio of its customers to avoid undue concentration of risk with specific industry, sector, or group as follows:

	2024		2023	
Sectors	**Rupees**	**%**	**Rupees**	**%**
Diminishing Musharika Finance				
Engineering & Allied products	81,770,246	13.67%	77,407,548	11.84%
Pharmaceutical	51,777,979	8.66%	44,180,549	6.76%
Oil and gas distribution	14,418,292	2.41%	17,619,969	2.69%
Media network	20,465,890	3.42%	14,102,872	2.16%
Dairies and poultry	33,000,000	5.52%	44,000,000	6.73%
Transport & communication	272,005,704	45.47%	358,153,969	54.77%
Miscellaneous	124,766,632	20.86%	98,516,969	15.06%
	598,204,743	100.00%	653,981,876	100%
Ijarah Financing				
Dairies and poultry	1,383,939	90.53%	2,833,563	90.33%
Media Network	144,783	9.47%	303,212	9.67%
	1,528,722	100.00%	3,136,775	100%

35.3 Market risk

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

35.3.1 Profit rate risk

Profit rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in the market profit rates. Majority of profit bearing financial instruments are reset within three to six months to prevailing KIBOR thereby limiting exposure in this respect.

a) **variable rate instrument**	**June 30, 2024**	**June 30, 2023**
	------Rupees------	
Financial Assets		
Diminishing Musharika Finance	583,736,361	653,441,917
Ijarah rentals receivable	1,528,722	3,136,775
Cash and bank balance	231,763,932	86,330,327
	817,029,015	742,909,019
Financial liabilities		
Short term financing	150,000,000	150,000,000

There are no fixed rate instruments as at reporting date.

35.3.2 Other price risk

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

	2024 Rupees	2023 Rupees
The carrying amount of investment is as follows:		
In listed securities carried at fair value through profit or loss	16,957,897	6,539,334
In listed security carried at fair value through other comprehensive income	5,611,474	9,006,813
	22,569,371	15,546,147

Sensitivity analysis

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

Index	**Impact on profit and equity**	
	2024 **Rupees**	**2023** **Rupees**
Increase in market value - 5%	1,128,469	777,307
Decrease in market value - 5%	(1,128,469)	(777,307)

36 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either 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).

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

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

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

	Carrying Amount			
	---------------- As at June 30, 2024 ----------------			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment classified as 'fair value through profit or loss				
Quoted securities	16,957,897	-	-	16,957,897
Investment classified as 'fair value through other comprehensive income				
Listed companies	5,611,474	-	-	5,611,474

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

37 FINANCIAL INSTRUMENTS BY CATEGORY

	Carrying Amount			Other Liablities
	------------- As at June 30, 2024 -------------			
	At Amortized Cost	FVTPL	FVTOCI	
	---------- Rupees in '000 ----------			
Financial Assets				
Profit bearing				
Cash and bank balances	231,763,932	-	-	-
Investments	-	16,957,897	-	-
Ijarah rentals receivable	1,528,722	-	-	-
Musharaka, morabaha and other finance	-	-	-	-
Diminishing Musharikah	583,736,361	-	-	-
	817,029,015	16,957,897	-	-
Non-profit bearing				
Advances and other receivables	3,757,721	-	-	-
Long term investments	-	-	5,611,474	-
Long term advances	376,145	-	-	-
Long term deposits	488,300	-	-	-
	4,622,166	-	5,611,474	-
	821,651,181	16,957,897	5,611,474	-
Financial liabilities				
Profit bearing				
Short term finance	150,000,000	-	-	-
	150,000,000	-	-	-
Non-profit bearing				
Ijarah deposits	32,551,930	-	-	-
Accrued and other liabilities	33,297,435	-	-	-
	65,849,365			
	215,849,365	-	-	-

	Carrying Amount			Other Liablities
	------------- As at June 30, 2023 -------------			
	At Amortized Cost	FVTPL	FVTOCI	
Financial assets				
Profit bearing				
Cash and bank balances	86,330,327	-	-	-
Investments	-	6,539,334	-	-
Ijarah rentals receivable	3,136,775	-	-	-
Musharaka, morabaha and other finance	-	-	-	-
Diminishing Musharikah	653,441,917	-	-	-
	742,909,019	6,539,334	-	-
Non-profit bearing				
Advances and other receivables	7,143,242	-	-	-
Long term investments	-	-	9,006,813	-
Long term advances	241,703	-	-	-
Long term deposits	488,300	-	-	-
	7,873,245	-	9,006,813	-
	750,782,264	6,539,334	9,006,813	-
Financial liabilities				
Profit bearing				
Short term finance	150,000,000	-	-	-
	150,000,000	-	-	-
Non-profit bearing				
Ijarah deposits	38,033,805	-	-	-
Accrued and other liabilities	21,055,235	-	-	20,851,848
	59,089,040	-	-	20,851,848
	209,089,040	-	-	20,851,848

37.1 Change arising from financing activities

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

			Cash flows		
	July 1, 2023	**Non-cash changes**	**Obtained**	**Repaid**	**June 30, 2024**
Short term finance	150,000,000	-	-		150,000,000
Unclaimed profit distribution	46,197,018	45,642,279	-	(38,817,503)	53,021,794
	196,197,018	45,642,279	-	(38,817,503)	203,021,794

			Cash flows		
	July 1, 2022	**Non-cash changes**	**Obtained**	**Repaid**	**June 30, 2023**
Short term finance	150,000,000		-	-	150,000,000
Unclaimed profit distribution	41,758,989	25,325,679	-	(20,887,650)	46,197,018
	191,758,989	25,325,679	-	(20,887,650)	196,197,018

38 SEGMENT INFORMATION

As per IFRS 8, operating segments, segments are prepared in manner consistent with the internal reprting used by the chief operating decision maker. The Chief Executive Officer of the Management Company has been identified as the chief operating decision making, who is responsible for allocating resources and assessing performance of the operating segments. The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba asset allocation decision are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

39 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

39.1 Transactions during the period:

Name of the Company	Nature of Transactions	June 30, 2024	June 30, 2023
Expense / (income) during the year			
Staff Provident Fund	Contribution made	612,256	573,572
Holding company - Pak Brunei Investment Company Limited	Return on short term finance	36,431,252	29,195,672
	Return on Wakalatul Istismar finance facility	-	2,532,216
	Against collection agent fee	(135,649)	(97,628)
	Shared service cost	9,525,536	9,564,728
AWWAL Corporate Restructuring Company	Sharing of common expenses (Net)	1,864,352	3,031,054
	Staff cost of deputed employee	3,048,914	6,619,614
Management Company- Awwal Modaraba Management Limited	Management Company's remuneration	8,195,016	10,880,786
Jubilee Life Insurance	Takaful premium	621,677	627,223
Payments / (Receipts) made during the year			
Staff Provident Fund	Contribution made	612,256	573,572
Holding company - Pak Brunei Investment Company Limited	Receipt against sale of Ijarah finance facility	-	(31,226,908)
	Receipt against Wakalatul Istismar finance facility	-	(58,000,000)
	Payment against Wakalatul Istismar finance facility	-	58,000,000
	Receipt against collection agent fee	(135,649)	(97,628)
	Return on Short Term Finance	36,431,298	28,998,987
	Return on Wakalatul Istismar finance facility	-	2,532,216
	Shared service cost	9,522,180	9,604,880
AWWAL Corporate Restructuring Company	Sharing of common expenses	3,401,664	3,302,754
	Staff cost of deputed employee	6,358,721	7,040,204
Management Company- Awwal Modaraba Management Limited	Management Company's remuneration	9,629,014	3,164,028
Jubilee Life Insurance	Takaful premium	621,677	627,223

39.2 Amount outstanding as at year end

Name of the Company	Nature of Transactions	June 30, 2024	June 30, 2023
Holding company - Pak Brunei Investment Company Limited	Short term finance	(150,000,000)	(150,000,000)
	Return on Short Term Finance	(196,639)	(196,685)
	Payable shared service cost	(772,991)	(769,635)
Management Company- Awwal Modaraba Management Limited	Management Company's remuneration	(7,126,101)	(11,797,122)
AWWAL Corporate restructuring Company	Sharing of common expenses	-	(1,537,312)
	Staff cost of deputed employee	-	(3,309,807)

40 NUMBER OF EMPLOYEES

The total number of employees as at June 30, 2024 are 14 (2023: 15) and the average number of emploees during the year equates to 13 (2023: 14).

41 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison and better presentation. There were no major reclassifications in these financial statements.

42 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors have proposed dividend for the year ended June 30, 2024 of Re.0.30 per certificate (2023: Re. "0.30"), amounting to Rs. 38,817,503 (2023: Rs.38,817,503) at their meeting held on September 25 2024. The financial statements for the year ended June 30, 2024 do not include the effect of the above which will be accounted for in the period in which it is declared.

43 DATE OF AUTHORISATION

These financial statements were authorised for issue on 25-9-2024 by the Board of Directors of the Management Company.

25 SEP 2024

44 GENERAL

Amounts have been rounded off to the nearest rupee unless otherwise stated.

For Awwal Modaraba Management Limited
(Management Company)

CHIEF FINANCIAL OFFICER	**CHIEF EXECUTIVE OFFICER**	**DIRECTOR**	**DIRECTOR**

Pattern of Certificates Holding **As At June 30, 2024**

NO OF Certificate Holders	Certificates Holding FROM		TO	Total Certificates Held
4603	1	-	100	227,596
3982	101	-	500	878,340
3321	501	-	1000	2,509,387
2481	1001	-	5000	5,329,125
428	5001	-	10000	3,149,530
178	10001	-	15000	2,157,058
88	15001	-	20000	1,545,264
60	20001	-	25000	1,367,995
36	25001	-	30000	994,696
28	30001	-	35000	919,606
19	35001	-	40000	706,028
11	40001	-	45000	468,919
30	45001	-	50000	1,459,809
21	50001	-	55000	1,100,216
14	55001	-	60000	805,953
16	60001	-	65000	1,001,267
8	65001	-	70000	544,248
10	70001	-	75000	659,015
7	75001	-	80000	618,217
6	80001	-	85000	251,581
4	85001	-	90000	620,760
2	90001	-	95000	185,722
17	95001	-	100000	1,694,831
5	100001	-	105000	622,548
3	105001	-	110000	324,356
7	110001	-	115000	788,834
2	115001	-	120000	238,624
2	120001	-	125000	248,165
1	125001	-	130000	125,916
2	130001	-	135000	261,791
1	140001	-	145000	144,211
3	145001	-	150000	447,150
3	150001	-	155000	606,871
5	155001	-	160000	796,192
9	160001	-	175000	1,494,153
2	175001	-	180000	1,060,501
3	180001	-	185000	548,981
1	185001	-	190000	189,105
1	190001	-	195000	195,000
10	195001	-	200000	1,973,891
4	200001	-	205000	809,661
1	210001	-	215000	211,168
3	215001	-	220000	655,837
2	220001	-	225000	448,073

1	225001 - 235000	461,523
1	240001 - 245000	241,555
3	250001 - 255000	754,725
3	270001 - 295000	847,287
1	300001 - 340000	959,566
2	360001 - 365000	723,456
1	365001 - 370000	370,000
1	395001 - 400000	400,000
1	430001 - 435000	430,699
1	450001 - 455000	454,181
1	470001 - 475000	472,500
1	475001 - 480000	476,959
2	495001 - 500000	1,490,187
1	575001 - 580000	578,482
2	595001 - 600000	1,197,000
1	610001 - 615000	610,384
2	645001 - 650000	1,297,507
1	660001 - 665000	663,500
1	670001 - 675000	675,000
1	690001 - 695000	694,565
1	695001 - 700000	700,000
1	790001 - 795000	791,751
1	815001 - 820000	820,000
1	825001 - 830000	827,067
1	920001 - 925000	923,223
1	995001 - 1000000	1,000,000
6	1000001 - 1005000	1,001,002
1	1105001 - 1110000	1,109,000
1	1200001 - 1205000	1,202,304
1	1255001 - 1260000	1,257,327
1	1300001 - 1305000	1,303,911
7	1415001 - 1420000	1,418,000
1	1665001 - 1670000	1,667,491
1	1760001 - 1765000	1,764,228
1	2035001 - 2040000	2,039,175
1	2080001 - 2085000	2,082,663
1	2275001 - 2280000	2,275,232
1	2435001 - 2440000	2,439,607
1	4220001 - 4225000	4,220,500
1	4315001 - 4320000	4,320,000
1	6430001 - 6435000	6,433,424
1	10520001 - 10525000	10,521,205
1	11150001 - 11155000	11,150,132
1	12935001 - 12940000	12,939,167
15503	Total	129,391,676

Pattern of Certificates Holding **First Prudential Modaraba**
As At June 30, 2024

S/R NO.	CATAGORIES OF CERTIFICATE HOLDERS	NUMBER OF CERTIFICATES HOLDERS	TOTAL CERTIFICATES	PERCENTAGE %
1	INDIVIDUALS	15,417	89,924,455	69.50%
2	INVESTMENT COMPANIES	3	73,303	0.06%
3	INSURANCE COMPANIES	2	4,314,407	3.33%
4	JOINT STOCK COMPANIES	37	12,007,240	9.28%
5	FINANCIAL INSTITUTIONS	35	7,074,570	5.47%
6	CHARITABLE TRUSTS	1	23,000	0.02%
7	MODARABA MANAGEMENT COMPANIES	4	15,649,494	12.09%
8	MUTUAL FUND	1	241,555	0.19%
9	EMPLOYEES PENSION FUND	1	69,920	0.05%
10	EMPLOYEES BENEVOLENT FUND	1	2,453	0.00%
11	PRIVATE LTD COMPANIES	1	11,279	0.01%
	TOTAL	**15,503**	**129,391,676**	**100.00%**

Certificate Holding 5 % & above

S/No	Name of Certificate Holders	Number of Certificates Held	% Held
1	Ms. Pashtoon	18,136,813	14.02%
2	AWWAL Modaraba Management Limited	12,939,167	10.00%
3	Prudential Capital Management Limited	10,521,205	8.13%

First Prudential Modaraba

NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that the Annual Review meeting of the Certificate Holders of First Prudential Modaraba will be held on Saturday, 26th October, 2024 at 10:00 a.m., at Royale Rodale Club (TC-V), 34th Street Khayaban-e-Sehar Phase V Ext, DHA, Karachi.

1. To review the performance of the Modaraba for the year ended 30 June 2024.

Other Agenda:

2. The Securities and Exchange Commission of Pakistan (SECP) through SECP has allowed the listed companies vide its S.R.O. 389(1)/2023 dated March 21, 2023 to circulate the annual balance sheet and profit and loss account, auditor's report and directors' report, etc. ("annual audited financial statements") to its members through QR enabled code and web link, after obtaining approval of share/certificate holders in its Annual General/Review Meeting. Therefore, the members/share/certificate holders are requested to approve the transmission of Annual Audited Financial Statements via QR-enabled code and web link.

On behalf of the Board

Misbah Asjad
Company Secretary

Karachi, 4th October, 2024

Notes:

1. The Certificate Transfer Books of the Modaraba will be closed from Friday, 11th October, 2024 to Saturday, 26th October, 2024 (both days inclusive). Transfers received at the office of our Share Registrar, M/s. C&K Management Associates (Private) Limited, M-13, Progressive Plaza, Civil Lines Quarter, near P.I.D.C., Beaumont Road, Karachi, Tel: 92 21-35685930 | +92 21-35687839 at the close of business on Thursday, 10th October, 2024 will be treated in time for the purpose of entitlement to dividend to the transferees and to attend the Annual Review Meeting.

2. The Certificate holders are advised to notify change in their address, if any, to M/s. C&K Management Associates (Private) Limited, M13, Progressive Plaza, Civil Lines Quarter, near P.I.D.C., Beaumont Road, Karachi.

3. The Annual Report for the year ended 30 June 2024 will also be placed on Modaraba website simultaneously with the dispatch of the same through CD to the certificate holders. Certificate holders who wishes to receive Annual Report of Modaraba by E-mail or printed copy at their registered address are advised to send Request form available on the web of Modaraba.

4. Dividend income is liable to deduction of withholding tax under the Income Tax Ordinance, 2001.

5. In case a Folio/CDS Account is jointly held, each joint-holder is to be treated separately as Active or Non-Active, In terms of the said clarification, tax of each joint-holder has been deducted on the gross dividend amount determined by bifurcating the certificate holding of each joint-holder on equal proportions, except where certificate holding proportion of joint-holder(s) is pre-defined as per the records of our Share Registrar and thus tax rates are applied in line with respective proportions, Those certificate holders who are holding Folio/CDS jointly: are requested to notify (in writing) any change in their certificate holding proportions to our Share Registrar (in case of physical certificate holding) or their Participants/CDC Investor Account Services so that their revised certificate holding proportions are considered by the Modaraba in all prospective dividend payouts, if any,

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

7. Payment of Dividend through electronic mode (mandatory)

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

8. Unclaimed Dividends and Physical Modaraba Certificates

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

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

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

FIRST PRUDENTIAL MODARABA

First Prudential Modaraba

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JUNE 30 , 2024