

ANNUAL REPORT

2017



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

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



Contents	Page
Corporate Information	2
Mission Vision and Overall Corporate Strategy	3
Organogram	4
Board of Directors & Management	5
Notice of Annual Review Meeting	6
Chairman's Review Report	9
Directors' Report	10
ڈائریکٹرز کی رپورٹ	18
Statement of Compliance with the Code of Corporate Governance	28
Auditors' Review Report	31
Auditors' Report to the Certificate Holders	32
Shariah Advisor Report	34
Balance Sheet	35
Profit and Loss Account	36
Statement of Comprehensive Income	37
Statement of Cash Flows	38
Statement of Changes in Equity	39
Notes to the Financial Statements	40



Contents	Page
Directors' Report to the Consolidated Financial Statements	86
ڈائریکٹرز کی رپورٹ برائے مجموعی مالیاتی گوشوارے	93
Auditors' Report to the Certificate Holders	102
Consolidated Balance Sheet	103
Consolidated Profit and Loss Account	104
Consolidated Statement of Comprehensive Income	105
Consolidated Statement of Cash Flows	106
Consolidated Statement of Changes in Equity	107
Notes to the Consolidated Financial Statements	108
Pattern of Certificate Holding	151
Additional Information	153
Six Years Financial Summary	154



CORPORATE INFORMATION

Modaraba Company	B.R.R. Investment (Private) Limited
Chairman	Mr. Rafique Dawood
Chief Executive	Mr. Ayaz Dawood
Directors	Mr. Waqas Anwar Qureshi - Director Syed Ali Raza - Director
Audit Committee	Mr. Waqas Anwar Qureshi - Chairman Mr. Rafique Dawood - Member Syed Ali Raza - Member
HR and Remuneration Committee	Syed Ali Raza - Chairman Mr. Rafique Dawood - Member Mr. Waqas Anwar Qureshi - Member
Shariah Advisor	Mufti Syed Sabir Hussain
Chief Financial Officer	Syed Tariq Masood
Company Secretary	Mr. Tahir Mehmood
Head of Internal Audit, Risk and Compliance	Mr. Umair Nizam
Auditors	BDO Ebrahim & Co. Chartered Accountants
Legal Advisor	S. & B Durrani Law Associate Rauf and Ghaffar Law Associates Malik & Malik Law Associates
Bankers	Al-Baraka Bank (Pakistan) Limited Burj Bank Limited Habib Metropolitan Bank Limited National Bank of Pakistan
Web-site	www.firstdawood.com/brr
Registered Office & Head Office	18th Floor, B.R.R. Tower Hassan Ali Street off. I.I. Chundrigar Road, Karachi-74000 PABX : 92-21-32602401-06 Fax : 92-21-3227-1912
Registrars	F.D. Registrar Services (SMC-Pvt.) Ltd 1705, 17th Floor, Saima Trade Tower "A" I.I. Chundrigar Road, Karachi-74000 Phone # 92-21- 35478192-3 # 92-21-32271905-6 Fax # 92-21-32213243
Branch Offices	Suit No. 210, 5th Floor, Siddiq Trade Centre, Main Boulevard, Gulberg - III, Lahore Office No. 405 4th Floor, ISE Tower Jinnah Avenue, Islamabad
Security Vault	G-187, Block-2, Shahrah-e-Quaideen, PECHS Karachi-754000



MISSION

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

VISION

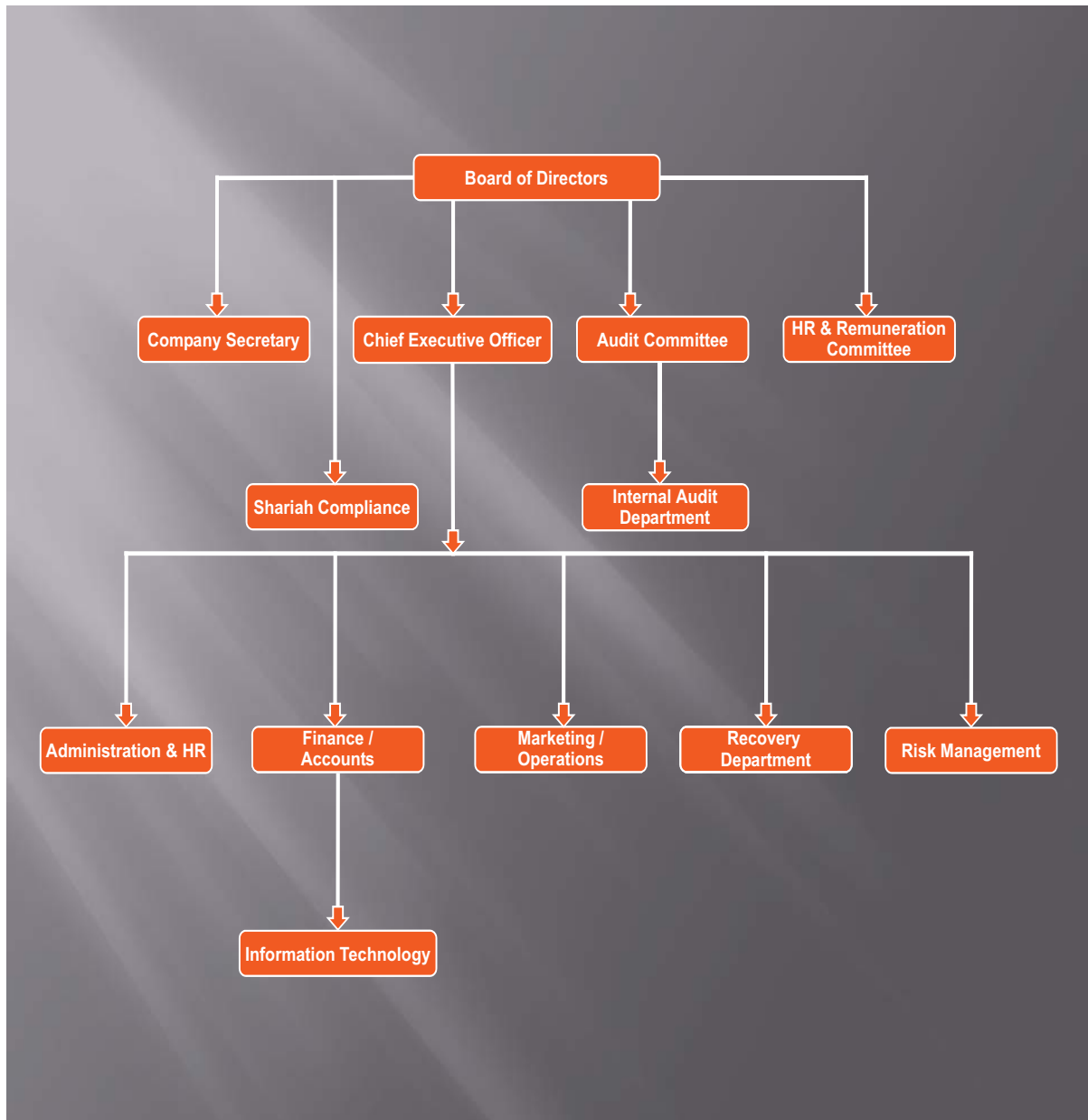
To innovate and promote Islamic Financial Products, based on Sharia Principles and to curb interest based financial systems, thereby facilitating establishment of an equitable economic system.

OVERALL CORPORATE STRATEGY

To become a market leader of Islamic Financial Products through:

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

ORGANOGRAM





BOARD OF DIRECTORS

Rafique Dawood
(Chairman)



Syed Ali Raza
(Director)



Ayaz Dawood
(Chief Executive)



Waqas Anwar Qureshi
(Director)



MANAGEMENT

Syed Tariq Masood
(Chief Financial Officer)



Tahir Mehmood
(Company Secretary)



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





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

The Board of Directors of B.R.R. Investment (Pvt) Ltd, Manager of B.R.R Guardian Modaraba (BRRGM) in their meeting held on September 29, 2017 has declared cash dividend @ Re. 1 per Modaraba Certificate for the year ended June 30, 2017.

To determine the names of Certificate-Holders entitled to receive dividend and to attend the Annual Review Meeting, the Certificate Transfer Books of the Modaraba will be closed from October 21, 2017 to October 28, 2017 (both days inclusive) the Transfers received at the Registrar Office, F.D. Registrar Services (SMC-Pvt.) Ltd at 1705, 17th Floor, Saima Trade Towers A, I.I. Chundrigar Road Karachi (Registrar Office), before the close of business hours on October 20, 2017 will be treated in time for the purpose of above entitlement to the transferees. Further, the Certificate-Holders are advised to notify to the Registrar Office of any change in their addresses.

The ARM-XVIII of Certificate-Holders of BRRGM will be held on Saturday October 28, 2017 at 6:00 p.m.at First Floor, BRR Tower, Hassan Ali Street, off: I.I Chundrigar Road Karachi, 74000

Place Karachi
October 05, 2017

By Order of the Board
Tahir Mehmood
Company Secretary

REQUEST TO CERTIFICATE-HOLDERS

Pursuant to the directives of the Securities and Exchange Commission of Pakistan (SECP) CNIC number of Modaraba Certificate-Holders has become mandatory to be mentioned on Dividend Warrant. Therefore, all those physical Modaraba Certificate-Holders not yet submitted their CNIC are hereby requested to immediately send valid copy of CNIC at above mentioned address of Registrar Office.

In order to comply with the directives of SECP vide their SRO 831(1)/2012 dated July 5, 2012 the Registrar Office may withhold the dispatch of Dividend Warrant under Section 243(2) (a) of the Companies Act, 2017 of those Certificate-Holders who fails to submit the copy of CNIC before the close of book of Certificate-Holders for entitlement of dividend as for the year ended June 30, 2017 announced by the Board of Directors in their meeting held on September 29, 2017.

New Tax Implications on dividends

Increased Tax Rates on Filers/ Non-Filers

Through the Finance Act, 2017, enhanced rate of withholding tax on dividend amount has been prescribed in the Income Tax Ordinance, 2001, (Ordinance). New tax rates are as under:

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

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



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

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

Taxation for Joint Certificate holders

The FBR has clarified that where the certificates are held in joint accounts/ names, each account/ joint holder will be treated individually as either a filer or a non-filer and tax will be deducted according to his/her certificate holding. The certificate holders, are having joint certificate holding status, are requested to kindly intimate their joint certificate holding proportions to the Registrar Office of the Modaraba as mentioned above latest by October 20, 2017 in the following format:

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

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

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

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

Unclaimed Dividend & Bonus

Certificate holders, who by any reason, could not claim their dividend or bonus certificate or did not collect their physical certificates, are advised to contact our Share Registrar F.D. Registrar Services (SMC-Pvt.) Ltd to collect enquire about their unclaimed dividend or pending certificates, if any.

Please note that in compliance with Section 244 of the Companies Act 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government and in case of certificates, shall be delivered to the Securities and Exchange Commission of Pakistan.

E-Dividends

As per Section 242 of the Companies Act 2017, in case of a public listed company, any dividend payable in cash shall only be paid through electronic mode into the bank account designated by the entitled certificate holders.



Therefore, through this notice, all certificate holders are requested to update their bank account details in the Central Depository Company through respective participants and in case of physical certificates, to provide following bank account details to our Share Registrar, F.D. Registrar Services (SMC-Pvt.) Ltd same is also available on the website of the Modaraba.

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

Please note that As Per Circular No. CLD/CCD/PR(11)/2017 18 /2017 dated August 1, 2017 the SECP has granted one time relaxation till October 31, 2017 to comply with the said requirement

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

Signature of Certificate Holder (s)

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

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



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

It was impressive to note that Pakistan Economy has achieved its 10 year highest real GDP growth rate of 5.28%. We hope that the growth rate will continue its upward trend in the following years.

For the year ended 30th June, 2016 Modaraba Sector has performed well. Modaraba Sector booked a profit of Rs. 1,184 million and out of 25 Modarabas 21 declared profit while 19 Modarabas announced cash dividend between the ranges of 1.30% to 120%, the highest dividend ever paid by any Modaraba. The total payout to the certificate holders comes to Rs.858 million. The total assets of the Modaraba sector stood at Rs. 36,806 million and the total equity was Rs. 20,438 million. The market Capitalization of Modaraba Sector has increased during the year from Rs. 12,905 million to Rs. 19,242 million as compared to last year.

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

Particulars	June 2016	June 2015
Market Capitalization	19,242	12,905
Total Equity	20,439	15894
Total Asset	36,806	30,736
Profit	1,184	1,353

The Board has recently completed its annual self-evaluation for the year ended June 30, 2017 to ensure that the Board's overall performance and efficiency are measured and benchmarked against expectations in the context of objectives set for the Modaraba and I report that the Board members are familiar with the current vision, mission and objectives and have clear understanding of all the concerned stakeholders (including Certificate holders, customers, employees, and community at large) to whom the Modaraba serves. The overall performance of the Board is satisfactory and is based on an evaluation of all the integral-components, which have a direct bearing on the Board's role in achievement of the Modaraba's objectives. The Board has effectively set the tone-at-the-top, by putting in place transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of Corporate Governance and by promoting ethical and fair behavior across the Modaraba. Areas where improvements are required are duly considered and action plans have been framed accordingly.

Rafique Dawood
Chairman



DIRECTORS' REPORT

On behalf of the Board of Directors of B.R.R. Investment (Private) Limited ('BRRI' or 'the company'), manager of B.R.R. Guardian Modaraba ('BRRGM' or 'the Modaraba'), it gives us great pleasure to present to you the Annual Report and Audited Financial Statements for the year ended June 30, 2017.

MODARABA'S PERFORMANCE:

Summary of the comparative financial performance is given below:

	June 2017	June 2016
Rupees.....	
Profit Before Management Fee & WWF	195,193,753	53,805,201
Management Fee	19,519,375	5,380,520
Sales Tax on Management Fee	2,537,519	753,273
Provision for Workers' Welfare Fund	3,462,737	953,428
Profit After Management Fee & WWF	169,674,122	46,717,980
Earning per certificate	2.17	0.60
Certificate Holder's Equity	1,264,443,610	1,056,598,450
Break up value - per certificate	16.20	13.54

Dividend:

The Board is pleased to announce Rs. 1 per certificate cash dividend for the year ended June 30, 2017 versus Rs. 0.27 per certificate last year.

The Certificate Holders' Equity of the Modaraba stands at Rs. 1,264.44 million as compared with Rs. 1,056.59 million during last year with an increase of 19.67%. The breakup value share comes to Rs 16.20 per certificate. Please note that this is the highest equity and profit in the history of your Modaraba.

Authorized Fund

The authorized fund of the Modaraba has increased from Rs. 870 million to Rs. 1.15 billion (each modaraba certificate of Rs. 10/-) on approval of Deputy Director Specialized Companies Division (Modaraba Wing) dated January 20, 2017.

NATURE OF BUSINESS AND MARKET DYNAMICS:

B.R.R. Guardian Modaraba (BRRGM) is pioneer in the field of Modaraba in Pakistan, it was founded in 1983. Being the pioneer and the oldest Modaraba, BRRGM has got unique feature as per its prospectus, which has made it stand-out in many ways. BRRGM has successfully completed three decades of operations and serves businesses and economy of Pakistan through Sharia-compliant financial products. BRRGM, apart from other innovative business plans; during prior years, successfully completed a 20 storey TOWER in business district (I.I. Chundrigar Road) of the country. BRR Tower is an Icon in the country because of its unique features.

The management of BRRGM has invested in alternate energy; security, cleanliness, efficiency, services and outlook of the Tower. This is the reason that not only corporate, but leading multi-nationals are now tenants of the tower. Total rentable area of BRR Tower is now 100,211 square feet which is 100% occupied. Major tenants include;



- A reputed media group occupying three floors.
- One floor has been rented to a subsidiary of an international big-4 audit firm.
- Two floors are rented to a foreign company.
- Four floors are rented to leading Multinational Commercial Bank.

The benefit of renting-out to 'AAA' corporate and foreign companies will assist and ensure prompt collection of receivables (rentals).

ECONOMIC REVIEW

Economic growth in Pakistan has historically remained volatile, lacking a steady growth path and adding to the economic uncertainty about the country's economic conditions. Historical data suggests that the economy reached a high of above 10 percent growth level in 1954.

Country's overall economic growth rate recorded highest 5.28 per cent in nine years, while last year it was 4.51 per cent.

Gross Public Debt Ratio improved to 59.3 percent to GDP from 60.2 per cent to GDP last year.

Per capita income increased to \$1,629 from \$1,333 last year. Government focused on higher GDP growth that brings better living conditions to the people through higher increases in per capita incomes and more job opportunities.

Pakistan Stock Exchange (PSX 100 Index) was ranked best market in Asia and fifth best performing stock market in the world in the year 2016.

STRATEGY FOR BUSINESS SUSTAINABILITY

As our business strategy, we shall remain focused on following areas in FY 2017 -2018:

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

Total Assets Of Modaraba Sector	
Financial Year	Rupees in Million
2010	24,469
2011	26,343
2012	29,195
2013	31,434
2014	30,212
2015	30,736
2016	36,806



The market share of BRRGM as per the MAP Year Book 2016 of NBFI & Modaraba Association of Pakistan for the financial year ended June 30th, 2016 is presented below:

	-----Rs. In million-----		
	Combine position of 25 modarabas	BRRGM's share	% of BRRGM's share to all modarabas
Total Equity	20,439	1,056	5.17%
Total Assets	36,806	2,078	5.65%
Net Profit	1,184	47	3.97%

RESOURCES, OPPORTUNITIES, BUSINESS RISKS AND MITIGANTS:

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

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

Your Management Company has implemented provisions of the code of corporate governance relevant for the year ended June 30, 2017. The external auditors review report on the statement of compliance with the code of corporate governance is annexed with this report.

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

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



TRADING / DEALING IN CERTIFICATE OF MODARABA:

During the fiscal year, no trade in the certificate of the Modaraba was carried out by the Directors, CFO, Company Secretary, and their spouses of minor children except the CEO has purchased 1,001,000 BRRGM's Certificates.

CODE OF CONDUCT:

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

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

STAFF RETIREMENT BENEFITS:

BRR Guardian Modaraba operates a Provident Fund scheme for all permanent employees. The value of investments as at June 30, 2017 is Rs. 100.44 million (2016: Rs. 78.68 million).

POST BALANCE SHEET EVENTS:

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

TRANSACTION WITH CONNECTED PERSONS / RELATED PARTIES:

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

AUDITORS:

We would also like to apprise the certificate-holders that on recommendation of Audit Committee M/s BDO Ebrahim & Company - Chartered Accountants have been appointed as auditors for the year ended 2017-18 subject to approval of Registrar Modaraba Companies and Modarabas.

KEY OPERATING AND FINANCIAL DATA:

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

RISK MANAGEMENT FRAMEWORK:

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



Board of Directors Meetings

The status of Board of Directors Meetings is as follows:

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

Audit Committee Meetings

The status of Board Audit Committee Meetings is as follows

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

AUDITORS' OBSERVATIONS:

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

- I. Refer to note 6.1.1 to the financial statement which states that the Modaraba had swapped certain assets with an office premises valuing Rs. 70 million from an associated undertaking, the title of which has not been transferred in the name of Modaraba as a commercial bank has obtained a stay order against the same. However, the original title documents and possession of the property rest with Modaraba.
- II. Refer to note 24.1 to the financial statements which provide details relating to settlement agreement entered into with a commercial bank.
- III. Refer to note 32.1 to the financial statements which provide details in respect of Musharaka settlement during the period.
- IV. Refer to note 48.2 to the financial statements which provide details regarding the approval of scheme of arrangement for merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and into B.R.R. Guardian Modaraba (BRRGM) by the Board of Directors of Modaraba Management Company in their meeting held on September 29, 2017. As a consequence of the scheme of amalgamation, BRRGM shall be taking over the business, functions, contracts, policies, proceedings, undertaking, assets, liabilities, etc. of CSM at a specific date subject to approval of Registrar of Modaraba and such changes, modifications as may be required or advised by legal counsel and / or accounting consultants and / or by the High Court.

INTERNAL CONTROL AND AUDIT FUNCTION:

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



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

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

FUTURE STRATEGY:

BRRRI manages two Modarabas i.e. BRRGM and Crescent Standard Modaraba (CSM). CSM is comparatively smaller in size and due to its small equity base it may not survive in the longer run. Further the fixed costs of CSM are considerably higher and keeping in view breakup value per certificate of CSM being less than the par value per certificate, the Board of Directors has decided to merge CSM by way of amalgamation with and into BRRGM subject to approval of Registrar Modaraba and to be filed under a petition for sanction by the High Court of Sindh at Karachi in terms of sections 279-283 of the Companies Act, 2017, read with SRO 840(I)/2017 dated August 17, 2017, "Scheme of Arrangement (Modarabas)", involving swap ratio 1,000 certificates of BRRGM for every 2,405 certificates of CSM on the basis of breakup values of the Certificates of BRRGM and CSM. The amalgamation of both Modarabas will result in synergies which will reduce costs and increase efficiency.

HUMAN RESOURCE MANAGEMENT POLICIES & SUCCESSION PLANNING:

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

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

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

SUCCESSION PLAN:

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

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



CORPORATE SUSTAINABILITY:

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

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

Corporate Social Responsibility:

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

We envision initiate and successfully see through the interventions in the field of sustainable and responsible business practices, setting up precedents for others to emulate. Sustainable and responsible development has remained our primary concern since inception. BRRGM duly realizes its role and contributing towards CSR program which focuses of empowerment of underprivileged communities, employee welfare, and educational support for needy students.

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

Health, Safety & Environment

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

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

PATTERN OF CERTIFICATE HOLDING:

The pattern of certificate holding as on June 30, 2017 along with disclosure as required under the Code of Corporate Governance is annexed.

DIRECTORS' TRAINING PROGRAM

Out of four, three directors of the board are having more than 14 years of education and more than 15 years of experience. Further, the directors of the company have been provided with copies of the Code of Corporate Governance, Modaraba Rules, Company's Memorandum and Articles of Association, Modaraba Prospectus and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Modaraba, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities.



CONCLUSION & APPRECIATION:

Looking ahead, 2017-18 we will strive to enhance market outreach and add quality assets through costume base portfolio and renting out properties. We always adopt best practices in its endeavor to create certificate holders wealth and gain market-confidence. BRRGM remains determined in maintaining its status amongst the top tier Modarabas of the country and committed for its smooth operations. We wish to place on record the support given to your Modaraba by the Registrar Modaraba.

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

Waqas Anwar Qureshi
Director

September 29, 2017
Karachi.

Ayaz Dawood
Chief Executive Officer

ڈائریکٹرز کی رپورٹ

بی. آر. انویسٹمنٹ (پرائیویٹ) لمیٹڈ ("بی آر آئی" یا کمپنی)، بورڈ آف ڈائریکٹرز کی طرف سے، بی آر آر گارڈین مڈارباہ (بی آر آئی ایم) کے مینیجر کی حیثیت سے ہم جون 30، 2017 کو ختم ہونے والے سال کی سالانہ رپورٹ اور آڈٹ کئے گئے مالیاتی گوشوارے پیش کرتے ہوئے بے حد مسرت محسوس کر رہے ہیں۔

مڈارباہ کی کارکردگی

تقابلی مالیاتی کارکردگی کا خلاصہ مندرجہ ذیل ہے:

جون 30، 2016	جون 30، 2017	
پاکستانی روپے میں		
53,805,201	195,193,753	منافع قبل از انتظامیہ کی فیس اور ڈیپوڈیلیو ایف
5,380,520	19,519,375	انتظامیہ کی فیس
753,273	2,537,519	انتظامیہ فیس پر سیلز ٹیکس
953,428	3,462,737	ورکرز ویلفیئر فنڈ کی فراہمی
46,717,980	169,674,122	منافع بعد از انتظامیہ کی فیس اور ڈیپوڈیلیو ایف
0.60	2.17	نفع فی سرٹیفکیٹ
1,056,598,450	1,264,443,610	سرٹیفکیٹ ہولڈرز کی ایکوئیٹی
13.54	16.20	بریک اپ ویلیو - فی سرٹیفکیٹ

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز گزشتہ برس کے 0.27 روپے کے مقابلے میں 30 جون، 2017 کو ختم ہونے والے سال کے لیے فی سرٹیفکیٹ 1 روپے نقد ڈیویڈنڈ کا اعلان کرتے ہیں۔

مڈارباہ کے سرٹیفکیٹ ہولڈرز کی ایکوئیٹی پچھلے سال 1,056.59 ملین روپے کے مقابلے میں 19.67 فیصد اضافے کے ساتھ 1,264.44 ملین روپے ہو گئی ہے۔ بریک اپ ویلیو شیئر 16.20 روپے فی سرٹیفکیٹ ہے۔ براہ کرم توجہ کریں کہ یہ آپ کے مڈارباہ کی تاریخ میں سب سے زیادہ ایکوئیٹی ہے۔

مجاز فنڈ

ڈپٹی ڈائریکٹر ڈیویژن برائے خصوصی کمپنیز (مڈارباہ ونگ) کی منظوری مورخہ 20 جنوری 2017 کے مطابق مڈارباہ کا مجاز فنڈ 870 ملین روپے سے بڑھ کے 1.15 ملین روپے ہو گیا ہے۔

کاروبار کی نوعیت اور مارکیٹ ڈائنامکس

بی آر آر گارڈین مضاربہ نے پاکستان میں مضاربہ کی داغ بیل ڈالی اور اب تک قائدانہ کردار ادا کیا ہے۔ آغاز کنندہ ہونے کے ناطے بی آر آر جی ایم نے عمدہ کارکردگی کے ذریعے دوسروں کے لیے عمدہ مثال قائم کی ہے۔ بی آر آر جی ایم نے شرعی اصولوں سے مطابقت رکھنے والی مالیاتی اشیاء و خدمات متعارف کرا کے قومی معیشت کی خدمت کرتے ہوئے تین عشرے مکمل کیے ہیں۔ بی آر آر جی ایم نے ان تین عشروں کے دوران کاروباری سرگرمیوں کے سب سے بڑے قومی مرکز آئی آئی چندریگر وڈ پر 20 منزلہ ٹاور تعمیر کیا ہے۔ اپنی منفرد خصوصیات اور سہولتوں کی بنیاد پر یہ عمارت (بی آر آر جی ایم ٹاور) کاروباری دنیا میں اہم سنگ میل ہے۔

بی آر آر جی ایم کی انتظامیہ نے اس عمارت کو زیادہ سے زیادہ وہ زیب، محفوظ اور سہولتوں اور خدمات کے اعتبار سے زیادہ سے زیادہ قابل اعتبار بنانے پر خاص توجہ دی ہے۔ یہی سبب ہے کہ ملک کے کارپوریٹ سیکٹر کے علاوہ کئی غیر ملکی ادارے بھی اس عمارت سے مستفید ہونے میں دلچسپی لے رہے ہیں۔ اس عمارت میں کرائے پر دینے کے لائق رقبہ ایک لاکھ 211 مربع فٹ ہے۔ 100 فیصد رقبہ کرائے پر دیا جا چکا ہے۔

کرایہ داروں پر ایک نظر؛

- بی آر آر جی ایم ٹاور کی تین منزلیں ملک کے معروف میڈیا گروپ کو دی گئی ہیں۔
- ایک مکمل منزل معروف بین الاقوامی آؤٹ فرم کو دی گئی ہے۔
- ایک معروف غیر ملکی کمپنی نے دو منزلیں لے رکھی ہیں۔
- چار منزلیں ایک معروف کثیر القومی تجارتی بینک کو دیئے گئے ہیں۔

”AAA“ کارپوریٹ اور غیر ملکی کمپنیوں کو کرائے پر دینے کا فائدہ یہ ہے کہ اس سے کرائے کی بروقت وصولی کی یقین دہانی ہوتی ہے۔

اقتصادی جائزہ

پاکستان میں اقتصادی ترقی تاریخی طور پر غیر مستقیم رہی ہے، ایک مستقیم نمو کی راہ کا نہ ہونا ملک کے اقتصادی حالات میں غیر یقینی صورتحال میں اضافہ کرتا ہے۔ تاریخی اعداد و شمار سے پتہ چلتا ہے کہ 1954 میں معیشت 10 فیصد سے زائد کی نمو کی سطح پہنچ گئی تھی۔

ملک کی مجموعی اقتصادی ترقی کی شرح نے نو سالوں میں سب سے زیادہ 5.28 فیصد رہی ہے، جبکہ گزشتہ سال میں یہ 4.51 فیصد تھی۔

مجموعی عوامی قرض کا جی ڈی پی سے تناسب گزشتہ سال کے 60.2 فیصد سے بہتر ہو کر 59.3 فیصد ہو گیا ہے۔

فی کس آمدنی گزشتہ سال کی \$1,333 سے بڑھ کے \$1,666 ہو گئی ہے۔ حکومت نے جی ڈی پی کی زیادہ سے زیادہ ترقی پر توجہ مرکوز رکھی جو کہ فی کس آمدنی میں زیادہ سے زیادہ اضافے اور ملازمت کے مزید مواقع کے ذریعے لوگوں کو بہتر حالات زندگی میسر کرتے ہیں۔

پاکستان اسٹاک ایکسچینج (پی ایس ایکس 100 انڈیکس) ایشیا میں سب سے بہترین مارکیٹ اور سال 2016 میں دنیا میں پانچویں بہترین کارکردگی کا مظاہرہ کرنے والی اسٹاک مارکیٹ قرار پائی۔

کاروباری استحکام کے لیے حکمت عملی

مالی سال 2017-18 کے لیے ہم درج ذیل شعبوں پر متوجہ رہیں گے :

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

مارکیٹ کے حصے کی معلومات

مضاربہ کے شعبے کی مجموعی ہائے	
مالی سال	ملین روپے
2010	24,469
2011	26,343
2012	29,195
2013	31,434
2014	30,212
2015	30,736
2016	36,806

جون 30، 2016 کو ختم ہونے والے مالی سال کے لیے مضاربہ ایسوسی ایشن آف پاکستان اور این بی ایف آئی کی MAP یک برائے 2016 کے مطابق بی آر جی ایم کارکیٹ شیئر حسب ذیل رہا :

ملین روپے		بی آر جی ایم کا حصہ	تھیں یا فینگان کی ایکویٹی
بی آر جی ایم کا حصہ تمام مضاربہ میں	25 مضاربہ کی پوزیشن		
5.17%	20,439	1,056	تھیں یا فینگان کی ایکویٹی
5.65%	36,806	2,078	تھیں یا فینگان کی ایکویٹی
3.97%	1,184	47	خالص منافع

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

مضاربہ کمپنیوں نے ملک میں اسلامی اصولوں کے مطابق بینکاری اور مالیات کی خدمات متعارف کرائی ہیں۔ ان اداروں نے شریعت کے بیان کردہ مالی و کاروباری اصولوں کے مطابق کام کرتے ہوئے مکمل حلال آمدن یقینی بنانے میں اہم کردار ادا کیا ہے۔

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

جون 30، 2017 کو ختم ہونے والے مالی سال کے لیے جاری کیے جانے والے کوڈ آف کارپوریٹ گورننس کے مطابق ایکسٹرینل ریویور پورٹ اس دستاویز سے منسلک ہے۔

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

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

مضاربہ سرٹیفکیٹ میں تجارت / لین دین

گزرے ہوئے مالی سال میں ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری اور ان کے اہل خانہ نے سرٹیفکیٹس میں کوئی ٹریڈنگ نہیں کی، سوائے سی ای او کے جنہوں نے 10 لاکھ، 1 ہزار سرٹیفکیٹ خریدے۔

ضابطہ اخلاق

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

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

فوائد برائے اسٹاف ریٹائرمنٹ

تمام مستقل ملازمین کے لیے پراویڈنٹ فنڈ موجود ہے۔ جون 30، 2017 تک سرمایہ کاری کی قدر 100.44 ملین روپے رہی جو 2016 میں 78.68 ملین روپے تھی۔

واقعات بعد از بیلنس شیٹ

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

منسلک افراد / متعلقہ فریقین سے لین دین

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

آڈیٹرز

ہم سرٹیفیکیٹ ہوڈرز کو مطلع کرتے ہیں کہ آڈٹ کمیٹی کی تجویز پر میسرز بی ڈی او ابراہیم اینڈ کمپنی - چارٹرڈ اکاؤنٹنٹس کو برائے سال 2017-18 کے لئے رجسٹرڈ مضاربہ کمپنیز اور مضاربہ کی منورری سے مشروط آڈیٹر دوبارہ تعینات کیا جا رہا ہے۔

اہم آپریٹنگ اور مالی اعداد و شمار

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

رسک مینیجمنٹ فریم ورک

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

بورڈ آف ڈائریکٹرز کا اجلاس

بورڈ آف ڈائریکٹرز کے اجلاس کی صورتحال درج ذیل ہے:

نمبر	نام	عہدہ	حاضری
1	جناب رفیق داؤد	چیرمین	4 میں سے 4
2	جناب ایاز داؤد	سی ای او	4 میں سے 4
3	جناب وقاص انور قریشی	ڈائریکٹر	4 میں سے 3
4	سید علی رضا	ڈائریکٹر	4 میں سے 4

آڈٹ کمیٹی کا اجلاس

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

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

آڈیٹرز کے مشاہدات

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

- I. مالیاتی گوشوارے کے نوٹ 6.1.1 کے مطابق مضاربہ نے سات کروڑ مالیت کی جائیداد اپنے کچھ اثاثوں کے بدلے میں تصفیہ کے طور پر ایک منسلک ادارے سے لی جس کی ملکیت مضاربہ کے نام پر منتقل نہیں ہوئی ہے کیونکہ ایک کمرشل بینک نے اس کے خلاف حکم امتناع لیا ہوا ہے۔ تاہم، جائیداد کے اصل کاغذات اور قبضہ مضاربہ کے پاس ہے۔
- II. مالیاتی گوشوارے کے نوٹ 24.1 کمرشل بینک کے ساتھ معاہدہ برائے تصفیہ کے متعلق تفصیلات فراہم کی گئی ہیں۔
- III. مالیاتی گوشوارے کے نوٹ 32.1 میں دو سالہ دورے والے تصفیہ مشارکہ کی تفصیلات فراہم کی گئی ہیں۔
- IV. مالیاتی گوشوارے کے نوٹ 48.2 کریڈنٹ اسٹینڈرڈ مضاربہ (سی ایس ایم) اور بی۔ آر۔ آر۔ گارجین مضاربہ کے انضمام کے منصوبے کی تفصیلات فراہم کرتا ہے جس کی منظوری مضاربہ کی انتظامیہ کمیٹی کے بورڈ آف ڈائریکٹرز کے اجلاس جس کا انعقاد ستمبر 29، 2017 کو ہوا میں قرار پائی۔ انضمام کے نتیجے میں، بی آر آر جی ایم سی ایس ایم کے کاروبار، افعال، معاہدے، پالیسیاں، کاروائیاں، ذمہ داریاں، اثاثے، واجبات وغیرہ کو ایک مخصوص تاریخ پہ حاصل کر لے گا جو کہ رجسٹرڈ مضاربہ کی منظوری سے اور قانونی مشیر اور/یا اکاؤنٹنٹ کنسلٹنٹس اور/یا بائی کورٹ کی تبدیلیوں یا ترامیم سے مشروط ہے۔

انٹرئل کنٹرول اینڈ آڈٹ

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

1. مروج انٹرئل کنٹرول کاؤنٹنگ اسٹینڈرڈز، اسلامک فنانشل اکاؤنٹنگ اسٹینڈرڈز، مضاربہ کمپنیز اینڈ مضاربہ (فلوئیشن اینڈ کنٹرول) آرڈیننس مجریہ 1980، مضاربہ کمپنیز رولز مجریہ 1981 اور بورڈ آف ڈائریکٹرز کے طے کردہ طریق کار اور پالیسیوں پر عمل کرنا۔
2. اکاؤنٹنگ اور انٹرئل کنٹرول سسٹم کا جائزہ لینا۔
3. تمام کاروباری معاملات میں کفایت، بہتر کارکردگی اور اثر پذیری کا جائزہ لینا۔ کارپوریٹ اصطلاح میں اسے ویلیو فار منی آڈٹس کہا جاتا ہے۔
4. فنانشل اور آپریشنل معاملات کا جائزہ۔
5. اہم خطرات کی تشخیص اور نشاندہی۔

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

مستقبل کی حکمت عملی

بی آر آر آئی دو مضاربہ کا انتظام سنبھالتا ہے جو کہ بی آر آر جی ایم اور کریڈنٹ اسٹینڈرڈ مضاربہ (سی ایس ایم) ہیں۔ سی ایس ایم ساز میں نسبتاً سچو نام ہے اور چھوٹی ایکویٹی میں کی وجہ سے یہ طویل عرصہ میں زندہ نہیں رہ سکتا۔ مزید یہ کہ مقررہ اخراجات کافی زیادہ ہیں اور یہ دیکھتے ہوئے کہ بنیادی قیمت فی سٹیک کیٹ بریک اپ ویلیو فی سٹیک کیٹ سے کم ہے، لہذا بورڈ آف ڈائریکٹرز نے سی ایس ایم کو بی آر آر، گارجین مضاربہ میں ضم کرنے کا فیصلہ کیا ہے جو کہ رجسٹرڈ مضاربہ کی منظوری سے مشروط ہے اور جس کی منظوری کی درخواست کمیشنریکٹ 2017 کی زیر دفعہ 279 تا 283، جس کو SRO 840(D)/2017 مورخہ 17 اگست 2017 کے ساتھ پڑھا جائے، کہ تحت سندھ ہائی کورٹ میں جمع کرائی جائے گی، اس میں بی آر آر، جی ایم، اور سی ایس ایم کے سٹیک کیٹس کی بریک اپ ویلیو کہ تحت تبدیلی کا تناسب (swap ratio) سی ایس ایم، کہ ہر 2,405 سٹیک کیٹس کے بدلے میں بی آر آر، جی ایم، کہ 1,000 سٹیک کیٹس ہیں۔ دونوں مضاربہ کے انضمام سے مطابقت بڑھے گی جس سے اخراجات کو کم کرنے اور کارکردگی بڑھانے میں مدد ملے گی۔

انسانی وسائل کا نظم و نسق اور جانشینی کی منصوبہ بندی

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

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

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

جانشینی کی منصوبہ بندی

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

کاروباری پائیداری

ہمیں اس بات کا پورا احساس ہے کہ ہماری ذمہ داری کسٹمرز، ملازمین اور شیئرز ہولڈرز کو مطمئن کرنے تک محدود نہیں بلکہ ہم جس ماحول میں کام کر رہے ہیں اسے بہتر بنائے رکھنا بھی ہماری ذمہ داری ہے۔ ہم اس بات پر یقین ضرور رکھتے ہیں کہ کامیاب کمپنی وہ ہے جو زیادہ منافع کمائے مگر صرف منافع کا حصول ہی سب کچھ نہیں۔ بی آر آر جی ایم کے لیے کامیابی کا حقیقی مفہوم یہ ہے کہ کسٹمرز کو وہ اشیاء و خدمات ملتی رہیں جن کی انہیں ضرورت ہے اور ساتھ ہی ساتھ معاشرے اور ماحول کو بھی نقصان سے زیادہ سے زیادہ محفوظ رکھا جائے۔ ہم ایک ایسا ماحول پیدا کرنے کے لیے کوشاں رہتے ہیں جو تجارتی نقطہ نظر سے بے حد منافع بخش اور اخلاقی نقطہ نظر سے قابل قبول ہو۔

کارپوریٹ سماجی ذمہ داری

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

ہم کارپوریٹ سیکٹر کا حصہ ہونے کے ناطے اپنی معاشرتی اور ماحولی ذمہ داریوں کو خوب سمجھتے ہیں۔ ہماری کوشش ہے کہ اپنا کردار ادا کرنے کے لیے ساتھ ساتھ دوسروں کے لیے

اچھی مثال بھی قائم کی جائے۔ ابتداء ہی سے پائیدار اور ذمہ دارانہ ترقی ہمارا مقصد اور ہدف رہی ہے۔ بی آر آرمی ایم نے سی آر ایس پروگرام کے تحت اپنی ذمہ داریوں کو کبھی نظر انداز نہیں کیا۔ زندگی کی دوڑ میں پیچھے رہ جانے والوں کی مدد کرنے کے ساتھ ساتھ ملازمین کی بہبود کا خیال رکھنا اور ضرورت مند طلباء و طالبات کی بروقت معاونت کا بھی ہمیں پورا احساس ہے۔

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

صحت، حفاظتی تدابیر اور ماحول

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

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

سرٹیفیکیٹ ہولڈنگ کی طرز

30 جون، 2017 کو ختم ہونے والے مالی سال کے لیے بیٹرن آف سرٹیفیکیٹ ہولڈنگ اور کوڈ آف کارپوریٹ گورننس کے تحت مطلوب ڈسکلوژر اس دستاویز سے منسلک ہے۔

تربیتی پروگرام برائے ڈائریکٹرز

چار میں سے پورے تین ڈائریکٹرز 14 سال سے زائد تعلیم اور 15 سال سے زائد تجربے کے حامل ہیں۔ اس کے علاوہ کمپنی کے ڈائریکٹرز کو کوڈ آف کارپوریٹ گورننس، مضاربہ رولز، کمپنی کے میمورینڈم اور آرٹیکلز آف اسیوشن، مضاربہ پراسیجرز اور دیگر تمام متعلقہ قواعد و ضوابط کی کاپیاں فراہم کی گئی ہیں جس کی وجہ سے وہ مضاربہ سے متعلق تمام قابل اطلاق قوانین، اس کی پالیسیوں اور طریقہ کار اور میمورینڈم اور آرٹیکلز آف اسیوشن کی شکوہ اور اپنے فرائض اور ذمہ داریوں کا مکمل علم رکھتے ہیں۔

اختتامی کلمات اور اظہار تشکر

ہم آئندہ سال مارکٹ میں اپنی دسترس کو وسعت دینے کی بھرپور کوشش کر رہے ہیں۔ کاسٹیم جیٹ پورٹ فولیو کے ذریعے اور پراپرٹی کو کرائے پر دے کر معیاری اثاثوں میں اضافہ یقینی بنایا جائے گا۔ ہم سرٹیفیکیٹ ہولڈرز کا اعتماد پانے اور ان کے لیے زیادہ سے زیادہ منافع یقینی بنانے کے لیے ہمیشہ معیاری پیکٹس اپناتے ہیں۔ بی آر جی ایم اپنی منفرد



پوزیشن برقرار رکھنے کے لیے کوشاں ہے۔ اپنے اپنے افعال کو زیادہ سے زیادہ سبک اور معیاری بنانے کے عہد پر کاربند ہیں۔ ہم رجسٹرار منضاریہ کی طرف سے اس ادارے پر ظاہر کردہ اعتماد کو ریکارڈ پر لانے میں بھی فخر محسوس کرتے ہیں۔

از طرف بورڈ آف ڈائریکٹرز
بی.آر.آر. انویسٹمنٹ (پرائیوٹ) لمیٹڈ

ایاز داؤد
چیف ایگزیکٹو آفیسر

وقاص انور قریشی
ڈائریکٹر

ستمبر 29، 2017
کراچی



STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017.

This Statement is being presented to comply with the Code of Corporate Governance (CCG) contained in regulation No. 5.19.24 of PSX Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Modaraba is managed in compliance with the best practices of corporate governance.

Regardless of the fact that B.R.R Investment (Private) Limited the management company of B.R.R Guardian Modaraba (the Modaraba) is a Private Limited Company, the Board of Directors are pleased to confirm that the Modaraba complied with all material principles contained in CCG.

The Management Company of the Modaraba has applied the principles contained in the CCG in the following manner:

1. The Management Company encourages representation of independent non-executive directors and directors representing minority interest on its Board of directors. At present the board includes.

Category	Names
Independent Directors	Mr. Waqas Anwer Qureshi Mr. Syed Ali Raza
Executive Director	Mr. Ayaz Dawood
Non-Executive Director	Mr. Rafique Dawood

The independent directors meet the criteria of independence under clause 5.19.1. (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Modaraba.
3. All the resident directors of the Management Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy was occurred during the year on the board.
5. The Management 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. It has also been placed on the website of the Modaraba.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Modaraba. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of the employment of CEO, other executive and non - executive directors, have been taken by the Board.
8. 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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.



9. Out of four, three directors of the board are having more than 14 years of education and more than 15 years of experience. Further, the directors of the company have been provided with copies of the Code of Corporate Governance, Modaraba Rules, Company's Memorandum and Articles of Association, Modaraba Prospectus and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Modaraba, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities.
10. The Board has approved the appointment of CFO, Company secretary and Head of internal audit including their remuneration, term and conditions of employment. However no new appointment of CFO and Company secretary has been made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Modaraba were duly endorsed by the CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of certificate holding.
14. The Modaraba has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors and the Chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Modaraba and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom the majority is non-executive directors and the chairman of the committee is an independent director.
18. The board has set up an effective internal audit function in house who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Modaraba.
19. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Modaraba's securities, was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.



23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles contained in the CCG have been complied with.

September 29, 2017

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

Director

Chief Executive Officer



Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2017 prepared by the Board of Directors of **B.R.R. INVESTMENT (PRIVATE) LIMITED (the Modaraba Management Company)** in respect of **B.R.R. GUARDIAN MODARABA (the Modaraba)** to comply with the requirements of Regulation No. 5.19 of Rule Book of the Pakistan Stock Exchange Limited, where the Modaraba is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, for the year ended June 30, 2017.

KARACHI

DATED: September 29, 2017

CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

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



Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **B.R.R. GUARDIAN MODARABA** ("the Modaraba") as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

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

BDO Ebrahim & Co. Chartered Accountants

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



- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2016 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.


Without modifying our opinion, we draw attention to:

- (i) note 6.1.1 to the financial statement which states that the Modaraba had swapped certain assets with an office premises valuing Rs. 70 million from an associated undertaking, the title of which has not been transferred in the name of Modaraba as a commercial bank has obtained a stay order against the same. However, the original title documents and possession of the property rest with Modaraba.
- (ii) note 24.1 to the financial statements which provides details relating to settlement agreement entered into with a commercial bank.
- (iii) note 32.1 to the financial statements which provides details in respect of Musharaka settlement during the period.
- (iv) note 48.2 to the financial statements which provide details regarding the approval of scheme of arrangement for merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and into B.R.R. Guardian Modaraba (BRRGM) by the Board of Directors of Modaraba Management Company in their meeting held on September 29, 2017. As a consequence of the scheme of amalgamation, BRRGM shall be taking over the business, functions, contracts, policies, proceedings, undertakings, assets, liabilities, etc. of CSM at a specific date subject to approval of Registrar of Modaraba and such changes, modifications as may be required or advised by legal counsel and/ or accounting consultants and/ or by the High Court.

KARACHI

DATED: September 29, 2017

CHARTERED ACCOUNTANTS

 Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

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

Shari'ah Advisor's Report

I have conducted the Shari'ah review of **B.R.R. Guardian Modaraba** managed by B.R.R. Investments Pvt. Limited for the year ended 30th June, 2017. In accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism (SCSAM) for Modarabas issued by Security and Exchange Commission of Pakistan via circular # 8 of 2012 dated 3rd February, 2012 that except the observation as reported hereunder. In my opinion:

1. All agreement(s) entered into by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
2. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Regulations for Modarabas
3. Profit Sharing ratios, profits and charging of losses (if any) relating to any deposit raising product conform to the basis and principles of Shari'ah

Observations:

- Charity should be paid to any recognized Charitable institution obtaining prior approval from Shari'ah advisor.

Conclusion:

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



Mufit Syed Sabir Hussain

Shari'ah Advisor

Dated: August 15, 2017



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

BALANCE SHEET AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	152,175,976	193,785,743
Investment properties	6	982,291,148	1,122,283,049
Long term investment	7	55,000,000	-
Long term musharaka finances	8	16,751,414	1,349,702
Long-term loans, advances and deposits	9	9,209,604	17,588,760
		1,215,428,142	1,335,007,254
CURRENT ASSETS			
Short-term investments	10	639,485,814	611,784,936
Current portion of musharaka finances	8	3,047,492	35,532,855
Ijarah / lease rental receivable	11	2,799,981	84,020
Loans, advances and prepayments	12	34,851,099	6,675,317
Accrued profit	13	201,089	1,597,773
Other receivables	14	2,538,285	12,327,208
Taxation	15	10,812,327	4,323,128
Cash and bank balances	16	89,093,317	15,153,463
		782,829,404	687,478,700
Non current asset held for sale	17	55,800,000	55,800,000
		838,629,404	743,278,700
TOTAL CURRENT ASSETS		838,629,404	743,278,700
TOTAL ASSETS		2,054,057,546	2,078,285,954
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital			
115,000,000 (2016: 87,000,000) Modaraba certificates of Rs. 10/- each	18	1,150,000,000	870,000,000
Issued, subscribed and paid-up certificate capital	19	780,462,550	780,462,550
Reserves	20	204,765,341	56,163,708
Surplus on revaluation of investments	21	279,215,719	219,972,192
		1,264,443,610	1,056,598,450
LIABILITIES			
NON-CURRENT LIABILITIES			
Diminishing musharaka based Term Finance Certificates	22	72,449,839	177,850,003
Long-term loan	23	110,156,684	-
Long-term murabaha, musharaka and finance under mark-up arrangements	24	-	-
Long-term security deposits	25	77,739,782	90,197,976
		260,346,305	268,047,979
TOTAL NON-CURRENT LIABILITIES		260,346,305	268,047,979
CURRENT LIABILITIES			
Current portion of long term loan	23	27,536,000	-
Current portion of long term murabaha, musharaka and finance under mark-up arrangements	24	110,000,000	312,149,098
Current portion of diminishing musharaka based Term Finance Certificates	22	88,207,792	98,641,969
Current portion of security deposits	25	1,485,270	4,626,100
Creditors, accrued and other liabilities	26	218,335,655	74,461,337
Accrued profit on borrowings	27	58,645,425	240,008,423
Profit distribution payable	28	25,057,489	23,752,598
		529,267,631	753,639,525
TOTAL CURRENT LIABILITIES		529,267,631	753,639,525
TOTAL EQUITY AND LIABILITIES		2,054,057,546	2,078,285,954
CONTINGENCIES AND COMMITMENTS			
	29		

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

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

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Waqas Anwar Qureshi
Director

Syed Tariq Masood
Chief Financial Officer

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
INCOME			
Rental income	30	164,601,981	139,303,619
Ijarah / lease rentals		34,934,982	36,602,052
Income on musharaka finances		10,572,150	1,726,783
Return on investments - net	31	56,283,874	64,183,565
Profit on bank balances		3,795,217	1,190,448
Reversal of provision	32	-	5,063,458
Unrealized gain on revaluation of held-for-trading investment		43,432,693	85,373
Other income	33	148,430,907	29,410,781
		462,051,804	277,566,079
EXPENSES			
Amortization on ijarah assets	5.2.2	22,219,518	30,273,063
Provision against doubtful receivables - net	32	16,549,165	-
Loss on disposal of ijarah assets		-	129,677
Administrative expenses	34	155,599,175	138,084,427
Financial charges	35	24,780,322	37,314,167
Bad debt expenses		-	27,034
Impairment of assets	36	47,709,871	17,932,510
		266,858,051	223,760,878
Modaraba management company's fee	37	19,519,375	53,805,201
Sales tax on Modaraba management company's fee		2,537,519	753,273
Provision for Workers' Welfare Fund	38	3,462,737	953,428
Profit before taxation		169,674,122	46,717,980
Taxation	39	-	-
Profit for the year		169,674,122	46,717,980
Earnings per certificate - basic and diluted	40	2.17	0.60

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

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

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Waqas Anwar Qureshi
Director

Syed Tariq Masood
Chief Financial Officer



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
Profit for the year	169,674,122	46,717,980
Other comprehensive income for the year		
Items that will be subsequently reclassified to profit or loss:		
Unrealized gain on revaluation of available-for-sale investments	81,786,237	51,353,112
Unrealised gain on revaluation of available for sale investments transferred to the income statement on disposal	<u>(22,542,710)</u>	<u>(997,256)</u>
Total comprehensive income for the year	<u><u>228,917,649</u></u>	<u><u>97,073,836</u></u>

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

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

**Rafique Dawood
Chairman**

**Ayaz Dawood
Chief Executive Officer**

**Waqas Anwar Qureshi
Director**

**Syed Tariq Masood
Chief Financial Officer**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	169,674,122	46,717,980
Adjustment of non-cash and other items:		
Depreciation	44,549,237	43,078,448
Amortization on ijarah assets	22,219,518	30,273,063
Provision against doubtful receivable-net	16,549,165	(5,063,458)
Gain on disposal of property and equipment - owned	(61,881)	(1,631,725)
(Gain) / loss on disposal of property, plant and equipment - leased / ijarah	(2,312,708)	129,677
Profit on musharaka, murabaha and finance under mark-up arrangements	24,768,517	37,301,839
Unrealized gain on revaluation of held-for-trading investment	(43,432,693)	(85,373)
Impairment of assets	47,709,871	17,932,510
Return on investments - net	(56,283,874)	(64,183,565)
	<u>53,705,152</u>	<u>57,751,416</u>
	223,379,274	104,469,396
(Increase) / decrease in current assets		
Ijarah / lease rentals receivable	(2,715,961)	1,083,529
Loans, advances and prepayments	(19,796,626)	13,012,324
Accrued profit	1,396,684	15,086,579
Other receivables	9,788,923	14,932,391
	<u>(11,326,980)</u>	<u>44,114,823</u>
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	74,016,633	(57,840,515)
Rent received in advance	69,857,685	3,407,794
Customers' security deposit	(15,599,024)	(3,740,734)
	<u>128,275,294</u>	<u>(58,173,455)</u>
	<u>(6,489,199)</u>	<u>1,565,721</u>
Income tax (paid) / refunded	333,838,389	91,976,485
Net cash generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments disposed / (purchased) -net	74,975,342	(33,445,874)
Investment in subsidiary	(55,000,000)	-
Income received on investments	56,283,874	64,183,565
Musharaka finances	57,865,486	75,045,021
Addition to property and equipment - owned	(11,601,882)	(12,568,138)
Addition to property, plant and equipment - ijarah	(847,500)	(16,334,500)
Proceeds from disposal of property and equipment - owned	61,899	2,281,587
Proceeds from disposal of property, plant and equipment - leased / ijarah	24,554,114	13,086,769
Net cash generated from investing activities	<u>146,291,333</u>	<u>92,248,431</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit paid to certificate holders	(19,767,598)	(30,526,968)
Finance under murabaha, musharaka and finance under mark-up arrangements	(317,983,439)	(111,068,648)
Long-term loan	137,692,684	-
Financial charges paid	(206,131,515)	(62,743,510)
Net cash used in financing activities	<u>(406,189,868)</u>	<u>(204,339,126)</u>
Net increase / (decrease) in cash and cash equivalents	73,939,854	(20,114,210)
Cash and cash equivalents at the beginning of the year	15,153,463	35,267,673
Cash and cash equivalents at the end of the year	<u>89,093,317</u>	<u>15,153,463</u>

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

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

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Waqas Anwar Qureshi
Director

Syed Tariq Masood
Chief Financial Officer



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid-up certificate capital	Capital reserves		Surplus on revaluation of investment	Accumulated loss	Total
		Profit prior to floatation	*Statutory reserve			
	(Rupees)					
Balance as at July 01, 2015	780,462,550	10,532,683	595,569,357	169,616,336	(565,047,579)	991,133,347
Profit for the year ended June 30, 2016	-	-	-	-	46,717,980	46,717,980
Unrealized gain on revaluation of available-for-sale investments - net	-	-	-	50,355,856	-	50,355,856
Total comprehensive income for the year	-	-	-	50,355,856	46,717,980	97,073,836
Profit distribution for the year ended June 30, 2015 @ Re.0.405 per certificate	-	-	-	-	(31,608,733)	(31,608,733)
Transfer to statutory reserve	-	-	23,358,990	-	(23,358,990)	-
Balance as at June 30, 2016	780,462,550	10,532,683	618,928,347	219,972,192	(573,297,322)	1,056,598,450
Profit for the year ended June 30, 2017	-	-	-	-	169,674,122	169,674,122
Unrealized gain on revaluation of available-for-sale investments - net	-	-	-	59,243,527	-	59,243,527
Total comprehensive income for the year	-	-	-	59,243,527	169,674,122	228,917,649
Profit distribution for the year ended June 30, 2016 @ Re.0.27 per certificate	-	-	-	-	(21,072,489)	(21,072,489)
Transfer to statutory reserve	-	-	82,970,646	-	(82,970,646)	-
Balance as at June 30, 2017	780,462,550	10,532,683	701,898,993	279,215,719	(507,666,335)	1,264,443,610

* Statutory reserve represents profit set aside to comply with the Prudential Regulation for Modarabas issued by Securities and Exchange Commission of Pakistan.

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

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

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Waqas Anwar Qureshi
Director

Syed Tariq Masood
Chief Financial Officer



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. LEGAL STATUS AND NATURE OF THE BUSINESS

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

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

- 1.2** During prior year, pursuant to approval from Securities and Exchange Commission of Pakistan the Modaraba has incorporated a wholly owned subsidiary namely BRR Financial Services (Private) Limited (the Company) which was incorporated on November 30, 2015. As per the Memorandum of Association (MoA) of the Company, the Modaraba has undertaken to subscribe to 100,000 ordinary shares of Rs. 10 each of the Company. During the year, the shares have been subscribed by the Modaraba. Further to comply with minimum paid-up capital requirement under Securities Brokers (Licensing and Operations) Regulations, 2016, the Modaraba has subscribed to 5,400,000 right shares of Rs. 10 each of the Company. The subsidiary has not yet commenced operations as at year end.

These represents the stand alone financial statements of the Modaraba.

- 1.3** As per section 23 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, a Modaraba shall be wound up by the Tribunal on an application made by the Registrar if the accumulated losses of the Modaraba exceeds 50 percent of the total amount subscribed by the holders of the Modaraba Certificates. As at June 30, 2017, the accumulated losses of the Modaraba amounted to Rs. 507.666 million which exceed 50 percent of the total amount subscribed by the holders of the Modaraba Certificates by Rs. 117.435 million. The management believes that the Modaraba has sufficient statutory reserves available which could be applied against the accumulated losses with the approval of the concerned authorities. Taking into consideration the statutory reserves amounting to Rs. 701.898 million (2016: Rs. 618.928 million), accumulated losses net of reserves are less than 50 percent of the paid up capital.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan (SECP) ['the Modaraba Regulations'] together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) and Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the repealed Companies Ordinance, 1984 and made applicable to Modarabas under 'the Modaraba Regulations'. Wherever the requirements of 'the Modaraba Regulations' differ from the requirements of these standards, the requirements of 'the Modaraba Regulations' take precedence.

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

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



2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Significant accounting estimates and judgments

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

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

Amortization of property, plant and equipment - leased

For details please refer note 4.2.1 to these financial statements.

Depreciation on property and equipment

For details please refer note 4.2.2 to these financial statements.

Classification and valuation of investments

For details please refer note 4.6 to these financial statements.

Provision for doubtful receivables

For details please refer note 4.7 to these financial statements.

Impairment of investments, debt securities and leased assets

For details please refer note 4.10 to these financial statements.

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

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

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

		Effective date (annual periods beginning on or after)
IFRS 10	Consolidated Financial Statements - Amendments regarding application of the consolidation exception	January 01, 2016
IFRS 11	Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 01, 2016
IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative	January 01, 2016
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16	January 01, 2016
IAS 27	Separate Financial Statements (as amended in 2011) - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	January 01, 2016
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception	January 01, 2016
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation	January 01, 2016
IAS 41	Agriculture - Amendments bringing bearer plants into the scope of IAS 16	January 01, 2016

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

Annual Improvements to IFRSs (2012 – 2014) Cycle:

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

3.2 Amendments not yet effective

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



		Effective date (annual periods beginning on or after)
Accounting standards and interpretations:		
IFRS 2	Share-based Payments - Amendment to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 7	Statement of Cash flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12	Income Taxes - Amendment regarding the recognition of deferred tax assets for unrealized losses	January 01, 2017
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 40	Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 01, 2018

The Annual Improvements to IFRSs that are effective for annual periods beginning on or after January 01, 2017 are as follows:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IFRS 12	Disclosure of Interests in Other Entities	January 01, 2017
IAS 28	Investments in Associates and Joint Ventures	January 01, 2018

3.3 Standards or interpretations not yet effective

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

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



4.1 Property, plant and equipment under ijarah arrangements

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

4.2 Property, plant and equipment

4.2.1 Leased out and amortization

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

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

4.2.2 In own use and depreciation

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

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

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

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

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

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

4.3 Capital work-in-progress

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

4.4 Investment properties

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

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



4.5 Non current assets – held for sale

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

4.6 Investments

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

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

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

4.6.2 Available-for-sale

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

4.6.3 Held to maturity

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

4.6.4 Loans and receivables

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

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

4.7 Provisions

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

4.8 Trade date accounting

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



4.9 Recognition and derecognition of financial instruments

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

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

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

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

4.10 Impairment

4.10.1 Financial assets

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

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

4.10.2 Available-for-sale investments

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

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

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

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

4.10.3 Non-financial assets

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



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

4.11 Revenue recognition

4.11.1 Ijarah income / operating lease income

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

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

4.11.2 Murabaha and musharaka transactions

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

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

4.11.3 Rental income

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

4.11.4 Dividend income

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

4.11.5 Gain and losses on sale of investment

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

4.11.6 Income on debt securities

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

4.11.7 Income on balances with banks

Profit on bank deposit is recognized on accrual basis.

4.11.8 Unrealised income on non-performing assets

Unrealised income is suspended, where necessary, on non-performing assets (including non-performing net investment in ijarah and murabaha and musharaka finances), in accordance with the requirements of the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan. Unrealised suspense income is recognized in profit and loss account on receipt basis.



4.12 Taxation

4.12.1 Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credit and tax rebates realisable, if any. Under clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, the non-trading income of modarabas is exempt from income tax, provided not less than 90% of its profits, after appropriation to statutory reserves as required under Modaraba Regulations, are distributed to the certificate holders.

4.12.2 Deferred

The Modaraba accounts for deferred taxation on all material temporary differences using the liability method arising between the amounts attributed to assets and liabilities for financial reporting purposes and financial statements used for taxation purposes. However, deferred tax liability has not been provided in these financial statements as the management believes that the future income of Modaraba will not be taxable in the foreseeable future due to the fact that the Modaraba intends to continue availing the tax exemption through profit distribution to the extent of 90 percent of distributable profit.

4.13 Staff provident fund

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

4.14 Foreign currencies translation

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

4.15 Financial assets

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

4.16 Financial liabilities

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

4.17 Cash and cash equivalents

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

4.18 Profit distribution and other appropriations of profit

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

4.19 Offsetting financial assets and financial liabilities

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



4.20 Segment reporting

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

4.21 Earnings per certificate

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

4.22 Related party transactions

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

	Note	2017 Rupees	2016 Rupees
5 PROPERTY, PLANT AND EQUIPMENT			
Property and equipment - owned	5.1	101,444,101	99,440,410
Property, plant and equipment- leased / ijarah	5.2	50,731,875	94,345,333
		152,175,976	193,785,743

5.1 Property and equipment - owned

Property and equipment owned		2017						
Particulars	Cost			Depreciation		Written down value as at June 30, 2017	Rate of depreciation per annum	
	As at July 01, 2016	Additions / (disposals) / transfer*	As at June 30, 2017	As at July 01, 2016	For the year / (on disposals)			As at June 30, 2017
	Rupees							
Leasehold land	2,527,890	-	2,527,890	1,238,669	50,558	1,289,227	1,238,663	2%
Building on leasehold land	106,710,454	-	106,710,454	27,582,560	2,489,748	30,072,308	76,638,146	5%
Lockers	20,405,218	2,487,500	22,892,718	16,523,562	461,037	16,984,599	5,908,119	5%
Furniture and fixtures	9,217,408	-	1,642,536	9,081,952	48,515	1,555,603	86,933	10%
		(7,574,872)			(7,574,864)			
Vehicles	22,068,340	7,619,200	29,112,540	9,562,988	4,998,762	13,986,752	15,125,788	20%
		(575,000)			(574,998)			
Office equipment and appliances	16,151,857	1,495,182	17,105,859	13,651,026	1,549,553	14,659,407	2,446,452	33.33%
		(541,180)			(541,172)			
Total	177,081,167	11,601,882	179,991,997	77,640,757	9,598,173	78,547,896	101,444,101	
		(8,691,052)			(8,691,034)			

Particulars	2 0 1 6							Rate of depreciation per annum
	Cost			Depreciation			Written down value as at June 30, 2016	
	As at July 01, 2015	Additions / (disposals) / transfer*	As at June 30, 2016	As at July 01, 2015	For the year / (on disposals)	As at June 30, 2016		
	-----Rupees-----							
Leasehold land	2,527,890	-	2,527,890	1,188,111	50,558	1,238,669	1,289,221	2%
Building on leasehold land	103,710,454	3,000,000	106,710,454	24,862,987	2,719,573	27,582,560	79,127,894	5%
Lockers	20,405,218	-	20,405,218	16,124,713	398,849	16,523,562	3,881,656	5%
Furniture and fixtures	9,217,408	-	9,217,408	8,995,894	86,058	9,081,952	135,456	10%
Vehicles	19,260,206	7,836,900	22,068,340	9,884,772	4,057,156	9,562,988	12,505,352	20%
		(5,028,766)			(4,378,940)			
Office equipment and appliances	20,623,950	1,731,238	16,151,857	19,053,082	801,239	13,651,026	2,500,831	33.33%
		(6,203,331)			(6,203,295)			
Total	175,745,126	12,568,138	177,081,167	80,109,559	8,113,433	77,640,757	99,440,410	
		(11,232,097)			(10,582,235)			

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

Property and equipment	Cost	Accumulated depreciation	Written down value	Disposal proceed	Gain / (Loss) on disposal	Mode of disposal	Particulars of purchaser
-----Rupees-----							
Vehicles							
Suzuki Mehran - AWW028	533,500	533,499	1	53,350	53,349	Company Policy	Mr. Chen Zailb - Employee
Motorcycle Hero 70 - KFN9894	41,500	41,499	1	4,150	4,149	Company Policy	Mr. Muhammad Waqas - Employee
Furniture and fixtures							
Furniture and fixtures	7,574,872	7,574,864	8	-	(8)	Written Off	N/A
Office equipment							
Office equipment	44,000	43,999	1	4,399	4,398	Company Policy	Syed Tariq Masood - Employee
Office equipment	497,180	497,172	8	-	(8)	Written Off	N/A
2017	8,691,052	8,691,033	19	61,899	61,880		
2016	11,232,097	10,582,270	649,827	2,281,552	1,631,725		

5.2 Property, plant and equipment - leased / ijarah	Note	2017 Rupees	2016 Rupees
Property and equipment - leased	5.2.1	19,615,249	35,475,849
Property, plant and equipment - ijarah	5.2.2	31,116,626	58,869,484
		50,731,875	94,345,333

5.2.1 Property, plant and equipment - leased

2 0 1 7									
Particulars	Cost			Depreciation			Accumulated impairment	Written down value as at June 30, 2017	Rate of depreciation per annum
	As at July 01, 2016	Additions / (disposals)	As at June 30, 2017	As at July 01, 2016	For the year / (on disposals)	As at June 30, 2017			
	-----Rupees-----								
Plant and machinery	281,541,356	-	160,851,356	242,711,638	-	146,145,546	424,719	14,281,091	11% - 25%
		(120,690,000)			(96,566,092)				
Vehicles	100,582,995	-	89,744,995	47,625,208	-	43,020,668	41,659,585	5,064,742	20% - 33%
		(10,838,000)			(4,604,540)				
Motor boat	2,694,300	-	2,694,300	2,424,884	-	2,424,884	-	269,416	20%
Total	384,818,651	-	253,290,651	292,761,730	-	191,591,098	42,084,304	19,615,249	
		(131,528,000)			(101,170,632)				

2 0 1 6									
Particulars	Cost			Depreciation			Accumulated impairment	Written down value as at June 30, 2016	Rate of depreciation per annum
	As at July 01, 2015	Additions / (disposals)	As at June 30, 2016	As at July 01, 2015	For the year / (on disposals)	As at June 30, 2016			
	-----Rupees-----								
Plant and machinery	320,922,069	-	281,541,356	274,576,209	-	242,711,638	10,474,838	28,354,880	11% - 25%
		(39,380,713)			(31,864,571)				
Vehicles	106,933,475	-	100,582,995	53,370,640	-	47,625,208	46,106,234	6,851,553	20% - 33%
		(6,350,480)			(5,745,432)				
Motor boat	2,694,300	-	2,694,300	2,424,884	-	2,424,884	-	269,416	20%
Total	430,549,844	-	384,818,651	330,371,733	-	292,761,730	56,581,072	35,475,849	
		(45,731,193)			(37,610,003)				

5.2.2 Property, plant and equipment - Ijarah

Particulars	2 0 1 7							Rate of amortization per annum
	Cost			Amortization			Written down value as at June 30, 2017	
	As at	Additions /	As at	As at	For the year /	As at		
	July 01, 2016	(disposals)	June 30, 2017	July 01, 2016	(on disposals)	June 30, 2017		
	-----Rupees-----							
Plant and machinery	20,054,955	-	20,054,955	11,226,982	3,075,225	14,302,207	5,752,748	11% - 25%
Vehicles	108,593,880	847,500 (39,415,000)	70,026,380	58,783,944	19,002,993 (33,034,160)	44,752,777	25,273,603	20% - 33%
Office equipment and appliances	785,000	-	785,000	553,425	141,300	694,725	90,275	20% - 33%
Total	129,433,835	847,500 (39,415,000)	90,866,335	70,564,351	22,219,518 (33,034,160)	59,749,709	31,116,626	

Particulars	2 0 1 6							Rate of amortization per annum
	Cost			Amortization			Written down value as at June 30, 2016	
	As at July 01, 2015	Additions / (disposals)	As at June 30, 2016	As at July 01, 2015	For the year / (on disposals)	As at June 30, 2016		
	Rupees							
Plant and machinery	20,054,955	-	20,054,955	6,858,885	4,368,097	11,226,982	8,827,973	11% - 25%
Vehicles	110,206,617	16,334,500 (17,947,237)	108,593,880	45,872,351	25,763,666 (12,852,073)	58,783,944	49,809,936	20% - 33%
Office equipment and appliances	785,000	-	785,000	412,125	141,300	553,425	231,575	20% - 33%
Total	131,046,572	16,334,500 (17,947,237)	129,433,835	53,143,361	30,273,063 (12,852,073)	70,564,351	58,869,484	

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

6	INVESTMENT PROPERTIES	Note	2017 Rupees	2016 Rupees
	Investment properties	6.1	973,202,148	1,055,863,049
	Capital work-in-progress	6.2	9,089,000	66,420,000
			982,291,148	1,122,283,049

6.1 Investment properties

Investment properties		2 0 1 7							
Particulars	Cost			Depreciation			Impairment	Written down value as at June 30, 2017	Rate of depreciation per annum
	As at July 01, 2016	Additions / transfers*	As at June 30, 2017	As at July 01, 2016	For the year / on transfers*	As at June 30, 2017			
	-----Rupees-----								
Leasehold land	189,511,155	-	189,511,155	32,425,938	1,790,222	34,216,160	-	155,294,995	2
Building on leasehold land (note 6.1.1)	623,315,282	-	623,315,282	72,914,172	9,094,069	82,008,241	-	541,307,041	2-5
Office premises (note 6.1.2)	560,326,414	-	560,326,414	211,949,692	24,066,773	236,016,431	47,709,871	276,600,112	2.2-5
Total	1,373,152,851	-	1,373,152,851	317,289,802	34,951,064	352,240,832	47,709,871	973,202,148	

Particulars	2 0 1 6								Rate of depreciation per annum
	Cost			Depreciation			Impairment	Written down value as at June 30, 2016	
	As at July 01, 2015	Additions / transfers*	As at June 30, 2016	As at July 01, 2015	For the year / on transfers*	As at June 30, 2016			
	-----Rupees-----								
Leasehold land	189,511,155	-	189,511,155	30,635,715	1,790,223	32,425,938	-	157,085,217	2
Building on leasehold land (note 6.1.1)	622,076,442	1,238,840	623,315,282	63,820,101	9,094,071	72,914,172	-	550,401,110	2-5
Office premises	560,326,414	-	560,326,414	187,869,005	24,080,721	211,949,692	-	348,376,722	2.2-5
Total	1,371,914,011	1,238,840	1,373,152,851	282,324,821	34,965,015	317,289,802	-	1,055,863,049	



6.1.1 This includes an office premises costing Rs. 70 million, which was swapped by the Modaraba in March 2012 from First Dawood Investment Bank Limited (FDIBL), an associated undertaking with 6.1 million unlisted shares of Burj Bank Limited (at par value) along with a receivable from Equity International (Private) Limited (EIL), an associated undertaking. FDIBL earlier acquired the said property from a borrower as a settlement of its liabilities who has also defaulted in its obligation to commercial bank. The said commercial bank has obtained a stay order against the property due to which the execution of the sale deed for the said property and transfer of title in the name of the Modaraba are in abeyance. FDIBL has filed an application of intervention with the Honourable High Court of Sindh for removal of stay of the commercial bank and to effect the transfer of title in its favour, which is pending adjudication. As soon as the case in question is decided, FDIBL will be able to execute the sale deed in favour of the Modaraba. Nevertheless, the original title documents and possession of the property rest with the Modaraba. Further, Modaraba has rented out a portion of the above property to its associated undertakings and earned rental income. Consequently, the cost of the property has been bifurcated between fixed assets and investment property on the basis of floor space occupied.

6.1.2 During the year, fire broke out and damaged 18th and 19th floor of Saima Trade Towers on April 29, 2017. These floors were rented unfurnished to various tenants and the Modaraba owned the shell and core of the floors which was intact. As per correspondence made by Modaraba to SECP vide letter dated May 31, 2017 in response to SECP letter no.SC/M/PRDD/BRR2017-130 dated May 05, 2017, the rented properties at 18th and 19th floor of Saima Trade Tower were not insured.

The Modaraba appointed approved valuers from the panel of Pakistan Banks Association on August 04, 2017 for the valuation of 18th and 19th floor of Saima Trade Towers. According to the valuation report dated August 07, 2017, both the floors were burnt under third degree fire. All the furniture, fixtures and fittings, flooring and roof of the structure were completely burnt and signs of distress, cracking and spalling of the surface were also found, which may have a significant effect on the performance of the structure. Considering the above factors, the valuer concluded that the value of both floors has been reduced by seventy percent to Rs. 21.063 million each. Accordingly, the Modaraba has recorded an impairment of Rs. 17.731 million and Rs. 29.978 million in respect of the above investment properties.

	Note	2017 Rupees	2016 Rupees
6.2 Capital work-in-progress			
Advance for office premises - Jofa Tower, Karachi			
	6.2.1	66,420,000	66,420,000
Less: Provision against advance for office premises		(57,331,000)	-
		9,089,000	66,420,000

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

6.3 The fair value of investment property as at June 30, 2017 as per valuation report of independent valuer is Rs. 1,702.195 million (2016: Rs 1,772.422 million).

7 LONG TERM INVESTMENT	2017 Rupees	2016 Rupees
In quoted wholly owned subsidiary companies - at cost		
BRR Financial Services (Private) Limited		
5,500,000 right shares (2016: Nil) of Rs. 10 each	55,000,000	-
	55,000,000	-



- 7.1** In prior year, in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Modaraba has received TREC against surrender of Stock Exchange Membership Card. Board of Directors resolved to engage in the business of brokerage vide resolution passed in meeting held on April 21, 2014. For this purpose an application has been sent to Registrar Modaraba, SECP and ISE for addition of new clause in their prospectus which was rejected by SECP.

Subsequently, the Modaraba has received letter from SECP dated October 21, 2015 as per which SECP has allowed to form a wholly owned subsidiary subject to the following conditions:

- (a) The Modaraba shall ensure that the operations of the wholly owned subsidiary are conducted in accordance with Shariah Principles.
- (b) The Modaraba shall comply with any other condition imposed by the Registrar Modaraba in the best interest of Modaraba certificate holders.

Further, the Registrar Modaraba (RM) vide their letter dated October 26, 2015 also waived the requirement of regulation 7(7) of the Prudential Regulations for the said purpose for the Modaraba i.e. total exposure in shares of unlisted companies do not exceed 5% of the equity of the Modaraba.

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

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

	Note	2017 Rupees	2016 Rupees
8 LONG TERM MUSHARAKA FINANCES			
Considered good		19,798,906	36,882,557
Considered doubtful	8.4	192,196,931	233,098,997
	8.1	211,995,837	269,981,554
Less: Provision for doubtful receivables	8.2 & 8.3	(192,196,931)	(233,098,997)
		19,798,906	36,882,557
Less: Current portion of musharaka finances		(3,047,492)	(35,532,855)
		16,751,414	1,349,702
8.1	The expected profit receivable on these arrangements ranges from 8.16% to 10.65% (2016: 8.36% to 13.99%) per annum. The arrangements are secured by way of hypothecation of stock, mortgage of property and equipment and pledge of shares. These finances are receivable on various dates up to June 12, 2022.		
8.2 Movement of provision			
Opening balance		233,098,997	234,321,352
Written off during the year		(120,231)	-
Reversal during the year	32	(40,781,835)	(1,222,355)
Closing balance		192,196,931	233,098,997
8.3 Ageing of musharaka finances			
Neither past due nor impaired		19,786,421	1,349,702
Past due but not impaired		12,485	35,532,855
Past due and impaired		192,196,931	233,098,997
		211,995,837	269,981,554



- 8.4** This includes an amount of Rs. 79.276 million in respect of Pak Hy Oils Limited as detailed in note 32.1 to the financial statements.

9	LONG TERM LOANS, ADVANCES AND DEPOSITS	Note	2017 Rupees	2016 Rupees
	Loans - secured - considered good			
	To employees	9.1	1,856,530	1,446,579
	Less: Current portion of loans to employees		(493,394)	(627,422)
			1,363,136	819,157
	To executives	9.1, 9.2 & 9.3	3,370,750	7,847,003
	Less: Current portion of loans to executives		(1,771,092)	(454,710)
			1,599,658	7,392,293
	Deposits		5,737,310	5,727,310
	Less: Current portion of deposits		-	-
			5,737,310	5,727,310
	Advance against purchase of vehicles		509,500	3,650,000
			9,209,604	17,588,760

- 9.1** These represent house loans disbursed to employees and executives under the terms of employment. These loans carry mark-up at the rate of 5% (2016: 5%) per annum and are secured against the mortgage of properties.
- 9.2** The maximum amount of loans and advances due from executives at the end of any month during the year was Rs. 0.015 million (2016: Rs. 0.0628 million).
- 9.3** The Modaraba has taken the benefit of forced sale value of the collateral amounting to Rs. 1.673 million against a loan to an executive. Had this benefit of FSV not been taken by the Modaraba, the provision against such loan would have been Rs. 1.673 million (2016: Rs. 1.673 million).

10 SHORT-TERM INVESTMENTS

		2017 Rupees	2016 Rupees
Held-for-trading	Note		
Listed ordinary shares	10.1	237,296,245	192,803,854
Derivative financial instruments	10.2	1,488,816	-
		238,785,061	192,803,854
Available-for-sale			
Listed ordinary shares	10.3	300,188,780	232,807,930
Unlisted ordinary shares	10.4	88,370,817	89,747,550
Unlisted debt securities	10.5	27,117,351	111,401,797
		415,676,948	433,957,277
		654,462,009	626,761,131
Less: Provision for diminution in value of investments	10.6	(14,976,195)	(14,976,195)
		639,485,814	611,784,936

10.1 Held-for-trading: Listed Ordinary shares

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

Number of shares / units		Name of investee	2017	2016
2017	2016		Rupees	Rupees
Paper & Board				
-	500	Packages Limited	-	318,111
Glass & Ceramics				
2,400	-	Ghani Glass Limited	200,208	-
Textile Composite				
-	43,600	Gul Ahmed Textile Mills Limited	-	1,577,883
4,649	12,649	Kohinoor Textile Mills Limited	488,750	1,012,300
-	8,200	Nishat Mills Limited	-	885,031
Cement				
5,283	-	Bestway Cement Limited	1,157,612	-
6,400	3,900	Lucky Cement Limited	5,352,064	2,529,188
-	10,833	Lafarge Pakistan Cement Limited	-	191,312
200	200	Cherat Cement Company Limited	35,755	23,914
65,000	12,000	Fauji Cement Company Limited	2,666,957	429,599
Power Generation & Distribution				
502,746	318,746	K-Electric Limited (ordinary shares of Rs. 3.5 each).	3,468,852	2,569,084
16,600	-	The Hub Power Company Limited	1,949,338	-
-	4,000	Lalpir Power Limited	-	86,800
Refinery				
1,199	2,399	Attock Refinery Limited	458,713	672,055
-	43,000	Byco Petroleum Pakistan Limited	-	883,220
38,450	47,150	National Refinery Limited	27,914,317	22,414,790
-	183,500	Pakistan Refinery Limited	-	7,550,713
Oil & Gas Exploration Companies				
680	4,930	Mari Petroleum Company Limited	1,071,435	4,477,527
49,820	64,220	Pakistan Petroleum Limited	7,380,335	9,957,310
8,000	-	Oil & Gas Development Company Limited	1,125,520	-
Oil & Gas Marketing Companies				
2,000	-	Burshane LPG (Pakistan) Limited	108,040	-
-	15,000	Hi-Tech Lubricants Limited	-	887,549
-	500	Pakistan State Oil Company Limited	-	187,730
18,608	82,108	Sui Northern Gas Pipelines Limited	2,771,103	2,979,702
34,500	-	Sui Southern Gas Company Limited	1,256,145	-
Automobile Assembler				
-	4,780	Indus Motor Company Limited	-	4,491,004
21,000	32,500	Sazgar Engineering Work Limited	5,752,530	1,015,625
3,320	2,720	Millat Tractors Limited	4,563,142	1,551,081



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

Number of shares / units		Name of investee	2017	2016
2017	2016		Rupees	Rupees
Automobile Parts & Accessories				
12,700	15,200	Agriauto Industries Limited	5,485,130	2,967,800
31,500	-	Loads Limited	1,306,306	-
Fertilizer				
10,000	-	Engro Corporation Limited	3,259,100	-
-	30,500	Fauji Fertilizer Bin Qasim Limited	-	16,034,714
-	43,400	Fauji Fertilizer Company Limited	-	4,978,848
Chemical				
13,247	14,447	ICI Pakistan Limited	14,499,503	6,429,568
42,500	-	Ittehad Chemicals Limited	1,329,400	-
10,000	10,000	Sitara Peroxide Limited	311,000	181,500
1,700	1,700	Sitara Chemical Industries Limited	755,854	618,800
446,000	561,000	Lotte Chemical Pakistan Limited	4,393,100	3,371,611
28,600	21,800	Linde Pakistan Limited	6,893,172	2,278,100
2,300	400	Archroma Pakistan Limited	1,639,417	194,940
Engineering				
-	13,500	Amreli Steel Limited	-	634,770
40,375	37,875	Crescent Steel & Allied Products Limited	9,632,264	4,340,853
5,000	-	International Steels Limited	639,450	-
100,000	-	Ittefaq Iron Industries Limited	3,020,000	-
20,500	25,500	K.S.B Pumps Company Limited	6,457,500	6,213,076
97,986	-	Mughal Iron & Steel Industries Limited	7,910,410	-
Transport				
3,200	3,700	Pakistan National Shipping Corporation Limited	402,880	299,840
100	100	Pakistan International Container Terminal Limited	34,800	33,652
Technology & Communication				
40,000	87,000	Pakistan Telecommunication Company Limited	624,400	1,307,609
Leather & Tanneries				
11,560	-	Service Industries Limited	15,941,240	-
Food & Personal Care Products				
300	-	Engro Foods Limited	36,447	-
-	175	Mitchell's Fruit Farms Limited	-	51,800
96,000	91,500	Treet Corporation Limited	5,460,480	4,522,846



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

Number of shares / units		Name of investee	2017 Rupees	2016 Rupees
2017	2016			
Pharmaceuticals				
500	700	Abbott Laboratories (Pakistan) Limited	467,300	527,801
6,710	6,830	Highnoon Laboratories Limited	4,202,271	3,936,812
3,900	4,000	Ferozsons Laboratories Limited	1,507,389	4,123,760
33,601	36,373	The Searle Company Limited	17,203,040	19,501,384
108,600	64,000	GlaxoSmithKline Pakistan Limited	21,385,511	13,255,042
14,500	27,648	GlaxoSmithKline Consumer Healthcare Pakistan Limited	3,030,645	-
Cable & Electrical Goods				
-	1,420	Siemens Pakistan Engineering Company Limited	-	1,412,302
Modarabas				
11,000	34,000	First UDL Modaraba	414,700	663,000
Open-End Mutual Funds				
224,400	215,495	Dawood Islamic Fund	29,762,350	26,915,297
Commercial Banks				
22,791	99,791	BankIslami Pakistan Limited	303,120	1,050,800
Woollen				
18,500	5,000	Bannu Woolen Mills Limited	1,267,250	265,801
			237,296,245	192,803,854

10.2 Derivative financial instruments

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

10.3 Available-for-sale: Listed Ordinary shares

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

10,150	11,150	Mari Petroleum Company Limited	15,992,747	10,126,654
Refinery				
-	185,500	Pakistan Refinery Limited	-	7,638,890
Oil & Gas Marketing Companies				
-	7,596	Pakistan State Oil Company Limited	-	2,851,994
8,462	9,962	Shell Pakistan Limited	4,868,781	2,891,072
39,660	39,660	Sui Northern Gas Pipelines Limited	5,906,165	1,439,260



Number of shares		Name of investee	2017	2016
2017	2016		Rupees	Rupees
		Chemical		
49,852	49,852	Linde Pakistan Limited	12,015,329	5,209,534
14,199	14,199	Sitara Chemical Industries Limited	6,313,159	5,168,436
		Fertilizer		
-	65,769	Fauji Fertilizer Company Limited	-	7,545,020
		Cement		
90	90	Maple Leaf Cement Factory Limited	10,022	9,496
		Engineering		
56,000	56,000	KSB Pumps Company Limited	17,640,000	13,644,400
11,000	-	Mughal Iron & Steel Industries Limited	888,030	-
		Transport		
1,000	1,000	Pakistan International Container Terminal Limited	348,000	336,500
5,000	5,000	Pakistan National Shipping Corporation	629,500	468,500
		Pharmaceuticals		
42,576	42,576	Abbott Laboratories (Pakistan) Limited	39,791,530	32,102,304
32,165	32,165	GlaxoSmithKline Pakistan Limited	6,333,931	6,661,693
638	638	Highnoon Laboratories Limited	399,561	367,743
27,648	-	GlaxoSmithKline Consumer Healthcare Pakistan Limited	5,778,708	-
		Power Generation & Distribution		
1,000	1,000	The Hub Power Company Limited	117,430	120,060
		Technology & Communication		
2,103,577	2,103,577	Systems Limited - a related party	159,535,280	121,250,179
		Automobile Parts & Accessories		
69,650	-	Loads Limited	2,888,385	-



Number of shares		Name of investee	Note	2017	2016
2017	2016			Rupees	Rupees
92,300	-	Paper & Board Roshan Packages Limited		5,184,491	-
8,100	-	Glass & Ceramics Ghani Glass Limited		571,536	-
1,935,506	1,935,506	Financial services 786 Investments Limited (Formerly Dawood Capital Management Limited) - a related party (fully provided)	10.3.1	4,722,634	4,722,634
3,339,922	3,339,922	First Dawood Investment Bank Limited - a related party (fully provided)		10,253,561	10,253,561
				300,188,780	232,807,930

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

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

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

-	1,760,000	Burj Bank Limited - (note 10.4.3)	-	7,273,520
100,000	-	Al Baraka Bank (Pakistan) Limited - (note 10.4.3)	829,000	-
7,200,000	7,200,000	Dawood Family Takaful Limited - (note 10.4.4)	52,128,000	52,128,000
3,034,603	3,034,603	ISE Tower REIT Management Company Limited - (note 10.4.5)	35,413,817	30,346,030
			88,370,817	89,747,550



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

	Break-up value as per latest available audited financial statements (Rupees)	% of holding of the investee's paid-up capital	Auditors
June 30, 2017			
Al Baraka Bank (Pakistan) Limited	829,000	0.01%	EY Ford Rhodes, Chartered Accountants
Dawood Family Takaful Limited	36,000,000	9.60%	EY Ford Rhodes, Chartered Accountants
ISE Tower REIT Management Company Limited (note 10.3.2)	35,413,817	0.83%	BDO Ebrahim & Co., Chartered Accountants
June 30, 2016			
Burj Bank Limited	9,457,595	0.22%	A. F. Fergusons & Co.
Dawood Family Takaful Limited	37,711,602	9.60%	Ernst & Young Ford Rhodes Sidat Hyder
ISE Tower REIT Management Company Limited (note 10.4.2)	33,154,631	0.83%	BDO Ebrahim & Co. Chartered Accountants

10.4.2 Breakup value of investment in shares of ISE Tower REIT Management Company Limited amounted to Rs. 35.413 million and Rs. 33.154 million are based on audited financial statements for the year ended June 30, 2016 and June 30, 2015, respectively.

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

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

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

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

The breakup value of investment in shares of ABPL is Rs. 0.829 million (as per latest available post amalgamation audited financial statements dated December 31, 2016) whereas the book value of investment in shares of ABPL is Rs. 0.913 million resulting in revaluation deficit of Rs. 0.084 million.

10.4.4 The breakup value of investment in shares of Dawood Family Takaful (DFTL) is Rs. 36 million (as per latest audited accounts dated December 31, 2016) where as the cost of investment in shares of DFTL is Rs. 52.128 million. Upto June 30, 2016, management has recorded total impairment of Rs. 19.872 million based on embedded value of investment as at June 30, 2016 amounting to Rs. 52.128 million (Rs. 7.24 per share). Since, embedded value of the investments amounts to Rs. 59.544 million as at June 30, 2017 (Rs. 8.27 per share). Therefore, management has not recorded further impairment on the grounds of embedded value being higher than the carrying value of this investment per latest actuarial valuation.

10.4.5 In prior year, in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Modaraba has received equity shares of Islamabad Stock Exchange Limited (ISE) and Trading Right Entitlement Certificates (TREC) against surrender of Stock Exchange Membership Card. The Modaraba's entitlement in respect of shares is determined on the basis of valuation of assets and liabilities of the respective exchange as approved by the SECP and the Modaraba has been allotted 3,034,603 shares of ISE of Rs. 10 each out of which 60% of the shares are kept in blocked account and the divestment of the same will be in accordance with the requirements of the Act.



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

The breakup value of each share of ISE Tower REIT Management Company Limited as per their latest available audited financial statements for the year ended June 30, 2016 is Rs. 11.67 per share which is greater than the par value of Rs. 10 of ISE Tower REIT Management Company Limited's share .

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

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

Number of certificates		Name of investee Sukuk	2017	2016
2017	2016		Rupees	Rupees
-	20,000	Al Razi Health Care (Private) Limited	-	62,777,617
-	4,000	K- Electric Sukuk-2	-	19,960,520
4,000	4,000	K- Electric Sukuk-3	20,696,740	20,896,180
10	10	AlBaraka Bank (Pakistan) Limited	6,420,611	7,767,480
			27,117,351	111,401,797

10.5.1 Details of particulars of Sukuk

Name of the investee	Repayment frequency	Profit Rate per annum	Maturity date	Secured / Unsecured
K- Electric Sukuk-3	Quarterly	3 months KIBOR + 2.75%	June 17, 2019	Secured
AlBaraka Bank (Pakistan) Limited	Semi-Annually	6 Months KIBOR + 1.25%	July 14, 2021	Unsecured

10.6 Particulars of provision

	Note	2017 Rupees	2016 Rupees
Opening balance		14,976,195	10,253,561
Charge for the year		-	4,722,634
Reversal for the year		-	-
Closing balance		14,976,195	14,976,195

11 IJARAH / LEASE RENTAL RECEIVABLES

Considered good		2,799,981	84,020
Considered doubtful		56,969,049	61,815,634
Lease rental receivables		59,769,030	61,899,654
Less: Provision for doubtful receivables	11.1	(56,969,049)	(61,815,634)
		2,799,981	84,020

	Note	2017 Rupees	2016 Rupees
11.1 Provision for doubtful receivables			
Opening		61,815,634	68,433,568
Charge for the year	32	-	164,132
Reversals during the year	32	-	(111,698)
Written off during the year		(4,846,585)	(6,670,368)
Closing balance		56,969,049	61,815,634
11.2 Ageing of lease rentals receivables			
Neither past due nor impaired		2,799,981	84,020
Past due but not impaired - over 180 days		-	-
Past due and impaired		56,969,049	61,815,634
		59,769,030	61,899,654
12 LOANS, ADVANCES AND PREPAYMENTS			
Loans and advances - secured - considered good			
Against salary		2,330,956	1,108,518
Loans and advances - unsecured - considered good			
Current portion of loans to employees		493,394	627,422
Current portion of loans to executives		1,771,092	454,710
Against investment		11,158,719	-
Against expenses		11,550,024	4,454,999
Against musharaka		7,517,246	-
Prepayments		29,668	29,668
Takaful		34,851,099	6,675,317
13 ACCRUED PROFIT			
Accrued profit on:			
Debt securities		183,302	513,900
Musharaka finances		17,787	1,083,873
		201,089	1,597,773
14 OTHER RECEIVABLES			
Due from associated undertakings-unsecured			
- considered good	14.1	-	9,080,000
Receivable from Dawood Capital Management			
Company - related party		-	1,052,998
Receivable from National Clearing Company			
of Pakistan Limited		149,331	111,512
Receivable from BRR Financial Services (Private)			
Limited - subsidiary		545,670	531,970
Rent receivable - unsecured, considered good		1,836,054	-
Other receivable		7,230	1,550,728
		2,538,285	12,327,208
Receivable from ex-employees - unsecured,			
considered doubtful	14.2	51,274,920	51,274,920
Less: Provision for doubtful receivables		(51,274,920)	(51,274,920)
		2,538,285	12,327,208



- 14.1** The corresponding figure represents amounts receivable from First Dawood Investment Bank Limited in relation to the cash option amounting to Rs. 25.10 million which will be receivable upfront at Rs. 10.10 million and remaining balance of Rs. 15.00 million in 20 equal monthly installments receivable in settlement of Burj Bank shares. (see note 17.1).
- 14.2** This represents balance receivable from certain ex-employees and other parties in respect of embezzlement of funds. The matter is pending before the Honourable Lahore High Court and National Accountability Bureau - Government of Pakistan. As a matter of prudence, full provision in respect of these receivables has been made in these financial statements.

	Note	2017 Rupees	2016 Rupees
15 TAXATION			
Advance taxation		<u>10,812,327</u>	<u>4,323,128</u>
16 CASH AND BANK BALANCES			
Cash in hand		191,279	237,905
Cash with State Bank of Pakistan - current account		40	40
Cash with banks in:			
PLS savings accounts	16.1	74,855,448	11,223,460
Current accounts	16.2	<u>14,046,550</u>	<u>3,692,058</u>
		<u>89,093,317</u>	<u>15,153,463</u>

- 16.1** These carry mark-up at rates ranging from 3.26% to 5.65% (2016: 2.85% to 6.5%) per annum. PLS saving accounts includes balances placed under arrangements permissible under shariah amounting to Rs. 74.855 million.
- 16.2** These current accounts balances do not carry any mark up or interest.

17 NON CURRENT ASSET HELD FOR SALE

Non current asset held for sale	17.1	<u>55,800,000</u>	<u>55,800,000</u>
---------------------------------	------	--------------------------	-------------------

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

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

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

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



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

During the year, Modaraba has entered into an agreement dated April 17, 2017 to sell Ghara land for an aggregate consideration of Rs. 60 million. The purchaser has made a down payment of Rs. 20 million and agreed to pay the remaining amount in installments. Title of the land is with the Modaraba and will be transferred only when entire amount will be received. As at June 30, 2017 Modaraba has received Rs. 41.135 million out of the total amount of Rs. 60 million which has been recorded as advance under note 26.2 to the financial statements.

18 AUTHORIZED CAPITAL

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

19 ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL

Modaraba certificates of Rs. 10 each

Number of certificates			2017 Rupees	2016 Rupees
2017	2016			
39,359,741	39,359,741	Certificates issued as fully paid in cash	393,597,410	393,597,410
8,833,724	8,833,724	Certificates issued as fully paid bonus certificates	88,337,240	88,337,240
29,852,790	29,852,790	Certificates issued to certificate holders of Guardian Modaraba under the Scheme of Amalgamation	298,527,900	298,527,900
78,046,255	78,046,255		780,462,550	780,462,550

B.R.R. Investment (Private) Limited (the Management Company) held 12,985,895 (16.63%) certificates of Rs. 10 each as at June 30, 2017 (2016: 12,985,895 (16.63%) certificates).

Equity International (Private) Limited, an associated company, held 1,541,474 (1.98%) certificates of Rs.10 each as at June 30, 2017 (2016: 1,434,974 (1.84%) certificates).

Ayaz Dawood held 6,874,391 (8.81%) certificates of Rs.10 each as at June 30, 2017 (2016: 5,873,391 (7.5%) certificates).

20. RESERVE

Capital reserve

Profit prior to floatation
Statutory reserve

10,532,683
701,898,993

10,532,683
618,928,347

Revenue reserve

Accumulated loss

(507,666,335)
204,765,341

(573,297,322)
56,163,708



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

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

The Modaraba has credited 48.90% of its profit to this reserve for the year.

21	SURPLUS ON REVALUATION OF INVESTMENTS	Note	2017 Rupees	2016 Rupees
	Listed ordinary shares		250,947,620	196,609,112
	Unlisted shares		28,268,099	23,363,080
			279,215,719	219,972,192
22	DIMINISHING MUSHARAKA BASED TERM FINANCE CERTIFICATES			
	Diminishing musharaka based Term Finance Certificates (TFCs)	22.1	160,657,631	276,491,972
	Less: Current maturity		(88,207,792)	(98,641,969)
			72,449,839	177,850,003

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

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

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

The overdue principal, regular profit and deferred profit as at December 06, 2015 have been paid by March 31, 2016 except for Rs. 70.794 million which pertains to United Bank Limited, First Dawood Investment Bank Limited and First Dawood Investment Bank and Other Provident Fund. Subsequently, the total amount of Rs. 70.794 million on account of overdue principal, regular profit and deferred profit has been paid to First Dawood Investment Bank Limited, First Dawood Investment Bank and other Employees' Provident Fund and United Bank Limited.

23	LONG TERM LOAN	Note	2017 Rupees	2016 Rupees
	National Bank of Pakistan	24.1	137,692,684	-
	Less: Current portion of long term loan		(27,536,000)	-
			110,156,684	-



	Note	2017 Rupees	2016 Rupees
24 LONG TERM MURABAHA, MUSHARAKA AND FINANCE UNDER MARK-UP ARRANGEMENTS			
Murabaha arrangements	24.1	-	152,500,000
Musharaka arrangements	24.2	110,000,000	110,000,000
Mark-up arrangements			
Running finance	24.1	-	49,649,098
		110,000,000	312,149,098
Less: Current portion of musharaka arrangements		(110,000,000)	(312,149,098)
		-	-

- 24.1** The Modaraba had entered into Murabaha (purchase and sale) agreements with a commercial bank. As per the original contract, the Murabaha sale price was payable on deferred payment basis in quarterly/monthly installments by June 27, 2011. The Modaraba has not met its past due obligation towards the commercial bank on its respective repayment dates. The Modaraba continued to accrue markup on the facilities at rate ranging from 8.04% to 8.37% (2016: 8.35% to 9.26%) per annum. The arrangements are secured by way of hypothecation of the leased assets and future rentals receivable. Later, Modaraba offered a proposal for settlement which includes debt to asset swap and rescheduling of the amount due. However, the proposal was not accepted and after further negotiations the Modaraba made an unconditional offer through its letter dated April 13, 2017 to settle all outstanding liabilities against a sum of Rs. 210.889 million. Under the terms of offer the Modaraba had to pay 35% of the settlement amount i.e Rs. 73.811 million upfront and remaining amount in equal quarterly installments starting from July 2017.

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

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

The Modaraba has accepted the terms of settlement approved by the competent authority of commercial bank and recorded a gain of Rs. 145.650 million and made down payment of Rs. 73.811 million on June 13, 2017. Remaining amount of Rs. 137.689 million has been classified as long term loan as on June 30, 2017. Further the Modaraba has issued post-dated cheques of the remaining settlement amount. (see note 23).

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

	2017 Rupees	2016 Rupees
25 LONG TERM SECURITY DEPOSITS		
Lease / ijarah	32,693,312	53,229,662
Investment properties	30,508,240	26,567,914
Lockers	16,023,500	15,026,500
	79,225,052	94,824,076
Less: Current portion	(1,485,270)	(4,626,100)
	77,739,782	90,197,976

26	CREDITORS, ACCRUED AND OTHER LIABILITIES	Note	2017 Rupees	2016 Rupees
	Modaraba management fee payable	37	19,519,374	5,380,524
	Sales tax on Modaraba management fee payable	37	6,339,806	3,802,283
	Provision for Workers' Welfare Fund	38	5,691,937	2,229,200
	Accrued liabilities		16,659,795	5,339,717
	Rentals received in advance			
	Lockers		27,651,868	25,850,734
	Properties		14,898,275	26,126,976
	Ijarah		323,101	168,100
	Musharaka		79,130,250	-
	Charity payable	26.1	81,086	79,842
	Advance against sale of land	26.2	43,235,500	-
	Others		4,804,663	5,483,961
			<u>218,335,655</u>	<u>74,461,337</u>
26.1	Charity payable			
	Opening balance		79,842	117,009
	Accrued during the year		109,095	252,111
	Payment	26.1.1	(107,851)	(289,278)
	Closing balance		<u>81,086</u>	<u>79,842</u>
26.1.1 This amount includes charity paid to Dawood Global Foundation amounting to Rs. 0.086 million (2016: 0.217 million). Chief Executive and the Chairman of the Board of the Mobaraba are members of the Management Committee of Dawood Global Foundation.				
26.2 This includes amount received as sale proceeds against sale of Gharo Land (refer note 17).				
27	ACCRUED PROFIT ON BORROWINGS	Note	2017 Rupees	2016 Rupees
	Finance under murabaha arrangements		-	109,410,472
	Finance under musharaka arrangements		57,813,287	57,813,287
	Finance under mark-up arrangements		-	36,904,337
	Diminishing musharaka based TFCs		832,138	35,880,327
			<u>58,645,425</u>	<u>240,008,423</u>
28	PROFIT DISTRIBUTION PAYABLE			
	Unclaimed profit payable to certificate holders		<u>25,057,489</u>	<u>23,752,598</u>
29	CONTINGENCIES AND COMMITMENTS			
There were no contingencies and commitments as at June 30, 2017 and 2016.				
30	RENTAL INCOME			
	Investment properties	30.1	132,871,212	112,686,570
	Lockers and custodial services		31,730,769	26,617,049
			<u>164,601,981</u>	<u>139,303,619</u>

30.1 This includes rental income amounting to Rs. 5.339 million (2016: Rs. 5.270 million) from management company and associated companies / related parties.

31	RETURN ON INVESTMENTS - NET	Note	2017 Rupees	2016 Rupees
	Dividend income	31.1	12,631,022	32,474,987
	Profit on debt securities		9,135,113	10,401,709
	Gain on sale of investments		34,517,739	21,306,869
			56,283,874	64,183,565
31.1	Dividend income			
	Abbot Laboratories Limited		1,696,359	1,273,253
	Agriauto Industries Limited		118,281	183,436
	Al-Ghazi Tractors Limited		7,403	-
	Archroma Pakistan Limited		-	24,985
	Attock Refinery Limited		5,953	76,533
	Bestway Cement Limited		29,538	-
	Cherat Cement Company Limited		649	14,709
	Crescent Steel & Allied Products Limited		188,530	71,751
	D.G. Khan Cement Company Limited		-	9,626
	Dawood Islamic Fund		1,187,888	19,114,637
	Fauji Cement Company Limited		-	153,715
	Fauji Fertilizer Bin Qasim Limited		-	962,155
	Fauji Fertilizer Company Limited		291,009	1,009,217
	Ferozsons Laboratories Limited		55,045	132,585
	First UDL Modaraba		33,201	82,807
	Ghani Glass Limited		79,000	-
	GlaxoSmithKline Pakistan Limited		575,497	366,448
	Gul Ahmed Textile Mills Limited		-	80,745
	Highnoon Laborites Limited		55,884	53,820
	Hi-Tech Lubricants Limited		-	39,000
	The Hub Power Company Limited		51,062	62,706
	ICI Pakistan Limited		225,156	191,693
	Indus Motor Company Limited		114,399	527,101
	ISE Tower REIT Management Company Limited		-	379,325
	Kohinoor Textile Mills Limited		24,641	16,464
	KSB Pumps Limited		649,795	582,575
	Lafarge Pakistan Cement Limited		-	3,178
	Lalpir Power Limited		-	5,000
	Linde Pakistan Limited		356,464	353,539
	Loads Limited		96,191	-
	Lucky Cement Limited		33,544	73,246
	Maple Leaf Cement Factory Limited		11,242	6,245
	Mari Gas Company Limited		64,339	2,023,737
	Millat Tractors Limited		229,654	179,592
	Mitchell's Fruit Farms Limited		-	438
	Mughal Iron & Steel Industries Limited		15,981	-
	National Refinery		816,087	470,988
	Nishat Mills Limited		11,292	67,476



Note	2017 Rupees	2016 Rupees
Packages Limited	-	7,438
Pakgen Power Limited	-	2,999
Pakistan International Container Terminal Limited	24,496	32,750
Pakistan National Shipping Corporation	16,098	-
Pakistan Oilfields Limited	-	24,578
Pakistan Petroleum Limited	312,973	438,425
Pakistan Refinery Limited	105,048	-
Pakistan State Oil Co. Limited	69,087	123,695
Pakistan Telecommunication Company Limited	85,303	169,755
Pioneer Cement Limited	112	166
Sazgar Engineering Works Limited	62,250	66,000
The Searle Company Limited	199,319	82,711
Service Industries Limited	272,309	-
Shell Pakistan Limited	296,435	103,610
Siemens Pakistan Engineering Company Limited	-	14,200
Sitara Chemical Industries Limited	182,546	146,265
Systems Limited	3,886,047	2,591,851
Treet Corporation Limited	94,915	77,819
	12,631,022	32,474,987

32 PROVISION FOR DOUBTFUL RECEIVABLES - NET

Reversal during the year

Lease rentals	11.1	-	111,698
Musharaka	8.2 & 32.1	40,781,835	1,222,355
Others		-	8,616,171
		40,781,835	9,950,224

Less: Charged during the year

Lease rentals	11.1	-	(164,132)
Equity security		-	(4,722,634)
Advance against purchase of property	6.2	(57,331,000)	-
		(57,331,000)	(4,886,766)
		(16,549,165)	5,063,458

32.1 This amount includes Rs. 21.881 million against Pak Hy Oils Limited as a result of settlement agreement between Pak Hy Oils Limited and the Modaraba.

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

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

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



PHOL has made down payment of Rs. 10.000 million and the balance settlement amount shall be paid in accordance with the repayment schedule of the agreement. During the year, Modaraba has received amount of Rs. 187.622 million through cash receipt of Rs. 33.728 million as per agreement and Rs. 153.894 million through sale of collateral shares of Balochistan Glass Limited. Out of the amount received in excess of repayment schedule, Rs. 54.983 million has been disbursed back to PHOL and the balance amount has been carried as rentals in advance amounting to Rs. 79.130 million. As per prudential regulation, 100% provision against outstanding principal of Rs. 79.276 million as at December 31, 2017 is recorded as now it falls under loss category.

33	OTHER INCOME	Note	2017 Rupees	2016 Rupees
	Gain on disposal of property and equipment - owned		61,881	1,631,725
	Income from poultry operation		40,000	747,600
	Gain on settlement of Diminishing Musharaka based Term Finance Certificates		-	26,744,143
	Gain on rescheduling of murabaha and finance under mark-up facility	24.1	145,650,227	-
	Miscellaneous and other termination charges		366,091	287,313
	Gain on disposal of ijarah assets		2,312,708	-
			148,430,907	29,410,781
34	ADMINISTRATIVE EXPENSES			
	Salaries, allowances and other benefits	34.2	63,912,796	49,905,024
	Travelling and conveyance		27,007	21,585
	Entertainment		1,183,937	1,813,256
	Electricity, water and gas		515,306	3,867,338
	Telephone and fax		528,050	537,860
	Postage and courier		340,805	408,926
	Stationery and printing		1,061,391	1,065,079
	Computer expenses		556,256	378,920
	Subscriptions		8,903,626	3,168,789
	Takaful		3,366,490	3,646,021
	Repairs and maintenance		11,616,535	14,753,106
	Rent, rates and taxes		5,397,642	5,207,953
	Security expenses		1,352,773	1,033,217
	Brokerage and commission		3,957,901	1,613,004
	Legal and professional charges		4,643,951	3,749,557
	Auditor's remuneration	34.1	1,173,800	1,037,500
	Depreciation on owned assets	5.1	9,598,172	8,113,433
	Depreciation on investment properties	6.1	34,951,030	34,965,015
	Others		2,511,707	2,798,844
			155,599,175	138,084,427
34.1	Auditor's remuneration			
	Audit fee		715,000	650,000
	Limited review, special reports, certification and sundry advisory services		351,300	304,000
	Out of pocket expenses		107,500	83,500
			1,173,800	1,037,500

34.2 During the year, the Modaraba contributed Rs. 2.482 million (2016: Rs. 2.153 million) to the provident fund.

	2017 Rupees	2016 Rupees
34.3 Disclosures relating to Provident Fund		
Size of the fund	124,684,909	110,024,193
Cost of investments made	100,475,972	74,462,389
Percentage of investments made	80.58%	67.68%
Fair value of investments	100,449,246	78,676,424

	2017 % age of size of the fund	2016
Break-up of investments		
Government securities	25,000,000	25,000,000
Term Finance Certificates	11,837,056	1,837,792
Investment in sukuk	18,265,243	18,815,539
Listed securities	12,790,568	4,584,082
Unlisted securities	750,000	-
Mutual Funds	31,806,379	28,439,011
Break-up of investments		
Government securities	24.89%	31.78%
Term Finance Certificates	11.78%	2.34%
Investment in sukuk	18.18%	23.92%
Listed securities	12.73%	5.83%
Unlisted securities	0.75%	0.00%
Mutual Funds	31.66%	36.15%

34.4 The figures for 2017 are based on the unaudited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	Note	2017 Rupees	2016 Rupees
35 FINANCIAL CHARGES			
Profit on:			
Finance under murabaha arrangement		5,270,734	11,274,939
Diminishing musharaka based TFCs		16,078,197	19,435,437
Finance under mark-up arrangement		3,419,586	6,591,463
Bank charges and commission		11,805	12,328
		24,780,322	37,314,167
36 IMPAIRMENT / (REVERSAL OF IMPAIRMENT) - NET			
Impairment loss during the year			
Equity securities		-	17,932,510
Investment property	6.1.2	47,709,871	-
		47,709,871	17,932,510



37 MODARABA MANAGEMENT COMPANY'S FEE

In accordance with the Modaraba Companies and Modaraba Rules, 1981 management fee at the rate of 10% of annual profits is payable to the Management Company amounting to Rs. 19.519 million (2016: Rs. 5.380 million). Furthermore, during the current year an amount of Rs. 2.537 million (2016: Rs. 0.753 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

38 WORKER'S WELFARE FUND

The Finance Act, 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. As a result of these amendments, Workers' Welfare Fund (WWF) is payable at the rate of 2% of the profit before taxation as per the financial statements or taxable income as per the return of income, whichever is higher. During the current year, the management has made a provision of Rs. 3.463 million (2016: Rs. 0.953 million) in respect of this liability.

39 TAXATION

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

Return of income for the Tax Year 2016 has duly been filed and assessment upto Tax Year 2016 is deemed to be finalised in terms of section 120 of the Income Tax Ordinance, 2001. The Additional Commissioner of Income Tax has amended the assessment under section 122(5)(A) of the Income Tax Ordinance, 2001 for the Tax Year 2005 by creating demand of Rs. 954,036. The Modaraba has filed appeal before the Commissioner Appeals and decision of the Commissioner is in favor of the Modaraba. Further, the Department has filed appeal before the Income Tax Appellant Tribunal and the hearing of appeal is still pending. Moreover, the Assistant Commissioner of Income Tax has amended the assessment under section 122(5) of the Income Tax Ordinance, 2011 for the Tax Year 2014 by creating demand of Rs. 472,103. The Modaraba has filed appeal before the Commissioner Appeals and the hearing of appeal is still pending. The Modaraba has sufficient refund available amounting to Rs. 5.7 million upto Tax Year 2016.

40 EARNINGS PER CERTIFICATE - BASIC AND DILUTED	2017 Rupees	2016 Rupees
The earnings per certificate as required under IAS 33 "Earnings per share" is given below:		
Profit for the year	169,674,122	46,717,980
Weighted average number of certificates outstanding	78,046,255	78,046,255
Earnings per certificate - Basic and diluted (Rupees)	2.17	0.60

40.1 There were no convertible dilutive potential ordinary certificates outstanding as on June 30, 2017 and 2016 which have dilutive effect on earnings per certificate.

41 REMUNERATION OF OFFICERS AND EXECUTIVES

Remuneration	26,118,000	21,964,500
Medical expenses	803,146	802,685
Retirement benefits	1,597,818	1,346,528
	28,518,964	24,113,713
Number of officers / executives at the end of the year	17	17

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



42 FUTURE MINIMUM LEASE RENTALS RECEIVABLES

Future minimum lease rentals receivable on the basis of lease agreements executed up to June 30, 2017 are as follows:

	2017 Rupees	2016 Rupees
Receivable - not later than one year	16,055,094	39,390,988
Receivable - later than one year and not later than five year	12,989,272	37,582,820
	<u>29,044,366</u>	<u>76,973,808</u>

43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

43.1 Market risk

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

43.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. As of June 30, 2017 the Modaraba's exposure to the risk of changes in market interest rates relates primarily to bank balances in PLS saving accounts, musharaka and murabaha agreements and debt securities. The bank balances in PLS saving accounts are subject to profit rates as declared by the respective banks on periodic basis while, the musharaka and murabaha agreements and debt securities are subject to floating profit rates. As at June 30, 2017 approximately 15.61% (2016: 22.66%) of the Modaraba's financial assets are subject to floating profit rates. Management of the Modaraba estimates that an increase of 100 basis points in the market profit rate, with all other factors remaining constant, would increase the Modaraba's income by Rs. 1.245 million (2016: Rs. 1.596 million) and a decrease of 100 basis points would result in a decrease in the Modaraba's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

43.3 Foreign currency risk

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

43.4 Equity price risk

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



At the balance sheet date, the exposure to listed equity securities is Rs. 523.997 million (2016: Rs. 415.358 million). Management of the Modaraba estimates that 5% increase or decrease in the overall equity prices in the market with all other factors remaining constant would result in increase or decrease of Modaraba's net assets by Rs. 26.199 million (2016: Rs. 20.768 million). However, in practice, the actual results may differ from the sensitivity analysis.

43.5 Segment by class of business for investment in equity securities

	2017		2016	
	Rupees	%	Rupees	%
Paper and board	5,184,491	0.99%	318,111	0.08%
Glass and ceramics	2,260,560	0.43%	-	0.00%
Textile composite	488,750	0.09%	3,475,214	0.84%
Cement	9,222,410	1.76%	3,183,509	0.77%
Power generation and distribution	5,535,620	1.06%	2,775,944	0.67%
Refinery	28,373,030	5.41%	39,159,668	9.43%
Oil and gas exploration companies	25,570,037	4.88%	24,561,491	5.91%
Oil and gas marketing companies	14,910,234	2.85%	11,237,307	2.71%
Automobile assembler	10,315,672	1.97%	7,057,710	1.70%
Automobile parts and accessories	9,679,821	1.85%	2,967,800	0.71%
Fertilizer	3,259,100	0.62%	28,558,582	6.88%
Chemical	48,149,934	9.19%	23,452,489	5.65%
Engineering	46,187,654	8.81%	24,833,099	5.98%
Transport	1,415,180	0.27%	1,138,492	0.27%
Technology and communication	160,159,680	30.56%	122,557,788	29.51%
Leather and tanneries	15,941,240	3.04%	-	0.00%
Food and personal care products	5,496,927	1.05%	4,574,646	1.10%
Pharmaceuticals	100,099,886	19.10%	80,476,539	19.38%
Cable and electrical goods	-	0.00%	1,412,302	0.34%
Financial services	30,480,170	5.82%	33,351,731	8.03%
Woolen	1,267,250	0.24%	265,801	0.06%
	523,997,646	100%	415,358,223	100%

43.6 Liquidity risk

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

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



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

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

2016	Profit rate	Six months or less	Six to Twelve months	One to five years	Over five years	Total contractual cash flows
Rupees						
Musharaka, murabaha and finance under mark-up arrangements	8.98%-16%	312,149,098	-	-	-	312,149,098
Diminishing musharaka based TFCs	1 month KIBOR	53,641,969	45,000,000	177,850,003	-	276,491,972
Creditors, accrued and other liabilities	-	-	74,461,337	-	-	74,461,337
Accrued profit on borrowing	-	240,008,423	-	-	-	240,008,423
Profit distribution payable	-	23,752,598	-	-	-	23,752,598
Total	-	629,552,088	119,461,337	177,850,003	-	926,863,428

43.7 Credit risk

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

	2017 Rupees	2016 Rupees
Musharaka and murabaha finance	19,798,906	36,882,557
Short-term investments	639,485,814	611,784,936
Lease rentals receivables	2,799,981	84,020
Loans, advances and other receivables	44,060,703	24,264,077
Accrued profit	201,089	1,597,773
Bank balances	88,902,038	14,915,558
	795,248,531	689,528,921

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

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

	2017		2016	
	Rupees	%	Rupees	%
Oil and gas	1,109,640	2.19%	-	0.00%
Transport	4,986,087	9.83%	4,986,087	5.28%
Food and confectioneries	852,748	1.68%	927,973	0.98%
Engineering and metals	78,500	0.15%	78,500	0.08%
Power generation	-	0.00%	7,788,944	8.26%
Insurance	304,920	0.60%	973,550	1.03%
Miscellaneous	43,399,980	85.55%	79,590,279	84.36%
	50,731,875	100%	94,345,333	100%

43.7.2 Segment by class of business for musharaka and murabaha finances

	2017		2016	
	Rupees	%	Rupees	%
Textile industry	14,073,686	6.64%	14,774,839	5.47%
Oil and lubricants	81,327,485	38.36%	133,577,471	49.48%
Chemical and pharmaceutical	31,000,000	14.62%	49,114,014	18.19%
Engineering	33,763,945	15.93%	33,763,945	12.51%
Auto and transportation	2,419,500	1.14%	-	0.00%
Hotelling industry	9,471,425	4.47%	9,471,425	3.51%
Miscellaneous	39,939,796	18.84%	29,279,860	10.85%
	211,995,837	100%	269,981,554	100%

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

	2017		2016	
	Rupees	%	Rupees	%
Health care equipment and services	-	0.00%	62,777,617	56.35%
Electricity	20,696,740	76.32%	40,856,700	36.68%
Miscellaneous	6,420,611	23.68%	7,767,480	6.97%
	27,117,351	100%	111,401,797	100%

43.8 Financial instruments by category	2017 Rupees	2016 Rupees
Financial assets		
Loans and receivables at amortised cost		
Long-term deposits	5,737,310	5,727,310
Musharaka finance	19,798,906	36,882,557
Ijarah / lease rental receivable	2,799,981	84,020
Loans and advances	38,293,725	18,507,099
Accrued profit	201,089	1,597,773
Other receivables	2,538,285	12,327,208
Cash and bank balances	89,093,317	15,153,463
Available-for-sale	400,700,753	418,981,082
Short-term investments		
Held-for-trading	237,296,245	192,803,854
Short-term investments	1,488,816	-
Derivative financial instruments	<u>797,948,427</u>	<u>702,064,366</u>
Financial liabilities		
Financial liabilities at amortised cost		
Long term loan	137,692,684	-
Diminishing musharaka based Term Finance		
Certificates	160,657,631	276,491,972
Murabaha, musharaka and finance under mark-up arrangements	110,000,000	312,149,098
Creditors, accrued and other liabilities	218,335,655	74,461,337
Accrued profit on borrowings	58,645,425	240,008,423
Profit distribution payable	25,057,489	23,752,598
	<u>710,388,884</u>	<u>926,863,428</u>

44 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

The carrying values of all financial assets and liabilities reflected in the financial statements are approximate to their fair values except for held to maturity investments. Fair value is determined on the basis of the objective evidence at each required date. The following table compares the carrying amounts and fair values of the Modaraba's financial assets and financial liabilities as at June 30, 2017.

	As at June 30, 2017		As at June 30, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and receivables at amortised cost				
Long-term deposits	5,737,310	5,737,310	5,727,310	5,727,310
Musharaka finance	19,798,906	19,798,906	36,882,557	36,882,557
Ijarah / lease rental receivable	2,799,981	2,799,981	60,564	84,020
Loans and advances	38,323,393	38,323,393	18,507,099	18,507,099
Accrued profit	201,089	201,089	1,597,773	1,597,773
Other receivables	2,538,285	2,538,285	10,742,240	12,327,208
Cash and bank balances	89,093,317	89,093,317	15,153,463	15,153,463
Available-for-sale				
Short-term investments	277,703,117	300,188,780	219,864,554	232,807,930
Held-for-trading				
Short-term investments	228,930,956	237,296,245	177,810,235	192,803,854
Derivative financial instruments	1,488,816	1,488,816		
Financial liabilities				
Financial liabilities at amortised cost				
Diminishing musharaka based Term Finance Certificates	160,657,631	160,657,631	276,491,972	276,491,972
Murabaha, musharaka and finance under mark-up arrangements	110,000,000	110,000,000	312,149,098	312,149,098
Creditors, accrued and other liabilities	218,335,655	218,335,655	74,594,411	74,461,337
Accrued profit on borrowings	58,645,425	58,645,425	240,008,423	240,008,423
Profit distribution payable	25,057,489	25,057,489	23,752,598	23,752,598

44.1 Fair value hierarchy

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

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

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

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

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

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

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



As at June 30, 2016, the Modaraba held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
Investments at fair value through profit or loss - held-for-trading				
Listed ordinary shares	192,803,854	-	-	192,803,854
Available-for-sale investments				
Listed ordinary shares - net	232,807,930	-	-	232,807,930
Unlisted ordinary shares	-	-	89,747,550	89,747,550
Debt securities	-	48,624,180	62,777,617	111,401,797
	<u>425,611,784</u>	<u>48,624,180</u>	<u>152,525,167</u>	<u>626,761,131</u>

Valuation techniques

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

Transfers during the year

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

The following table presents the movement in level 3 instruments.

	2017 Rupees	2016 Rupees
Opening balance	152,525,167	191,632,894
Redemption / sales during the year	(69,137,617)	(11,535,658)
Unrealized gain / (loss) during the year	4,983,267	(9,639,559)
Impairment during the year	-	(17,932,510)
Closing balance	<u>88,370,817</u>	<u>152,525,167</u>

45 CAPITAL RISK MANAGEMENT

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

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

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



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

	2017 Rupees	2016 Rupees
Debts	408,350,315	588,641,070
Cash and bank balances	(89,093,317)	(15,153,463)
Net debt	319,256,998	573,487,607
Equity	1,264,443,610	1,057,598,450
Net debt to equity ratio	0.25	0.54

46 RELATED PARTY TRANSACTIONS

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

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

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

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

Relationship with the Modaraba	Nature of transactions / Balances	2017 Rupees	2016 Rupees
Management Company			
BRR Investment (Private) Limited	Management fee accrued	19,519,375	5,380,520
BRR Investment (Private) Limited	Management fee paid	5,380,520	8,106,829
BRR Investment (Private) Limited	Rent received	300,000	300,000
Subsidiary Company			
BRR Financial Services (Private) Limited	Preliminary expenses paid	13,700	531,970
BRR Financial Services (Private) Limited	Subscription against share capital	55,000,000	-
Associated companies / other related parties			
Crescent Standard Modaraba	Share of common expenses received	174,346	270,607
Dawood Family Takaful Limited	Rental received against ijarah / property	4,548,310	6,099,991
Dawood Family Takaful Limited	Group life insurance paid	286,918	186,855
Dawood Family Takaful Limited	Principal paid against investment in Sukuk	11,737,015	18,075,000
Dawood Family Takaful Limited	Profit paid against investment in Sukuk	4,197,868	12,619,119



Relationship with the Modaraba	Nature of transactions / Balances	2017 Rupees	2016 Rupees
Equity International (Private) Limited	Principal received on musharaka	-	43,500,000
Equity International (Private) Limited	Profit received on musharaka	-	12,955,914
Equity International (Private) Limited	Principal adjusted against settlement	-	55,858,769
Equity International (Private) Limited	Profit adjusted against settlement	-	27,159,254
First Dawood Investment Bank Limited	Rent received against property	818,400	818,400
First Dawood Investment Bank Limited	Share of common expenses received - net	171,040	347,308
First Dawood Investment Bank Limited	Principal paid against investment in Sukuk	17,457,854	9,817,872
First Dawood Investment Bank Limited	Profit paid against investment in Sukuk	10,281,928	5,482,641
First Dawood Investment Bank Limited	Consideration received against BBL share	9,080,000	16,100,000
First Dawood Employees Provident Fund	Transfer to provident fund	2,482,333	2,152,952
First Dawood Employees Provident Fund	Principal paid against investment in Sukuk	6,229,571	9,835,407
First Dawood Employees Provident Fund	Profit paid against investment in Sukuk	2,640,314	6,886,618
Dawood Equities Limited	Rental received against property	99,000	198,000
Dawood Equities Limited	Brokerage and commission paid	320,009	1,101,483
Hamida Dawood	Principal paid against investment in Sukuk	1,801,950	2,775,000
Hamida Dawood	Profit paid against investment in Sukuk	644,484	1,938,862
Dawood Global Foundation Systems Limited	Charity paid	86,280	216,959
Dawood Islamic Fund	Dividend received	3,886,047	2,591,851
786 Investments Limited (Formerly Dawood Capital Management Limited)	Dividend received	1,187,888	19,114,637
786 Investments Limited (Formerly Dawood Capital Management Limited)	Staff cost paid	-	1,052,998
	Staff cost reimbursed	1,052,998	-
46.1 Year end balances			
Management Company			
BRR Investment (Private) Limited	Management fee payable	19,519,375	5,380,520



Relationship with the Modaraba	Nature of transactions	2017 Rupees	2016 Rupees
Subsidiary Company			
BRR Financial Services (Private) Limited	Receivable against preliminary expenses	545,670	531,970
Associated companies / other related parties			
First Dawood Investment Bank Limited	Consideration receivable against BBL shares	-	9,080,000
First Dawood Investment Bank Limited	Principal payable against investment in Sukuk	-	10,772,625
First Dawood Investment Bank Limited	Profit payable against investment in Sukuk	100,846	8,548,772
First Dawood Employees Provident Fund	Principal payable against investment in Sukuk	-	869,344
First Dawood Employees Provident Fund	Profit payable against investment in Sukuk	82,875	1,294,437
Dawood Family Takaful Limited	Profit payable against investment in Sukuk	177,175	1,155,024
Hamida Dawood	Profit payable against investment in Sukuk	27,202	177,328
786 Investments Limited (Formerly Dawood Capital Management Limited)	Receivable against staff cost paid	-	1,052,998

46.2 Group shared services

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

47 SEGMENT REPORTING

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

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

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

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

48 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

- 48.1** The Board of Directors of the Management Company in their meeting held on September 29, 2017 have approved profit distribution at the rate of 10% i.e. Re.1 (2016: at the rate of 2.70% i.e. Re. 0.27 per certificate) for the year ended June 30, 2017. These financial statements do not reflect this distribution.



48.2 Subsequent to the balance sheet date, the Board of Directors of B.R.R. Investment (Private) Limited (the Modaraba Management Company) in their meeting held on September 29, 2017 has approved the scheme of arrangement for merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and into B.R.R. Guardian Modaraba (BRRGM) to be filed under a petition for sanction by the High Court of Sindh at Karachi in terms of Section 279-283 of the Companies Act, 2017 read with SRO 840(I)/2017 dated August 17, 2017 "Scheme of Arrangement (Modarabas)" involving swap ratio of 2.405:1 on the basis of breakup values of the certificates of CSM and BRRGM subject to approval of Registrar Modaraba and such changes, modifications as may be required or advised by legal counsel and/or accounting consultants and/or by the High Court of Sindh.

49 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **September 29, 2017** by the Board of Directors of B.R.R. Investment (Private) Limited.

50 CORRESPONDING FIGURES

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

51 NUMBER OF EMPLOYEES

The number of employees as at year end was 78 (2016: 72) and average number of employees during the year was 74 (2016: 79).

52 GENERAL

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

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

**Rafique Dawood
Chairman**

**Ayaz Dawood
Chief Executive Officer**

**Waqas Anwar Qureshi
Director**

**Syed Tariq Masood
Chief Financial Officer**

Consolidated Financial Statements
For The Year Ended
June 30, 2017



DIRECTORS' REPORT

On behalf of the Board of Directors of B.R.R. Investment (Private) Limited ('BRRI' or 'the company'), manager of B.R.R. Guardian Modaraba ('BRRGM' or 'the Modaraba'), it gives us great pleasure to present to you the Annual Report and Audited Financial Statements for the year ended June 30, 2017.

MODARABA'S PERFORMANCE:

Summary of the comparative financial performance is given below:

	June 2017	June 2016
Rupees.....	
Profit Before Management Fee & WWF	194,602,869	53,805,201
Management Fee	19,519,375	5,380,520
Sales Tax on Management Fee	2,537,519	753,273
Provision for Workers' Welfare Fund	3,462,737	953,428
Profit After Management Fee & WWF	169,083,238	46,717,980
Earning per certificate	2.17	0.60
Certificate Holder's Equity	1,263,852,726	1,056,598,450
Break up value - per certificate	16.19	13.54

Dividend:

The Board is pleased to announce Rs. 1 per certificate cash dividend for the year ended June 30, 2017 versus Rs. 0.27 per certificate last year.

The Certificate Holders' Equity of the Modaraba stands at Rs. 1,263.85 million as compared with Rs. 1,056.59 million during last year with an increase of 19.62%. The breakup value share comes to Rs 16.19 per certificate. Please note that this is the highest equity and profit in the history of your Modaraba.

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

Authorized Fund

The authorized fund of the Modaraba has increased from Rs. 870 million to Rs. 1.15 billion (each modaraba certificate of Rs. 10/-) on approval of Deputy Director Specialized Companies Division (Modaraba Wing) dated January 20, 2017.

NATURE OF BUSINESS AND MARKET DYNAMICS:

B.R.R. Guardian Modaraba (BRRGM) is pioneer in the field of Modaraba in Pakistan, it was founded in 1983. Being the pioneer and the oldest Modaraba, BRRGM has got unique feature as per its prospectus, which has made it stand-out in many ways. BRRGM has successfully completed three decades of operations and serves businesses and economy of Pakistan through Sharia-compliant financial products. BRRGM, apart from other innovative business plans; during prior years, successfully completed a 20 storey TOWER in business district (I.I. Chundrigar Road) of the country. BRR Tower is an Icon in the country because of its unique features.



The management of BRRGM has invested in alternate energy; security, cleanliness, efficiency, services and outlook of the Tower. This is the reason that not only corporate, but leading multi-nationals are now tenants of the tower. Total rentable area of BRR Tower is now 100,211 square feet which is 100% occupied. Major tenants include;

- A reputed media group occupying three floors.
- One floor has been rented to a subsidiary of an international big-4 audit firm.
- Two floors are rented to a foreign company.
- Four floors are rented to leading Multinational Commercial Bank.

The benefit of renting-out to 'AAA' corporate and foreign companies will assist and ensure prompt collection of receivables (rentals).

ECONOMIC REVIEW

Economic growth in Pakistan has historically remained volatile, lacking a steady growth path and adding to the economic uncertainty about the country's economic conditions. Historical data suggests that the economy reached a high of above 10 percent growth level in 1954.

Country's overall economic growth rate recorded highest 5.28 per cent in nine years, while last year it was 4.51 per cent.

Gross Public Debt Ratio improved to 59.3 percent to GDP from 60.2 per cent to GDP last year.

Per capita income increased to \$1,629 from \$1,333 last year. Government focused on higher GDP growth that brings better living conditions to the people through higher increases in per capita incomes and more job opportunities.

Pakistan Stock Exchange (PSX 100 Index) was ranked best market in Asia and fifth best performing stock market in the world in the year 2016.

STRATEGY FOR BUSINESS SUSTAINABILITY

As our business strategy, we shall remain focused on following areas in FY 2017 -2018:

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

Total Assets Of Modaraba Sector	
Financial Year	Rupees in Million
2010	24,469
2011	26,343
2012	29,195
2013	31,434
2014	30,212
2015	30,736
2016	36,806



The market share of BRRGM as per the MAP Year Book 2016 of NBFI & Modaraba Association of Pakistan for the financial year ended June 30th, 2016 is presented below:

	-----Rs. In million-----		
	Combine position of 25 modarabas	BRRGM's share	% of BRRGM's share to all modarabas
Total Equity	20,439	1,056	5.17%
Total Assets	36,806	2,078	5.65%
Net Profit	1,184	47	3.97%

RESOURCES, OPPORTUNITIES, BUSINESS RISKS AND MITIGANTS:

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

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

Your Management Company has implemented provisions of the code of corporate governance relevant for the year ended June 30, 2017. The external auditors review report on the statement of compliance with the code of corporate governance is annexed with this report.

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

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



TRADING / DEALING IN CERTIFICATE OF MODARABA:

During the fiscal year, no trade in the certificate of the Modaraba was carried out by the Directors, CFO, Company Secretary, and their spouses of minor children except the CEO has purchased 1,001,000 BRRGM's Certificates.

CODE OF CONDUCT:

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

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

STAFF RETIREMENT BENEFITS:

BRR Guardian Modaraba operates a Provident Fund scheme for all permanent employees. The value of investments as at June 30, 2017 is Rs. 100.44 million (2016: Rs. 78.68 million).

POST BALANCE SHEET EVENTS:

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

TRANSACTION WITH CONNECTED PERSONS / RELATED PARTIES:

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

AUDITORS:

We would also like to apprise the certificate-holders that on recommendation of Audit Committee M/s BDO Ebrahim & Company - Chartered Accountants have been appointed as auditors for the year ended 2017-18 subject to approval of Registrar Modaraba Companies and Modarabas.

KEY OPERATING AND FINANCIAL DATA:

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

RISK MANAGEMENT FRAMEWORK:

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

Board of Directors Meetings

The status of Board of Directors Meetings is as follows:

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



Audit Committee Meetings

The status of Board Audit Committee Meetings is as follows

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

AUDITORS' OBSERVATIONS:

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

- I. Refer to note 6.1.1 to the financial statement which states that the Modaraba had swapped certain assets with an office premises valuing Rs. 70 million from an associated undertaking, the title of which has not been transferred in the name of Modaraba as a commercial bank has obtained a stay order against the same. However, the original title documents and possession of the property rest with Modaraba.
- II. Refer to note 23.1 to the financial statements which provide details relating to settlement agreement entered into with a commercial bank.
- III. Refer to note 31.1 to the financial statements which provide details in respect of Musharaka settlement during the period.
- IV. Refer to note 47.2 to the financial statements which provide details regarding the approval of scheme of arrangement for merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and into B.R.R. Guardian Modaraba (BRRGM) by the Board of Directors of Modaraba Management Company in their meeting held on September 29, 2017. As a consequence of the scheme of amalgamation, BRRGM shall be taking over the business, functions, contracts, policies, proceedings, undertaking, assets, liabilities, etc. of CSM at a specific date subject to approval of Registrar of Modaraba and such changes, modifications as may be required or advised by legal counsel and / or accounting consultants and / or by the High Court.

INTERNAL CONTROL AND AUDIT FUNCTION:

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

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

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



FUTURE STRATEGY:

BRRRI manages two Modarabas i.e. BRRGM and Crescent Standard Modaraba (CSM). CSM is comparatively smaller in size and due to its small equity base it may not survive in the longer run. Further the fixed costs of CSM are considerably higher and keeping in view breakup value per certificate of CSM being less than the par value per certificate, the Board of Directors has decided to merge CSM by way of amalgamation with and into BRRGM subject to approval of Registrar Modaraba and to be filed under a petition for sanction by the High Court of Sindh at Karachi in terms of sections 279-283 of the Companies Act, 2017, read with SRO 840(I)/2017 dated August 17, 2017, "Scheme of Arrangement (Modarabas)", involving swap ratio 1,000 certificates of BRRGM for every 2,405 certificates of CSM on the basis of breakup values of the Certificates of BRRGM and CSM. The amalgamation of both Modarabas will result in synergies which will reduce costs and increase efficiency.

HUMAN RESOURCE MANAGEMENT POLICIES & SUCCESSION PLANNING:

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

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

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

SUCCESSION PLAN:

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

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

CORPORATE SUSTAINABILITY:

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

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

Corporate Social Responsibility:

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



We envision initiate and successfully see through the interventions in the field of sustainable and responsible business practices, setting up precedents for others to emulate. Sustainable and responsible development has remained our primary concern since inception. BRRGM duly realizes its role and contributing towards CSR program which focuses of empowerment of underprivileged communities, employee welfare, and educational support for needy students.

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

Health, Safety & Environment

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

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

PATTERN OF CERTIFICATE HOLDING:

The pattern of certificate holding as on June 30, 2017 along with disclosure as required under the Code of Corporate Governance is annexed.

DIRECTORS' TRAINING PROGRAM

Out of four, three directors of the board are having more than 14 years of education and more than 15 years of experience. Further, the directors of the company have been provided with copies of the Code of Corporate Governance, Modaraba Rules, Company's Memorandum and Articles of Association, Modaraba Prospectus and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Modaraba, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities.

CONCLUSION & APPRECIATION:

Looking ahead, 2017-18 we will strive to enhance market outreach and add quality assets through costume base portfolio and renting out properties. We always adopt best practices in its endeavor to create certificate holders wealth and gain market-confidence. BRRGM remains determined in maintaining its status amongst the top tier Modarabas of the country and committed for its smooth operations. We wish to place on record the support given to your Modaraba by the Registrar Modaraba.

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

Waqas Anwar Qureshi
Director

Ayaz Dawood
Chief Executive Officer

September 29, 2017
Karachi.

ڈائریکٹرز کی رپورٹ

بی. آر. آئی. انویسٹمنٹس (پرائیویٹ) لمیٹڈ ("بی آر آئی" یا کمپنی)، بورڈ آف ڈائریکٹرز کی طرف سے، بی آر آئی گارنڈین مضاربہ (بی آر آئی ایم) کے مینیجر کی حیثیت سے ہم جون 30، 2017 کو ختم ہونے والے سال کے آڈٹ کئے گئے مجموعی مالیاتی گوشوارے پیش کرتے ہوئے بے حد مسرت محسوس کر رہے ہیں۔

مضاربہ کی کارکردگی

تقابلی مالیاتی کارکردگی کا خلاصہ مندرجہ ذیل ہے:

جون 30، 2016	جون 30، 2017	پاکستانی روپے میں
53,805,201	194,602,869	منافع قبل از انتظامیہ کی فیس اور ڈیلیوڈبلو ایف
5,380,520	19,519,375	انتظامیہ کی فیس
753,273	2,537,519	انتظامیہ فیس پر سیلز ٹیکس
953,428	3,462,737	ورکرز ویلفیئر فنڈ کی فراہمی
46,717,980	169,083,238	منافع بعد از انتظامیہ کی فیس اور ڈیلیوڈبلو ایف
0.60	2.17	نفع فی سرٹیفکیٹ
1,056,598,450	1,263,852,726	سرٹیفکیٹ ہولڈرز کی ایکوٹی
13.54	16.19	بریک اپ ویلیو - فی سرٹیفکیٹ

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز گزشتہ برس کے 0.27 روپے کے مقابلے میں 30 جون، 2017 کو ختم ہونے والے سال کے لیے فی سرٹیفکیٹ 1 روپے نقد ڈیویڈنڈ کا اعلان کرتے ہیں۔

مضاربہ کے سرٹیفکیٹ ہولڈرز کی ایکوٹی پچھلے سال 1,056.59 ملین روپے کے مقابلے میں 19.62% فیصد اضافے کے ساتھ 1,263.85 ملین روپے ہو گئی ہے۔ بریک اپ ویلیو شیئر 16.19 روپے فی سرٹیفکیٹ ہے۔ براؤکرم توجہ کریں کہ یہ آپ کے مضاربہ کی تاریخ میں سب سے زیادہ ایکوٹی ہے۔

ایس۔ ای۔ سی۔ پی۔ سے منظوری کے مطابق مضاربہ نے نومبر 2015 میں ایک مکمل ملکیتی ذیلی کمپنی تشکیل دی ہے جس نے ابھی تک کام شروع نہیں کیا ہے۔ ذیلی کمپنی کی بنیادی کاروباری سرگرمی کمپنٹل اور منی مارکیٹ میں بروکرینج کی خدمات اور دیگر مشاورتی خدمات فراہم کرنا ہے۔

مجاز فنڈ

ڈیٹی ڈائریکٹرز ویوشن برائے خصوصی کمپنیز (مضاربہ ونگ) کی منظوری مورخہ 20 جنوری 2017 کے مطابق مضاربہ کا مجاز فنڈ 870 ملین روپے سے بڑھ کے 1.15 ملین روپے ہو گیا ہے۔

کاروبار کی نوعیت اور مارکیٹ ڈائنامکس

بی آر آر جی ایم میں مضاربہ نے پاکستان میں مضاربہ کی داغ بیل ڈالی اور اب تک قائدانہ کردار ادا کیا ہے۔ آغاز کنندہ ہونے کے ناطے بی آر آر جی ایم نے عمدہ کارکردگی کے ذریعے دوسروں کے لیے عمدہ مثال قائم کی ہے۔ بی آر آر جی ایم نے شرعی اصولوں سے مطابقت رکھنے والی مالیاتی اشیاء و خدمات متعارف کرا کے قومی معیشت کی خدمت کرتے ہوئے تین عشرے مکمل کیے ہیں۔ بی آر آر جی ایم نے ان تین عشروں کے دوران کاروباری سرگرمیوں کے سب سے بڑے قومی مرکز آئی آئی چندریگر روڈ پر 20 منزلہ نادر تعمیر کیا ہے۔ اپنی منفرد خصوصیات اور سہولتوں کی بنیاد پر یہ عمارت (بی آر آر جی ایم نادر) کاروباری دنیا میں اہم سنگ میل ہے۔

بی آر آر جی ایم کی انتظامیہ نے اس عمارت کو زیادہ سے زیادہ دیدہ زیب، محفوظ اور سہولتوں اور خدمات کے اعتبار سے زیادہ سے زیادہ قابل اعتبار بنانے پر خاص توجہ دی ہے۔ یہی سبب ہے کہ ملک کے کارپوریٹ سیلٹر کے علاوہ کئی غیر ملکی ادارے بھی اس عمارت سے مستفید ہونے میں دلچسپی لے رہے ہیں۔ اس عمارت میں کرائے پر دینے کے لائق رقبہ ایک لاکھ 211 مربع فٹ ہے۔ 100 فیصد رقبہ کرائے پر دیا جا چکا ہے۔

کرایہ داروں پر ایک نظر:

- بی آر آر جی ایم نادر کی تین منزلیں ملک کے معروف میڈیا گروپ کو دی گئی ہیں۔
- ایک مکمل منزل معروف بین الاقوامی آڈٹ فرم کو دی گئی ہے۔
- ایک معروف غیر ملکی کمپنی نے دو منزلیں لے رکھی ہیں۔
- چار منزلیں ایک معروف کثیر القومی تجارتی بینک کو دیئے گئے ہیں۔

”AAA“ کارپوریٹ اور غیر ملکی کمپنیوں کو کرائے پر دینے کا فائدہ یہ ہے کہ اس سے کرائے کی بروقت وصولی کی یقین دہانی ہوتی ہے۔

اقتصادی جائزہ

پاکستان میں اقتصادی ترقی تاریخی طور پر غیر مستحکم رہی ہے، ایک مستحکم نمو کی راہ کا نہ ہونا ملک کے اقتصادی حالات میں غیر یقینی صورتحال میں اضافہ کرتا ہے۔ تاریخی اعداد و شمار سے پتہ چلتا ہے کہ 1954 میں معیشت 10 فیصد سے زائد کی نمو کی سطح پہ پہنچ گئی تھی۔

ملک کی مجموعی اقتصادی ترقی کی شرح نے نو سالوں میں سب سے زیادہ 5.28 فیصد رہی ہے، جبکہ گزشتہ سال میں یہ 4.51 فیصد تھی۔

مجموعی عوامی قرض کا جی ڈی پی سے تناسب گزشتہ سال کے 60.2 فیصد سے بہتر ہو کر 59.3 فیصد ہو گیا ہے۔

فی کس آمدنی گزشتہ سال کی 1,333\$ سے بڑھ کر 1,666\$ ہو گئی ہے۔ حکومت نے جی ڈی پی کی زیادہ سے زیادہ ترقی پہ توجہ مرکوز رکھی جو کہ فی کس آمدنی میں زیادہ سے زیادہ اضافے اور ملازمت کے مزید مواقع کے ذریعے لوگوں کو بہتر حالات زندگی میں ستر کرتے ہیں۔

پاکستان اسٹاک ایکسچینج (پی ایس ایکس 100 انڈیکس) ایشیا میں سب سے بہترین مارکیٹ اور سال 2016 میں دنیا میں پانچویں بہترین کارکردگی کا مظاہرہ کرنے والی اسٹاک مارکیٹ قرار پائی۔

کاروباری استحکام کے لیے حکمت عملی

مالی سال 2017-18 کے لیے ہم درج ذیل شعبوں پر متوجہ رہیں گے :

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

مارکیٹ کے حصے کی معلومات

مضاربہ کے شعبے کی مجموعی اثاثے	
مالی سال	ملین روپے
2010	24,469
2011	26,343
2012	29,195
2013	31,434
2014	30,212
2015	30,736
2016	36,806

جون 30، 2016 کو ختم ہونے والے مالی سال کے لیے مضاربہ ایسوسی ایشن آف پاکستان اور این بی ایف آئی کی MAP بک برائے 2016 کے مطابق بی آر آر جی ایم

کارکیٹ شیئر حسب ذیل رہا :

بی آر آر جی ایم کا حصہ تمام مضاربہ میں	ملین روپے		حصہ یافتگان کی ایکویٹی
	25 مضاربہ کی پوزیشن	بی آر آر جی ایم کا حصہ	
5.17%	20,439	1,056	حصہ یافتگان کی ایکویٹی
5.65%	36,806	2,078	اثاثے کل
3.97%	1,184	47	خالص منافع

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

مضاربہ کمپنیوں نے ملک میں اسلامی اصولوں کے مطابق بینکاری اور مالیات کی خدمات متعارف کرائی ہیں۔ ان اداروں نے شریعت کے بیان کردہ مالی و کاروباری اصولوں کے مطابق کام کرتے ہوئے مکمل حلال آمدن یقینی بنانے میں اہم کردار ادا کیا ہے۔

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

جون 30، 2017 کو ختم ہونے والے مالی سال کے لیے جاری کیے جانے والے کوڈ آف کارپوریٹ گورننس کے مطابق ایکسٹرل آڈیٹرز کی رپورٹ اس دستاویز سے منسلک ہے۔

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

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

مضاربہ سرٹیفکیٹ میں تجارت / لین دین

گزرے ہوئے مالی سال میں ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری اور ان کے اہل خانہ نے سرٹیفکیٹس میں کوئی ٹریڈنگ نہیں کی، سوائے سی ای او کے جنہوں نے 10 لاکھ، 1 ہزار سرٹیفکیٹ خریدے۔

ضابطہ اخلاق

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

مضابطہ اخلاق اچھے کاروباری رویے کی نشاندہی کرتا ہے اور ایمان داری، شفافیت اور روشن خیالی پر فیشنل طرز فکر و عمل کا پتہ دیتا ہے۔

فوائد برائے اسٹاف ریٹائرمنٹ

تمام مستقل ملازمین کے لیے پراویڈنٹ فنڈ موجود ہے۔ جون 30، 2017 تک سرمایہ کاری کی قدر 100.44 ملین روپے رہی جو 2016 میں 78.68 ملین روپے تھی۔

واقعات بعد از بیلنس شیٹ

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

منسلک افراد / متعلقہ فریقین سے لین دین

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

آڈیٹرز

ہم سرٹیفیکیٹ ہولڈرز کو مطلع کرتے ہیں کہ آڈٹ کمیٹی کی تجویز پر میسرز بی ڈی او ابراہیم اینڈ کمپنی - چارٹرڈ اکاؤنٹنٹس کو برائے سال 2017-18 کے لئے رجسٹرڈ مضاربہ کمپنیز اور مضاربہ کی منورری سے مشروط آڈیٹرز و وارنٹینٹات کیا جا رہا ہے۔

اہم آپریٹنگ اور مالی اعداد و شمار

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

رہسک مینیجمنٹ فریم ورک

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

بورڈ آف ڈائریکٹرز کا اجلاس

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

نمبر	نام	عہدہ	حاضری
1	جناب رفیق داؤد	چیئر مین	4 میں سے 4
2	جناب یاز داؤد	سی ای او	4 میں سے 4
3	جناب وقاص انور قریشی	ڈائریکٹر	4 میں سے 3
4	سید علی رضا	ڈائریکٹر	4 میں سے 4

آڈٹ کمیٹی کا اجلاس

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

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

آڈیٹرز کے مشاہدات

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

- I. مالیاتی گوشوارے کے نوٹ 6.1.1 کے مطابق مضاربہ نے سات کروڑ مالیت کی جائیداد اپنے کچھ اثاثوں کے بدلے میں تصفیہ کے طور پر ایک منسلک ادارے سے لی جس کی ملکیت مضاربہ کے نام پہ منتقل نہیں ہوئی ہے کیونکہ ایک کمرشل بینک نے اس کے خلاف حکم امتناع لیا ہوا ہے۔ تاہم، جائیداد کے اصل کاغذات اور قبضہ مضاربہ کے پاس ہے۔
- II. مالیاتی گوشوارے کے نوٹ 23.1 کمرشل بینک کے ساتھ معاہدہ برائے تصفیہ کے متعلق تفصیلات فراہم کی گئی ہیں۔
- III. مالیاتی گوشوارے کے نوٹ 31.1 میں دوران سال ہونے والے تصفیہ مشارک کی تفصیلات فراہم کی گئی ہیں۔
- IV. مالیاتی گوشوارے کے نوٹ 47.2 کریڈٹ اسٹیٹمنٹ مضاربہ (سی ایس ایم) اور بی. آر. آر. گارجین مضاربہ کے انضمام کے منصوبے کی تفصیلات فراہم کرتا ہے جس کی منظوری مضاربہ کی انتظامیہ کمیٹی کے بورڈ آف ڈائریکٹرز کے اجلاس جس کا انعقاد ستمبر 29، 2017 کو ہوا میں قرار پائی۔ انضمام کے نتیجے میں، بی آر آر جی ایم سی ایس ایم کے کاروبار، افعال، معاہدے، پالیسیاں، کاروائیاں، ذمہ داریاں، اثاثے، واجبات وغیرہ کو ایک مخصوص تاریخ پہ حاصل کر لے گا جو کہ رجسٹرڈ مضاربہ کی منظوری سے اور قانونی مشیر اور/یا اکاؤنٹنگ کنسلٹنٹس اور/یا بیانی کورٹ کی تجویزیوں یا ترمیم سے مشروط ہے۔

انٹرئل کنٹرول اینڈ آڈٹ

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

1. مروج انٹرئل کنٹرول کاؤنٹنگ اسٹینڈرڈز، سلامت فنانشل اکاؤنٹنگ اسٹینڈرڈز، مضاربہ کمپنیز اینڈ مضاربہ (فلوئیشن اینڈ کنٹرول) آرڈیننس مجریہ 1980، مضاربہ کمپنیز رولز مجریہ 1981 اور بورڈ آف ڈائریکٹرز کے طے کردہ طریق کار اور پالیسیوں پر عمل کرنا۔
2. اکاؤنٹنگ اور انٹرئل کنٹرول سسٹم کا جائزہ لینا۔
3. تمام کاروباری معاملات میں کفایت، بہتر کارکردگی اور اثر پذیر بی جائزہ لینا۔ کارپوریٹ اصطلاح میں اسے ویلیو فار مانی آڈٹس کہا جاتا ہے۔
4. فنانشل اور آپریشنل معاملات کا جائزہ۔
5. اہم خطرات کی تشخیص اور نفاذ ہی۔

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

مستقبل کی حکمت عملی

بی آر آئی و مضاربہ کا انتظام سنبھالتا ہے جو کہ بی آر جی ایم اور کریڈنٹ اسٹینڈرڈ مضاربہ (سی ایس ایم) ہیں۔ سی ایس ایم سائز میں نسبتاً چھوٹا ہے اور چھوٹی انکوبیٹی میں کی وجہ سے یہ طویل عرصہ میں زندہ نہیں رہ سکتا۔ مزید یہ کہ مقررہ اخراجات کافی زیادہ ہیں اور یہ دیکھتے ہوئے کہ بنیادی قیمت فی سرٹیفیکیٹ بریک اپ ویلیو فی سرٹیفیکیٹ سے کم ہے، لہذا بورڈ آف ڈائریکٹرز نے سی ایس ایم کو بی آر آئی، گارمین مضاربہ میں ضم کرنے کا فیصلہ کیا ہے جو کہ رجسٹرڈ مضاربہ کی منظوری سے مشروط ہے اور جس کی منظوری کی درخواست کمپنیز ایکٹ 2017 کی زیر دفعہ 283F279، جس کو SRO 840(D)/2017 مورخہ 17 اگست 2017 کے ساتھ پڑھا جائے، کہ تحت سندھ ہائی کورٹ میں جمع کرائی جائے گی، اس میں بی آر آئی، جی ایم، اور سی ایس ایم کے سرٹیفیکیٹس کی بریک اپ ویلیو کہ تحت تبدیلی کا تناسب (swap ratio) سی ایس ایم، کہ ہر 2,405 سرٹیفیکیٹس کے بدلے میں بی آر آئی، جی ایم، کہ 1,000 سرٹیفیکیٹس ہیں۔ دونوں مضاربہ کے انضمام سے مطابقت بڑھے گی جس سے اخراجات کو کم کرنے اور کارکردگی بڑھانے میں مدد ملے گی۔

انسانی وسائل کا نظم و نسق اور جانشینی کی منصوبہ بندی

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

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

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

جانشینی کی منصوبہ بندی

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

کاروباری پائیداری

ہمیں اس بات کا پورا احساس ہے کہ ہماری ذمہ داری کسٹمرز، ملازمین اور شیئرز ہولڈرز کو مطمئن کرنے تک محدود نہیں بلکہ ہم جس ماحول میں کام کر رہے ہیں اسے بہتر بنائے رکھنا بھی ہماری ذمہ داری ہے۔ ہم اس بات پر یقین ضرور رکھتے ہیں کہ کامیاب کمپنی وہ ہے جو زیادہ منافع کمائے مگر صرف منافع کا حصول ہی سب کچھ نہیں۔ بی آر آر جی ایم کے لیے کامیابی کا حقیقی مفہوم یہ ہے کہ کسٹمرز کو وہ اشیاء و خدمات ملتی رہیں جن کی انہیں ضرورت ہے اور ساتھ ہی ساتھ معاشرے اور ماحول کو بھی نقصان سے زیادہ سے زیادہ محفوظ رکھا جائے۔ ہم ایک ایسا ماحول پیدا کرنے کے لیے کوشاں رہتے ہیں جو تجارتی نقطہ نظر سے بے حد منافع بخش اور اخلاقی نقطہ نظر سے قابل قبول ہو۔

کارپوریٹ سماجی ذمہ داری

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

ہم کارپوریٹ سیکٹر کا حصہ ہونے کے ناطے اپنی معاشرتی اور ماحولی ذمہ داریوں کو خوب سمجھتے ہیں۔ ہماری کوشش ہے کہ اپنا کردار ادا کرنے کے لیے ساتھ ساتھ دوسروں کے لیے

اچھی مثال بھی قائم کی جائے۔ ابتداء ہی سے پائیدار اور ذمہ دارانہ ترقی ہمارا مقصد اور ہدف رہی ہے۔ بی آر آر جی ایم نے سی آر ایس پروگرام کے تحت اپنی ذمہ داریوں کو کبھی نظر انداز نہیں کیا۔ زندگی کی دوڑ میں پیچھے رہ جانے والوں کی مدد کرنے کے ساتھ ساتھ ملازمین کی بہبود کا خیال رکھنا اور ضرورت مند طلباء و طالبات کی بروقت معاونت کا بھی ہمیں پورا احساس ہے۔

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

صحت، حفاظتی تدابیر اور ماحول

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

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

سرٹیفکیٹ ہولڈنگ کی طرز

30 جون، 2017 کو ختم ہونے والے مالی سال کے لیے پیٹرن آف سرٹیفکیٹ ہولڈنگ اور کوڈ آف کارپوریٹ گورننس کے تحت مطلوب ڈسکلوژرس دستاویز سے منسلک ہے۔

تربیتی پروگرام برائے ڈائریکٹرز

چار میں سے پورے تین ڈائریکٹرز 14 سال سے زائد تعلیم اور 15 سال سے زائد تجربے کے حامل ہیں۔ اس کے علاوہ کمپنی کے ڈائریکٹرز کو کوڈ آف کارپوریٹ گورننس، مضاربہ رولز، کمپنی کے میمورینڈم اور آرٹیکلز آف اسیسٹن، مضاربہ پراسیجرز اور دیگر تمام متعلقہ قواعد و ضوابط کی کاپیاں فراہم کی گئی ہیں جس کی وجہ سے وہ مضاربہ سے متعلق تمام قابل اطلاق قوانین، اس کی پالیسیوں اور طریقہ کار اور میمورینڈم اور آرٹیکلز آف اسیسٹن کی شقوں اور اپنے فرائض اور ذمہ داریوں کا مکمل علم رکھتے ہیں۔

اختتامی کلمات اور اظہار تشکر

ہم آئندہ سال مارکٹ میں اپنی دسترس کو وسعت دینے کی بھرپور کوشش کر رہے ہیں۔ کاسٹیم میمنڈ پورٹ فولیوز کے ذریعے اور پراپرٹی کو کرائے پر دے کر معیاری اثاثوں میں اضافہ یقینی بنایا جائے گا۔ ہم سرٹیفکیٹ ہولڈرز کا اعتماد پانے اور ان کے لیے زیادہ سے زیادہ منافع یقینی بنانے کے لیے ہمیشہ معیاری پریکٹس اپناتے ہیں۔ بی آر آرجی ایم اپنی منفرد پوزیشن برقرار رکھنے کے لیے کوشاں ہے۔ اپنے اپنے افعال کو زیادہ سے زیادہ سبک اور معیاری بنانے کے عہد پر کاربند ہیں۔ ہم رجسٹرار مضاربہ کی طرف سے اس ادارے پر ظاہر کردہ اعتماد کو ریکارڈ پر لانے میں بھی فخر محسوس کرتے ہیں۔

از طرف بورڈ آف ڈائریکٹرز

بی. آر. آر. انویسٹمنٹ (پرائیوٹ) لمیٹڈ

ایاز داؤد

چیف ایگزیکٹو آفیسر

وقاص انور قریشی

ڈائریکٹر

ستمبر 29، 2017
کراچی

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **B.R.R. GUARDIAN MODARABA** (the holding company) and its subsidiary company as at June 30, 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of **B.R.R. GUARDIAN MODARABA** except for **BRR Financial Services (Private) Limited** which were audited by other firm of chartered accountants whose reports have been furnished to us and our opinion is so far as it relates to the amount included for such companies is based solely on the report of such other auditor. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of the **B.R.R. GUARDIAN MODARABA** and its subsidiary company as at June 30, 2017 and the results of their operations for the year then ended.

Without modifying our opinion, we draw attention to:

- (i) note 6.1.1 to the consolidated financial statements which states that the Modaraba had swapped certain assets with an office premises valuing Rs. 70 million from an associated undertaking, the title of which has not been transferred in the name of Modaraba as a commercial bank has obtained a stay order against the same. However, the original title documents and possession of the property rest with Modaraba.
- (ii) note 23.1 to the consolidated financial statements which provides details relating to settlement agreement entered into with a commercial bank.
- (iii) note 31.1 to the consolidated financial statements which provides details in respect of Musharaka settlement during the period.
- (iv) note 47.2 to the consolidated financial statements which provide details regarding the approval of scheme of arrangement for merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and into B.R.R. Guardian Modaraba (BRRGM) by the Board of Directors of Modaraba Management Company in their meeting held on September 29, 2017. As a consequence of the scheme of amalgamation, BRRGM shall be taking over the business, functions, contracts, policies, proceedings, undertakings, assets, liabilities, etc. of CSM at a specific date subject to approval of Registrar of Modaraba and such changes, modifications as may be required or advised by legal counsel and/ or accounting consultants and/ or by the High Court.

KARACHI

DATED: September 29, 2017

 **CHARTERED ACCOUNTANTS**
Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

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



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

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	152,175,976	193,785,743
Investment properties	6	982,291,148	1,122,283,049
Long term musharaka finances	7	16,751,414	1,349,702
Long-term loans, advances and deposits	8	9,209,604	17,588,760
		1,160,428,142	1,335,007,254
CURRENT ASSETS			
Short-term investments	9	639,485,814	611,784,936
Current portion of musharaka finances	7	3,047,492	35,532,855
Ijarah / lease rental receivable	10	2,799,981	84,020
Loans, advances and prepayments	11	34,851,099	6,675,317
Accrued profit	12	201,089	1,597,773
Other receivables	13	1,992,615	12,327,208
Taxation	14	10,813,919	4,323,128
Cash and bank balances	15	144,097,751	15,153,463
		837,289,760	687,478,700
Non current asset held for sale	16	55,800,000	55,800,000
TOTAL CURRENT ASSETS		893,089,760	743,278,700
TOTAL ASSETS		2,053,517,902	2,078,285,954
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital			
115,000,000 (2016: 87,000,000) Modaraba certificates of Rs. 10/- each	17	1,150,000,000	870,000,000
Issued, subscribed and paid-up certificate capital	18	780,462,550	780,462,550
Reserves	19	204,174,457	56,163,708
Surplus on revaluation of investments	20	279,215,719	219,972,192
		1,263,852,726	1,056,598,450
LIABILITIES			
NON-CURRENT LIABILITIES			
Diminishing musharaka based Term Finance Certificates	21	72,449,839	177,850,003
Long-term loan	22	110,156,684	-
Long-term murabaha, musharaka and finance under mark-up arrangements	23	-	-
Long-term security deposits	24	77,739,782	90,197,976
TOTAL NON-CURRENT LIABILITIES		260,346,305	268,047,979
CURRENT LIABILITIES			
Current portion of long term loan	22	27,536,000	-
Current portion of long term murabaha, musharaka and finance under mark - up arrangements	23	110,000,000	312,149,098
Current portion of diminishing musharaka based Term Finance Certificates	21	88,207,792	98,641,969
Current portion of security deposits	24	1,485,270	4,626,100
Creditors, accrued and other liabilities	25	218,386,895	74,461,337
Accrued profit on borrowings	26	58,645,425	240,008,423
Profit distribution payable	27	25,057,489	23,752,598
TOTAL CURRENT LIABILITIES		529,318,871	753,639,525
TOTAL EQUITY AND LIABILITIES		2,053,517,902	2,078,285,954
CONTINGENCIES AND COMMITMENTS			
	28		

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

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

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Waqas Anwar Qureshi
Director

Syed Tariq Masood
Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
INCOME			
Rental income	29	164,601,981	139,303,619
Ijarah / lease rentals		34,934,982	36,602,052
Income on musharaka finances		10,572,150	1,726,783
Return on investments - net	30	56,283,874	64,183,565
Profit on bank balances		3,811,142	1,190,448
Reversal of provision	31	-	5,063,458
Unrealized gain on revaluation of held-for-trading investment		43,432,693	85,373
Other income	32	148,430,907	29,410,781
		462,067,729	277,566,079
EXPENSES			
Amortization on ijarah assets	5.2.2	22,219,518	30,273,063
Provision against doubtful receivables - net	31	16,549,165	-
Loss on disposal of ijarah assets		-	129,677
Administrative expenses	33	156,205,984	138,084,427
Financial charges	34	24,780,322	37,314,167
Bad debt expenses		-	27,034
Impairment of assets	35	47,709,871	17,932,510
		267,464,860	223,760,878
Modaraba management company's fee	36	19,519,375	53,805,201
Sales tax on Modaraba management company's fee		2,537,519	753,273
Provision for Workers' Welfare Fund	37	3,462,737	953,428
Profit before taxation		169,083,238	46,717,980
Taxation	38	-	-
Profit for the year		169,083,238	46,717,980
Earnings per certificate - basic and diluted	39	2.17	0.60

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

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

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Waqas Anwar Qureshi
Director

Syed Tariq Masood
Chief Financial Officer



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
Profit for the year	169,083,238	46,717,980
Other comprehensive income for the year		
Items that will be subsequently reclassified to profit or loss:		
Unrealized gain on revaluation of available-for-sale investments	81,786,237	51,353,112
Unrealised gain on revaluation of available for sale investments transferred to the income statement on disposal	<u>(22,542,710)</u>	<u>(997,256)</u>
Total comprehensive income for the year	<u><u>228,326,765</u></u>	<u><u>97,073,836</u></u>

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

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

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Waqas Anwar Qureshi
Director

Syed Tariq Masood
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2017

	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	169,083,238	46,717,980
Adjustment of non-cash and other items:		
Depreciation	44,549,237	43,078,448
Amortization on ijarah assets	22,219,518	30,273,063
Provision against doubtful receivable-net	16,549,165	(5,063,458)
Gain on disposal of property and equipment - owned	(61,881)	(1,631,725)
(Gain) / loss on disposal of property, plant and equipment - leased / ijarah	(2,312,708)	129,677
Profit on musharaka, murabaha and finance under mark-up arrangements	24,768,517	37,301,839
Unrealized gain on revaluation of held-for-trading investment	(43,432,693)	(85,373)
Impairment of assets	47,709,871	17,932,510
Return on investments - net	(56,283,874)	(64,183,565)
	<u>53,705,152</u>	<u>57,751,416</u>
	222,788,390	104,469,396
(Increase) / Decrease in current assets		
Ijarah / lease rentals receivable	(2,715,961)	1,083,529
Loans, advances and prepayments	(19,796,626)	13,012,324
Accrued profit	1,396,684	15,086,579
Other receivables	10,334,593	14,932,391
	<u>(10,781,310)</u>	<u>44,114,823</u>
Increase / (Decrease) in current liabilities		
Creditors, accrued and other liabilities	74,067,873	(57,840,515)
Rent received in advance	69,857,685	3,407,794
Customers' security deposit	(15,599,024)	(3,740,734)
	<u>128,326,534</u>	<u>(58,173,455)</u>
Income tax (paid) / refunded	(6,490,791)	1,565,721
Net cash generated from operating activities	<u>333,842,823</u>	<u>91,976,485</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments disposed / (purchased) -net	74,975,342	(33,445,874)
Income received on investments	56,283,874	64,183,565
Musharaka finances	57,865,486	75,045,021
Addition to property and equipment - owned	(11,601,882)	(12,568,138)
Addition to property, plant and equipment - ijarah	(847,500)	(16,334,500)
Proceeds from disposal of property and equipment - owned	61,899	2,281,587
Proceeds from disposal of property, plant and equipment - leased / ijarah	24,554,114	13,086,769
Net cash generated from investing activities	<u>201,291,333</u>	<u>92,248,431</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit paid to certificate holders	(19,767,598)	(30,526,968)
Finance under murabaha, musharaka and finance under mark-up arrangements	(317,983,439)	(111,068,648)
Long-term loan	137,692,684	-
Financial charges paid	(206,131,515)	(62,743,510)
Net cash used in financing activities	<u>(406,189,868)</u>	<u>(204,339,126)</u>
Net increase / (decrease) in cash and cash equivalents	<u>128,944,288</u>	<u>(20,114,210)</u>
Cash and cash equivalents at the beginning of the year	<u>15,153,463</u>	<u>35,267,673</u>
Cash and cash equivalents at the end of the year	<u>144,097,751</u>	<u>15,153,463</u>

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

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

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Waqas Anwar Qureshi
Director

Syed Tariq Masood
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid-up certificate capital	Capital reserves		Surplus on revaluation of investment	Accumulated loss	Total
		Profit prior to floatation	*Statutory reserve			
	----- (Rupees) -----					
Balance as at July 01, 2015	780,462,550	10,532,683	595,569,357	169,616,336	(565,047,579)	991,133,347
Profit for the year ended June 30, 2016	-	-	-	-	46,717,980	46,717,980
Unrealized gain on revaluation of available-for-sale investments - net	-	-	-	50,355,856	-	50,355,856
Total comprehensive income for the year	-	-	-	50,355,856	46,717,980	97,073,836
Profit distribution for the year ended June 30, 2015 @ Re.0.405 per certificate	-	-	-	-	(31,608,733)	(31,608,733)
Transfer to statutory reserve	-	-	23,358,990	-	(23,358,990)	-
Balance as at June 30, 2016	780,462,550	10,532,683	618,928,347	219,972,192	(573,297,322)	1,056,598,450
Profit for the year ended June 30, 2017	-	-	-	-	169,083,238	169,083,238
Unrealized gain on revaluation of available-for-sale investments - net	-	-	-	59,243,527	-	59,243,527
Total comprehensive income for the year	-	-	-	59,243,527	169,083,238	228,326,765
Profit distribution for the year ended June 30, 2016 @ Re.0.27 per certificate	-	-	-	-	(21,072,489)	(21,072,489)
Transfer to statutory reserve	-	-	82,970,646	-	(82,970,646)	-
Balance as at June 30, 2017	<u>780,462,550</u>	<u>10,532,683</u>	<u>701,898,993</u>	<u>279,215,719</u>	<u>(508,257,219)</u>	<u>1,263,852,726</u>

* Statutory reserve represents profit set aside to comply with the Prudential Regulation for Modarabas issued by Securities and Exchange Commission of Pakistan.

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

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

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Waqas Anwar Qureshi
Director

Syed Tariq Masood
Chief Financial Officer



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. LEGAL STATUS AND NATURE OF THE BUSINESS

These consolidated financial statements consist of the following group companies:

1.1 Holding Company

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

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

As per section 23 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, a Modaraba shall be wound up by the Tribunal on an application made by the Registrar if the accumulated losses of the Modaraba exceeds 50 percent of the total amount subscribed by the holders of the Modaraba Certificates. As at June 30, 2017, the accumulated losses of the Modaraba amounted to Rs. 507.666 million which exceed 50 percent of the total amount subscribed by the holders of the Modaraba Certificates by Rs. 117.435 million. The management believes that the Modaraba has sufficient statutory reserves available which could be applied against the accumulated losses with the approval of the concerned authorities. Taking into consideration the statutory reserves amounting to Rs. 701.898 million (2016: Rs. 618.928 million), accumulated losses net of reserves are less than 50 percent of the paid up capital.

1.2 Subsidiary Company

The group comprises of the following subsidiary company.

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan (SECP) ['the Modaraba Regulations'] together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) and Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the repealed Companies Ordinance, 1984 and made applicable to Modarabas under 'the Modaraba Regulations'. Wherever the requirements of 'the Modaraba Regulations' differ from the requirements of these standards, the requirements of 'the Modaraba Regulations' take precedence.



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

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

2.2 Basis of consolidation

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

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

Material intra-group balances and transactions are eliminated.

2.3 Basis of measurement

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

2.4 Functional and presentation currency

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

2.5 Significant accounting estimates and judgments

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

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

Amortization of property, plant and equipment - leased

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

Depreciation on property and equipment

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

Classification and valuation of investments

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

Provision for doubtful receivables

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

Impairment of investments, debt securities and leased assets

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

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

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

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

		Effective date (annual periods beginning on or after)
IFRS 10	Consolidated Financial Statements - Amendments regarding application of the consolidation exception	January 01, 2016
IFRS 11	Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 01, 2016
IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative	January 01, 2016
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16	January 01, 2016
IAS 27	Separate Financial Statements (as amended in 2011) - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	January 01, 2016
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception	January 01, 2016
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation	January 01, 2016
IAS 41	Agriculture - Amendments bringing bearer plants into the scope of IAS 16	January 01, 2016

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

Annual Improvements to IFRSs (2012 – 2014) Cycle:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

IFRS 7 Financial Instruments: Disclosures

IAS 19 Employee Benefits

IAS 34 Interim Financial Reporting

3.2 Amendments not yet effective

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

Accounting standards and interpretations:

		Effective date (annual periods beginning on or after)
IFRS 2	Share-based Payments - Amendment to clarify the classification and measurement of share-based payment	January 01, 2018
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 7	Statement of Cash flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12	Income Taxes - Amendment regarding the recognition of deferred tax assets for unrealized losses	January 01, 2017
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 40	Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 01, 2018

The Annual Improvements to IFRSs that are effective for annual periods beginning on or after January 01, 2017 are as follows:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IFRS 12	Disclosure of Interests in Other Entities	January 01, 2017
IAS 28	Investments in Associates and Joint Ventures	January 01, 2018



3.3 Standards or interpretations not yet effective

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

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment under ijarah arrangements

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

4.2 Property, plant and equipment

4.2.1 Leased out and amortization

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

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

4.2.2 In own use and depreciation

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

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

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



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

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

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

4.3 Capital work-in-progress

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

4.4 Investment properties

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

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

4.5 Non current assets – held for sale

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

4.6 Investments

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

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

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

4.6.2 Available-for-sale

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



4.6.3 Held to maturity

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

4.6.4 Loans and receivables

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

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

4.7 Provisions

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

4.8 Trade date accounting

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

4.9 Recognition and derecognition of financial instruments

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

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

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

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

4.10 Impairment

4.10.1 Financial assets

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

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

4.10.2 Available-for-sale investments

For available-for-sale financial investments, the Group assesses at each balance sheet date whether there is an objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value less any impairment loss on that investment previously recognized in the income statement, is removed from equity and recognized in the profit and loss account.

Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognized in equity through other comprehensive income.

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

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

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

4.10.3 Non-financial assets

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

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

4.11 Revenue recognition

4.11.1 Ijarah income / operating lease income

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

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

4.11.2 Murabaha and musharaka transactions

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

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



4.11.3 Rental income

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

4.11.4 Dividend income

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

4.11.5 Gain and losses on sale of investment

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

4.11.6 Income on debt securities

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

4.11.7 Income on balances with banks

Profit on bank deposit is recognized on accrual basis.

4.11.8 Unrealised income on non-performing assets

Unrealised income is suspended, where necessary, on non-performing assets (including non-performing net investment in ijarah and murabaha and musharaka finances), in accordance with the requirements of the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan. Unrealised suspense income is recognized in profit and loss account on receipt basis.

4.12 Taxation

4.12.1 Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credit and tax rebates realisable, if any. Under clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, the non-trading income of modarabas is exempt from income tax, provided not less than 90% of its profits, after appropriation to statutory reserves as required under Modaraba Regulations, are distributed to the certificate holders.

4.12.2 Deferred

The Group accounts for deferred taxation on all material temporary differences using the liability method arising between the amounts attributed to assets and liabilities for financial reporting purposes and consolidated financial statements used for taxation purposes. However, deferred tax liability has not been provided in these consolidated financial statements as the management believes that the future income of Group will not be taxable in the foreseeable future due to the fact that the Group intends to continue availing the tax exemption through profit distribution to the extent of 90 percent of distributable profit.

4.13 Staff provident fund

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

4.14 Foreign currencies translation

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

4.15 Financial assets

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



4.16 Financial liabilities

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

4.17 Cash and cash equivalents

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

4.18 Profit distribution and other appropriations of profit

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

4.19 Offsetting financial assets and financial liabilities

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

4.20 Segment reporting

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

4.21 Earnings per certificate

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

4.22 Related party transactions

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

	Note	2017 Rupees	2016 Rupees
5 PROPERTY, PLANT AND EQUIPMENT			
Property and equipment - owned	5.1	101,444,101	99,440,410
Property, plant and equipment- leased / ijarah	5.2	50,731,875	94,345,333
		152,175,976	193,785,743

5.1 Property and equipment - owned

Particulars	2 0 1 7							
	Cost			Depreciation			Written down value as at June 30, 2017	Rate of depreciation per annum
	As at July 01, 2016	Additions / (disposals) / transfer*	As at June 30, 2017	As at July 01, 2016	For the year / (on disposals)	As at June 30, 2017		
	-----Rupees-----							
	Leasehold land	2,527,890	-	2,527,890	1,238,669	50,558	1,289,227	1,238,663
Building on leasehold land	106,710,454	-	106,710,454	27,582,560	2,489,748	30,072,308	76,638,146	5%
Lockers	20,405,218	2,487,500	22,892,718	16,523,562	461,037	16,984,599	5,908,119	5%
Furniture and fixtures	9,217,408	-	1,642,536	9,081,952	48,515	1,555,603	86,933	10%
		(7,574,872)			(7,574,864)			
Vehicles	22,068,340	7,619,200	29,112,540	9,562,988	4,998,762	13,986,752	15,125,788	20%
		(575,000)			(574,998)			
Office equipment and appliances	16,151,857	1,495,182	17,105,859	13,651,026	1,549,553	14,659,407	2,446,452	33.33%
		(541,180)			(541,172)			
Total	177,081,167	11,601,882	179,991,997	77,640,757	9,598,173	78,547,896	101,444,101	
		(8,691,052)			(8,691,034)			

Particulars	2 0 1 6							
	Cost			Depreciation			Written down value as at June 30, 2016	Rate of depreciation per annum
	As at July 01, 2015	Additions / (disposals) / transfer*	As at June 30, 2016	As at July 01, 2015	For the year / (on disposals)	As at June 30, 2016		
	-----Rupees-----							
Leasehold land	2,527,890	-	2,527,890	1,188,111	50,558	1,238,669	1,289,221	2%
Building on leasehold land	103,710,454	3,000,000	106,710,454	24,862,987	2,719,573	27,582,560	79,127,894	5%
Lockers	20,405,218	-	20,405,218	16,124,713	398,849	16,523,562	3,881,656	5%
Furniture and fixtures	9,217,408	-	9,217,408	8,995,894	86,058	9,081,952	135,456	10%
Vehicles	19,260,206	7,836,900	22,068,340	9,884,772	4,057,156	9,562,988	12,505,352	20%
		(5,028,766)			(4,378,940)			
Office equipment and appliances	20,623,950	1,731,238	16,151,857	19,053,082	801,239	13,651,026	2,500,831	33.33%
		(6,203,331)			(6,203,295)			
Total	175,745,126	12,568,138	177,081,167	80,109,559	8,113,433	77,640,757	99,440,410	
		(11,232,097)			(10,582,235)			

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

Property and equipment	Cost	Accumulated depreciation	Written down value	Disposal proceed	Gain / (Loss) on disposal	Mode of disposal	Particulars of purchaser
-----Rupees-----							
Vehicles							
Suzuki Mehran - AWW028	533,500	533,499	1	53,350	53,349	Company Policy	Mr. Chen Zaib - Employee
Motorcycle Hero 70 - KFN9894	41,500	41,499	1	4,150	4,149	Company Policy	Mr. Muhammad Waqas - Employee
Furniture and fixtures							
Furniture and fixtures	7,574,872	7,574,864	8	-	(8)	Written Off	N/A
Office equipment							
Office equipment	44,000	43,999	1	4,399	4,398	Company Policy	Syed Tariq Masood - Employee
Office equipment	497,180	497,172	8	-	(8)	Written Off	N/A
2017	8,691,052	8,691,033	19	61,899	61,880		
2016	11,232,097	10,582,270	649,827	2,281,552	1,631,725		

5.2 Property, plant and equipment - leased / ijarah	Note	2017 Rupees	2016 Rupees
Property and equipment - leased	5.2.1	19,615,249	35,475,849
Property, plant and equipment - ijarah	5.2.2	31,116,626	58,869,484
		<u>50,731,875</u>	<u>94,345,333</u>

5.2.1 Property, plant and equipment - leased

2017									
Particulars	Cost			Depreciation			Accumulated impairment	Written down value as at June 30, 2017	Rate of depreciation per annum
	As at July 01, 2016	Additions / (disposals)	As at June 30, 2017	As at July 01, 2016	For the year / (on disposals)	As at June 30, 2017			
	-----Rupees-----								
Plant and machinery	281,541,356	- (120,690,000)	160,851,356	242,711,638	- (96,566,092)	146,145,546	424,719	14,281,091	11% - 25%
Vehicles	100,582,995	- (10,838,000)	89,744,995	47,625,208	- (4,604,540)	43,020,668	41,659,585	5,064,742	20% - 33%
Motor boat	2,694,300	-	2,694,300	2,424,884	-	2,424,884	-	269,416	20%
Total	384,818,651	- (131,528,000)	253,290,651	292,761,730	- (101,170,632)	191,591,098	42,084,304	19,615,249	
2016									
Particulars	Cost			Depreciation			Accumulated impairment	Written down value as at June 30, 2016	Rate of depreciation per annum
	As at July 01, 2015	Additions / (disposals)	As at June 30, 2016	As at July 01, 2015	For the year / (on disposals)	As at June 30, 2016			
	-----Rupees-----								
Plant and machinery	320,922,069	- (39,380,713)	281,541,356	274,576,209	- (31,864,571)	242,711,638	10,474,838	28,354,880	11% - 25%
Vehicles	106,933,475	- (6,350,480)	100,582,995	53,370,640	- (5,745,432)	47,625,208	46,106,234	6,851,553	20% - 33%
Motor boat	2,694,300	-	2,694,300	2,424,884	-	2,424,884	-	269,416	20%
Total	430,549,844	- (45,731,193)	384,818,651	330,371,733	- (37,610,003)	292,761,730	56,581,072	35,475,849	

5.2.2 Property, plant and equipment - Ijarah

2017								
Particulars	Cost			Amortization		Written down value as at June 30, 2017	Rate of amortization per annum	
	As at July 01, 2016	Additions / (disposals)	As at June 30, 2017	As at July 01, 2016	For the year / (on disposals)			As at June 30, 2017
	-----Rupees-----							
Plant and machinery	20,054,955	-	20,054,955	11,226,982	3,075,225	14,302,207	5,752,748	11% - 25%
Vehicles	108,593,880	847,500 (39,415,000)	70,026,380	58,783,944	19,002,993 (33,034,160)	44,752,777	25,273,603	20% - 33%
Office equipment and appliances	785,000	-	785,000	553,425	141,300	694,725	90,275	20% - 33%
Total	129,433,835	847,500 (39,415,000)	90,866,335	70,564,351	22,219,518 (33,034,160)	59,749,709	31,116,626	

Particulars	2 0 1 6							Rate of amortization per annum
	Cost			Amortization			Written down value as at June 30, 2016	
	As at July 01, 2015	Additions / (disposals)	As at June 30, 2016	As at July 01, 2015	For the year / (on disposals)	As at June 30, 2016		
	-----Rupees-----							
Plant and machinery	20,054,955	-	20,054,955	6,858,885	4,368,097 -	11,226,982	8,827,973	11% - 25%
Vehicles	110,206,617	16,334,500 (17,947,237)	108,593,880	45,872,351	25,763,666 (12,852,073)	58,783,944	49,809,936	20% - 33%
Office equipment and appliances	785,000	-	785,000	412,125	141,300 -	553,425	231,575	20% - 33%
Total	131,046,572	16,334,500 (17,947,237)	129,433,835	53,143,361	30,273,063 (12,852,073)	70,564,351	58,869,484	

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

	Note	2017 Rupees	2016 Rupees
6 INVESTMENT PROPERTIES			
Investment properties	6.1	973,202,148	1,055,863,049
Capital work-in-progress	6.2	9,089,000	66,420,000
		982,291,148	1,122,283,049

6.1 Investment properties

Investment properties									
Particulars	2017								Rate of depreciation per annum
	Cost			Depreciation			Impairment	Written down value as at June 30, 2017	
	As at July 01, 2016	Additions / transfers*	As at June 30, 2017	As at July 01, 2016	For the year / on transfers*	As at June 30, 2017			
	-----Rupees-----								
Leasehold land	189,511,155	-	189,511,155	32,425,938	1,790,222	34,216,160	-	155,294,995	2
Building on leasehold land (note 6.1.1)	623,315,282	-	623,315,282	72,914,172	9,094,069	82,008,241	-	541,307,041	2-5
Office premises (note 6.1.2)	560,326,414	-	560,326,414	211,949,692	24,066,773	236,016,431	47,709,871	276,600,112	2.2-5
Total	1,373,152,851	-	1,373,152,851	317,289,802	34,951,064	352,240,832	47,709,871	973,202,148	

Particulars	2016							Written down value as at June 30, 2016	Rate of depreciation per annum
	Cost			Depreciation			Impairment		
	As at July 01, 2015	Additions / transfers*	As at June 30, 2016	As at July 01, 2015	For the year / on transfers*	As at June 30, 2016			
	-----Rupees-----								
Leasehold land	189,511,155	-	189,511,155	30,635,715	1,790,223	32,425,938	-	157,085,217	2
Building on leasehold land (note 6.1.1)	622,076,442	1,238,840	623,315,282	63,820,101	9,094,071	72,914,172	-	550,401,110	2-5
Office premises	560,326,414	-	560,326,414	187,869,005	24,080,721	211,949,692	-	348,376,722	2.2-5
Total	1,371,914,011	1,238,840	1,373,152,851	282,324,821	34,965,015	317,289,802	-	1,055,863,049	

6.1.1 This includes an office premises costing Rs. 70 million, which was swapped by the Group in March 2012 from First Dawood Investment Bank Limited (FDIBL), an associated undertaking with 6.1 million unlisted shares of Burj Bank Limited (at par value) along with a receivable from Equity International (Private) Limited (EIL), an associated undertaking. FDIBL earlier acquired the said property from a borrower as a settlement of its liabilities who has also defaulted in its obligation to commercial bank. The said commercial bank has obtained a stay order against the property due to which the execution of the sale deed for the said property and transfer of title in the name of the Group are in abeyance. FDIBL has filed an application of intervention with the Honourable High Court of Sindh for removal of stay of the commercial bank and to effect the transfer of title in its favour, which is pending adjudication. As soon as the case in question is decided, FDIBL will be able to execute the sale deed in favour of the Group. Nevertheless, the original title documents and possession of the property rest with the Group. Further, Group has rented out a portion of the above property to its associated undertakings and earned rental income. Consequently, the cost of the property has been bifurcated between fixed assets and investment property on the basis of floor space occupied.

6.1.2 During the year, fire broke out and damaged 18th and 19th floor of Saima Trade Towers on April 29, 2017. These floors were rented unfurnished to various tenants and the Group owned the shell and core of the floors which was intact. As per correspondence made by Group to SECP vide letter dated May 31, 2017 in response to SECP letter no.SC/M/PRDD/BRR2017-130 dated May 05, 2017, the rented properties at 18th and 19th floor of Saima Trade Tower were not insured.

The Group appointed approved valuers from the panel of Pakistan Banks Association on August 04, 2017 for the valuation of 18th and 19th floor of Saima Trade Towers. According to the valuation report dated August 07, 2017, both the floors were burnt under third degree fire. All the furniture, fixtures and fittings, flooring and roof of the structure were completely burnt and signs of distress, cracking and spalling of the surface were also found, which may have a significant effect on the performance of the structure. Considering the above factors, the valuer concluded that the value of both floors has been reduced by seventy percent to Rs. 21.063 million each. Accordingly, the Group has recorded an impairment of Rs. 17.731 million and Rs. 29.978 million in respect of the above investment properties.

6.2 Capital work-in-progress	Note	2017	2016
		Rupees	Rupees
Advance for office premises - Jofa Tower, Karachi	6.2.1	66,420,000	66,420,000
Less: Provision against advance for office premises		(57,331,000)	-
		9,089,000	66,420,000



- 6.2.1** This includes Rs. 57.331 million paid for the purchase of three shops of Jofa Tower. Because of a dispute in respect of payment for additional space due to structural changes in the design, the title or possession of the said property has not yet been transferred in the name of the Group. In March 2012, the Group filed a law suit for specific performance and deposited Rs. 9.089 million with Nazir High Court of Sindh.

The law suit is currently pending before Honourable High Court of Sindh at Karachi. During the year Group has made provision against the advance paid for the purchase of three shops amounting to Rs. 57.331 million.

- 6.3** The fair value of investment property as at June 30, 2017 as per valuation report of independent valuer is Rs. 1,702.195 million (2016: Rs 1,772.422 million).

	Note	2017 Rupees	2016 Rupees
7 LONG TERM MUSHARAKA FINANCES			
Considered good		19,798,906	36,882,557
Considered doubtful	7.4	192,196,931	233,098,997
	7.1	211,995,837	269,981,554
Less: Provision for doubtful receivables	7.2 & 7.3	(192,196,931)	(233,098,997)
		19,798,906	36,882,557
Less: Current portion of musharaka finances		(3,047,492)	(35,532,855)
		16,751,414	1,349,702

- 7.1** The expected profit receivable on these arrangements ranges from 8.16% to 10.65% (2016: 8.36% to 13.99%) per annum. The arrangements are secured by way of hypothecation of stock, mortgage of property and equipment and pledge of shares. These finances are receivable on various dates up to June 12, 2022.

7.2 Movement of provision

Opening balance		233,098,997	234,321,352
Written off during the year		(120,231)	-
Reversal during the year	31	(40,781,835)	(1,222,355)
Closing balance		192,196,931	233,098,997

7.3 Ageing of musharaka finances

Neither past due nor impaired		19,786,421	1,349,702
Past due but not impaired		12,485	35,532,855
Past due and impaired		192,196,931	233,098,997
		211,995,837	269,981,554

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

	Note	2017 Rupees	2016 Rupees
8 LONG TERM LOANS, ADVANCES AND DEPOSITS			
Loans - secured - considered good			
To employees	8.1	1,856,530	1,446,579
Less: Current portion of loans to employees		(493,394)	(627,422)
		1,363,136	819,157
To executives	8.1, 8.2 & 8.3	3,370,750	7,847,003
Less: Current portion of loans to executives		(1,771,092)	(454,710)
		1,599,658	7,392,293
Deposits		5,737,310	5,727,310
Less: Current portion of deposits		-	-
		5,737,310	5,727,310
Advance against purchase of vehicles		509,500	3,650,000
		9,209,604	17,588,760

- 8.1** These represent house loans disbursed to employees and executives under the terms of employment. These loans carry mark-up at the rate of 5% (2016: 5%) per annum and are secured against the mortgage of properties.
- 8.2** The maximum amount of loans and advances due from executives at the end of any month during the year was Rs. 0.015 million (2016: Rs. 0.0628 million).
- 8.3** The Group has taken the benefit of forced sale value of the collateral amounting to Rs. 1.673 million against a loan to an executive. Had this benefit of FSV not been taken by the Group, the provision against such loan would have been Rs. 1.673 million (2016: Rs. 1.673 million).

9 SHORT-TERM INVESTMENTS

	Note	2017 Rupees	2016 Rupees
Held-for-trading			
Listed ordinary shares	9.1	237,296,245	192,803,854
Derivative financial instruments	9.2	1,488,816	-
		238,785,061	192,803,854
Available-for-sale			
Listed ordinary shares	9.3	300,188,780	232,807,930
Unlisted ordinary shares	9.4	88,370,817	89,747,550
Unlisted debt securities	9.5	27,117,351	111,401,797
		415,676,948	433,957,277
		654,462,009	626,761,131
Less: Provision for diminution in value of investments	9.6	(14,976,195)	(14,976,195)
		639,485,814	611,784,936

9.1 Held-for-trading: Listed Ordinary shares

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

Number of shares / units		Name of investee	2017 Rupees	2016 Rupees
2017	2016			
Paper & Board				
-	500	Packages Limited	-	318,111
Glass & Ceramics				
2,400	-	Ghani Glass Limited	200,208	-
Textile Composite				
-	43,600	Gul Ahmed Textile Mills Limited	-	1,577,883
4,649	12,649	Kohinoor Textile Mills Limited	488,750	1,012,300
-	8,200	Nishat Mills Limited	-	885,031
Cement				
5,283	-	Bestway Cement Limited	1,157,612	-
6,400	3,900	Lucky Cement Limited	5,352,064	2,529,188
-	10,833	Lafarge Pakistan Cement Limited	-	191,312
200	200	Cherat Cement Company Limited	35,755	23,914
65,000	12,000	Fauji Cement Company Limited	2,666,957	429,599
Power Generation & Distribution				
502,746	318,746	K-Electric Limited (ordinary shares of Rs. 3.5 each).	3,468,852	2,569,084
16,600	-	The Hub Power Company Limited	1,949,338	-
-	4,000	Lalpir Power Limited	-	86,800



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

Number of shares / units		Name of investee	2017	2016
2017	2016		Rupees	Rupees
		Refinery		
1,199	2,399	Attock Refinery Limited	458,713	672,055
-	43,000	Byco Petroleum Pakistan Limited	-	883,220
38,450	47,150	National Refinery Limited	27,914,317	22,414,790
-	183,500	Pakistan Refinery Limited	-	7,550,713
		Oil & Gas Exploration Companies		
680	4,930	Mari Petroleum Company Limited	1,071,435	4,477,527
49,820	64,220	Pakistan Petroleum Limited	7,380,335	9,957,310
8,000	-	Oil & Gas Development Company Limited	1,125,520	-
		Oil & Gas Marketing Companies		
2,000	-	Burshane LPG (Pakistan) Limited	108,040	-
-	15,000	Hi-Tech Lubricants Limited	-	887,549
-	500	Pakistan State Oil Company Limited	-	187,730
18,608	82,108	Sui Northern Gas Pipelines Limited	2,771,103	2,979,702
34,500	-	Sui Southern Gas Company Limited	1,256,145	-
		Automobile Assembler		
-	4,780	Indus Motor Company Limited	-	4,491,004
21,000	32,500	Sazgar Engineering Work Limited	5,752,530	1,015,625
3,320	2,720	Millat Tractors Limited	4,563,142	1,551,081
		Automobile Parts & Accessories		
12,700	15,200	Agriauto Industries Limited	5,485,130	2,967,800
31,500	-	Loads Limited	1,306,306	-
		Fertilizer		
10,000	-	Engro Corporation Limited	3,259,100	-
-	30,500	Fauji Fertilizer Bin Qasim Limited	-	16,034,714
-	43,400	Fauji Fertilizer Company Limited	-	4,978,848
		Chemical		
13,247	14,447	ICI Pakistan Limited	14,499,503	6,429,568
42,500	-	Ittehad Chemicals Limited	1,329,400	-
10,000	10,000	Sitara Peroxide Limited	311,000	181,500
1,700	1,700	Sitara Chemical Industries Limited	755,854	618,800
446,000	561,000	Lotte Chemical Pakistan Limited	4,393,100	3,371,611
28,600	21,800	Linde Pakistan Limited	6,893,172	2,278,100
2,300	400	Archroma Pakistan Limited	1,639,417	194,940
		Engineering		
-	13,500	Amreli Steel Limited	-	634,770
40,375	37,875	Crescent Steel & Allied Products Limited	9,632,264	4,340,853
5,000	-	International Steels Limited	639,450	-
100,000	-	Ittefaq Iron Industries Limited	3,020,000	-
20,500	25,500	K.S.B Pumps Company Limited	6,457,500	6,213,076
97,986	-	Mughal Iron & Steel Industries Limited	7,910,410	-



Number of shares / units		Name of investee	2017	2016
2017	2016		Rupees	Rupees
Transport				
3,200	3,700	Pakistan National Shipping Corporation Limited	402,880	299,840
100	100	Pakistan International Container Terminal Limited	34,800	33,652
Technology & Communication				
40,000	87,000	Pakistan Telecommunication Company Limited	624,400	1,307,609
Leather & Tanneries				
11,560	-	Service Industries Limited	15,941,240	-
Food & Personal Care Products				
300	-	Engro Foods Limited	36,447	-
-	175	Mitchell's Fruit Farms Limited	-	51,800
96,000	91,500	Treet Corporation Limited	5,460,480	4,522,846
Pharmaceuticals				
500	700	Abbott Laboratories (Pakistan) Limited	467,300	527,801
6,710	6,830	Highnoon Laboratories Limited	4,202,271	3,936,812
3,900	4,000	Ferozsons Laboratories Limited	1,507,389	4,123,760
33,601	36,373	The Searle Company Limited	17,203,040	19,501,384
108,600	64,000	GlaxoSmithKline Pakistan Limited	21,385,511	13,255,042
14,500	27,648	GlaxoSmithKline Consumer Healthcare Pakistan Limited	3,030,645	-
Cable & Electrical Goods				
-	1,420	Siemens Pakistan Engineering Company Limited	-	1,412,302
Modarabas				
11,000	34,000	First UDL Modaraba	414,700	663,000
Open-End Mutual Funds				
224,400	215,495	Dawood Islamic Fund	29,762,350	26,915,297
Commercial Banks				
22,791	99,791	BankIslami Pakistan Limited	303,120	1,050,800
Woollen				
18,500	5,000	Bannu Woollen Mills Limited	1,267,250	265,801
			237,296,245	192,803,854

9.2 Derivative financial instruments

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



9.3 Available-for-sale: Listed Ordinary shares

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

Number of shares / units		Name of investee	2017 Rupees	2016 Rupees
2017	2016			
Oil & Gas Exploration Companies				
10,150	11,150	Mari Petroleum Company Limited	15,992,747	10,126,654
Refinery				
-	185,500	Pakistan Refinery Limited	-	7,638,890
Oil & Gas Marketing Companies				
-	7,596	Pakistan State Oil Company Limited	-	2,851,994
8,462	9,962	Shell Pakistan Limited	4,868,781	2,891,072
39,660	39,660	Sui Northern Gas Pipelines Limited	5,906,165	1,439,260
Chemical				
49,852	49,852	Linde Pakistan Limited	12,015,329	5,209,534
14,199	14,199	Sitara Chemical Industries Limited	6,313,159	5,168,436
Fertilizer				
-	65,769	Fauji Fertilizer Company Limited	-	7,545,020
Cement				
90	90	Maple Leaf Cement Factory Limited	10,022	9,496
Engineering				
56,000	56,000	KSB Pumps Company Limited	17,640,000	13,644,400
11,000	-	Mughal Iron & Steel Industries Limited	888,030	-
Transport				
1,000	1,000	Pakistan International Container Terminal Limited	348,000	336,500
5,000	5,000	Pakistan National Shipping Corporation	629,500	468,500
Pharmaceuticals				
42,576	42,576	Abbott Laboratories (Pakistan) Limited	39,791,530	32,102,304
32,165	32,165	GlaxoSmithKline Pakistan Limited	6,333,931	6,661,693
638	638	Highnoon Laboratories Limited	399,561	367,743
27,648	-	GlaxoSmithKline Consumer Healthcare Pakistan Limited	5,778,708	-



Number of shares		Name of investee	Note	2017	2016
2017	2016			Rupees	Rupees
Power Generation & Distribution					
1,000	1,000	The Hub Power Company Limited		117,430	120,060
Technology & Communication					
2,103,577	2,103,577	Systems Limited - a related party		159,535,280	121,250,179
Automobile Parts & Accessories					
69,650	-	Loads Limited		2,888,385	-
Paper & Board					
92,300	-	Roshan Packages Limited		5,184,491	-
Glass & Ceramics					
8,100	-	Ghani Glass Limited		571,536	-
Financial services					
1,935,506	1,935,506	786 Investments Limited (Formerly Dawood Capital Management Limited) - a related party (fully provided)	9.3.1	4,722,634	4,722,634
3,339,922	3,339,922	First Dawood Investment Bank Limited - a related party (fully provided)		10,253,561	10,253,561
				300,188,780	232,807,930

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

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

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

-	1,760,000	Burj Bank Limited - (note 9.4.3)	-	7,273,520
100,000	-	Al Baraka Bank (Pakistan) Limited - (note 9.4.3)	829,000	-
7,200,000	7,200,000	Dawood Family Takaful Limited - (note 9.4.4)	52,128,000	52,128,000
3,034,603	3,034,603	ISE Tower REIT Management Company Limited - (note 9.4.5)	35,413,817	30,346,030
			88,370,817	89,747,550



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

	Break-up value as per latest available audited financial statements (Rupees)	% of holding of the investee's paid-up capital	Auditors
June 30, 2017			
Al Baraka Bank (Pakistan) Limited	829,000	0.01%	EY Ford Rhodes, Chartered Accountants
Dawood Family Takaful Limited	36,000,000	9.60%	EY Ford Rhodes, Chartered Accountants
ISE Tower REIT Management Company Limited (note 10.3.2)	35,413,817	0.83%	BDO Ebrahim & Co., Chartered Accountants
June 30, 2016			
Burj Bank Limited	9,457,595	0.22%	A. F. Fergusons & Co.
Dawood Family Takaful Limited	37,711,602	9.60%	Ernst & Young Ford Rhodes Sidat Hyder
ISE Tower REIT Management Company Limited (note 10.4.2)	33,154,631	0.83%	BDO Ebrahim & Co. Chartered Accountants

9.4.2 Breakup value of investment in shares of ISE Tower REIT Management Company Limited amounted to Rs. 35.413 million and Rs. 33.154 million are based on audited financial statements for the year ended June 30, 2016 and June 30, 2015, respectively.

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

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

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

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

The breakup value of investment in shares of ABPL is Rs. 0.829 million (as per latest available post amalgamation audited financial statements dated December 31, 2016) whereas the book value of investment in shares of ABPL is Rs. 0.913 million resulting in revaluation deficit of Rs. 0.084 million.

9.4.4 The breakup value of investment in shares of Dawood Family Takaful (DFTL) is Rs. 36 million (as per latest audited accounts dated December 31, 2016) where as the cost of investment in shares of DFTL is Rs. 52.128 million. Upto June 30, 2016, management has recorded total impairment of Rs. 19.872 million based on embedded value of investment as at June 30, 2016 amounting to Rs. 52.128 million (Rs. 7.24 per share). Since, embedded value of the investments amounts to Rs. 59.544 million as at June 30, 2017 (Rs. 8.27 per share). Therefore, management has not recorded further impairment on the grounds of embedded value being higher than the carrying value of this investment per latest actuarial valuation.

9.4.5 In prior year, in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Group has received equity shares of Islamabad Stock Exchange Limited (ISE) and Trading Right Entitlement Certificates (TREC) against surrender of Stock Exchange Membership Card. The Group's entitlement in respect of shares is determined on the basis of valuation of assets and liabilities of the respective exchange as approved by the SECP and the Group has been allotted 3,034,603 shares of ISE of Rs. 10 each out of which 60% of the shares are kept in blocked account and the divestment of the same will be in accordance with the requirements of the Act.



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

The breakup value of each share of ISE Tower REIT Management Company Limited as per their latest available audited financial statements for the year ended June 30, 2016 is Rs. 11.67 per share which is greater than the par value of Rs. 10 of ISE Tower REIT Management Company Limited's share .

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

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

Number of certificates		Name of investee Sukuk	2017	2016
2017	2016		Rupees	Rupees
-	20,000	Al Razi Health Care (Private) Limited	-	62,777,617
-	4,000	K- Electric Sukuk-2	-	19,960,520
4,000	4,000	K- Electric Sukuk-3	20,696,740	20,896,180
10	10	AlBaraka Bank (Pakistan) Limited	6,420,611	7,767,480
			<u>27,117,351</u>	<u>111,401,797</u>

9.5.1 Details of particulars of Sukuk

Name of the investee	Repayment frequency	Profit Rate per annum	Maturity date	Secured / Unsecured
K- Electric Sukuk-3	Quarterly	3 months KIBOR + 2.75%	June 17, 2019	Secured
AlBaraka Bank (Pakistan) Limited	Semi-Annually	6 Months KIBOR + 1.25%	July 14, 2021	Unsecured

9.6 Particulars of provision

	Note	2017 Rupees	2016 Rupees
Opening balance		14,976,195	10,253,561
Charge for the year		-	4,722,634
Reversal for the year		-	-
Closing balance		<u>14,976,195</u>	<u>14,976,195</u>

10 IJARAH / LEASE RENTAL RECEIVABLES

Considered good		2,799,981	84,020
Considered doubtful		56,969,049	61,815,634
Lease rental receivables		59,769,030	61,899,654
Less: Provision for doubtful receivables	10.1	<u>(56,969,049)</u>	<u>(61,815,634)</u>
		<u>2,799,981</u>	<u>84,020</u>

		2017 Rupees	2016 Rupees
10.1 Provision for doubtful receivables	Note		
Opening		61,815,634	68,433,568
Charge for the year	31	-	164,132
Reversals during the year	31	-	(111,698)
Written off during the year		(4,846,585)	(6,670,368)
Closing balance		<u>56,969,049</u>	<u>61,815,634</u>
10.2 Ageing of lease rentals receivables			
Neither past due nor impaired		2,799,981	84,020
Past due but not impaired - over 180 days		-	-
Past due and impaired		56,969,049	61,815,634
		<u>59,769,030</u>	<u>61,899,654</u>
11 LOANS, ADVANCES AND PREPAYMENTS			
Loans and advances - secured - considered good			
Against salary		2,330,956	1,108,518
Loans and advances - unsecured - considered good			
Current portion of loans to employees		493,394	627,422
Current portion of loans to executives		1,771,092	454,710
Against investment		11,158,719	-
Against expenses		11,550,024	4,454,999
Against musharaka		7,517,246	
Prepayments		29,668	29,668
Takaful		<u>34,851,099</u>	<u>6,675,317</u>
12 ACCRUED PROFIT			
Accrued profit on:			
Debt securities		183,302	513,900
Musharaka finances		17,787	1,083,873
		<u>201,089</u>	<u>1,597,773</u>
13 OTHER RECEIVABLES			
Due from associated undertakings-unsecured			
- considered good	13.1	-	9,080,000
Receivable from Dawood Capital Management Company - related party		-	1,052,998
Receivable from National Clearing Company of Pakistan Limited		149,331	111,512
Receivable from BRR Financial Services (Private) Limited - subsidiary		-	531,970
Rent receivable - unsecured, considered good		1,836,054	-
Other receivable		7,230	1,550,728
		<u>1,992,615</u>	<u>12,327,208</u>
Receivable from ex-employees - unsecured, considered doubtful	13.2	51,274,920	51,274,920
Less: Provision for doubtful receivables		<u>(51,274,920)</u>	<u>(51,274,920)</u>
		<u>1,992,615</u>	<u>12,327,208</u>



13.1 The corresponding figure represents amounts receivable from First Dawood Investment Bank Limited in relation to the cash option amounting to Rs. 25.10 million which will be receivable upfront at Rs. 10.10 million and remaining balance of Rs. 15.00 million in 20 equal monthly installments receivable in settlement of Burj Bank shares. (see note 16.1).

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

	Note	2017 Rupees	2016 Rupees
14 TAXATION			
Advance taxation		<u>10,813,919</u>	<u>4,323,128</u>
15 CASH AND BANK BALANCES			
Cash in hand		191,279	237,905
Cash with State Bank of Pakistan - current account		40	40
Cash with banks in:			
PLS savings accounts	15.1	129,859,882	11,223,460
Current accounts	15.2	<u>14,046,550</u>	<u>3,692,058</u>
		<u>144,097,751</u>	<u>15,153,463</u>

15.1 These carry mark-up at rates ranging from 3.26% to 5.65% (2016: 2.85% to 6.5%) per annum. PLS saving accounts includes balances placed under arrangements permissible under shariah amounting to Rs. 74.855 million.

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

16 NON CURRENT ASSET HELD FOR SALE

Non current asset held for sale	16.1	<u>55,800,000</u>	<u>55,800,000</u>
---------------------------------	------	--------------------------	-------------------

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

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

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

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



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

During the year, Group has entered into an agreement dated April 17, 2017 to sell Ghoro land for an aggregate consideration of Rs. 60 million. The purchaser has made a down payment of Rs. 20 million and agreed to pay the remaining amount in installments. Title of the land is with the Group and will be transferred only when entire amount will be received. As at June 30, 2017 Group has received Rs. 41.135 million out of the total amount of Rs. 60 million which has been recorded as advance under note 25.2 to the consolidated financial statements.

17 AUTHORIZED CAPITAL

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

18 ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL

Modaraba certificates of Rs. 10 each

Number of certificates			2017	2016
2017	2016		Rupees	Rupees
39,359,741	39,359,741	Certificates issued as fully paid in cash	393,597,410	393,597,410
8,833,724	8,833,724	Certificates issued as fully paid bonus certificates	88,337,240	88,337,240
29,852,790	29,852,790	Certificates issued to certificate holders of Guardian Modaraba under the Scheme of Amalgamation	298,527,900	298,527,900
<u>78,046,255</u>	<u>78,046,255</u>		<u>780,462,550</u>	<u>780,462,550</u>

B.R.R. Investment (Private) Limited (the Management Company) held 12,985,895 (16.63%) certificates of Rs. 10 each as at June 30, 2017 (2016: 12,985,895 (16.63%) certificates).

Equity International (Private) Limited, an associated company, held 1,541,474 (1.98%) certificates of Rs.10 each as at June 30, 2017 (2016: 1,434,974 (1.84%) certificates).

Ayaz Dawood held 6,874,391 (8.81%) certificates of Rs.10 each as at June 30, 2017 (2016: 5,873,391 (7.5%) certificates).

19 RESERVE

Capital reserve

Profit prior to floatation
Statutory reserve

10,532,683
701,898,993

10,532,683
618,928,347

Revenue reserve

Accumulated loss

(508,257,219)
204,174,457

(573,297,322)
56,163,708



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

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

The Group has credited 48.90% of its profit to this reserve for the year.

20 SURPLUS ON REVALUATION OF INVESTMENTS

	Note	2017 Rupees	2016 Rupees
Listed ordinary shares		250,947,620	196,609,112
Unlisted shares		28,268,099	23,363,080
		<u>279,215,719</u>	<u>219,972,192</u>

21 DIMINISHING MUSHARAKA BASED TERM FINANCE CERTIFICATES

Diminishing musharaka based Term Finance Certificates (TFCs)	21.1	160,657,631	276,491,972
Less: Current maturity		(88,207,792)	(98,641,969)
		<u>72,449,839</u>	<u>177,850,003</u>

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

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

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

The overdue principal, regular profit and deferred profit as at December 06, 2015 have been paid by March 31, 2016 except for Rs. 70.794 million which pertains to United Bank Limited, First Dawood Investment Bank Limited and First Dawood Investment Bank and Other Provident Fund. Subsequently, the total amount of Rs. 70.794 million on account of overdue principal, regular profit and deferred profit has been paid to First Dawood Investment Bank Limited, First Dawood Investment Bank and other Employees' Provident Fund and United Bank Limited.

	Note	2017 Rupees	2016 Rupees
22 LONG TERM LOAN			
National Bank of Pakistan	23.1	137,692,684	-
Less: Current portion of long term loan		(27,536,000)	-
		<u>110,156,684</u>	<u>-</u>

	Note	2017 Rupees	2016 Rupees
23 LONG TERM MURABAHA, MUSHARAKA AND FINANCE UNDER MARK-UP ARRANGEMENTS			
Murabaha arrangements	23.1	-	152,500,000
Musharaka arrangements	23.2	110,000,000	110,000,000
Mark-up arrangements			
Running finance	23.1	-	49,649,098
		110,000,000	312,149,098
Less: Current portion of musharaka arrangements		(110,000,000)	(312,149,098)
		-	-

- 23.1** The Group had entered into Murabaha (purchase and sale) agreements with a commercial bank. As per the original contract, the Murabaha sale price was payable on deferred payment basis in quarterly/monthly installments by June 27, 2011. The Group has not met its past due obligation towards the commercial bank on its respective repayment dates. The Group continued to accrue markup on the facilities at rate ranging from 8.04% to 8.37% (2016: 8.35% to 9.26%) per annum. The arrangements are secured by way of hypothecation of the leased assets and future rentals receivable. Later, Group offered a proposal for settlement which includes debt to asset swap and rescheduling of the amount due. However, the proposal was not accepted and after further negotiations the Group made an unconditional offer through its letter dated April 13, 2017 to settle all outstanding liabilities against a sum of Rs. 210.889 million. Under the terms of offer the Group had to pay 35% of the settlement amount i.e Rs. 73.811 million upfront and remaining amount in equal quarterly installments starting from July 2017.

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

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

The Group has accepted the terms of settlement approved by the competent authority of commercial bank and recorded a gain of Rs. 145.650 million and made down payment of Rs. 73.811 million on June 13, 2017. Remaining amount of Rs. 137.689 million has been classified as long term loan as on June 30, 2017. Further the Group has issued post-dated cheques of the remaining settlement amount. (see note 22).

- 23.2** The Group has entered into Musharaka agreements with a Taavun (Private) Limited. These Musharaka arrangements are on profit sharing basis and payable upto December 28, 2014. The Group has stopped accruing profit on these balances.

	2017 Rupees	2016 Rupees
24 LONG TERM SECURITY DEPOSITS		
Lease / ijarah	32,693,312	53,229,662
Investment properties	30,508,240	26,567,914
Lockers	16,023,500	15,026,500
	79,225,052	94,824,076
Less: Current portion	(1,485,270)	(4,626,100)
	77,739,782	90,197,976

25 CREDITORS, ACCRUED AND OTHER LIABILITIES	Note	2017 Rupees	2016 Rupees
Modaraba management fee payable	36	19,519,374	5,380,524
Sales tax on Modaraba management fee payable	36	6,339,806	3,802,283
Provision for Workers' Welfare Fund	37	5,691,937	2,229,200
Accrued liabilities		16,659,795	5,339,717
Rentals received in advance			
Lockers		27,651,868	25,850,734
Properties		14,898,275	26,126,976
Ijarah		323,101	168,100
Musharaka		79,130,250	-
Charity payable	25.1	81,086	79,842
Advance against sale of land	25.2	43,235,500	-
Others		4,855,903	5,483,961
		<u>218,386,895</u>	<u>74,461,337</u>
25.1 Charity payable			
Opening balance		79,842	117,009
Accrued during the year		109,095	252,111
Payment	25.1.1	(107,851)	(289,278)
Closing balance		<u>81,086</u>	<u>79,842</u>
25.1.1 This amount includes charity paid to Dawood Global Foundation amounting to Rs. 0.086 million (2016: 0.217 million). Chief Executive and the Chairman of the Board of the Mobaraba are members of the Management Committee of Dawood Global Foundation.			
25.2 This includes amount received as sale proceeds against sale of Gharo Land (refer note 16).			
26 ACCRUED PROFIT ON BORROWINGS	Note	2017 Rupees	2016 Rupees
Finance under murabaha arrangements		-	109,410,472
Finance under musharaka arrangements		57,813,287	57,813,287
Finance under mark-up arrangements		-	36,904,337
Diminishing musharaka based TFCs		832,138	35,880,327
		<u>58,645,425</u>	<u>240,008,423</u>
27 PROFIT DISTRIBUTION PAYABLE			
Unclaimed profit payable to certificate holders		<u>25,057,489</u>	<u>23,752,598</u>
28 CONTINGENCIES AND COMMITMENTS			
There were no contingencies and commitments as at June 30, 2017 and 2016.			
29 RENTAL INCOME			
Investment properties	29.1	132,871,212	112,686,570
Lockers and custodial services		31,730,769	26,617,049
		<u>164,601,981</u>	<u>139,303,619</u>

29.1 This includes rental income amounting to Rs. 5.339 million (2016: Rs. 5.270 million) from management company and associated companies / related parties.

30	RETURN ON INVESTMENTS - NET	Note	2017 Rupees	2016 Rupees
	Dividend income	30.1	12,631,022	32,474,987
	Profit on debt securities		9,135,113	10,401,709
	Gain on sale of investments		34,517,739	21,306,869
			56,283,874	64,183,565
30.1	Dividend income			
	Abbot Laboratories Limited		1,696,359	1,273,253
	Agriauto Industries Limited		118,281	183,436
	Al-Ghazi Tractors Limited		7,403	-
	Archroma Pakistan Limited		-	24,985
	Attock Refinery Limited		5,953	76,533
	Bestway Cement Limited		29,538	-
	Cherat Cement Company Limited		649	14,709
	Crescent Steel & Allied Products Limited		188,530	71,751
	D.G. Khan Cement Company Limited		-	9,626
	Dawood Islamic Fund		1,187,888	19,114,637
	Fauji Cement Company Limited		-	153,715
	Fauji Fertilizer Bin Qasim Limited		-	962,155
	Fauji Fertilizer Company Limited		291,009	1,009,217
	Ferozsons Laboratories Limited		55,045	132,585
	First UDL Modaraba		33,201	82,807
	Ghani Glass Limited		79,000	-
	GlaxoSmithKline Pakistan Limited		575,497	366,448
	Gul Ahmed Textile Mills Limited		-	80,745
	Highnoon Laborites Limited		55,884	53,820
	Hi-Tech Lubricants Limited		-	39,000
	The Hub Power Company Limited		51,062	62,706
	ICI Pakistan Limited		225,156	191,693
	Indus Motor Company Limited		114,399	527,101
	ISE Tower REIT Management Company Limited		-	379,325
	Kohinoor Textile Mills Limited		24,641	16,464
	KSB Pumps Limited		649,795	582,575
	Lafarge Pakistan Cement Limited		-	3,178
	Lalpir Power Limited		-	5,000
	Linde Pakistan Limited		356,464	353,539
	Loads Limited		96,191	-
	Lucky Cement Limited		33,544	73,246
	Maple Leaf Cement Factory Limited		11,242	6,245
	Mari Gas Company Limited		64,339	2,023,737
	Millat Tractors Limited		229,654	179,592
	Mitchell's Fruit Farms Limited		-	438
	Mughal Iron & Steel Industries Limited		15,981	-
	National Refinery		816,087	470,988
	Nishat Mills Limited		11,292	67,476



	Note	2017 Rupees	2016 Rupees
Packages Limited		-	7,438
Pakgen Power Limited		-	2,999
Pakistan International Container Limited		24,496	32,750
Pakistan National Shipping Corporation		16,098	-
Pakistan Oilfields Limited		-	24,578
Pakistan Petroleum Limited		312,973	438,425
Pakistan Refinery Limited		105,048	-
Pakistan State Oil Co. Limited		69,087	123,695
Pakistan Telecommunication Company Limited		85,303	169,755
Pioneer Cement Limited		112	166
Sazgar Engineering Works Limited		62,250	66,000
The Searle Company Limited		199,319	82,711
Service Industries Limited		272,309	-
Shell Pakistan Limited		296,435	103,610
Siemens Pakistan Engineering Company Limited		-	14,200
Sitara Chemical Industries Limited		182,546	146,265
Systems Limited		3,886,047	2,591,851
Treet Corporation Limited		94,915	77,819
		12,631,022	32,474,987

31 PROVISION FOR DOUBTFUL RECEIVABLES - NET

Reversal during the year

Lease rentals	10.1	-	111,698
Musharaka	7.2 & 31.1	40,781,835	1,222,355
Others		-	8,616,171
		40,781,835	9,950,224

Less: Charged during the year

Lease rentals	10.1	-	(164,132)
Equity security		-	(4,722,634)
Advance against purchase of property	6.2	(57,331,000)	-
		(57,331,000)	(4,886,766)
		(16,549,165)	5,063,458

31.1 This amount includes Rs. 21.881 million against Pak Hy Oils Limited as a result of settlement agreement between Pak Hy Oils Limited and the Group.

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

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

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

PHOL has made down payment of Rs. 10.000 million and the balance settlement amount shall be paid in accordance with the repayment schedule of the agreement. During the year, Group has received amount of Rs. 187.622 million through cash receipt of Rs. 33.728 million as per agreement and Rs. 153.894 million through sale of collateral shares of Balochistan Glass Limited. Out of the amount received in excess of repayment schedule, Rs. 54.983 million has been disbursed back to PHOL and the balance amount has been carried as rentals in advance amounting to Rs. 79.130 million. As per prudential regulation, 100% provision against outstanding principal of Rs. 79.276 million as at December 31, 2017 is recorded as now it falls under loss category.

32	OTHER INCOME	Note	2017 Rupees	2016 Rupees
	Gain on disposal of property and equipment - owned		61,881	1,631,725
	Income from poultry operation		40,000	747,600
	Gain on settlement of Diminishing Musharaka based Term Finance Certificates		-	26,744,143
	Gain on rescheduling of murabaha and finance under mark-up facility	23.1	145,650,227	-
	Miscellaneous and other termination charges		366,091	287,313
	Gain on disposal of ijarah assets		2,312,708	-
			148,430,907	29,410,781
33	ADMINISTRATIVE EXPENSES			
	Salaries, allowances and other benefits	33.2	63,912,796	49,905,024
	Travelling and conveyance		27,007	21,585
	Entertainment		1,183,937	1,813,256
	Electricity, water and gas		515,306	3,867,338
	Telephone and fax		528,050	537,860
	Postage and courier		340,805	408,926
	Stationery and printing		1,061,391	1,065,079
	Computer expenses		556,256	378,920
	Subscriptions		8,923,681	3,168,789
	Takaful		3,366,490	3,646,021
	Repairs and maintenance		11,616,535	14,753,106
	Rent, rates and taxes		5,397,642	5,207,953
	Security expenses		1,352,773	1,033,217
	Brokerage and commission		3,957,901	1,613,004
	Legal and professional charges		4,643,951	3,749,557
	Auditor's remuneration	33.1	1,223,800	1,037,500
	Depreciation on owned assets	5.1	9,598,172	8,113,433
	Depreciation on investment properties	6.1	34,951,030	34,965,015
	Others		3,048,461	2,798,844
			156,205,984	138,084,427
33.1	Auditor's remuneration			
	Audit fee		750,000	650,000
	Limited review, special reports, certification and sundry advisory services		363,800	304,000
	Out of pocket expenses		110,000	83,500
			1,223,800	1,037,500

33.2 During the year, the Group contributed Rs. 2.482 million (2016: Rs. 2.153 million) to the provident fund.

33.3 Disclosures relating to Provident Fund

	2017 Rupees	2016 Rupees
Size of the fund	124,684,909	110,024,193
Cost of investments made	100,475,972	74,462,389
Percentage of investments made	80.58%	67.68%
Fair value of investments	100,449,246	78,676,424

	2017 % age of size of the fund	2016 % age of size of the fund
Break-up of investments		
Government securities	25,000,000	25,000,000
Term Finance Certificates	11,837,056	1,837,792
Investment in sukuk	18,265,243	18,815,539
Listed securities	12,790,568	4,584,082
Unlisted securities	750,000	-
Mutual Funds	31,806,379	28,439,011
Break-up of investments		
Government securities	24.89%	31.78%
Term Finance Certificates	11.78%	2.34%
Investment in sukuk	18.18%	23.92%
Listed securities	12.73%	5.83%
Unlisted securities	0.75%	0.00%
Mutual Funds	31.66%	36.15%

33.4 The figures for 2017 are based on the unaudited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	Note	2017 Rupees	2016 Rupees
34 FINANCIAL CHARGES			
Profit on:			
Finance under murabaha arrangement		5,270,734	11,274,939
Diminishing musharaka based TFCs		16,078,197	19,435,437
Finance under mark-up arrangement		3,419,586	6,591,463
Bank charges and commission		11,805	12,328
		<u>24,780,322</u>	<u>37,314,167</u>

35 IMPAIRMENT / (REVERSAL OF IMPAIRMENT) - NET

Impairment loss during the year			
Equity securities		-	17,932,510
Investment property	6.1.2	47,709,871	-
		<u>47,709,871</u>	<u>17,932,510</u>



36 MODARABA MANAGEMENT COMPANY'S FEE

In accordance with the Modaraba Companies and Modaraba Rules, 1981 management fee at the rate of 10% of annual profits is payable to the Management Company amounting to Rs. 19.519 million (2016: Rs. 5.380 million). Furthermore, during the current year an amount of Rs. 2.537 million (2016: Rs. 0.753 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

37 WORKER'S WELFARE FUND

The Finance Act, 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. As a result of these amendments, Workers' Welfare Fund (WWF) is payable at the rate of 2% of the profit before taxation as per the financial statements or taxable income as per the return of income, whichever is higher. During the current year, the management has made a provision of Rs. 3.463 million (2016: Rs. 0.953 million) in respect of this liability.

38 TAXATION

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

Return of income for the Tax Year 2016 has duly been filed and assessment upto Tax Year 2016 is deemed to be finalised in terms of section 120 of the Income Tax Ordinance, 2001. The Additional Commissioner of Income Tax has amended the assessment under section 122(5)(A) of the Income Tax Ordinance, 2001 for the Tax Year 2005 by creating demand of Rs. 954,036. The Group has filed appeal before the Commissioner Appeals and decision of the Commissioner is in favor of the Group. Further, the Department has filed appeal before the Income Tax Appellant Tribunal and the hearing of appeal is still pending. Moreover, the Assistant Commissioner of Income Tax has amended the assessment under section 122(5) of the Income Tax Ordinance, 2011 for the Tax Year 2014 by creating demand of Rs. 472,103. The Group has filed appeal before the Commissioner Appeals and the hearing of appeal is still pending. The Group has sufficient refund available amounting to Rs. 5.7 million upto Tax Year 2016.

39 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

The earnings per certificate as required under IAS 33 "Earnings per share" is given below:

	2017 Rupees	2016 Rupees
Profit for the year	<u>169,083,238</u>	<u>46,717,980</u>
Weighted average number of certificates outstanding	<u>78,046,255</u>	<u>78,046,255</u>
Earnings per certificate - Basic and diluted (Rupees)	<u>2.17</u>	<u>0.60</u>

39.1 There were no convertible dilutive potential ordinary certificates outstanding as on June 30, 2017 and 2016 which have dilutive effect on earnings per certificate.

40 REMUNERATION OF OFFICERS AND EXECUTIVES

	2017 Rupees	2016 Rupees
Remuneration	26,118,000	21,964,500
Medical expenses	803,146	802,685
Retirement benefits	<u>1,597,818</u>	<u>1,346,528</u>
	<u>28,518,964</u>	<u>24,113,713</u>
Number of officers / executives at the end of the year	<u>17</u>	<u>17</u>

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



41 FUTURE MINIMUM LEASE RENTALS RECEIVABLES

Future minimum lease rentals receivable on the basis of lease agreements executed up to June 30, 2017 are as follows:

	2017 Rupees	2016 Rupees
Receivable - not later than one year	16,055,094	39,390,988
Receivable - later than one year and not later than five year	12,989,272	37,582,820
	<u>29,044,366</u>	<u>76,973,808</u>

42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

42.1 Market risk

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

42.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. As of June 30, 2017 the Group's exposure to the risk of changes in market interest rates relates primarily to bank balances in PLS saving accounts, musharaka and murabaha agreements and debt securities. The bank balances in PLS saving accounts are subject to profit rates as declared by the respective banks on periodic basis while, the musharaka and murabaha agreements and debt securities are subject to floating profit rates. As at June 30, 2017 approximately 15.61% (2016: 22.66%) of the Group's financial assets are subject to floating profit rates. Management of the Group estimates that an increase of 100 basis points in the market profit rate, with all other factors remaining constant, would increase the Group's income by Rs. 1.245 million (2016: Rs. 1.596 million) and a decrease of 100 basis points would result in a decrease in the Group's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

42.3 Foreign currency risk

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

42.4 Equity price risk

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



At the balance sheet date, the exposure to listed equity securities is Rs. 523.997 million (2016: Rs. 415.358 million). Management of the Group estimates that 5% increase or decrease in the overall equity prices in the market with all other factors remaining constant would result in increase or decrease of Group's net assets by Rs. 26.199 million (2016: Rs. 20.768 million). However, in practice, the actual results may differ from the sensitivity analysis.

42.5 Segment by class of business for investment in equity securities

	2017		2016	
	Rupees	%	Rupees	%
Paper and board	5,184,491	0.99%	318,111	0.08%
Glass and ceramics	2,260,560	0.43%	-	0.00%
Textile composite	488,750	0.09%	3,475,214	0.84%
Cement	9,222,410	1.76%	3,183,509	0.77%
Power generation and distribution	5,535,620	1.06%	2,775,944	0.67%
Refinery	28,373,030	5.41%	39,159,668	9.43%
Oil and gas exploration companies	25,570,037	4.88%	24,561,491	5.91%
Oil and gas marketing companies	14,910,234	2.85%	11,237,307	2.71%
Automobile assembler	10,315,672	1.97%	7,057,710	1.70%
Automobile parts and accessories	9,679,821	1.85%	2,967,800	0.71%
Fertilizer	3,259,100	0.62%	28,558,582	6.88%
Chemical	48,149,934	9.19%	23,452,489	5.65%
Engineering	46,187,654	8.81%	24,833,099	5.98%
Transport	1,415,180	0.27%	1,138,492	0.27%
Technology and communication	160,159,680	30.56%	122,557,788	29.51%
Leather and tanneries	15,941,240	3.04%	-	0.00%
Food and personal care products	5,496,927	1.05%	4,574,646	1.10%
Pharmaceuticals	100,099,886	19.10%	80,476,539	19.38%
Cable and electrical goods	-	0.00%	1,412,302	0.34%
Financial services	30,480,170	5.82%	33,351,731	8.03%
Woolen	1,267,250	0.24%	265,801	0.06%
	523,997,646	100%	415,358,223	100%

42.6 Liquidity risk

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

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



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

2017	Profit rate	Six months or less	Six to Twelve months	One to five years	Over five years	Total contractual cash flows
Rupees						
Long term loan	-	13,768,000	13,768,000	110,156,684	-	137,692,684
Musharaka, murabaha and finance under mark-up arrangements	-	110,000,000	-	-	-	110,000,000
Diminishing musharaka based TFCs	1 month KIBOR + 1%	44,103,896	44,103,896	72,449,839	-	160,657,631
Creditors, accrued and other liabilities	-	-	218,386,895	-	-	218,386,895
Accrued profit on borrowing	-	58,645,425	-	-	-	58,645,425
Profit distribution payable	-	25,057,489	-	-	-	25,057,489
Total	-	251,574,810	276,258,791	182,606,523	-	710,440,124

2016	Profit rate	Six months or less	Six to Twelve months	One to five years	Over five years	Total contractual cash flows
Rupees						
Musharaka, murabaha and finance under mark-up arrangement	8.98%-16%	312,149,098	-	-	-	312,149,098
Diminishing musharaka based TFCs'	1 month KIBOR	53,641,969	45,000,000	177,850,003	-	276,491,972
Creditors, accrued and other liabilities	-	-	74,461,337	-	-	74,461,337
Accrued profit on borrowing	-	240,008,423	-	-	-	240,008,423
Profit distribution payable	-	23,752,598	-	-	-	23,752,598
Total	-	629,552,088	119,461,337	177,850,003	-	926,863,428

42.7 Credit risk

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

	2017 Rupees	2016 Rupees
Musharaka and murabaha finance	19,798,906	36,882,557
Short-term investments	639,485,814	611,784,936
Lease rentals receivables	2,799,981	84,020
Loans, advances and other receivables	44,060,703	24,264,077
Accrued profit	201,089	1,597,773
Bank balances	143,906,472	14,915,558
	<u>850,252,965</u>	<u>689,528,921</u>

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



42.7.1 Segment by class of business for property, plant and equipment - leased

	2017		2016	
	Rupees	%	Rupees	%
Oil and gas	1,109,640	2.19%	-	0.00%
Transport	4,986,087	9.83%	4,986,087	5.28%
Food and confectioneries	852,748	1.68%	927,973	0.98%
Engineering and metals	78,500	0.15%	78,500	0.08%
Power generation	-	0.00%	7,788,944	8.26%
Insurance	304,920	0.60%	973,550	1.03%
Miscellaneous	43,399,980	85.55%	79,590,279	84.36%
	50,731,875	100%	94,345,333	100%

42.7.2 Segment by class of business for musharaka and murabaha finances

	2017		2016	
	Rupees	%	Rupees	%
Textile industry	14,073,686	6.64%	14,774,839	5.47%
Oil and lubricants	81,327,485	38.36%	133,577,471	49.48%
Chemical and pharmaceutical	31,000,000	14.62%	49,114,014	18.19%
Engineering	33,763,945	15.93%	33,763,945	12.51%
Auto and transportation	2,419,500	1.14%	-	0.00%
Hotelling industry	9,471,425	4.47%	9,471,425	3.51%
Miscellaneous	39,939,796	18.84%	29,279,860	10.85%
	211,995,837	100%	269,981,554	100%

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

	2017		2016	
	Rupees	%	Rupees	%
Health care equipment and services	-	0.00%	62,777,617	56.35%
Electricity	20,696,740	76.32%	40,856,700	36.68%
Miscellaneous	6,420,611	23.68%	7,767,480	6.97%
	27,117,351	100%	111,401,797	100%

42.8 Financial instruments by category	2017 Rupees	2016 Rupees
Financial assets		
Loans and receivables at amortised cost		
Long-term deposits	5,737,310	5,727,310
Musharaka finance	19,798,906	36,882,557
Ijarah / lease rental receivable	2,799,981	84,020
Loans and advances	38,293,725	18,507,099
Accrued profit	201,089	1,597,773
Other receivables	19,92,615	12,327,208
Cash and bank balances	144,097,751	15,153,463
Available-for-sale		
Short-term investments	400,700,753	418,981,082
Held-for-trading		
Short-term investments	237,296,245	192,803,854
Derivative financial instruments	1,488,816	-
	852,407,191	702,064,366
Financial liabilities		
Financial liabilities at amortised cost		
Long term loan	137,692,684	-
Diminishing musharaka based Term Finance		
Certificates	160,657,631	276,491,972
Murabaha, musharaka and finance under mark-up arrangements	110,000,000	312,149,098
Creditors, accrued and other liabilities	218,386,895	74,461,337
Accrued profit on borrowings	58,645,425	240,008,423
Profit distribution payable	25,057,489	23,752,598
	710,440,124	926,863,428

43 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

The carrying values of all financial assets and liabilities reflected in the consolidated financial statements are approximate to their fair values except for held to maturity investments. Fair value is determined on the basis of the objective evidence at each required date. The following table compares the carrying amounts and fair values of the Group's financial assets and financial liabilities as at June 30, 2017.



	As at June 30, 2017		As at June 30, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and receivables at amortised cost				
Long-term deposits	5,737,310	5,737,310	5,727,310	5,727,310
Musharaka finance	19,798,906	19,798,906	36,882,557	36,882,557
Ijarah / lease rental receivable	2,799,981	2,799,981	60,564	84,020
Loans and advances	38,323,393	38,323,393	18,507,099	18,507,099
Accrued profit	201,089	201,089	1,597,773	1,597,773
Other receivables	1,992,615	1,992,615	10,742,240	12,327,208
Cash and bank balances	144,097,751	144,097,751	15,153,463	15,153,463
Available-for-sale				
Short-term investments	277,703,117	300,188,780	219,864,554	232,807,930
Held-for-trading				
Short-term investments	228,930,956	237,296,245	177,810,235	192,803,854
Derivative financial instruments	1,488,816	1,488,816	-	-
Financial liabilities				
Financial liabilities at amortised cost				
Diminishing musharaka based Term Finance Certificates	160,657,631	160,657,631	276,491,972	276,491,972
Murabaha, musharaka and finance under mark-up arrangements	110,000,000	110,000,000	312,149,098	312,149,098
Creditors, accrued and other liabilities	218,386,895	218,386,895	74,594,411	74,461,337
Accrued profit on borrowings	58,645,425	58,645,425	240,008,423	240,008,423
Profit distribution payable	25,057,489	25,057,489	23,752,598	23,752,598

43.1 Fair value hierarchy

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

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

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

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

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

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

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



As at June 30, 2016, the Modaraba held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
Investments at fair value through profit or loss - held-for-trading				
Listed ordinary shares	192,803,854	-	-	192,803,854
Available-for-sale investments				
Listed ordinary shares - net	232,807,930	-	-	232,807,930
Unlisted ordinary shares	-	-	89,747,550	89,747,550
Debt securities	-	48,624,180	62,777,617	111,401,797
	<u>425,611,784</u>	<u>48,624,180</u>	<u>152,525,167</u>	<u>626,761,131</u>

Valuation techniques

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

Transfers during the year

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

	2017 Rupees	2016 Rupees
Opening balance	152,525,167	191,632,894
Redemption / sales during the year	(69,137,617)	(11,535,658)
Unrealized gain / (loss) during the year	4,983,267	(9,639,559)
Impairment during the year	-	(17,932,510)
Closing balance	<u>88,370,817</u>	<u>152,525,167</u>

44 CAPITAL RISK MANAGEMENT

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

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

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

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

	2017 Rupees	2016 Rupees
Debts	408,350,315	588,641,070
Cash and bank balances	(144,097,751)	(15,153,463)
Net debt	<u>264,252,564</u>	<u>573,487,607</u>
Equity	<u>1,263,852,726</u>	<u>1,057,598,450</u>
Net debt to equity ratio	<u>0.21</u>	<u>0.54</u>



45 RELATED PARTY TRANSACTIONS

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

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

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

The detail of transactions with related parties and balances with them, apart from compensation to executives as disclosed in note 40, is given below:

Relationship with the Modaraba	Nature of transactions / Balances	2017 Rupees	2016 Rupees
Management Company			
BRR Investment (Private) Limited	Management fee accrued	19,519,375	5,380,520
BRR Investment (Private) Limited	Management fee paid	5,380,520	8,106,829
BRR Investment (Private) Limited	Rent received	300,000	300,000
Associated companies / other related parties			
Crescent Standard Modaraba	Share of common expenses received	174,346	270,607
Dawood Family Takaful Limited	Rental received against ijarah / property	4,548,310	6,099,991
Dawood Family Takaful Limited	Group life insurance paid	286,918	186,855
Dawood Family Takaful Limited	Principal paid against investment in Sukuk	11,737,015	18,075,000
Dawood Family Takaful Limited	Profit paid against investment in Sukuk	4,197,868	12,619,119
Equity International (Private) Limited	Principal received on musharaka	-	43,500,000
Equity International (Private) Limited	Profit received on musharaka	-	12,955,914
Equity International (Private) Limited	Principal adjusted against settlement	-	55,858,769
Equity International (Private) Limited	Profit adjusted against settlement	-	27,159,254
First Dawood Investment Bank Limited	Rent received against property	818,400	818,400
First Dawood Investment Bank Limited	Share of common expenses received - net	171,040	347,308
First Dawood Investment Bank Limited	Principal paid against investment in Sukuk	17,457,854	9,817,872

Relationship with the Modaraba	Nature of transactions / Balances	2017 Rupees	2016 Rupees
First Dawood Investment Bank Limited	Profit paid against investment in Sukuk	10,281,928	5,482,641
First Dawood Investment Bank Limited	Consideration received against BBL share	9,080,000	16,100,000
First Dawood Employees Provident Fund	Transfer to provident fund	2,482,333	2,152,952
First Dawood Employees Provident Fund	Principal paid against investment in Sukuk	6,229,571	9,835,407
First Dawood Employees Provident Fund	Profit paid against investment in Sukuk	2,640,314	6,886,618
Dawood Equities Limited	Rental received against property	99,000	198,000
Dawood Equities Limited	Brokerage and commission paid	320,009	1,101,483
Hamida Dawood	Principal paid against investment in Sukuk	1,801,950	2,775,000
Hamida Dawood	Profit paid against investment in Sukuk	644,484	1,938,862
Dawood Global Foundation Systems Limited	Charity paid	86,280	216,959
Dawood Islamic Fund	Dividend received	3,886,047	2,591,851
786 Investments Limited (Formerly Dawood Capital Management Limited)	Dividend received	1,187,888	19,114,637
786 Investments Limited (Formerly Dawood Capital Management Limited)	Staff cost paid	-	1,052,998
	Staff cost reimbursed	1,052,998	-
45.1 Year end balances			
Management Company			
BRR Investment (Private) Limited	Management fee payable	19,519,375	5,380,520
Associated companies / other related parties			
First Dawood Investment Bank Limited	Consideration receivable against BBL shares	-	9,080,000
First Dawood Investment Bank Limited	Principal payable against investment in Sukuk	-	10,772,625
First Dawood Investment Bank Limited	Profit payable against investment in Sukuk	100,846	8,548,772
First Dawood Employees Provident Fund	Principal payable against investment in Sukuk	-	869,344
First Dawood Employees Provident Fund	Profit payable against investment in Sukuk	82,875	1,294,437
Dawood Family Takaful Limited	Profit payable against investment in Sukuk	177,175	1,155,024
Hamida Dawood	Profit payable against investment in Sukuk	27,202	177,328
786 Investments Limited (Formerly Dawood Capital Management Limited)	Receivable against staff cost paid	-	1,052,998



45.2 Group shared services

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

46 SEGMENT REPORTING

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

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

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

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

47 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

47.1 The Board of Directors of the Management Company in their meeting held on September 29, 2017 have approved profit distribution at the rate of 10% i.e. Re. 1 (2016: at the rate of 2.70% i.e. Re. 0.27 per certificate) for the year ended June 30, 2017. These consolidated financial statements do not reflect this distribution.

47.2 Subsequent to the balance sheet date, the Board of Directors of B.R.R. Investment (Private) Limited (the Modaraba Management Company) in their meeting held on September 29, 2017 has approved the scheme of arrangement for merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and into B.R.R. Guardian Modaraba (BRRGM) to be filed under a petition for sanction by the High Court of Sindh at Karachi in terms of Section 279-283 of the Companies Act, 2017 read with SRO 840(I)/2017 dated August 17, 2017 "Scheme of Arrangement (Modarabas)" involving swap ratio of 2.405:1 on the basis of breakup values of the certificates of CSM and BRRGM subject to approval of Registrar Modaraba and such changes, modifications as may be required or advised by legal counsel and/or accounting consultants and/or by the High Court of Sindh.

48 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on **September 29, 2017** by the Board of Directors of B.R.R. Investment (Private) Limited.

49 CORRESPONDING FIGURES

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

50 NUMBER OF EMPLOYEES

The number of employees as at year end was 78 (2016: 72) and average number of employees during the year was 74 (2016: 79).

51 GENERAL

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

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

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Waqas Anwar Qureshi
Director

Syed Tariq Masood
Chief Financial Officer

PATTERN OF CERTIFICATE HOLDING - FORM "34"
CERTIFICATE HOLDERS STATISTICS AS AT JUNE 30, 2017

Number of Certificate Holders	Certificate Holding			Certificate Held
	From		To	
1625	1	-	100	73,646
1265	101	-	500	345,269
2494	501	-	1,000	1,696,062
727	1,001	-	5,000	1,681,956
150	5,001	-	10,000	1,168,100
56	10,001	-	15,000	713,096
28	15,001	-	20,000	497,633
22	20,001	-	25,000	519,079
23	25,001	-	30,000	667,235
12	30,001	-	35,000	381,491
6	35,001	-	40,000	226,923
2	40,001	-	45,000	86,183
13	45,001	-	50,000	644,813
5	50,001	-	55,000	262,040
9	55,001	-	60,000	520,628
1	60,001	-	65,000	62,500
4	65,001	-	70,000	272,000
1	70,001	-	75,000	74,590
4	75,001	-	80,000	308,452
5	80,001	-	85,000	415,630
8	95,001	-	100,000	800,000
1	100,001	-	105,000	102,500
2	105,001	-	110,000	215,943
1	110,001	-	115,000	111,500
1	115,001	-	120,000	120,000
1	130,001	-	135,000	132,500
1	135,001	-	140,000	136,500
2	140,001	-	145,000	281,012
3	145,001	-	150,000	447,000
1	165,001	-	170,000	170,000
2	170,001	-	175,000	345,286
1	185,001	-	190,000	189,500
3	195,001	-	200,000	600,000
1	210,001	-	215,000	214,500
2	215,001	-	220,000	435,480
1	245,001	-	250,000	245,985
1	250,001	-	255,000	254,500
2	295,001	-	300,000	600,000
1	300,001	-	305,000	305,000
1	330,001	-	335,000	330,500
2	335,001	-	340,000	680,000
1	360,001	-	365,000	361,994
1	370,001	-	375,000	373,000
2	390,001	-	395,000	781,611
1	400,001	-	405,000	404,000
1	475,001	-	480,000	478,000



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

Number of Certificate Holders	Certificate Holding			Certificate Held
	From		To	
1	495,001	-	500,000	499,974
1	540,001	-	545,000	541,856
1	640,001	-	645,000	640,500
1	645,001	-	650,000	650,000
1	670,001	-	675,000	674,000
1	680,001	-	685,000	684,500
1	725,001	-	730,000	729,258
1	765,001	-	770,000	767,403
1	790,001	-	795,000	792,256
1	850,001	-	855,000	850,951
2	955,001	-	960,000	1,914,026
1	995,001	-	1,000,000	1,000,000
1	1,040,001	-	1,045,000	1,041,500
1	1,055,001	-	1,060,000	1,060,000
1	1,100,001	-	1,105,000	1,104,998
1	1,245,001	-	1,250,000	1,247,000
1	1,305,001	-	1,310,000	1,305,203
1	1,675,001	-	1,680,000	1,676,965
1	1,710,001	-	1,715,000	1,715,000
1	1,995,001	-	2,000,000	2,000,000
1	2,100,001	-	2,105,000	2,103,335
1	29,850,001	-	2,990,000	2,985,279
1	3,680,001	-	3,685,000	3,682,351
1	5,530,001	-	5,535,000	5,530,786
1	6,760,001	-	6,765,000	6,763,344
1	7,310,001	-	7,315,000	7,310,943
1	9,040,001	-	9,045,000	9,041,190
6524				78,046,255

S. No.	Categories of Certificate holders	Number of Certificate holders	Certificate Held	Percentage
1	Individuals	6,455	36,154,840	51.52
2	Financial Institutions	5	3,719,876	2.97
3	Investment Companies	18	4,490,036	5.62
4	Insurance Companies	1	7,310,943	9.37
5	Joint Stock Companies	27	7,816,033	9.32
6	Mutual Fund	2	4,787,349	6.52
7	Modarba Management Co.	2	10,082,690	12.92
8	Modarbas	3	305,107	0.39
9	Others	11	3,379,381	1.36
		6,524	78,046,255	100.00



ADDITIONAL INFORMATION AS AT JUNE 30, 2017

S. No.	Categories Certificate holders	Certificates Held	% Age
1	Associated Companies	17,651,367	22.62
	B.R.R. Investment (Pvt.) Ltd.	12,985,895	
	CDC - Trustee First Dawood Mutual Fund	1,104,998	
	Dawood Family Takaful Limited	2,019,000	
	Equity International (Pvt) Ltd.	1,541,474	
2	NIT / ICP	3,713,749	4.76
	CDC - Trustee National Investmet (Unit) Trust	3,682,351	
	Investment Corporation of Pakistan	31,398	
3	Directors, CEO their Spouse & Minor Children	6,900,191	8.84
	Rafique Dawood	25,800	
	Ayaz Dawood	6,874,391	
4	Public Sector Companies and Corporation	7,310,943	9.37
5	Banks, DFIs, NBFIs, Insurance Companies, Modarabas, Mutual Funds and Other Companies	13,215,356	16.93

Certificate holders holding five percent or more Certificates

Paid up Capital	78,046,255	
B.R.R. Investment (Pvt.) Ltd.	12,985,895	16.64
State Life Insurance Corp. Of Pakistan	7,310,943	9.37
Amanah Investments Limited	6,895,344	8.83



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

SIX YEARS' FINANCIAL SUMMARY

	2017	2016	2015	2014	2013	2012
Profit & Loss Account (Rs. In million)						
Operating income	313.62	243.01	206.96	234.38	377.33	380.82
Other income	148.43	29.41	94.10	14.31	2.66	7.85
Amortization on ijarah assets	22.22	30.27	33.56	26.61	17.97	27.73
Financial charges	24.78	37.31	79.44	135.55	202.99	239.63
Administrative expenses	155.60	138.08	136.88	103.89	100.64	109.74
Provision/(Reversal) for doubtful debts/receivables	16.55	(5.06)	(26.30)	(64.50)	(9.15)	(29.52)
Unrealized loss / (gain) on revaluation of held-for-trading investment	(43.43)	(0.09)	(33.47)	(14.54)	(12.84)	4.92
Net Profit	169.67	46.72	70.23	41.44	53.41	29.18
Dividend	78.05	21.07	31.61	18.73	24.19	14.04
Balance Sheet						
Paid-up Capital	780.46	780.46	780.46	780.46	780.46	780.46
Reserves	483.98	276.14	210.67	73.84	21.60	(7.65)
Certificate Holders Equity	1,264.44	1,056.60	991.13	854.29	802.06	772.81
Borrowings	408.35	588.64	699.71	949.22	1,617.99	1,756.81
Lease portfolio	50.73	94.35	121.50	162.20	135.63	97.72
Morabaha & Musharaka Portfolio	19.80	36.88	110.71	215.99	673.19	817.26
Performance Indicators						
Earnings / (Loss) per certificate (Rs.)	2.17	0.60	0.90	0.53	0.68	0.37
Profit paid per certificate (Rs.)	1.000	0.270	0.405	0.24	0.31	0.18
Profit paid per certificate (%)	10.00%	2.70%	4.05%	2.40%	3.10%	1.80%
Profit payout (after statutory reserves) (%)	90.02%	90.21%	90.01%	90.00%	90.00%	95.36%
Break-up value per certificate (Rs.)	16.20	13.54	12.70	10.95	10.28	9.90
Market value per certificate (Rs.)	9.43	6.95	7.73	6.00	3.75	2.45
Price Earnings ratio	4.35	11.58	8.59	11.32	5.48	6.55
Income/Expense ratio	1.73	1.24	1.29	1.17	1.18	1.09
Financial Charges/Total Expenses (%)	0.09	0.17	28.40%	48.43%	59.64%	62.32%

www.jamapunji.pk



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

- 📞 Licensed Entities Verification
- 🕒 Scam meter*
- 🎮 Jamapunji games*
- 📊 Tax credit calculator*
- 🏢 Company Verification
- 📋 Insurance & Investment Checklist
- ?? FAQs Answered

- 📈 Stock trading simulator
(based on live feed from KSE)
- 📖 Knowledge center
- 👤 Risk profiler*
- 📊 Financial calculator
- 📱 Subscription to Alerts (event
notifications, corporate and
regulatory actions)
- 📱 Jamapunji application for
mobile device
- 🖥️ Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

jamapunji.pk

@jamapunji_pk

*Mobile apps are also available for download for android and ios devices

BOOK POST
Printed Matter

IN SERVICE SINCE 1989

**UNDER CERTIFICATE
OF POSTING**



B.R.R. SECURITY VAULT

CUSTODIAL & REPOSITORY SERVICE

A DIVISION OF B.R.R. GUARDIAN MODARABA



Country's premier safe deposit locker service offers a unique and effective solution

- ◆ A purpose built structure designed on the "Fortress Formula"
- ◆ Computerised access procedures, secure yet quick
- ◆ Advanced security systems and closed-circuit TV monitors
- ◆ Full load standby generator with instant automatic switch-on
- ◆ Specially trained armed guards on duty round the clock
- ◆ All risks insurance cover, including unaccountable losses
- ◆ Wide variety of sizes in lockers and cabinets
- ◆ Convenient service hours.

Opens 365 days of the year

If undelivered, please return to:
18th Floor, B.R.R Tower
Hassan Ali Street off: I.I.
Chundrigar Road, Karachi-74000