



B.F. MODARABA

Annual Report 2022

Managed By

E.A. MANAGEMENT (PVT) LTD.

Registered under

The Companies Ordinance 1984 & Modaraba

Companies & Modaraba Ordinance 1980



B. F. MODARABA
34TH ANNUAL REPORT 2022
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CORPORATE INFORMATION

MODARABA MANAGEMENT COMPANY

E. A. Management (Pvt.) Ltd.

BOARD OF DIRECTORS

DIRECTORS OF MODARABA MANAGEMENT COMPANY

Mr. Ahmed Ali Mohammad Amin Bawany	Chairman
Mr. Muhammad Omar Amin Bawany	Chief Executive
Mr. Hamza Omar Bawany	Director
Mr. Muhammad Samiullah	Independent Director
Ms. Tasneem Yusuf	Independent Director

AUDIT COMMITTEE

Mr. Muhammad Samiullah	Chairman
Mr. Ahmed Ali Mohammad Amin Bawany	Member
Mr. Hamza Omar Bawany	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Muhammad Samiullah	Chairman
Mr. Ahmed Ali Mohammad Amin Bawany	Member
Mr. Muhammad Omar Amin Bawany	Member

COMPANY SECRETARY

Mr. Muhammad Ayub

SHARIAH ADVISOR

Mr. Mufti Zubair Usmani

LEGAL ADVISOR

Mr. Ghulam Rasool Korai

MODARABA AUDITORS

M/s. Rehman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

BANKERS

Al-Baraka Islamic Bank
Bank Al-Habib Islamic Limited
Habib Bank Limited
Habib Metropolitan Islamic Bank Limited
UBL Ameen Islamic Bank

REGISTERED OFFICE

Plot No. 43-1-E, (B) P.E.C.H.S,
Block-6, Off Razi Road,
Shahrah-e-Faisal, Karachi Pakistan.
UAN : 111-229-269
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EMAIL & WEBSITE

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URL: www.bfmodaraba.com.pk

SHARES REGISTRAR

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



CHAIRMAN'S REVIEW REPORT

I am pleased to present report to our valued Certificate Holders on the affairs of B.F.Modaraba (BFMOD) for the year ended 30th June, 2022, on the overall performance of the Board of Directors and effectiveness of the role played by the Board in achieving Modaraba's strategic objectives.

During the year, we have successfully set up an engineering workshop under Musharakah arrangement with Sustainable Environment Developers (SED) which now fully operational. But, SED reported a loss due to volatility in cost of raw material and lesser orders from industrial sectors which were reflection of rising political and economic uncertainty.

The composition of the Board of Directors reflects mix of varied backgrounds and rich experience in the fields of business, finance, banking and regulations. The Board carried out the annual review of its effectiveness and performance on a self-assessment basis. The Board also ensures compliance of all regulatory requirements. The Board is ably assisted by its Committees. The Audit Committee reviews the financial statements and ensures that the accounts fairly represent the financial position of the Modaraba. It also ensures effectiveness of internal controls. The HR Committee overviews HR policy framework and recommends selection and compensation of senior management team.

On behalf of the Board, I take opportunity to express my gratitude and appreciation towards SECP and Registrar Modaraba for their continuous guidance and support.

Ahmed Ali Bawany
Chairman

Karachi.
Date : October 05, 2022



چیرمین کی جائزہ رپورٹ

مجھے بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی اور بورڈ کی جانب سے ادا کیے گئے کردار کی تاثیر پر 30 جون 2022 کو ختم ہونے والے سال کے لیے بی ایف مضاربہ (بی ایف ایم او ڈی) کے معاملات پر ہمارے قابل قدر سرٹیفکیٹ ہولڈرز کو رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

سال کے دوران، ہم نے کامیابی سے مشاعرہ کے انتظامات کے تحت پائیدار ماحولیات ڈویلپرز (SED) کے ساتھ ایک انجینئرنگ ورکشاپ قائم کی ہے جو اب مکمل طور پر کام کر رہی ہے۔ لیکن، SED نے خام مال کی قیمت میں اتار چڑھاؤ اور صنعتی شعبوں سے کم آرڈرز کی وجہ سے نقصان کی اطلاع دی جو کہ بڑھتی ہوئی سیاسی اور اقتصادی غیر یقینی صورتحال کی عکاس ہے۔

بورڈ آف ڈائریکٹرز کی تشکیل مختلف پس منظر اور کاروبار، مالیات، بینکنگ اور قواعد و ضوابط کے بھرپور تجربے کے امتزاج کی عکاسی کرتی ہے۔ بورڈ نے اس کی تاثیر اور کارکردگی کا سالانہ جائزہ خود تشخیص کی بنیاد پر لیا۔ بورڈ تمام ریگولیٹری ضروریات کی تعمیل کو بھی یقینی بناتا ہے۔ بورڈ کو اس کی کمیٹیوں کی بھرپور مدد حاصل ہے۔ آڈٹ کمیٹی مالیاتی بیانات کا جائزہ لیتی ہے اور اس بات کو یقینی بناتی ہے کہ اکاؤنٹس مودرابہ کی مالی پوزیشن کی منصفانہ نمائندگی کرتے ہیں۔ یہ اندرونی کنٹرول کی تاثیر کو بھی یقینی بناتا ہے۔ HR کمیٹی HR پالیسی فریم ورک کا جائزہ لیتی ہے اور سینئر مینجمنٹ ٹیم کے انتخاب اور معاوضے کی سفارش کرتی ہے۔

بورڈ کی جانب سے، میں ایس ای سی پی اور رجسٹرار مودرابا کی مسلسل رہنمائی اور مدد کے لیے شکریہ اور تعریف کا اظہار کرنے کا موقع لیتا ہوں۔

احمد علی باوانی

چیرمین

Karachi.

Date : October 05, 2022



**34TH ANNUAL REPORT OF THE DIRECTORS
OF THE MODARABA COMPANY
FOR THE YEAR ENDED JUNE 30, 2022**

Dear Certificate Holders,

Assalam-o-Aalikum,

In the name of ALLAH the most gracious and most merciful, your directors are pleased to present 34th Annual Report of your Modaraba together with the audited financial statements for the year ended June 30, 2022.

FINANCIAL RESULTS

Financial results are summarized as follows:

	2022 Rupees	2021 Rupees
Revenue	<u>7,940,131</u>	<u>12,771,769</u>
Share of loss from long term Musharakah	<u>(15,384,081)</u>	<u>-</u>
(Loss)/Profit before charging management fee	(14,379,586)	6,393,328
Management fee	-	(722,446)
(Loss) / Profit before WWF	(14,379,586)	5,670,882
WWF	-	(113,418)
(Loss) / Profit before taxation	(14,379,586)	5,557,464
Taxation	<u>(731,791)</u>	<u>(51,374)</u>
(Loss) / Profit after taxation	<u>(15,111,377)</u>	<u>5,506,090</u>
Add: Un-appropriated profit brought forward	13,852,856	13,646,050
Add: Transfer to the unappropriated profits	-	-
	<u>(1,258,520)</u>	<u>13,646,050</u>
Appropriations:		
Transferred to statutory reserve @ Nil	-	(1,541,705)
(2021: 28%)	-	(3,757,579)
Cash Dividend @ Nil (2021: 5%)	-	(5,299,284)
	<u>(1,258,520)</u>	<u>13,852,856</u>
Earnings / (loss) per certificate	<u>(2.011)</u>	<u>0.73</u>



REVIEW OF OPERATIONS

Gross revenues during the year were Rs.7.940 million vis-à-vis Rs. 12.771 million for the corresponding period of 2020-21; major components of revenue were dividend income and gain on sale of Mutual Funds of Rs.5.343 million and 3.508 million respectively. However, Sustainable Environment Developers (SED) declared loss due to volatility in cost of material and lesser orders from Industrial sectors, resultantly profitability of Modaraba eroded by share of loss of SED amounting to Rs. 15.384. Thus, Pre-tax loss stood at Rs.15.111 million against a Pre-tax Profit of Rs. 5.506 million for the corresponding period of 2020-21 and loss per certificate stood at Rs. 2.011.

Equity Market index showed downward trend of 14% closed at 41,540 points as on June 30, 2022 from last year closing of 47,356 points as on June 30, 2021. This negative trend was reflected in our portfolio investment valuation and unrealized loss of marketable securities stood at Rs. 4.713 million shown in the equity as on balance sheet date.

FUTURE OUTLOOK

The year under review faced unprecedented challenges and issues this year. The business activities remain dull due to uncertainty on economic and political fronts, weakening of Pak Rupee, rising inflation and volatile capital market.

Modaraba Sector has gone through serious turmoil due to unfair and unjustified withdrawal of tax exemptions and limit of claiming tax exemptions in the hands of Lessees, for vehicles up to Rs 2.5 million only.

The year under review, we entered into a new venture under Musharakah arrangement to establish a workshop whereby engineering equipment and allied machineries are manufactured and sold to Industrial sectors. The workshop has been set up and fully operational. But, fragile economy condition of the country hammering the momentum of industrial sector of the country and entrepreneur are reluctant to take risk of due to rising political and economic uncertainty that caused huge rupee depreciation, deteriorating balance of payment of the country and all time high inflation, resultantly high volatility in the cost of raw material. SED is not receiving manufacturing contracts due facts described, but we hope, in long run, SED will receive orders from industrial sector and hope that next year will be better as compared to current year.

CORPORATE GOVERNANCE

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

- A. The financial statements prepared by the management of the Modaraba present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- B. Proper books of accounts of the Modaraba have been maintained.
- C. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- D. International Financial Reporting Standards, as applicable in Pakistan have been followed in the preparation of financial statements.
- E. The system of internal control is sound and has been effectively implemented and monitored.
- F. There are no significant doubts upon the Modaraba's ability to continue as a going concern.
- G. There is no material departure from best practices of corporate governance as detailed in the Regulations of Rule Book of Pakistan Stock Exchange except as mentioned in annexed compliance with the best practices of corporate governance.



- H. The summary of key operating and financial data of the important statistics for the last six years annexed.
- I. Information against outstanding duties, levies and charges is given in notes to the Accounts.
- J. The Company operates unfunded Provident fund scheme. The fair value of assets based is Rs. 946,275.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

A statement setting out the status of the compliance with the best practices of corporate governance is annexed to the Annual Report.

BOARD MEETINGS

During the year under review 4 meetings of the Board of Directors were held. A statement showing number of meetings each of the Directors attended are annexed to the Annual Report.

PATTERN OF CERTIFICATE HOLDERS

A statement showing the pattern of holding of the certificates as at June 30, 2022 is annexed to the Annual report.

TRADING OF CERTIFICATE

During the year there was no trading in certificates of Modaraba by CEO, Directors, Company Secretary and their spouses and minor children.

KEY OPERATING & FINANCIAL DATA

A statement summarizing key operating and financial data for the last six years is annexed to the Annual Report.

AUDITORS

The present Auditors **M/s. Rehman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants** retiring on the date of Annual Review Meeting, being eligible, have offered themselves for re-appointment for the year ending June 30, 2023 subject to approval by the Registrar Modaraba Companies and Modarabas, the Board has confirmed their appointment.

Audit observation, if any, has been explained in relevant notes/ statement.

ACKNOWLEDGEMENT

The Board of Directors is grateful to the regulatory authorities for their guidance and support and also to the Certificate holders for their continuing patronage and hard working of employees and confidence in the Management of Modaraba Company.

May Almighty Allah guide us in our efforts of the progress of Modaraba and reward with the blessing **AMEEN**.

On behalf of the Board

Muhammad Omar Amin Bawany
Chief Executive

Karachi
Date October 05, 2022



34 ویں سالانہ ڈائریکٹرز کی رپورٹ

مضاربہ کمپنی برائے اختتامی سال 30 جون 2022

محترم سرٹیفکیٹ یافتگان

اسلام و علیکم!

اللہ تعالیٰ کے نام سے جو بہت مہربان اور نہایت رحم کرنے والا ہے۔ آپ کے ڈائریکٹرز آپ کے مضاربہ کی 34 ویں سالانہ رپورٹ کے ساتھ 30 جون 2022 کو ختم ہونے والے سال کے لئے آڈٹ شدہ مالیاتی گوشوارہ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی نتائج

2022 روپے	2021 روپے	
7,940,131	12,771,769	آمدنی
(15,384,081)	-	طویل مدتی مشاعرہ سے ہونے والے نقصان کا حصہ
(14,379,586)	6,393,328	مینجمنٹ فیس وصول کئے سے پہلے منافع
-	(722,446)	انتظام کا معاوضہ
(14,379,586)	5,670,882	WWF سے پہلے منافع
-	(113,418)	ڈبلیو ڈبلیو ایف
(14,379,586)	5,557,464	ٹیکس سے پہلے منافع
(731,791)	(51,374)	ٹیکسیشن
(15,111,377)	5,506,090	ٹیکس کے بعد منافع
13,852,856	13,646,050	شامل کریں: غیر مختص شدہ منافع اگے لایا گیا
-	-	شامل کریں: غیر منقولہ منافع میں منتقل کریں
(1,258,520)	13,646,050	اختصاص:
-	(1,541,705)	منافع کا 28٪ (2020: 50٪) قانونی ریزرو میں منتقل
-	(3,757,579)	5 فیصد کیش ڈیویڈنڈ (2020: NIL)
-	(5,299,284)	
(1,258,520)	13,852,856	
(2,011)	0.73	کمائی / (نقصان) فی سرٹیفکیٹ

آپریشنز کا جائزہ

سال کے دوران مجموعی آمدنی 7.940 ملین تھی جیسا کہ 2020-21 کی اسی مدت کے 12.771 ملین کے مقابلے میں، محصولات کے بڑے اجزاء ڈیویڈنڈ کی آمدنی تھی اور میوچل فنڈز پر بالترتیب 5.343 ملین اور 3.508 ملین۔ تاہم، سسٹین ایبل انوائرنمنٹ ڈویلپرز (SED) نے مواد کی قیمت میں اتار چڑھاؤ اور صنعتی شعبوں سے کم آرڈرز کی وجہ سے نقصان کا اعلان کیا، جس کے نتیجے میں مضاربہ کے منافع میں SED کے نقصان کے حصہ سے 15.384 ملین کا نقصان ہوا۔ اس طرح، 2020-21 کی اسی مدت کے لیے 5.506 ملین کے قبل از ٹیکس منافع کے مقابلے میں قبل از ٹیکس نقصان 15.111 ملین رہا اور نقصان فی سرٹیفکیٹ 2.011 روپے رہا۔

ایکویٹی مارکیٹ انڈیکس 30 جون 2022 کو 41,540 پوائنٹس پر 14 فیصد کی گراوٹ کا رجحان ظاہر کرتا ہے جیسا کہ گزشتہ سال کے بند ہونے کے مقابلے میں 30 جون 2021 تک 47,356 پوائنٹس تھا۔ یہ منفی رجحان ہمارے پورٹ فولیو کی سرمایہ کاری کی تشخیص میں ظاہر ہوا اور غیر محسوس شدہ نقصان مارکیٹ ایبل سیکیورٹیز 4.713 ملین تھی جو بیلنس شیٹ کی تاریخ کے مطابق ایکویٹی میں دکھائی گئی ہے۔



زیر نظر سال، ہم نے مشاعرہ کے انتظامات کے تحت ایک ورکشاپ قائم کرنے کے لیے ایک نیا منصوبہ شروع کیا جس کے تحت انجینئرنگ کے آلات اور اس سے منسلک مشینری صنعتی شعبوں کو تیار اور فروخت کی جاتی ہے۔ ورکشاپ قائم ہو چکی ہے اور مکمل طور پر چل رہی ہے۔ لیکن، ملک کی نازک معیشت کی حالت ملک کے صنعتی شعبے کی رفتار کو نقصان پہنچا رہی ہے اور کاروباری افراد بڑھتی ہوئی سیاسی اور معاشی غیر یقینی صورتحال کی وجہ سے اس کا خطرہ مول لینے سے گریزاں ہیں جس کی وجہ سے روپے کی بے تحاشہ گرتی ہوئی، ملک میں ادائیگی کا توازن بگڑ گیا اور مہنگائی میں اضافہ ہوا۔ نتیجتاً خام مال کی قیمت میں زیادہ اتار چڑھاؤ۔ بیان کردہ حقائق کی وجہ سے SED مینوفیکچرنگ کے ٹھیکے حاصل نہیں کر رہا ہے، لیکن ہم امید کرتے ہیں کہ طویل مدت میں SED کو صنعتی شعبے سے آرڈر ملیں گے اور امید ہے کہ اگلا سال موجودہ سال کے مقابلے میں بہتر ہوگا۔

کارپوریٹ گورننس۔

جیسا کہ کوڈ آف کارپوریٹ گورننس کی ضرورت ہے، آپ کے ڈائریکٹرز یہ اطلاع دیتے ہوئے خوش ہیں:

1. مودر ابا کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کے معاملات کی منصفانہ حالت، اس کے آپریشن کا نتیجہ، نقد بہاؤ اور ایکوٹی میں تبدیلیوں کو پیش کرتے ہیں۔
2. مودر ابا کے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔
3. مناسب حساب کتاب کی پالیسیوں کو مالی بیانات کی تیاری میں مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ معقول اور سمجھدار فیصلوں پر مبنی ہے۔
4. بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالی بیانات کی تیاری میں عمل کیا گیا ہے۔
5. اندرونی کنٹرول کا نظام درست ہے اور اسے مؤثر طریقے سے نافذ اور مانٹریٹر کیا گیا ہے۔
6. موثر ابا کی جاری تشویش کے طور پر جاری رکھنے کی صلاحیت پر کوئی خاص شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی روانگی نہیں ہے جیسا کہ پاکستان اسٹاک ایکسچینج کے رول بک کے ریگولیشنز میں تفصیل کے علاوہ سوائے کارپوریٹ گورننس کے بہترین طریقوں کے ساتھ منسلک تعمیل میں ذکر کیا گیا ہے۔
8. پچھلے چھ سالوں کے اہم اعداد و شمار کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ۔
9. بقایا ٹیوٹیز، لیویز اور چارجز کے خلاف معلومات اکاؤنٹس کو نوٹوں میں دی گئی ہیں۔
10. کمپنی غیر منافع بخش پروویڈنٹ فنڈ اسکیم چلاتی ہے۔ اثاثوں کی بنیاد پر مناسب قیمت روپے ہے 946,275

کارپوریٹ گورننس کے کوڈ کے ساتھ تعمیل

سالانہ رپورٹ کے ساتھ کارپوریٹ گورننس کے بہترین طریقوں کی تعمیل کی حیثیت بیان کرنے والا بیان۔
بورڈ میٹنگز

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کی 4 میٹنگز منعقد ہوئیں۔ ایک بیان جس میں ہر ڈائریکٹر نے شرکت کی میٹنگوں کی تعداد ظاہر کی ہے سالانہ رپورٹ سے منسلک ہے۔

سرٹیفکیٹ ہولڈرز کا پیٹرن۔

30 جون 2022 کے طور پر سرٹیفکیٹس کے انعقاد کا نمونہ ظاہر کرنے والا بیان سالانہ رپورٹ سے منسلک ہے۔



سرٹیفکیٹ کی تجارت

سال کے دوران سی ای او ، ڈائریکٹرز ، کمپنی سیکرٹری اور ان کے شریک حیات اور نابالغ بچوں کے ذریعہ موڈر ابا کے سرٹیفکیٹس میں کوئی تجارت نہیں ہوئی۔

کلیدی آپریٹنگ اور فنانشل ڈیٹا۔

گزشتہ چھ سالوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ بیان سالانہ رپورٹ سے منسلک ہے۔
آڈیٹرز

موجودہ آڈیٹرز میسرز بورڈ نے تصدیق کی ہے کہ رحمن سرفراز رحیم اقبال رفیق ، سالانہ جائزہ اجلاس کی تاریخ پر ریٹائر ہونے والے چارٹرڈ اکاؤنٹنٹس نے 30 جون 2023 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کی پیشکش کی ہے۔ ان کی تقرری

آڈٹ مشاہدہ ، اگر کوئی ہے ، متعلقہ نوٹ/ بیان میں وضاحت کی گئی ہے۔

اعتراف

بورڈ آف ڈائریکٹرز ریگولیٹری اتھارٹیز کی رہنمائی اور مدد کے لیے اور سرٹیفکیٹ ہولڈرز کی مسلسل سرپرستی اور ملازمین کی محنت اور موڈر ابا کمپنی کے انتظام پر اعتماد کے لیے شکر گزار ہیں۔

اللہ رب العزت موڈر ابا کی ترقی کی ہماری کوششوں میں رہنمائی فرمائے اور نعمت سے نوازے آمین۔

بورڈ کی جانب سے۔

محمد عمر امین باوانی۔
چیف ایگزیکٹو

کراچی
تاریخ 05 اکتوبر 2022



Shari'ah Advisor Report

For the financial year ended June 30, 2022

This to please report that for the financial year ended June 30, 2022, I have examined/reviewed the transactions and agreements executed, polices implemented and procedures followed by B.F. Modaraba managed by E.A. Management (Private) Limited being Modaraba Management Company.

I have found that transactions and agreements executed, polices implemented and procedures followed by B.F. Modaraba were in accordance with the relevant Shari'ah rulings and they were in line with prospectus issued by B.F. Modaraba, Shari'ah Compliance and Shari'ah Audit Regulations, Islamic Financial Accounting Standards applicable in Pakistan and the Model Financing Agreements approved by the Religious Board of SECP.

I have found that new Sharia' Compliance and Shari'ah Audit mechanism has been introduced which is hoped to lead towards more stringent Sharia' Compliance and Shari'ah Audit practices

I have found that under pool management mechanism, profit sharing ratios fixed for the distribution of profit & losses and the weightages assigned to different classes of deposits were in accordance with Shari'ah rulings.

I have not advised transfer of income to charity account due to non-observance of deviation from Shari'ah rulings.

I will recommend that:

- a) All earning assets and assets owned should be covered under Takaful arrangements instead of conventional insurance.
- b) Proper training to each staff level should be conducted

Conclusion:

The business activities of B.F. Modaraba during the financial year ended June 30, 2022 have been found to be Sharia'h compliant

Dr. Zubair Usmani

Dated: October 05, 2022

Shari'ah Advisor



INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed statement of financial position of **B.F. Modaraba ('the Modaraba')** as at **June 30, 2022** and the related statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes forming part thereof (here-in-after referred to as 'the financial statements'), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba Company's [E.A. Management (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 accounts 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 statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes forming part 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 accounts 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;

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-:2:-

- (c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, given 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, 2022** and of the loss, total comprehensive loss, changes in equity and its cash flows for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner: Muhammad Rafiq Dosani

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Karachi.

Dated : October 05, 2022



Statement of Financial Position

As at June 30, 2022

		2022	2021
ASSETS	Note	-----Rupees-----	
Non-current assets			
Furniture and equipment	4	19,879	23,063
Long term deposits	5	40,019	40,019
Long term investments	6	95,249,082	127,330,464
Diminishing Musharaka	7	12,062,975	-
Long term Musharaka	8	7,415,919	14,000,000
		<u>114,787,874</u>	<u>141,393,546</u>
Current assets			
Prepayments and other receivables	9	832,402	688,418
Current portion of Diminishing Musharaka	7	2,524,275	-
Advance tax - net		3,500,628	4,323,688
Cash and bank balances	10	2,485,415	2,551,491
		<u>9,342,720</u>	<u>7,563,597</u>
Total assets		<u><u>124,130,594</u></u>	<u><u>148,957,143</u></u>
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	11	3,004,935	2,680,431
Due to Management Company		-	770,129
Unclaimed dividend		1,690,889	1,545,584
		<u>4,695,824</u>	<u>4,996,144</u>
Certificate holders' equity			
Certificate capital	12	75,151,587	75,151,587
Revenue Reserves	13	48,996,651	67,865,607
		<u>124,148,238</u>	<u>143,017,194</u>
Unrealized gain / (loss) on re-measurement of investments classified as fair value through other comprehensive income	14	(4,713,468)	943,805
Total liabilities and equity		<u><u>124,130,594</u></u>	<u><u>148,957,143</u></u>
Contingencies and commitments	15	-	-

The annexed notes from 1 to 25 form an integral part of these financial statements.

FOR E.A Management (Private) Limited
(Management Company)

Chairman

Chief Executive

Director

Chief Financial Officer



Statement of Profit or Loss

For the year ended June 30, 2022

	Note	2022 -----Rupees-----	2021
Revenue - net			
Trading profit from sale of sugar	16	-	1,149,127
Dividend - net of zakat	17	5,342,659	7,634,938
Profit on bank deposits accounts		123,523	642,663
Diminishing Musharakah income		227,550	-
Realised gain on redemption of mutual fund units		3,507,768	-
Unrealised (loss) / gain on remeasurement of investments in units of mutual funds		(1,261,369)	3,345,041
		<u>7,940,131</u>	<u>12,771,769</u>
Administrative expenditure			
Operating expenses	18	(6,995,240)	(6,378,441)
Share of loss from long term Musharaka		(15,384,081)	
Other income		59,604	
Profit before charging Management Company's remuneration		<u>(14,379,586)</u>	<u>6,393,328</u>
Management Company's remuneration	19	-	(722,446)
Provision for Worker's Welfare Fund		-	(113,418)
(Loss) / profit taxation		<u>(14,379,586)</u>	<u>5,557,464</u>
Taxation	20	(731,791)	(51,374)
(Loss) / Profit after taxation		<u><u>(15,111,377)</u></u>	<u><u>5,506,090</u></u>
(Loss) / earnings per certificate - basic and diluted	21	<u><u>(2,011)</u></u>	<u><u>0.73</u></u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

FOR E.A Management (Private) Limited
(Management Company)

Chairman

Chief Executive

Director

Chief Financial Officer



Statement of Comprehensive Income

For the year ended June 30, 2022

	2022	2021
	-----Rupees-----	
(Loss) / Profit after taxation	(15,111,377)	5,506,090
Other comprehensive income		
<i>Items that will not be subsequently reclassified to profit or loss</i>		
(Deficit) / Surplus on re-measurement of investments classified as at fair value through other comprehensive income	(5,657,273)	11,924,266
Total comprehensive (loss) income for the year	<u><u>(20,768,650)</u></u>	<u><u>17,430,356</u></u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

FOR E.A Management (Private) Limited
(Management Company)

Chairman

Chief Executive

Director

Chief Financial Officer



Statement of Changes in Equity

For the year ended June 30, 2022

	Certificate capital	Reserves		Total Reserves	Total
		Statutory reserves	Unappropriated profits		
	-----Rupees-----				
Balance as at June 30, 2020	75,151,587	48,713,466	13,646,051	62,359,517	137,511,104
Total comprehensive income for the year ended June 30, 2021					
- Profit after taxation	-	-	5,506,090	5,506,090	5,506,090
- Other comprehensive income	-	-	-	-	-
	-	-	5,506,090	5,506,090	5,506,090
Transfer to the statutory reserve @ 28%	-	1,541,705	(1,541,705)	-	-
Balance as at June 30, 2021	75,151,587	50,255,171	17,610,436	67,865,607	143,017,194
Total comprehensive income for the year ended June 30, 2022					
- Loss after taxation	-	-	(15,111,377)	(15,111,377)	(15,111,377)
- Other comprehensive income	-	-	-	-	-
	-	-	(15,111,377)	(15,111,377)	(15,111,377)
Issuance of Cash Dividend @ 5%	-	-	(3,757,579)	(3,757,579)	(3,757,579)
Balance as at June 30, 2022	75,151,587	50,255,171	(1,258,520)	48,996,651	124,148,238

* As per Circular No. SC/M/PRDD/PRs/2017-259 dated December 11, 2017 issued by the SECP, the surplus on revaluation of investments has not been included in the equity.

The annexed notes from 1 to 25 form an integral part of these financial statements.

FOR E.A Management (Private) Limited
(Management Company)

Chairman

Chief Executive

Director

Chief Financial Officer



Statement of Cash Flows

For the year ended June 30, 2022

		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit taxation		(14,379,586)	5,557,464
Adjustments for non-cash charges and other items:			
- Depreciation on furniture and equipment	4	3,184	3,960
- Profit on bank deposits		(123,523)	(642,663)
- Provision for Management Company's remuneration	19	-	722,446
- Provision for provident fund		486,440	410,869
- Provision for Worker's Welfare Fund		-	113,418
- Unrealised (gain) / loss on remeasurement of investments		1,261,369	(3,345,041)
- Share of loss from long term Musharaka		15,384,081	-
- Realised gain on redemption of mutual fund units		(3,507,768)	-
- Dividend income - net of zakat	17	(5,342,659)	(7,634,938)
		8,161,124	(10,371,949)
Operating loss before working capital changes		(6,218,462)	(4,814,485)
Working capital changes			
<i>Decrease / (increase) in current assets</i>			
- Trade debts		-	-
- Prepayments and other receivables		(468,365)	9,897
<i>Increase / (decrease) in current liabilities</i>			
- Trade and other payables		53,064	(851,162)
		(415,301)	(841,265)
Income tax refund received / (paid) - net		91,269	(1,200,793)
Provident fund paid to employees		(215,000)	(160,994)
Management Company's remuneration paid		(770,129)	(111,898)
Sale / (Purchase) of investments - net		28,670,508	(9,014,521)
Dividend received		5,665,659	7,311,938
		33,442,307	(3,176,268)
Net cash (used in) / generated from operating activities		26,808,544	(8,832,018)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend paid		(3,612,274)	-
Profit received on bank deposits		124,904	645,447
Musharaka Financing		(23,387,250)	(14,000,000)
Net cash (used in) / generated from investing activities		(26,874,620)	(13,354,553)
Net (decrease) / increase in cash and cash equivalents		(66,076)	(22,186,571)
Cash and cash equivalents as at beginning of the year		2,551,491	24,738,062
Cash and cash equivalents as at the end of year	10	2,485,415	2,551,491

The annexed notes from 1 to 25 form an integral part of these financial statements.

FOR E.A Management (Private) Limited
(Management Company)

Chairman

Chief Executive

Director

Chief Financial Officer

B.F. Modaraba

Notes to the Financial Statements

For the year ended June 30, 2022

1. STATUS AND NATURE OF BUSINESS

B.F. Modaraba ('the Modaraba') was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder. The Modaraba is managed by E.A. Management (Private) Limited ('Modaraba Management Company'). The registered office of the Modaraba is situated at Plot No. 43-1-E(B), P.E.C.H.S., Block-6, Off Razi Road, Shahrah-e-Faisal, Karachi. The Modaraba is listed in Pakistan Stock Exchange. The Modaraba is a perpetual multi-purpose modaraba and is primarily engaged in investments in quoted securities, trading of sugar, leasing, musharika and murabaha transactions.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of compliance

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

- (a) International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and such other reporting standards [including Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP)] as notified by the Securities and Exchange Commission of Pakistan (SECP) under section 225(1) of the Companies Act, 2017 (here-in-after collectively referred to as the 'applicable financial reporting standards'); and
- (b) The legal provisions of the (i) Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, (ii) Modaraba Companies and Modaraba Rules, 1981, (iii) The Modaraba Regulations, 2021 as well as the notifications, circulars or directives issued thereunder by the SECP from time to time (here-in-after collectively referred to as the 'applicable laws and regulations').

Wherever the requirements of the applicable financial reporting standards differ from the requirements of the applicable laws and regulations, the latter shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost, except for :

- Investments in quoted companies and modarabas carried at fair value through other comprehensive income
- Investments in open-ended mutual funds carried at fair value through profit or loss

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Modaraba's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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 that are not readily apparent from other sources. Actual results may differ from these estimates.

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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgments were exercised in application of accounting policy are as follows:

- Useful lives, depreciation methods and residual values of furniture and equipment 3.1
- Provision for taxation 3.12

2.5 New accounting pronouncements

2.5.1 *Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2022.*

During the years, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Modaraba. However, since such updates were not considered to be relevant to these financial statements, the same have not been reported.

2.5.2 *New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective*

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Modaraba.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Modaraba.

Amendments to IFRS 3 'Business Combinations' - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018. The amendments are not likely to affect the financial statements of the Modaraba.

- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The management of the Modaraba is currently in the process of assessing the impacts of these amendments to these financial statements.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - a. requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - b. clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - c. clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

The management of the Modaraba is currently in the process of assessing the impacts of above amendments to these financial statements.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. The amendments are not likely to affect the financial statements of the Modaraba.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted. The amendments are not likely to affect the financial statements of the Modaraba.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022:
 - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

 - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

 - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

The above amendments are not likely to affect the financial statements of the Modaraba.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Furniture and equipment

Fixed assets held for own use are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to income applying the reducing balance method at the rates specified in note 4 to these financial statements.

Depreciation is charged from the date of acquisition of the respective assets upto the date of disposal.

Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. Major renewals and replacement are capitalized and assets so replaced, if any, are retired.

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

Gain or loss on disposal of assets is accounted for in the year in which it arises.

3.2 Impairment of non-financial assets

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

3.3 Stock in trade

Stock in trade is valued at lower of cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Cost is determined using weighted average method.

3.4 Trade debts

Trade debts are carried at their initial transaction price less the lifetime expected credit loss allowance.

A receivable is recognized when the goods are delivered to customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

3.5 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and balances with banks.

3.6 Financial instruments

3.6.1 *Initial recognition, classification and measurement*

The Modaraba recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment.

Regular way purchase of investments are recognized using settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place.

The Modaraba classifies its financial assets into either of following three categories:

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

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Modaraba may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

3.6.2 Subsequent measurement

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

(c) Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Modaraba has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

3.6.3 Impairment

The Modaraba recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade debts, the Modaraba applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Modaraba applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Modaraba measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Modaraba measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Modaraba measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Modaraba recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.6.4 De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Modaraba has transferred substantially all risks and rewards of ownership.

The Modaraba directly reduces the gross carrying amount of a financial asset when the Modaraba has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

3.7 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

3.8 Provisions and contingent liabilities

Provisions

A provision is recognised in the statement of financial position when the Modaraba has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

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

3.9 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amount and the Modaraba intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.10 Revenue

Revenue from trading activities

Revenue from sale of goods (sugar) is recognized when the customer obtains control of the goods, being when the goods are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been dispatched from the Modaraba's premises, the risk of loss has been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Modaraba has objective evidence that all criteria for acceptance have been satisfied.

The Modaraba does not expect to have contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Modaraba does not adjust any of the transaction prices for the time value of money.

Dividend income

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Modaraba and the amount of the dividend can be measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

Interest income

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

3.11 Employee Benefits

Short-term paid absences

Provision for accumulating compensated absences, whether vesting or non-vesting, is recognized as the employees render services that increase their entitlement to future paid absences. Such provision is measured as the additional amount that the Modaraba expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Non-accumulating compensated absences are recognized as expense in the period in which they occur.

Post-employment benefits - Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the employee.

The Modaraba operates an unfunded provident scheme for its employees which is classified as a defined contribution plan. Equal monthly contributions are made by the Modaraba and the employees to the plan at the rate equal to 9% of their basic salary.

When an employee has rendered service to the Modaraba during a period, the Modaraba recognises the contribution payable to a defined contribution plan in exchange for that service as an expense in profit or loss and as a liability in the statement of financial position (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Modaraba recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, they are discounted using the discount rate determined by reference to market yields at the end of the reporting period on high quality corporate bonds (or when there is no deep market in such bonds, the government bonds) having term consistent with the estimated term of the post-employment benefit obligations.

3.12 Taxation

Current

Unless the income of the Modaraba (other than income from trading activities) is treated as exempt under clause (100) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 ('the Ordinance'), the total income is subject to taxation at the rate of 25%.

The income of Modaraba is exempt from taxation under clause (100) of Part I of the Second Schedule of the Ordinance, subject to the condition that not less than 90% of the total profits in the year (as reduced by the amount transferred to statutory reserve) are distributed amongst the certificate holders.

Deferred

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

4. FURNITURE AND EQUIPMENT

	Office equipment	Furniture & fixture	Computer & allied equipment	Total
	----- (Rupees) -----			
As at June 30, 2020				
Cost	147,225	146,603	351,720	645,548
Accumulated depreciation	(137,883)	(135,195)	(345,447)	(618,525)
	<u>9,342</u>	<u>11,408</u>	<u>6,273</u>	<u>27,023</u>
<i>Movement during the year ended</i> <i>June 30, 2021</i>				
Opening net book value	9,342	11,408	6,273	27,023
Depreciation for the year	(936)	(1,140)	(1,884)	(3,960)
Closing net book value	<u>8,406</u>	<u>10,268</u>	<u>4,389</u>	<u>23,063</u>
As at June 30, 2021				
Cost	147,225	146,603	351,720	645,548
Accumulated depreciation	(138,819)	(136,335)	(347,331)	(622,485)
	<u>8,406</u>	<u>10,268</u>	<u>4,389</u>	<u>23,063</u>
<i>Movement during the year ended</i> <i>June 30, 2022</i>				
Opening net book value	8,406	10,268	4,389	23,063
Depreciation for the year	(840)	(1,028)	(1,316)	(3,184)
Closing net book value	<u>7,566</u>	<u>9,240</u>	<u>3,073</u>	<u>19,879</u>
As at June 30, 2022				
Cost	147,225	146,603	351,720	645,548
Accumulated depreciation	(139,659)	(137,363)	(348,647)	(625,669)
	<u>7,566</u>	<u>9,240</u>	<u>3,073</u>	<u>19,879</u>
Rate of depreciation per annum	<u>10%</u>	<u>10%</u>	<u>30%</u>	

5.	LONG TERM DEPOSITS	Note	2022	2021			
			Rupees				
	Basic deposits placed with:						
	- Central Depository Company of Pakistan Limited		25,000	25,000			
	- State Bank of Pakistan		10,019	10,019			
	- Pakistan Telephone Communications Limited		5,000	5,000			
			40,019	40,019			
6.	LONG TERM INVESTMENTS						
	At fair value through other comprehensive income						
	Investments in quoted companies and modarabas	6.1	41,689,568	38,593,345			
	At fair value through profit or loss						
	Investment in open-ended mutual funds	6.2	53,559,514	88,737,119			
			95,249,082	127,330,464			
6.1	Investments in quoted companies and modrabas						
	Number of shares / certificates	Name of Company / Institution	Cost	Market value			
	2022	2021	2022	2021			
			Rupees				
		MODARABAS					
	21,136	21,136	Orix Modaraba	191,281	191,281	338,176	369,878
	72,900	72,900	First Punjab Modaraba	127,575	127,575	118,827	203,391
		BANK					
	39,505	34,353	Meezan Bank Limited	1,478,826	1,478,826	4,463,275	3,964,679
		CEMENT					
	177,000	177,000	Fauji Cement Limited	5,414,849	5,414,849	2,508,090	4,071,000
	13,000	13,000	Kohat Cement Limited	2,122,412	2,122,412	1,691,690	2,684,370
	10,000	10,000	D.G.Khan Cement Limited	975,797	975,797	625,000	1,179,200
	10,000	10,000	Maple Leaf Cement	312,200	312,200	273,500	469,800
	3,000	-	Lucky Cement Limited	1,990,205	-	1,377,120	-
		TEXTILE					
	10,000	10,000	Nishat Mills Limited	843,634	843,634	739,100	933,000
		FOOD & PERSONAL CARE PRODUCTS					
	10,000	10,000	Frieslandcampina Engro Pakistan	731,100	731,100	682,800	1,150,800
		REFINERY					
	12,500	12,500	Attock Refinery Limited	2,078,108	2,078,108	2,197,250	3,205,626
		FUEL AND ENERGY					
	22,419	22,419	Hub Power Company Limited	1,037,619	1,037,619	1,528,303	1,786,124
	49,000	49,000	Kohinoor Energy Limited	2,126,091	2,126,091	1,876,700	1,763,991
	10,099	10,099	Pakistan Petroleum Limited	886,443	886,443	681,783	876,896
	600,500	600,500	K-Electric Limited	5,255,514	5,255,514	1,825,520	2,510,333
	20,000	-	Pakistan Oilfields Limited	6,763,291	-	8,116,200	-
		ENGINEERING					
	33,350	29,000	Mughal Iron & Steel Industries Limited	2,028,825	2,028,825	1,922,294	3,027,600
	25,000	25,000	International Steels Limited	3,654,865	3,654,865	1,484,000	2,335,250
		AUTOMOBILE ASSEMBLER					
	2,000	2,000	Pak Suzuki Motors Limited	1,434,613	1,434,613	422,420	710,880
		COMMUNICATION					
	57,000	57,000	Pakistan Telecommunication Company Limite	1,006,050	1,006,050	396,720	674,881
		CHEMICALS & PHARMACEUTICALS					
	95,000	95,000	Engro Fertilizer Limited	5,943,738	5,943,738	8,420,800	6,675,646
				46,403,036	37,649,540	41,689,568	38,593,345

6.2 Investments in open-ended mutual funds

Number of units		Name of Mutual Fund	Cost		Fair Value	
2022	2021		2022	2021	2022	2021
----- Rupees -----						
-	54,475	Alfalah GHP Islamic Value Fund	-	5,304,336	-	4,856,821
69,549	69,549	AKD Islamic Stock Fund	3,000,000	3,000,000	2,814,648	3,463,317
5,073	116,508	Meezan Islamic Fund	277,770	6,379,345	285,255	7,383,779
334,321	1,419,068	Meezan Islamic Income Fund	17,182,702	72,926,297	17,227,561	73,033,202
664,641	-	Meezan Rozana Amdani Fund	33,232,050	-	33,232,050	-
			<u>53,692,522</u>	<u>87,609,978</u>	<u>53,559,514</u>	<u>88,737,119</u>

	2022	2021
	----- Rupees -----	
Considered good	14,587,250	-
Less; current portion of diminishing musharaka	(2,524,275)	-
	<u>12,062,975</u>	<u>-</u>

7.1 These finance carry profit rate of Kibor plus 18% per annum and are repayable on monthly basis over the period of four years. The arrangement is secured against promissory note.

8. LONG TERM MUSHARAKA

This represent Musharaka Agreement entered into between Modaraba and M/s. Sustainable Environment Developers (SED) on May 26, 2021, with profit sharing ratio of 48.5% and 51.5% respectively. The agreement will dissolve / terminate upon mutual consent. Carrying amount of the Musharaka investment is as follows;

	2022	2021
	----- Rupees -----	
Cost of investment		
Carrying value as at	14,000,000	-
Investment made during the year	8,800,000	14,000,000
	<u>22,800,000</u>	<u>14,000,000</u>
Accumulated share of profit:		
Opening balance	-	-
Share of loss for the year	(15,384,081)	-
	<u>(15,384,081)</u>	<u>-</u>
Carrying value as at reporting date	<u>7,415,919</u>	<u>14,000,000</u>

9. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments	75,734	78,421
<i>Other receivables</i>		
Profit on bank deposits	1,432	2,813
Dividend receivable	-	323,000
Receivable against Takaful (Diminishing Musharakah)	299,441	-
Sales tax	455,795	284,184
	<u>756,668</u>	<u>609,997</u>
	<u>832,402</u>	<u>688,418</u>

10.	CASH AND BANK BALANCES	Note	2022 -----Rupees-----	2021
	Cash in hand		34,033	22,186
	Balance with banks:			
	- Current accounts		1,092,042	943,655
	- Saving accounts	10.1	1,359,340	1,585,650
			2,451,382	2,529,305
			2,485,415	2,551,491

10.1 Saving accounts represent Islamic bank accounts. The rate of profit on these accounts ranges from 4.50% to 10.5.% (2021: 4.50% to 5.78%) per annum.

11.	TRADE AND OTHER PAYABLES	Note	2022 -----Rupees-----	2021
	Payable against purchase of securities		-	-
	Accrued liabilities:			
	- Auditor's remuneration		335,000	275,000
	- Salaries payables		-	292,015
	- Commission payable		18,000	18,000
	- Provident fund payable		946,275	674,835
	- Sindh Workers' Welfare Fund	11.1	1,169,808	1,169,808
	- Other liabilities		535,852	250,773
			3,004,935	2,680,431

11.1 This represents the provision for Sindh Workers' Welfare Fund recognized in respect of the financial years ended June 30, 2015 to June 30, 2022. The provision has been computed at the rate of 2% of declared taxable income or accounting profit, whichever is higher, as notified under the Sindh Workers' Welfare Fund Act, 2014 promulgated in June 2015.

12. CERTIFICATE CAPITAL

2022 ----- No. of Certificates -----	2021	2022 ----- Rupees -----	2021
10,000,000	10,000,000	100,000,000	100,000,000
		Authorized certificate capital	
		Modaraba certificates of Rs. 10 each	
		Issued, subscribed and paid-up capital	
3,000,000	3,000,000	Modaraba certificates of Rs.10/- each issued for cash	30,000,000
4,515,158	4,515,158	Modaraba certificates of Rs.10/- each issued as bonus certificates	45,151,587
7,515,158	7,515,158	75,151,587	75,151,587

13.	REVENUE RESERVES	Note	2022 -----Rupees-----	2021
	Statutory reserve	13.1	50,255,171	50,255,171
	Unappropriated profits		(1,258,520)	17,610,436
			48,996,651	67,865,607

13.1 As per Modaraba Regulations, 2021, every modaraba shall create reserve fund to which an amount not less than 20% and not more than 50% of its after tax profit should be transferred till such time that reserve equals the amount of the paid up capital and thereafter, a sum not less than 5% and not more than 20% of its after tax profit is to be transferred. During the year, the Modaraba has transferred an amount of Rs. NIL (2021: Rs 1.542 million) which represents 28% of the profit after tax.

		2021	2021
	Note	-----Rupees-----	
14. UNREALIZED (LOSS) / GAIN ON REMEASUREMENT OF INVESTMENTS CLASSIFIED AS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME			
Market value of investments	6.1	41,689,568	38,593,345
Less: cost of investments	6.1	(46,403,036)	(37,649,540)
		(4,713,468)	943,805
14.1 Movement in unrealized (loss) / gain			
Unrealized loss as at the beginning of the year - net		943,805	(10,980,461)
Gain realized on disposal transferred to unappropriated profits		-	-
Surplus / (deficit) on remeasurement of investments recognised during the year in other comprehensive income		(5,657,273)	11,924,266
		(5,657,273)	11,924,266
Unrealized loss as at the end of the year - net		(4,713,468)	943,805
15. CONTINGENCIES AND COMMITMENTS			
There were no known contingencies and commitments as at June 30, 2022 (June 30, 2021: None).			
		2022	2021
	Note	-----Rupees-----	
16. TRADING PROFIT FROM SALE OF SUGAR			
Gross sales		-	15,600,000
less: sales tax		-	(2,266,668)
		-	13,333,332
Cost of sales		-	(12,184,205)
		-	1,149,127
17. DIVIDEND INCOME - NET OF ZAKAT			
Dividend income - gross	17.1	5,352,535	7,652,114
Less: Zakat deducted at source		(9,876)	(17,176)
		5,342,659	7,634,938

		2022	2021
	Note	-----Rupees-----	
17.1 Dividend income - gross			
<i>Dividend income from investments classified as at fair value through profit or loss</i>			
Meezan Islamic Fund		-	-
Meezan Islamic Income Fund		1,363,055	4,583,949
Alfalah GHP Islamic Value Fund		126,041	340,497
		<u>1,489,096</u>	<u>4,924,446</u>
<i>Dividend income from investments classified as at fair value through other comprehensive income</i>			
D.G.Khan Cement		10,000	-
Hub Power Company Limited		257,819	156,933
Nishat Mills Limited		40,000	40,000
Kohinoor Energy Limited		771,750	490,000
Pakistan Oilfields Limited		400,000	-
Pakistan Petroleum Limited		35,347	25,248
International Steel Limited		225,000	75,000
Mughal Steel		100,050	75,000
Pak Suzuki		13,000	-
Engro Fertilizer Limited		1,710,000	1,555,000
Meezan Bank Limited		239,179	257,647
Orix Modaraba		61,294	52,840
		<u>3,863,439</u>	<u>2,727,668</u>
		<u>5,352,535</u>	<u>7,652,114</u>
18. OPERATING EXPENSES			
Salaries and other benefits		5,487,489	4,797,220
Fees and subscription		955,292	1,002,930
Auditors' remuneration	18.1	335,000	335,000
Miscellaneous	26.3	117,041	180,584
Advertisement		32,760	20,160
Printing and stationery		18,835	17,950
Postage and telephone		10,760	11,320
Travelling and conveyance		7,250	4,900
Depreciation	4	3,184	3,960
Bank charges		27,629	3,129
Newspapers and periodicals		-	1,288
		<u>6,995,240</u>	<u>6,378,441</u>
18.1 Auditors' remuneration			
Audit fee		250,000	250,000
Review of code of corporate governance		25,000	25,000
Half yearly review including other certificates		60,000	60,000
		<u>335,000</u>	<u>335,000</u>

19. MANAGEMENT COMPANY'S REMUNERATION

Management Company's remuneration	-	639,333
Add: sales tax on above	-	83,113
	<u>-</u>	<u>722,446</u>

- 19.1** The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba. The remuneration for the year ended June 30, 2022 has been recognised at 0% (2021: 10%) of the profit for the year before charging such remuneration.

	Note	2022 -----Rupees-----	2021
20. TAXATION			
Current		731,791	51,374
Deferred	20.1	<u>-</u>	<u>-</u>
		<u>731,791</u>	<u>51,374</u>

- 20.1** As of the reporting date there were no material temporary differences, therefore, no deferred tax has been recognized in these financial statements.

- 20.2** The income tax assessments of the Modaraba have been finalized up to, and including, the tax year 2021. Tax returns filed by the Modaraba are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for re-assessment or audit by the taxation authorities. However, at any time during a period of five years from the date of filing of a return, the taxation authorities may select an income tax return filed by the Modaraba for the purpose of re-assessment.

	2022 -----Rupees-----	2021
21. EARNINGS PER CERTIFICATE - Basic and diluted		
21.1 Basic earning per certificate		
Profit after taxation	<u>(15,111,377)</u>	<u>5,506,090</u>
	-----Number-----	
Weighted average number of certificates outstanding	<u>7,515,158</u>	<u>7,515,158</u>
	-----Rupees-----	
Earnings per certificate - basic	<u>(2.011)</u>	<u>0.73</u>

21.2 Diluted earnings / (loss) per certificate

There is no dilutive effect on the basic earnings per certificate of the Modaraba, since there were no potential certificates in issue as at June 30, 2022 and June 30, 2021.

22. TRANSACTIONS ENTERED INTO AND BALANCES HELD WITH RELATED PARTIES

The related parties comprise of associate company, Modaraba Management Company, directors and key management personnel of the Modaraba Management Company as well as their close family members. Remuneration and benefits to the executives of the Modaraba are in accordance with the terms of employment.

Details of transactions with related parties, other than those disclosed elsewhere in these financial statements, are as follows:

	2022	2021
	-----Rupees-----	
<u>Associate Company</u>		
Faran Sugar Mills Limited		
<i>Transaction during the year</i>		
Purchase of sugar	<u>-</u>	<u>12,184,205</u>
<u>Modaraba Management Company</u>		
E.A Management (Private) Limited		
<i>Transaction during the year</i>		
Management fee - payment during the year	<u>770,129</u>	<u>111,898</u>
Management fee - charge for the year	<u>-</u>	<u>722,533</u>
<i>Balances at the year end</i>		
Transactions during the year		
Management fee payable	<u>-</u>	<u>770,129</u>

23. FINANCIAL INSTRUMENTS

23.1 Financial risk analysis

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

- Credit risk
- Liquidity risk
- Market risk

23.1.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba is exposed to credit risk in respect of trade debts and bank balances.

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

The Modaraba's policy is to enter into financial contracts in accordance with the internal risk management policies and the requirements of the Prudential Regulations for Modarabas issued by the SECP. The Modaraba seeks to manage its credit risk exposure through diversification of its investments in equity instruments, mutual funds, trading from sale of sugar and bank deposit arrangements to avoid undue concentration of risks with individuals or groups of customers in specific locations or businesses

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Modaraba's internal credit management purposes, a financial asset is considered as defaulted when it is past due for 90 days or more.

The Modaraba writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

The maximum exposure to credit risk at the reporting date is as follows:

	2022		2021	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
	(Rupees)			
Bank balances	<u>2,451,382</u>	<u>2,451,382</u>	<u>2,529,305</u>	<u>2,529,305</u>

The credit quality of Modaraba's bank balances as at the reporting date can be assessed with reference to external credit ratings as follows:

	Rating short term	Rating Agency	2022	2021
			----- Rupees -----	
Al-Baraka Islamic Bank	A1	PACRA	27,346	27,346
Bank Al-Habib Limited	A-1+	PACRA	2,128,160	1,607,932
Habib Bank Limited	A-1+	PACRA	4,271	4,271
Habib Metropolitan Bank Limited	A-1+	PACRA	291,075	889,226
UBL Islamic Bank	A-1+	VIS	530	530
			<u>2,451,382</u>	<u>2,529,305</u>

23.1.2 Liquidity risk

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

	Carrying value	Contractual cashflows			One to five years	More than five years
		Total	Six months or less	Six to tweleve months		
		Rupees				
As on June 30, 2022						
Trade and other payables	1,835,127	1,835,127	(1,835,127)	-	-	-
Due to Management Company	-	-	-	-	-	-
	-	-	-	-	-	-
As on June 30, 2021						
Trade and other payables	1,498,702	1,498,702	(1,498,702)	-	-	-
Due to Management Company	770,129	770,129	(770,129)	-	-	-
	2,268,831	2,268,831	(2,268,831)	-	-	-

23.1.3 Market risk

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

(a) Currency risk

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. As of the reporting date, the Modaraba was not exposed to any foreign currency risk as all its transactions were carried out in Pak Rupees.

(b) 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 the reporting date, the Modaraba was not exposed to any profit rate risk.

(c) Other price equity risk

Other price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / markup rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 10%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Modaraba manages price risk by monitoring its exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its equity investments before it led the Modaraba to incur significant mark-to-market and credit losses. As of the reporting date, the Modaraba was exposed to equity risk since it had investments in quoted securities amounting to Rs. 41.689 million (2021: Rs. 38.593 million) and investments in mutual funds amounting to Rs. 53.55 million (2021: Rs. 88.737 million).

The carrying value of investments subject to price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

The Modaraba's portfolio of investments is broadly diversified so as to mitigate the significant risk of decline in prices of securities in particular sectors of the market.

Analysis of investments in quoted securities by business sector is as follows:

	June 30, 2022		June 30, 2021	
	(Rupees)	%	(Rupees)	%
Modarabas	457,003	0.48	573,269	0.45
Bank	4,463,275	4.69	3,964,679	3.11
Cement	6,475,400	6.80	8,404,370	6.60
Textile	739,100	0.78	933,000	0.73
Food & personal care products	682,800	0.72	1,150,800	0.90
Refinery	2,197,250	2.31	3,205,626	2.52
Fuel and energy	14,028,506	14.73	6,937,344	5.45
Engineering	3,406,294	3.58	5,362,850	4.21
Automobile assembler	422,420	0.44	710,880	0.56
Communication	396,720	0.42	674,881	0.53
Chemicals & pharmaceuticals	8,420,800	8.84	6,675,646	5.24
Open-ended mutual funds	53,559,514	56.23	88,737,119	69.69
	95,249,082	100.00	127,330,464	100.00

Sensitivity analysis

The table below summarizes Modaraba's equity price risk as of June 30, 2021 and 2020 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of markets and the aforementioned concentrations existing in Modaraba's investment portfolio.

Fair value			Hypothetical price change	Estimated FV after hypothetical change in prices	Hypothetical increase / (decrease) in profit / (loss) before tax	Hypothetical increase / (decrease) in OCI
June 30, 2022	Rupees	95,249,082	10% increase	104,773,990	5,355,951	4,168,957
			10% decrease	85,724,174	(5,355,951)	(4,168,957)
June 30, 2021	Rupees	127,330,464	10% increase	140,063,510	8,873,712	3,859,335
			10% decrease	114,597,418	(8,873,712)	(3,859,335)

23.2 Financial instruments by categories

	At fair value through profit or loss	At fair value through other comprehensive income	Amortized cost	Total
	Rupees			
<u>As at June 30, 2022</u>				
Financial assets				
Long term deposits	-	-	40,019	40,019
Long term investments	53,559,514	41,689,568	-	95,249,082
Diminishing Musharaka	-	-	12,062,975	12,062,975
Long term Musharaka	-	-	7,415,919	7,415,919
Other receivables	-	-	300,873	300,873
Cash and bank balances	-	-	2,485,415	2,485,415
	53,559,514	41,689,568	22,305,201	117,554,283
				Financial liabilities at amortized cost
Financial liabilities				
				- Rupees -
Trade and other payables				1,835,127
Due to Management Company				-
				1,835,127
	At fair value through profit or loss	At fair value through other comprehensive income	Amortized cost	Total
	Rupees			
<u>As at June 30, 2021</u>				
Financial assets				
Long term deposits	-	-	40,019	40,019
Long term investments	88,737,119	38,593,345	-	127,330,464
Long term Musharaka	-	-	14,000,000	14,000,000
Other receivables	-	-	325,813	325,813
Cash and bank balances	-	-	2,551,491	2,551,491
	88,737,119	38,593,345	16,917,323	144,247,787
				Financial liabilities at amortized cost
Financial liabilities				
				- Rupees -
Trade and other payables				1,498,702
Due to Management Company				770,129
				2,268,831

24. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

The Modaraba measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Following is the fair value hierarchy of financial assets carried at fair value in the statement of financial position:

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Financial assets				
Investments in units of open-end mutual funds	53,559,514	-	-	53,559,514
Investment in ordinary shares of listed companies	41,689,568	-	-	41,689,568
	<u>95,249,082</u>	<u>-</u>	<u>-</u>	<u>95,249,082</u>
June 30, 2021				
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Financial assets				
Investments in units of open-end mutual funds	88,737,119	-	-	88,737,119
Investment in ordinary shares of listed companies	38,593,345	-	-	38,593,345
	<u>127,330,464</u>	<u>-</u>	<u>-</u>	<u>127,330,464</u>

25. CAPITAL 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 dividends paid to certificate-holders and issue new certificates.

The management closely monitors the return on capital along with the level of distributions to certificate holders. Following is the quantitative analysis of what the Modaraba manages as capital:

	2022	2021
	-----Rupees-----	
Certificate holders' equity		
- Issued, subscribed and paid up capital	75,151,587	75,151,587
- Reserves	<u>48,996,651</u>	<u>67,865,607</u>
Total capital managed by the Modaraba	<u><u>124,148,238</u></u>	<u><u>143,017,194</u></u>

26. GENERAL

26.1 Events after the reporting date

The Board of Directors have approved dividend of Rs. Nil (2021: Rs. 0.50) per certificate amounting to Rs. Nil (2021: Rs. 3,757,579).

26.2 Date of authorization for issue of these financial statements

These financial statements were authorized for issue by the Board of Directors of the Modaraba Management Company in their meeting held on October 05, 2022

26.3 Corresponding figures

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purpose of comparison and better presentation.

26.4 Level of rounding

All figures in these financial statements have been rounded off to the nearest rupee.

FOR E.A Management (Private) Limited
(Management Company)

Chairman

Chief Executive

Director

Chief Financial Officer



PATTERN OF CERTIFICATE HOLDING
AS AT JUNE 30, 2022

NO. OF CERTIFICATE HOLDERS	CERTIFICATE HOLDING	TOTAL CERTIFICATES HELD
618	1 - 100	13,338
244	101 - 500	62,796
78	501 - 1000	58,726
175	1001 - 5000	369,271
35	5001 - 10000	263,750
5	10001 - 15000	56,765
3	15001 - 20000	50,986
4	20001 - 25000	89,301
3	25001 - 30000	85,439
2	35001 - 40000	75,543
4	40001 - 45000	170,144
1	45001 - 50000	46,000
1	50001 - 55000	51,500
1	55001 - 60000	55,500
1	115001 - 120000	115,724
1	160001 - 165000	163,500
1	170001 - 175000	171,360
1	180001 - 185000	183,078
1	185001 - 190000	187,877
1	210001 - 215000	212,554
1	225001 - 230000	227,910
1	270001 - 275000	274,053
1	280001 - 285000	562,803
1	315001 - 320000	318,113
1	335001 - 340000	339,095
1	355001 - 360000	356,138
1	505001 - 510000	507,073
1	675001 - 680000	675,629
2	935001 - 940000	1,878,788
1192	TOTAL	7,515,158



CATEGORIES OF CERTIFICATE HOLDINGS
AS AT JUNE 30, 2022

	Number of Certificate Holders	Total Certificates Held	Percentage %
Director CEO and their Spous and Minor Children Holding			
Mr. Omar Amin Bawany - Chief Executive		29,411	0.3914
Mrs. Rukhsana		366,447	4.8761
Mr. Ahmed Ali Bawany - Chairman		507,073	6.7473
Hamza Omar Bawany - Director		42,539	0.5660
	6	945,470	12.5808
Associated Companies, Undertaking and related Parties			
E.A Management (Pvt) Ltd.		939,394	12.5000
Faran Sugar Mills Ltd.		939,394	12.5000
Reliance Insurance Co. Ltd.		115,724	1.5399
	3	1,994,512	26.5399
NIT and ICP			
Trustee National Bank of Pakistan, Pension Fund		41,908	0.5576
Trustee National Bank of Pakistan, Benevolent Fund		1,471	0.0196
M/S. ICP		7,399	0.0985
National Bank of Pakistan Ltd		756	0.0101
IDBP (ICP Unit)		142	0.0019
	7	51,676	0.6876
Certificate Holders Holding Five percent or more			
Sind Particle Board Mills		675,629	8.9902
Mrs. Shaheda Muhammad Amin		539,216	7.1750
Mrs. Gulshan Ara Muhammad Amin		508,213	6.7625
Mrs. Aisha Bai Muhammad Amin		510,455	6.7923
	7	2,233,513	29.7201
INDIVIDUALS	1146	1,852,256	24.6469
INVESTMENT COMPANIES	3	50,483	0.6717
INSURANCE COMPANIES	1	187,877	2.5000
JOINT STOCK COMPANIES	8	57,634	0.7669
FINANCIAL INSTITUTIONS	1	10,456	0.1391
OTHERS	7	45,747	0.6087
CHARITABLE TRUSTS	2	80,707	1.0739
COOPERATIVE SOCIETIES	1	4,827	0.0642
Total	1192	7,515,158	100



July 2021-June 2022			
NUMBER OF MEETINGS			
Name of Director	No. of BOD Meetings Attended	No. of Audit Committee Meetings Attended	No. of HR & R Committee Meeting Attended
1. Mr. Muhammad Omar Amin Bawany	4	N/A	1
2. Mr. Ahmed Ali Mohammad Amin Bawany	4	4	1
3. Mr. Hamza Omar Bawany	4	4	N/A
4. Mr. Muhammad Samiullah	3	3	1
5. Ms. Tasneem Yusuf	3	3	N/A

KEY OPERATING AND FINANCIAL DATA					Rs. 000's	
Year	2022	2021	2020	2019	2018	2017
				(Restated)		
Paid-up Capital	75,151	75,151	75,151	75,151	75,151	75,151
Equity	124,148	143,017	137,511	134,855	130,939	134,737
Operating Revenue	7,940	12,772	10,867	5,089	12,434	24,223
Net Profit / (Loss) After Tax	(15,511)	5,506	2,657	(2,929)	3,717	15,880
Bonus	-	-	-	-	-	-
Cash Dividend	-	5%	-	-	-	10%
Earning / (Loss) Per Certificate (Rs.)	(2.011)	0.73	0.35	(0.39)	0.49	2.11



INDEPENDENT AUDITOR'S REVIEW REPORT

To the certificate holders of M/s. B.F. Modaraba

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') prepared by the Board of Directors of **E.A. Management Company (Private) Limited** ('the Company') for the year ended **June 30, 2022** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2022.

Further, we highlight below the explanation for non-compliance with the requirements of the Code as stated in paragraph 19 of the Statement of Compliance:

S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance (<i>continued</i>)
1	Explanatory	19	As per proviso to the regulation 24 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the same person shall not simultaneously hold office of chief financial officer and the company secretary. However, as stated in clause 19 of the Statement of Compliance the management is of the view, currently these positions are held by the same person since considering the volume of business, it is not cost effective for the Modaraba to assign these positions to two separate individuals.

Karachi.

Date: October 05, 2022

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

**Statement of Compliance with Listed Companies
(Code of Corporate Governance) Regulations, 2019**

Name of Modaraba: **B.F.Modaraba**
Year ended: **June 30, 2022**

The Modaraba Management Company (hereinafter referred to as 'the Company') has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 5 as per the following:
 - a) Male: - 4
 - b) Female: - 1
2. The composition of Board of Directors ('the Board') is as follows:

Category	Name
Independent Director	Mr. Muhammad Samiullah Ms. Tasneem Yusuf
Executive Director	Mr. Muhammad Omar Amin Bawany
Non-Executive Director	Mr. Ahmed Ali Bawany Mr. Hamza Omar Bawany

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and the Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and the Regulations;
9. Four directors of the Company have already attended Directors' training program from recognized institutes and remaining one meet the criteria for exemption as stated in proviso to regulation 19(2) of the Regulations;

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

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

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

a) Audit Committee

1.	Mr. Muhammad Samiullah	Chairman
2.	Mr. Ahmed Ali Bawany	Member
3.	Mr. Hamza Omar Bawany	Member

b) HR and Remuneration Committee

1.	Mr. Muhammad Samiullah	Chairman
2.	Mr. Ahmed Ali Bawany	Member
3.	Mr. Muhammad Omar Amin Bawany	Member

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

14. The frequency of meetings of the committees were as per following:

- a) Audit Committee – Quarterly
- b) HR and Remuneration Committee – Yearly

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

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

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act 2017, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

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



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

- a) As per the proviso to regulation # 24 of Listed Companies (Code of Corporate Governance Regulations 2019, the same person shall not simultaneously hold the position of Company Secretary and Chief Financial Officer. However, currently these positions are held by the same person since considering the volume of business, it is not cost effective for the Modaraba to assign these positions to two separate individuals.

Chairman



NOTICE OF ANNUAL REVIEW MEETING

The 23rd Annual Review Meeting of the Certificate Holders of B.F. Modaraba will be held on Friday October 28, 2022 at 4:00 p.m. at the registered office of Modaraba at **Plot No. 43-1-E, (B) P.E.C.H.S, Block-6, Off Razi Road, Shahrah-e-Faisal, Karachi**, to review the performance of the Modaraba for the year ended June 30, 2022.

The Certificate Transfer Books of the Modaraba will remain closed from October 22, 2022 to October 28, 2022 (both days inclusive).

Transfers received at the Share Registrar Office, **M/s. C & K Management Associated (Pvt.) Ltd, 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi-75530**, before the close of business hours on October 21, 2022, will be treated in time.

Certificate Holders are requested to promptly notify to the Shares Registrar of the company of any change / update in their registered address.

Dated: October 06, 2022

Muhammad Ayub
Company Secretary

NOTE:

At the time of attending the meeting individual CDC account holders shall produce their original National Identity Cards and corporate entities shall produce the Board's Resolution/Power of Attorney with Specimen Signature of the nominees.



VISION

To provide financial products translating and services within the spirit of Islamic Shariah and in accordance with the law to contribute in the promotion of the law and to contribute towards fulfilling our responsibilities in building a progressive society.

MISSION

- * To engage effectively, responsibly and profitability in providing financial products and services consistently seeking high standard of performance to maintain a long term success position in the competitive environment. This will be achieved by:
- * Introducing a just and equitable financial system by being a good multipurpose financial institution;

Providing a range of specialized services working on Shariah principles to sustain continuous earning growth through effective management of its existing resources and through selective investment and financing.

- * Providing for reasonable and just profit, prudent growth and pursuit of better efficiency.
- * Focusing on serving our clients and customers building relationship with them based on trust and mutual benefit; and
- * Fulfilling our responsibilities to satisfy the certificate holders, clients and the employees.



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