



FIRST PAK MODARABA

**28TH ANNUAL REPORT
FOR THE YEAR ENDED
30-Jun-2019**

Vision Statement

To contribute towards the development of Islamic Financial Products which are commensurate with modern commercial concepts

Mission Statement

Our mission is to create and maintain a progressive position in the Modaraba sector in Pakistan and endeavor to promote interest-free economy in the country. This will be achieved through quality services using innovative Sharia compliant products, financial discipline and good corporate governance with high levels of professional and ethical standards being maintained at all times.

CORPORATE INFORMATION

Administrator of First Pak Modaraba

The Registrar Modaraba, Securities & Exchange Commission of Pakistan, Islamabad has appointed Mr. Khawaja Waheed Raza as Administrator of KASB Modaraba vide order dated April 03, 2019. All the powers and duties of the Modaraba Company as well as those of its Board of Directors have been assumed by the Administrator effective April 08, 2019.

Chief Financial Officer

Aftab Afroz Mahmoodi

Company Secretary

Syed Shahid Owais

Auditor

RSM Avais Hyder Liaquat Nauman, Chartered Accountants

Internal Auditor

EY Ford Rhodes

Certificate Transfer Office

F. D. Registrar Services (SMC-Pvt.) Limited
Office No. 1705, 17th Floor, Saima Trade Tower-A,
I. I. Chundrigar Road,
Karachi – 7400
Phone: 021-32271905-6 Fax: 021-32621233

Legal Advisor

Ahmed & Qazi
S & B Durrani Law Associates

Shariah Advisor

Al-Hamd Shariah Advisory Services (Pvt.) Ltd.

Registered Office

Office # B, 5th Floor,
Lakson Square Building # 1,
Sarwar Shaheed Road,
Karachi.
Phone: 021-35630621
35630623, 35630625, 35630626

Lahore Branch Office

Office No. 318 3rd Floor,
Lahore Stock Exchange Building,
19 Khayaban-e-Awan-e-Iqbal, Lahore
Phone : 042-36311001-02

Islamabad Branch Office

Basement, 90-91,
Razia Sharif Plaza ,Jinnah Avenue,
Blue Area, F-7, Islamabad.
Phone: 051-2344422-24

Web Address

www.firstpakmodaraba.com

FIRST PAK MODARABA

DIRECTORS' REPORT

The Financial Highlights of First Pak Modaraba for the year ended June 30, 2019 are as under:-

FINANCIAL HIGHLIGHTS

Financial highlights for the period under review are summarized as under:-

BALANCE SHEET	June 30, 2019 Rs "000"	June 30, 2018 Rs "000"
Cash and bank balances	19,004	15,590
Diminishing Musharaka Finance	37,588	31,606
Ijarah assets	9,461	20,627
Total Assets	72,640	75,477
Net Assets	61,321	62,562

PROFIT & LOSS ACCOUNT

Gross Income	13,445	10,312
Operating & Financial Charges	(7,127)	(7,724)
Management Company Fee	(131)	(228)
Provision for taxation	(697)	-
Net After tax Profit/Loss for the Year	514	2,213
Earning per Modaraba Certificate (Rupees)	0.04	0.18

OPERATIONS AND PERFORMANCE

By the Grace of the Almighty Allah, First Pak Modaraba successfully completed its financial year ended Jun 30, 2019 with net after tax profit of Rs.0.51 million as compared to net profit of Rs 2.21 million for the year ended June 30, 2018.

The management is committed towards continuous improvement of the operating and financial performance of the Modaraba for its long term sustainability and to meet the expectations of the stakeholders especially the Certificate holders.

YEAR AT A GLANCE

During the year Modaraba increased its business mostly in diminishing Musharaka & Ijarah finance performed. Our approach remained conservative towards financing projects. The management remained vigilant for timely recovery of the deployed funds to develop room for further investments.

FUTURE PROSPECTS

With the aim and strategy of growing with Sharia compliant businesses, we would keep exploring and opting high yield businesses. We trust that we would keep going as per our short and longer term plans with innovative approach that would result in better returns for the Certificate holders.

APPOINTMENT OF ADMINISTRATOR

Mr. Khawaja Waheed Raza was appointed by the Registrar Modaraba, Securities & Exchange Commission of Pakistan Islamabad as Administrator of First Pak Modaraba vide order dated April 03, 2019. All the powers and duties of the Modaraba Company as well as those of its Board of Directors have been assumed by the Administrator effective April 08, 2019.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Modaraba is pleased to report that:

- The financial statements prepared by the management of the Modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied except as mentioned in notes in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards (IASs) as applicable in Pakistan have been followed in preparation of Financial Statements and any departure there from has been adequately disclosed.
- The system of internal controls is implemented and monitored.
- The Modaraba is financially sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Modaraba's ability to continue as a going concern.
- There has been no significant material departure from the best practices of corporate governance, as detailed in the Corporate Governance Regulations- 2017.
- The Modaraba operates a provident fund for its permanent employees, value of which was PKR. 215,100/- as at June 30, 2019.
- Key operating and financial data for the last six years in summarized form is included in this annual report.
- There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2019 except as disclosed in the financial statements.
- None of the Administrator of Modaraba, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children has carried out trading of certificates of the Modaraba
- During the year, four meetings of the Ex-Board of Directors and One meeting called by the Administrator were held. Attendance details are as follows:

Name		No of Meetings Attended
Muzaffar Ali Shah Bukhari	Ex-Director	4
Farrukh S. Ansari	Ex-Director	4
Amer Maqbool	Ex-Director & CEO	4

Name		No of Meetings Attended
Khawaja Waheed Raza	Administrator	1

- During the year, three meetings of Ex- Audit Committee were held. Attendance by Members is as follows :

Name		No of Meetings Attended
Farrukh S. Ansari	Ex-Chairman of Audit Committee	3
Muzaffar Ali Shah Bukhari	Ex-Member	3

- During the year, one meeting of the Human Resource and Remuneration Committee (HR&RC) was held. All members of the HR&RC attendant the meeting.
- The pattern of holding of Certificates by the Certificate-holders is included in this annual report

DIRECTOR'S REMUNERATION

The remuneration of Directors for attending meetings of the Board or any Committee of the Board is determined under the Director's Remuneration Policy adopted by the Modaraba Management Company. Under the said policy, independent and non-executive Directors are entitled to receive the prescribed fee and traveling, hotel & other expenses incurred by them for attending meetings of the Board or any Committee of the Board and General Meetings as determined by the Board.

GOVERNANCE & SHARIAH COMPLIANCE

The Administrator and staff of Modaraba are committed to ensure compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, Regulations of Pakistan Stock Exchange and the Modaraba is in compliance with the requirements relevant for the year ended June 30, 2019. A statement to this effect is annexed with the report. The Shariah Advisor is involved from the outset to ensure that the business of the Modaraba is in line with Shariah Principles.

HUMAN RESOURCES

The Administrator and management are committed towards continuous improvement of the operating and financial performance of the Modaraba for its long term sustainability and to meet the expectations of the stakeholders especially to protect the interest of the certificate holders. The liquidity crunch remains a challenge for operation of the Modaraba however, the available resources have been deployed in secured financing transactions.

AUDITORS

The present auditors' M/s Avais Hyder Liaquat Nauman, Chartered Accountants have completed their fifth year of continuous appointment. The appointment of Auditor for the next term shall be recommended by the Administrator to the Registrar Modarabas for the approval.

DIVIDEND

The Modaraba has not declared dividend due to marginal profit of Modaraba for the current year. The management has considered that distribution of dividend on such profit is un- economical and not likely to be in the benefit of the certificate holders after deduction of tax and other charges.

ACKNOWLEDGEMENT

The support co-operation of the regulatory authorities, employees of Modaraba, certificate holders, customers and bankers is gratefully appreciated.

We pray to Almighty Allah for the success of your Modaraba.

For First Pak Modaraba

Khawaja Waheed Raza
Administrator
Dated: October 25, 2019
Karachi

ڈائریکٹرز رپورٹ

فرسٹ پاک مضاربہ کے 30 جون 2019 کو اختتام پذیر ہونے والے مالی سال کا سالانہ آڈٹ شدہ مالیاتی کوشوارہ درج ذیل

ہے:-

مالیاتی جھلکیاں

زیر جائز مدت کے لئے مالیاتی جھلکیوں کا خلاصہ درج ذیل ہے:-

30 جون 2018 روپے "مے" میں	30 جون 2019 روپے "مے" میں	بیلنس شیٹ
15,590	19,004	نقد اور بینک بیلنس
31,606	37,588	شرکت متناقصہ مالیات
20,627	9,461	اجارہ اثاثہ جات
75,477	72,640	مجموعی اثاثہ جات
62,562	61,321	خالص اثاثہ جات
30 جون 2018 روپے "مے" میں	30 جون 2019 روپے "مے" میں	نفع و نقصان کا حساب
10,312	13,445	مجموعی آمدنی
(7,724)	(7,127)	انتظامی و مالیاتی اخراجات
(228)	(131)	منجمنٹ فیس
(-)	(697)	ٹیکس
2,213	514	خالص سالانہ منافع (نقصان)
0.18	0.04	فی حصہ آمدنی (روپے)

انتظامی کارکردگی

اللہ تعالیٰ کے فضل سے برائے سال 2019 مضاربہ کا مجموعی منافع 0.51 ملین روپے رہا، جبکہ برائے سال 2018، 2.21 ملین

روپے کا منافع تھا۔ فی حصہ نقصان برائے سال 2019 (0.71) روپیہ رہا جبکہ برائے سال 2018 فی حصہ نقصان (2.38) روپیہ تھا۔

مضاربہ کی انتظامیہ مضاربہ کے انتظامی اور مالیاتی کارکردگی میں بہتری کے لئے یکسو ہے تاکہ تمام اسٹیک ہولڈرز خصوصاً سٹریٹجک

ہولڈر کے اعتماد پر پورا اتر سکیں۔

موجودہ مالی سال پر ایک سرسری نظر

دوران مدت مضاربہ نے شرکت متناقصہ اور اجارہ سرمایہ کاری میں اضافہ کیا ہے۔ جاری شدہ قرضہ جات کی بروقت وصولی کے لئے

انتظامیہ پوری طرح چوکس اور مستعد رہی۔ تاکہ اس کے ذریعے مزید منافع بخش سرمایہ کاری کے لئے راہ ہموار کی جائے۔

مستقبل کے امکانات

شریعت کے مطابق کاروبار کے ذریعے ترقی کرنے کے مقصد اور حکمتِ عملی کے ساتھ ہم اعلیٰ پیداواری اور منافع بخش کاروبار کی تلاش اور جستجو کرتے رہیں گے۔

ہم اس یقین کے ساتھ آگے بڑھتے رہیں گے کہ ہمارے طویل المعیاد اور طویل المدت اہداف حاصل ہو جائیں، ہم جدید طرز کاروبار کے ساتھ جدوجہد میں مصروف رہیں گے تاکہ موجودہ کاروباری نتائج اور وجہ بندی کے مقابلے میں بہتر نتائج حاصل کر سکیں جس کے ذریعے حصہ داروں کو بہتر منافع پہنچا سکیں۔

ماہم کا تقرر

رجسٹرڈ مضماریہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے آرڈر بتاریخ 3 اپریل 2019 کے ذریعے جناب خواجہ وحید رضا کا تقرر بحیثیت ماہم کیا گیا ہے جس کے تحت بورڈ آف ڈائریکٹرز کے تمام ترامت اختیارات 8 اپریل 2019 سے ماہم کو حاصل ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ

مضاریہ مسرت کے ساتھ بیان کرتا ہے کہ:

- ☆ مضاریہ کی انتظامیہ کی جانب سے مالی گوشوارہ عمدگی سے پیش کیا گیا ہے جو اس کے آپریٹرز، کیش فلوا اور ایکویٹی میں تبدیلیوں کا نتیجہ ہے۔
- ☆ مضاریہ کی باقاعدہ اکاؤنٹ کی کتابیں تیار کی گئی ہیں۔
- ☆ مالی گوشوارے کی تیاری میں موزوں اکاؤنٹنگ پالیسی کو یکساں طور پر استعمال کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات مناسب اور عاقبت اندیشانہ فیصلوں کی بنیاد پر کئے گئے ہیں۔
- ☆ مالی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی اکاؤنٹنگ (IAS's) معیارات پر عمل کیا گیا ہے اور اس سے کسی رخصت کو مناسب طور پر ظاہر کیا گیا ہے۔
- ☆ انٹرنل کنٹرولر کا نظام مستحکم ہے اور مؤثر طور پر نفاذ و نگرانی کی جاتی ہے۔
- ☆ مضاریہ بناوٹ میں مالی طور پر مستحکم ہے اور مؤثر طور پر نفاذ و نگرانی کی جاتی ہے۔
- ☆ مضاریہ کی مالی و انتظامی صلاحیت کو کوئی خطرہ نہیں ہے اور اس سلسلے میں کوئی قابل تشویش بات نہیں ہے۔
- ☆ مضاریہ میں کارپوریٹ گورننس کے بہترین اصولوں کو مد نظر رکھا گیا ہے جیسا کہ کارپوریٹ گورننس ریگولیشن برائے 2017 میں درج ہے۔
- ☆ مضاریہ نے اپنے مستقل ملازمین کے لئے پروویڈنٹ فنڈ اسکیم قائم کر رکھی ہے جس کی قدر 30 جون 2019 کو 215,100 روپے تھی۔
- ☆ پچھلے چھ سالوں کا مالیاتی گوشوارہ خلاصہ کی صورت میں اس سالانہ رپورٹ میں شامل کیا گیا ہے۔
- ☆ یہاں 30 جون 2019 کو ٹیکس، ڈیویڈنڈ، جرمانے اور واجبات کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں ماسوائے جیسا کہ مالیاتی گوشواروں میں ظاہر کیا گیا ہے۔
- ☆ مضاریہ کے ڈائریکٹرز، CEO، CFO، کمپنی سیکرٹری اور ان کے شریک حیات اور نابالغ بچوں نے مضاریہ کے سرٹیفکیٹس کی کوئی خرید و فروخت نہیں کی۔

☆ سال کے دوران بورڈ آف ڈائریکٹرز کے 4 اجلاس منعقد ہوئے ہر ڈائریکٹر کی شرکت درج ذیل ہے۔

نام	اجلاس میں شرکت کی تعداد
مظفر علی شاہ بخاری	4
فرخ ایس انصاری	4
عامر متبول	4

☆ ایک اجلاس ناظم نے منعقد کیا۔

☆ سال کے دوران آڈٹ کمیٹی کی تین میٹنگز منعقد ہوئیں، حاضری کی تفصیلات درج ذیل ہے:

نام	اجلاس میں شرکت کی تعداد
فرخ ایس انصاری	3
مظفر علی شاہ بخاری	3

☆ سال گزشتہ افرادی قوت اور مشاہرہ کی ایک میٹنگ ہوئی جس میں تمام ممبران نے شرکت کی۔

☆ سرٹیفیکیٹ ہولڈرز کی ملکیت کا بیان رپورٹ کے ساتھ منسلک ہے۔

مشاہرہ والے ڈائریکٹرز

بورڈ آف ڈائریکٹرز اور بورڈ کی کسی بھی کمیٹی کی میٹنگز میں حاضری کے عوض ڈائریکٹرز کے مشاہرہ کا تعین مینجمنٹ کمپنی کی مشاہرہ پالیسی کے زیر عمل ہے۔ اس پالیسی کے تحت انڈیپنڈنٹ اور نان ایگزیکٹو ڈائریکٹرز کی بھی کمیٹی اور عام اجلاس کے سلسلے میں مشاہرہ، سفری، ہوٹل اور دیگر اخراجات حاصل کرنے مجاز ہیں۔

گورننس اور شریعہ کی تعمیل

ناظم اور اسٹاف پُر عزم ہے کہ وہ لعدڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 پاکستان اسٹاک ایکسچینج کے قوانین 30 جون 2019 کو ختم ہونے والے سال کے لئے عمل کو یقینی بنائے گا۔ اس سلسلے میں ایک خاکہ اس رپورٹ کے ساتھ منسلک ہے۔ شریعہ ایڈوائزرز ابتدائی مراحل سے شرعی اصولوں کی پاسداری کے لئے مضاربہ کے ساتھ منسلک ہے۔

ہیومن ریسورسز

بورڈ پر اعتماد ہے کہ آپ کے مضاربہ کی انتظامیہ اور ملازمین راست بازی اور جوش اور ولولہ سے مسلسل کام کریں گے۔ آپ کا مضاربہ ان شاء اللہ مسلسل فروغ پاتا رہے گا۔ بہترین انسانی وسائل میں سرمایہ کاری ہماری پالیسی کا بنیادی عنصر ہے۔

آڈیٹرز

موجودہ آڈیٹران میسرز اولیس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس کی تقرری کی مدت مضاربہ کی سالانہ جائزہ اجلاس کی تاریخ پر ختم ہوگئی ہے۔ آئندہ مالی سال کے لئے ناظم کی طرف سے آڈیٹر کا تقرر رجسٹرار مضاربہ کو منظوری کے لئے بھیجا جائے گا۔

منافع

مضاربہ نے موجودہ مالی سال کے لئے کسی منافع کا اعلان نہیں کیا ہے۔ انتظامیہ سمجھتی ہے کہ واجبی منافع کی وجہ سے منافع کی تقسیم کا اعلان سود مند نہیں ہوگا اور سرٹیفیکیٹ ہولڈر کے لئے کارآمد نہیں ہوگا۔

اعتراف

بورڈ ریگولیشنز اتھارٹی، حصہ داروں، کسٹمرز اور بینکرز کی معاونت اور تعاون کو بہت سراہتا ہے اور مستقبل میں بھی ان کی معاونت اور مشورے کا منتظر رہے گا۔

ہم اللہ کے حضور آپ کے مضاربہ کی کامیابی کے لئے دُعا کو ہیں۔
برائے کماے ایس بی مضاربہ

-SD-

خواجہ وحید رضا

ناظم

25 اکتوبر 2019

کراچی

Summary of key operating and financial data of the Modaraba for last 6 years
Year ended June 30, 2018
.....Rupees in millions.....

Year	2019	2018	2017	2016	2015	2014
Paid-up Capital	125.400	125.400	125.400	125.400	125.400	125.400
Statutory Reserve	26.148	26.045	25.602	25.068	25.028	24.717
Certificate Holders Equity	66.196	62.562	62.481	59.811	60.738	59.182
Certificates	12.540	12.540	12.540	12.540	12.540	12.540
Current liabilities	8.525	6.726	5.964	6.007	5.955	8.031
Non-current Assets	29.510	34.968	26.968	12.873	5.585	10.087
Current Assets	43.130	40.509	43.092	54.559	61.108	57.125
Profit / (Loss) after Taxation	0.514	2.213	2.671	0.201	1.557	(15.656)
Taxation	(0.697)	-	-	-	-	-
Earning / (Loss) per Certificate (Rs)	0.04	0.18	0.21	0.02	0.12	(1.25)
Dividend (Rs)	-	0.14	0.17	-	0.09	Nil

STATEMENT OF COMPLIANCE WITH THE CODE OF
CORPORATE GOVERNANCE
FIRST PAK MODARABA
YEAR ENDED JUNE 30, 2019

The Securities & Exchange Commission of Pakistan, Islamabad appointed Mr. Khawaja Waheed Raza as Administrator of First Pak Modaraba vide order dated April 03, 2019 issued by the Registrar Modaraba. Before his appointment all powers and duties of the Modaraba Company as well as those of its Board of Directors have been exercised and performed by the Board of Directors.

In the following manner, the Board of the Modaraba has complied with the requirements of the Regulations before the appointment of the Administrator and after the appointment of the Administrator, the requirements related to board meeting/composition became not applicable and the administrator has complied with the other requirements of the Code of Corporate Governance, if applicable:

1. The total number of directors were three as the following:
 - a. Male : Three
 - b. Female: Nil

2. The composition of board was as follows:
 - a) Independent Director : Mr. Farrukh S. Ansari
 - b) Other Non-Executive Director : Mr. Muzaffar Ali Shah Bukhari
 - c) Executive Director : Mr. Amer Maqbool

The requirement of the minimum numbers of independent directors, i.e. at least 2 or 1/3 whichever is higher was not complied.

3. The Directors had confirmed that none of them was serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps had 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters had been taken by board/certificate holders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and. In his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the meetings.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

9. Directors' Training program was not arranged by the Company.
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 had formed committees comprising of members given below :

a) Audit Committee

- | | | |
|-----|-------------------------------|----------|
| i. | Mr. Farrukh S. Ansari | Chairman |
| ii. | Mr. Muzaffar Ali Shah Bukhari | Member |

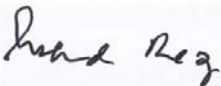
The minimum member composition of the audit committee, i.e. at least three was not complied.

b) HR and Remuneration Committee

- | | | |
|------|-------------------------------|----------|
| i. | Mr. Farrukh S. Ansari | Chairman |
| ii. | Mr. Muzaffar Ali Shah Bukhari | Member |
| iii. | Mr. Amer Maqbool | Member |

13. The Term of Reference of the aforesaid Committee had been formed, documented and advised to the Committee for compliance.
14. The frequency of meetings of the committee were as per follows :-

Audit committee – Quarterly
HR & R committee - Annually
15. The Modaraba has outsourced the Internal Audit function to M/s EY Ford Rhodes, Chartered Accountants who reports on quarterly basis.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and auditors have confirmed that they have observed IFAC guidelines in this regard.
18. All other requirements of the Regulations have been complied with.



Administrator

October 25, 2019

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **FIRST PAK MODARABA (The Modaraba)** as at June 30, 2019 and the related profit and loss account and statement of other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba's administrator 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 administrator, 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 administrator in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- b) In our opinion:
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied except for changes in accounting policies as disclosed in notes 4.1 to the financial statements with which we concur;

- ii. the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2019 and of the profit and comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushar Ordinance, 1980 (XVIII of 1980) was deducted by Modaraba and deposited in the central Zakat Fund established under section 7 of that ordinance.

We draw attention to Note 1 of the financial statements in which it is mentioned that the registrar (Modarabas) with the approval of SECP appointed administrator to take over and manage the affairs of the modaraba and accordingly all the powers and duties of the management company as well as those of the Board of Directors shall be exercised and performed by the administrator. Our opinion is not qualified in respect of this matter.

Adnan Chartered Accountants
Karachi.
Dated:

Engagement Partner: Adnan Zaman

Independent Auditor's Review Report to the Members of First Pak Modaraba

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Administrator for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Administrator after the appointment by SECP and of the Board of Directors of the Management Company till 8 April, 2019. 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 / Administrator's personnel and review of various documents prepared by the Management Company /Administrator 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 Administrator's / 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Administrator's / Management Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Administrator's / Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2019.

Further, we highlight below instances of non-compliance with the requirement(s) of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

S#	Paragraph reference	Description
I.	2	The board were in not compliance with the requirement of the minimum number of independent directors, i.e. at least 2 or 1/3 whichever is higher.
II.	12 (a)	The Modaraba were not in compliance with the minimum composition of the audit committee, i.e. at least three.

We draw attention to the users of the report as mentioned in the statement of compliance that the Securities & Exchange Commission of Pakistan, Islamabad appointed Mr. Khawaja Waheed Raza as Administrator of First Pak Modaraba vide order dated April 03, 2019 issued by the Registrar Modaraba. Hence forth all the powers and duties of the Modaraba Company as well as those of its Board of Directors have been exercised and performed by the Administrator effective April 08, 2019.

The Board of the management company of the Modaraba has complied with the requirements of the Regulations before the appointment of the Administrator and after the appointment of the Administrator, the requirements related to board became not applicable, however, the administrator has complied with the other requirements of the Code of Corporate Governance.

Chartered Accountants
Karachi.
Dated: October 25, 2019



نحمده و نصلى على رسوله الكريم

Shariah Advisor's Report

For the period ended June 30, 2019

We have reviewed the affairs of **First Pak Modaraba** for the year ended June, 2019 in accordance with the requirements of the Circular No.8 of 2012, issued by the Securities and Exchange Commission of Pakistan, regarding Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas.

SHARIAH COMPLIANCE AND REVIEW OF OPERATIONS:

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

BANK ACCOUNTS:

Modaraba does not maintain any saving account with any conventional bank. For investment and operational purpose, First Pak Modaraba is operating the Bank accounts only which are maintained with Islamic Banks or Islamic windows of conventional banks.

FRESH DISBURSEMENTS:

DIMINISHING MUSHARAKAH:

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

TAKAFUL:

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

CONCLUSION:

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



MUFTI UBAID UR RAHMAN ZUBAIRI

For and on behalf of

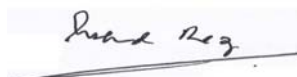
Alhamd Shariah Advisory Services (Pvt.) Limited



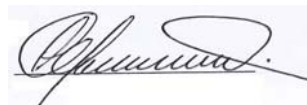
**FIRST PAK MODARABA
BALANCE SHEET
AS AT JUNE 30, 2019**

ASSETS		2019	2018
	Note	Rupees	
Current Assets			
Cash and bank balances	5	19,004,878	15,590,972
Investments	6	39,710	1,270,784
Current portion of diminishing musharakah	12	17,899,169	17,957,016
Morabaha finance	7	-	-
Ijarah rentals receivable	8	118,367	179,503
Advances, deposits, prepayments and other receivables	9	1,137,857	626,871
Tax refundable - considered good		<u>4,929,854</u>	<u>4,929,854</u>
Total Current Assets		43,129,835	40,555,000
Non - Current Assets			
Property and equipment -Ijarah	10	9,461,157	20,672,913
Property and equipment - owned	11	266,579	600,012
Diminishing Musharakah	12	19,688,501	13,649,007
Long term advances	13	93,835	-
Total Non - Current Assets		<u>29,510,072</u>	<u>34,921,932</u>
TOTAL ASSETS		72,639,907	75,476,932
LIABILITIES			
Current Liabilities			
Accrued and other liabilities	14	1,919,151	1,911,201
Unclaimed profit distribution		5,463,869	4,814,302
Provision for taxation		696,876	-
Current portion of deposits	15	445,000	-
		<u>8,524,896</u>	<u>6,725,503</u>
Non-Current Liabilities			
Long term deposits	15	2,794,000	6,189,000
TOTAL LIABILITIES		<u>11,318,896</u>	<u>12,914,503</u>
NET ASSETS		<u>61,321,011</u>	<u>62,562,429</u>
REPRESENTED BY			
Authorized certificate capital			
15,000,000 (2018:15,000,000) modaraba certificates of Rs.10/- each		<u>150,000,000</u>	<u>150,000,000</u>
Deficit on revaluation of investments classified as 'FVTOCI'	4.1	(4,875,000)	-
Certificate holders' equity			
Certificate Capital	16	125,400,000	125,400,000
Statutory reserve		26,147,680	26,044,844
Accumulated loss		(85,351,669)	(88,882,415)
		<u>66,196,011</u>	<u>62,562,429</u>
		<u>61,321,011</u>	<u>62,562,429</u>
Contingencies and commitments	17		

The annexed notes from 1 to 30 form an integral part of these financial statements.



Administrator

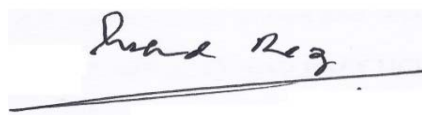


Chief Financial Officer

FIRST PAK MODARABA
PROFIT AND LOSS ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018
INCOME			
Return on PLS accounts		647,050	546,821
Income on Diminishing Musharakah		5,620,602	5,414,178
Gain on sale of investments		61,215	-
Dividend income		22,000	-
Ijarah rentals		6,085,736	3,945,569
Other income	18	1,009,322	405,129
		13,445,925	10,311,697
Unrealised loss on remeasurement of fair value through profit or loss investments		(66,441)	(124,615)
		13,379,484	10,187,082
EXPENDITURE			
Administrative expenses	19	(7,127,309)	(4,290,892)
Depreciation on Ijarah assets		(4,846,756)	(3,388,725)
Workers welfare fund		(24,221)	(44,262)
		(11,998,286)	(7,723,879)
Profit for the year		1,381,198	2,463,203
Modaraba Company's Management Fee	20	(150,566)	(221,312)
Provision for sales tax on management fee		(19,574)	(28,771)
Profit before taxation		1,211,058	2,213,120
Provision for taxation	21	(696,876)	-
Profit after taxation		514,182	2,213,120
Other Comprehensive income		-	-
Total comprehensive income for the year		514,182	2,213,120
Earnings per certificate - Basic and diluted	22	0.04	0.18

The annexed notes from 1 to 30 form an integral part of these financial statements.



 Administrator

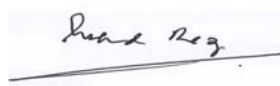


 Chief Financial Officer

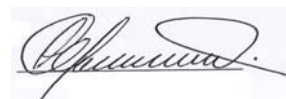
**FIRST PAK MODARABA
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
	Rupees	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,211,058	2,213,120
Adjustments for non-cash changes and other items:		
Gain on sale of investments	(61,215)	-
Dividend income	(22,000)	-
Gain on disposal-own assets	-	(9,999)
Gain on disposal-ijarah assets	(301,062)	-
Unrealised loss on remeasurement of fair value through profit or loss investments	66,441	124,615
Depreciation on ijarah assets	4,846,756	3,388,725
Impairment loss on office equipment and furniture & fixtures	519,517	-
Depreciation-owned	80,495	29,525
Amortization-intangibles	33,421	-
	5,162,352	3,532,866
	6,373,410	5,745,986
Cash flows before movements in working capital		
(Increase) / decrease in operating assets		
Diminishing Musharakah	(5,981,647)	10,274,269
Ijarah rentals receivable	61,136	(163,870)
Advances, prepayments and other receivables	(539,923)	241,616
	(6,460,434)	10,352,015
(Decrease) / increase in operating liabilities		
Long term ijarah deposits	(2,950,000)	4,574,000
Accrued and other liabilities	7,950	307,885
	(2,942,050)	4,881,885
Net Cash (used in)/generated from operations	(3,029,074)	20,979,886
Income tax paid / adjustment	(64,897)	(65,630)
Net cash (used in)/generated from operating activities (A)	(3,093,971)	20,914,256
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	22,000	-
Investments (made) / encashed - net	1,225,848	-
Proceeds from disposal-own assets	-	10,000
Purchase of own assets	(300,000)	-
Sale proceeds from / (purchase of) Ijarah assets	6,666,062	(19,803,091)
Net cash (used in)/generated from investing activities (B)	7,613,910	(19,793,091)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Profit distribution	(1,106,033)	(1,678,015)
Net cash used in financing activities (C)	(1,106,033)	(1,678,015)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	3,413,906	(566,850)
Cash and cash equivalents at July 01, 2018	15,590,972	16,157,822
Cash and cash equivalents at June 30, 2019	19,004,878	15,590,972

The annexed notes from 1 to 30 form an integral part of these financial statements.



Administrator



Chief Financial Officer


**FIRST PAK MODARABA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019**

	Certificate capital	Capital Reserve	Revenue Reserve	Total
		Statutory reserve*	Accumulated loss	
<i>Rupees</i>				
Balance at June 30, 2017	125,400,000	25,602,220	(88,521,111)	62,481,109
Total comprehensive income for the year June 30, 2018	-	-	2,213,120	2,213,120
Final dividend @Re.0.17 per certificate for the year ended June 30, 2017			(2,131,800)	(2,131,800)
Transfer to statutory reserve	-	442,624	(442,624)	-
Balance at June 30, 2018	125,400,000	26,044,844	(88,882,415)	62,562,429
Adjustment on initial application of IFRS 9 - (Note 4.1.2.1)	-	-	4,875,000	4,875,000
Balance at July 01, 2018	125,400,000	26,044,844	(84,007,415)	67,437,429
Total comprehensive income for the year June 30, 2019	-	-	514,182	514,182
Final dividend @Re.0.14 per certificate for the year ended June 30, 2018			(1,755,600)	(1,755,600)
Transfer to statutory reserve	-	102,836	(102,836)	-
Balance at June 30, 2019	<u>125,400,000</u>	<u>26,147,680</u>	<u>(85,351,669)</u>	<u>66,196,011</u>

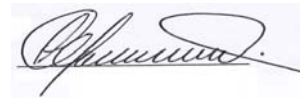
* Statutory reserve represents profit set aside to comply with the Prudential Regulations for Modarabas issued by the SECP. These regulations require the Modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equals 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.

During the current year, the Modaraba has transferred an amount of Rs. 102,444/- (2018: Rs.442,624/-) to Statutory Reserve which represent 20% of the profit after tax.

The annexed notes from 1 to 30 form an integral part of these financial statements.



Administrator



Chief Financial Officer

FIRST PAK MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** First Pak Modaraba (the Modaraba) is a multipurpose, perpetual Modaraba. The Modaraba is registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981 and was managed by Royal Management Services (Pvt.) Limited. In pursuance of instructions received from Securities and Exchange Commission of Pakistan (SECP), KASB Invest (Private) Limited (KIPL) has taken over the management and administrative control of First Pak Modaraba effective from November 13, 2014.
- 1.2** The Registrar (Modarabas), with the approval of the Securities & Exchange Commission of Pakistan, vide order dated April 03, 2019 appointed Mr. Khawaja Waheed Raza as Administrator of the Modaraba to take over and manage the affair of the Modaraba in place of KIPL (Management Company). Accordingly, all the powers and duties of the Modaraba Management Company as well as those of its Board of Directors shall be exercised and performed by the Administrator. The Administrator will hold the office for the period of six months as directed by the SECP, which may be extended further upon the discretion of the Registrar/Commission. Subsequently, the Registrar Modaraba vide order dated October 4, 2019 has extended the tenure of appointment of the Administrator for a period of three months effective from October 3, 2019.
- 1.3** The principal office of First Pak Modaraba was situated at 16-C, Khayaban-e-Bukhari, Bukhari Commercial Area, Phase VI, DHA, Karachi. It has been relocated to Office # B, 5th Floor, Lakson Square Building 1, Sarwar Shaheed Road, Karachi, with effect from August 5, 2019.

2 BASIS OF PREPARATION

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 applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Boards (IASB) as notified under the Companies Act 2017;
- Provisions and directions issued under the Companies Act 2017;
- Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas ; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017.

Wherever provisions and directives issued under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and IFAS differ from IFRS Standards, the provision and directives issued under the Companies Act, 2017 the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and the Modaraba Rules, 1981, Prudential Regulations for Modaraba and IFAS have been followed.

2.2 Basis of measurement

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

2.3 Presentation and functional currency

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

3 New or amendments / interpretations to existing standards, interpretation and forthcoming requirements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2018 other than those disclosed in note 3.1. These are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

3.1 Standards, interpretations and amendments to published approved accounting standards 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 01 July 2019:

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. Management is not expecting impact of the standard on the Modaraba's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Modaraba's financial statements.
- Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or fair value through other comprehensive income (FVOCI), IFRS 9 requires its contractual cash flows to meet the criterion that cash flows are 'solely payments of principal and interest' (SPPI). Some prepayment options could result in a situation wherein the party that triggers the early termination receives compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on the Modaraba's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Modaraba's financial statements.
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of this amendment does not have an impact on the Modaraba's financial statements.
- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and it contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above improvements to standards are not likely to have material / significant impact on Modaraba's financial statements.

3.2 Critical accounting estimates and judgments

In preparing these financial statements management has made judgements, estimates and assumptions that affect the application of the Modaraba's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements and information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next year are included in the following notes:

- i) Classification of financial instruments (note 4.3).
- ii) Provision for impairment (note 4.5)
- iii) Provision for taxation (note 4.11 and 21)
- iv) Morabaha finance (note 7)
- v) Determination and measurement of useful life and residual value of fixed assets and ijarah assets (note 4.2 ,10 and 11).

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below in note 4.1, the significant accounting policies are consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

4.1 Change in significant accounting policy

The modaraba has adopted IFRS 15 'Revenue from Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June respectively.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

4.1.1 IFRS 15 'Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' is effective for accounting period beginning on or after July 1, 2018. This standard has replaced IAS 18, IAS 11 & Revenue and related interpretations and it applies to all revenue arising from contracts with customers. The IFRS 15 establish a five-steps mode to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires the entities to exercise judgment, taking in to consideration all of the relevant facts and circumstances when applying each step of the model to contracts with the customers. Hence, the Modaraba has concluded that the impact of adoption of revenue recognition model as laid down in IFRS 15 is not material. There is no material impact of transition to IFRS 15 on the financial position of the Modaraba and there is no effect on the accounting policies of the Modaraba in respect of revenue from contracts with Customers.

4.1.2 IFRS 9 'Financial Instruments'

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard has replaced the provisions of IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

4.1.2.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL); and
- measurement at amortised cost

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows.

The adoption of IFRS 9 has not had a significant effect on the Modaraba's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

- 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.

Financial assets at fair value through other comprehensive income

A financial asset is measured at FVOCI if it meets both of the following conditions:

- 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

The accounting policies that apply to financial instruments are stated in note 4.3 to the financial statements.

On initial application of IFRS 9, in accordance with the transitional provisions in IFRS 9, comparative figures have not been restated and the reclassification is recognised in the opening statement of financial position.

	As at June 30, 2018	Reclassification (Rupees)	As at 1 July, 2018
Impact on statement of financial position			
OCI Component on investment at FVTOCI	-	4,875,000	4,875,000
Accumulated losses	(88,882,415)	4,875,000	(84,007,415)
Impact on statement of changes in equity			
Accumulated losses	(88,882,415)	4,875,000	(84,007,415)

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at July 1, 2018:

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
As at June 30, 2018				
Cash and bank balances	Loans and advances	Amortised cost	15,590,972	15,590,972
Investments	Held for trading	FVTPL	1,270,784	1,270,784
Ijarah rental receivable	Held to maturity	Amortised cost	179,503	179,503
Diminishing musharakah	Held to maturity	Amortised cost	31,606,023	31,606,023
Morabaha finance	Held to maturity	Amortised cost	-	-
Advances, deposits, prepayments and other receivables	Loans and advances & Held to maturity	Amortised cost	204,804	204,804

4.1.2.2 Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial asset in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVTOCI, but not to investment in equity instruments.

The Modaraba applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets, except in the case of calculation impairment provision on financial assets where the requirements of the prudential regulations for modaraba prevails.

4.2 Property and equipment

(i) Ijarah and depreciation

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

(ii) In own use and depreciation

Operating assets are stated at cost less accumulated depreciation and impairment loss (if any). Depreciation is charged to profit and loss account applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and disposal during the year, depreciation is charged proportionately to the period of use.

Profit or loss on disposal of assets is recognized as income or expense.

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

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

4.3 Financial Instruments

Initial measurement of financial asset

The Modaraba classifies its financial assets into following three categories:

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

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

Subsequent measurement

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

(Deficit) / Surplus on re-measurement of FVTOCI investment is presented separately from equity as '(Deficit) / Surplus on revaluation of investments' been

Derecognition of Financial Assets

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred.

Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Modaraba becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes diminishing musharakah finance, long term loans and advances, investment in securities, accruals, prepayments, advances and other receivables and cash and cash equivalent. The Modaraba derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

4.4 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Modaraba commits to purchase or sell the assets.

4.5 Impairment

4.5.1 Financial assets

The Modaraba recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost, except in the case of calculation of impairment provision on financial assets where the requirements of the Prudential Regulations for Modaraba prevails.

The Modaraba measures loss allowances at an amount equal to lifetime ECLs, except for other securities and bank balances which are measured at 12 months expected credit losses. Since these assets are short term in nature, therefore, no credit loss is expected on these balances.

4.5.2 Non-financial assets

The carrying amounts of the Modaraba's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

Financial assets classified under Islamic Financial Accounting Standards

In case of assets classified under Islamic Financial Accounting Standards, the assets shall be reviewed and provided for according to the time based criteria mentioned in the Prudential Regulations for Modarabas.

Offsetting of financial assets and financial liabilities

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

Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Modaraba becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Modaraba derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

4.6 Ijarah rentals receivable, ijarah, morabaha and diminishing musharakah finances

Receivables considered doubtful are provided for in accordance with the requirement of the Prudential Regulations for Modarabas. Specific provision is also made for receivables considered doubtful.

4.7 Staff retirement benefits

Defined contribution plan

The Modaraba operates a funded contribution provident fund for all employees. Equal monthly contributions are made both by the Modaraba and the employees to the fund at the rate of 8.33% of basic salary.

4.8 Provisions

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

4.9 Capital work-in-progress

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

4.10 Revenue recognition

4.10.1 Ijarah rentals

Income from ijarah is recognized as and when lease rentals become due on a systematic basis over the lease and ijarah period.

4.10.2 Hire purchase transactions

For hire purchase transactions, the unearned finance income is deferred and taken to income over the period of hire purchase, applying the annuity method to produce a constant rate of return on the net investment.

4.10.3 Morabaha, musharakah and diminishing musharakah transactions

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

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

4.10.4 Dividend income

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

4.10.5 Markup income

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

4.11 Taxation

Current

Provision for taxation is made on taxable income if any, at the prevailing rates of tax after taking into account any tax credit available.

The income of non-trading is exempt from tax provided that not less than 90% of its total profits in the year as reduced by the amount transferred to statutory reserve are distributed amongst the certificate holders.

Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is generally recognized for all taxable temporary differences. Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

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

However, the modaraba has not recognised any amount in respect of deferred tax in these financial statements as the Modaraba intends to avail the tax exemption in future years by distributing at least 90% of its profits to certificate holders.

4.12 Foreign currencies translation

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

4.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, with banks on current, savings and deposit accounts, as well as balance held with the State Bank of Pakistan (SBP).

4.14 Profit distribution

Profit distribution to the Modaraba's Certificate Holders is recognized as a liability in the financial statements in the period in which the dividends are approved by the board of Modaraba Company.

	Note	2019	2018
		Rupees	
5 CASH AND BANK BALANCES			
Cash in hand		5,400	7,230
Cash at banks			
Current accounts		1,804,828	1,140,461
Saving accounts	5.1	17,194,650	14,443,281
		18,999,478	15,583,742
		19,004,878	15,590,972

5.1 Rate of return in respect of PLS accounts ranges from 4.00% to 10.25% (June 2018: 3.90% to 5.07%) per annum.

6 INVESTMENTS

Fair value through other comprehensive income (FVTOCI)	6.1	-	-
Fair value through profit or loss (FVTPL)	6.2	39,710	1,270,784
		39,710	1,270,784

6.1 Fair value through other comprehensive income (FVTOCI)

Fully paid ordinary shares of Rs 10 each.

2019	2018				
Number of Shares	Number of Shares	Name of company			
Unquoted securities					
		Prudential Securities Limited			
487,500	487,500	Cost	4,875,000	4,875,000	
		Less: Permanent Diminution 6.1.1	(4,875,000)	(4,875,000)	
			-	-	

6.1.1 The operations of Prudential Securities Limited remained suspended that indicates a significant and prolonged decline in the fair value of this investment below carrying value resulting in an objective evidence of impairment. Therefore, the investment has been considered as fully impaired.

6.2 Fair value through profit or loss (FVTPL)

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

2019	2018		Note	2019	2018
Number of Certificates / Shares	Number of Certificates / Shares	Name of Company		Rupees	
		Open-end Mutual Funds			
-	82,324	Meezan Balanced Fund		-	1,270,784
		Engineering			
1,000	-	International Steel Limited		39,710	-
		Suspended / Delisted Company			
120,000	120,000	Prudential Investment Bank Limited		-	-
279,749	279,749	Pakistan Industrial & Commercial Leasing Limited		-	-
				39,710	1,270,784

7 MORABAHA FINANCE

Morabaha finance - Unsecured	7.1	15,319,705	15,319,705
Less: Provision for doubtful morabaha finance		(15,319,705)	(15,319,705)
		<u>-</u>	<u>-</u>

- 7.1 This include amount of Morabaha finance receivable from five different parties outstanding since many years. As per term of agreement, the profit against these finance ranged from 16.5% to 20%, however, based on the guidelines of prudential regulation for Modaraba, the principal and profit against these finances have been fully provided and suspended accordingly.

8 IJARAH RENTALS RECEIVABLE	Note	2019	2018
		Rupees	
Considered good		118,367	179,503
Considered doubtful		119,542	119,542
		237,909	299,045
Less: Provision for doubtful receivables	8.1	(119,542)	(119,542)
		118,367	179,503

8.1 Movement in provision for doubtful receivables

Opening balance		119,542	119,542
Charge for the year		-	-
Reversal during the year		-	-
		<u>-</u>	<u>-</u>
Closing balance		119,542	119,542

8.2 Future minimum ijarah rentals receivable

Within one year		5,286,515	7,944,215
After one year but not more than five years		2,451,438	11,319,541
		7,737,953	19,263,756

9 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Considered good

Profit Receivable on Diminishing Musharakah		189,970	61,991
Advance income tax		338,882	273,985
Deposits		37,500	45,750
Advance to staff - current portion - Secured	9.1	157,090	61,750
Prepayments		343,515	148,082
Profit receivable on bank deposits		67,900	32,313
Others		3,000	3,000
		1,137,857	626,871

Considered doubtful

Amount due from PSL	9.2 & 9.3	11,476,377	11,476,377
Amount due from PCML	9.4	999,832	999,832
Amount due from Royal Management Services(Pvt) Ltd	9.5	886,442	886,442
Profit receivable on Morabaha finance		4,028,913	4,028,913
		17,391,564	17,391,564
		18,529,421	18,018,435
Less: Provision for doubtful receivables		(17,391,564)	(17,391,564)
		1,137,857	626,871

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

- 9.2 This include the amount of Rs.1.0 million (2018: Rs.1.0 million) paid to Prudential Securities Limited (PSL) as advance for purchase of securities but the transaction remained incomplete. Operations of PSL were subsequently suspended by Pakistan Stock Exchange (PSX) formerly Karachi Stock Exchange Limited. Keeping in view remote chance of recovery, provision has been recorded against the total amount of claim.

- 9.3 This includes Rs. 10.476 million (2018: Rs. 10.476 million) receivable from PSL. As mentioned in note 9.2 operations of PSL were suspended by PSX and the Modaraba has filed claim with PSX for the amount. Keeping in view remote chance of recovery, provision has been recorded against the total amount of claim.

- 9.4 This represents Rs. 999,832 (2018: Rs. 999,832) receivable from Pearl Capital Management Limited (PCML). The operations of PCML has been suspended by PSX. A claim was lodged with the PSX for the recovery of the said amount which was rejected on the grounds of having been filed after the lapse of the last date for the submission of claims as notified by PSX. Hence, provision has been made against the total amount of claim.

- 9.5 This represents Rs. 886,442 (2018: Rs. 886,442) receivable from Royal Management Services (Private) Limited in respect of various expenses paid on their behalf. KASB Invest (Pvt.) Limited took over the management of Modaraba on November 11, 2014 from Royal Management Services (Private) Limited. Provision has been made against the total amount of receivable as the chances of the recovery is remote.

10 PROPERTY AND EQUIPMENT - IJARAH

		Cost			Depreciation				
2018		at July 1, 2018	Additions/ (Disposals)	at June 30, 2019	Accumulated at July 1, 2018	For the year / (adjustment)	Accumulated at June 30, 2019	Carrying value at June 30, 2019	Rate %
-----Rupees-----									
	Plant and machinery	4,680,000	(4,680,000)	-	2,541,500	968,500 (3,510,000)	-	-	33.33
	Vehicle 10.1	21,144,000	(5,800,000)	15,344,000	2,609,587	3,878,256 (605,000)	5,882,843	9,461,157	25-33.33
		<u>25,824,000</u>	<u>(10,480,000)</u>	<u>15,344,000</u>	<u>5,151,087</u>	<u>731,756</u>	<u>5,882,843</u>	<u>9,461,157</u>	
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,115,000)</u>	<u>-</u>	<u>-</u>	
		Cost			Depreciation				
2018		at July 1, 2018	Additions/ (Disposals)	at June 30, 2019	Accumulated at July 1, 2018	For the year / (adjustment)	Accumulated at June 30, 2019	Carrying value at June 30, 2019	Rate %
-----Rupees-----									
	Plant and machinery	4,680,000	-	4,680,000	1,371,500	1,170,000	2,541,500	2,138,500	33.33
	Vehicle 10.1	1,209,000	19,935,000	21,144,000	390,862	2,218,725	2,609,587	18,534,413	25-33.33
		<u>5,889,000</u>	<u>19,935,000</u>	<u>25,824,000</u>	<u>1,762,362</u>	<u>3,388,725</u>	<u>5,151,087</u>	<u>20,672,913</u>	

10.1 This includes asset financed amounting to Rs. 259,000 under ijarah arrangement to one defaulted client. The case is under litigation with Banking Court.

11 PROPERTY AND EQUIPMENT - OWNED

		2019	2018
		-----Rupees-----	
Tangible assets	11.1	-	600,012
Intangible assets	11.2	266,579	-
		<u>266,579</u>	

11.1 Tangible assets

	2019								
	Cost			Depreciation			Impairment *	Carrying value at June 30, 2019	Rate %
	at July 1, 2018	Additions/ (Disposals)	at June 30, 2019	Accumulated at July 1, 2018	For the year / (on disposals)	Accumulated at June 30, 2019			
-----Rupees-----									
Office equipment	387,329	-	387,329	314,163	26,239	340,402	(46,927)	-	33.33
Furniture and fixtures	572,197	-	572,197	45,351	54,256	99,607	(472,590)	-	10
Motor vehicles	-	-	-	-	-	-	-	-	20
	959,526	-	959,526	359,514	80,495	440,009	(519,517)	-	
					-				

	2018								
	Cost			Depreciation			Impairment	Carrying value at June 30, 2018	Rate %
	at July 1, 2017	Additions/ (Disposals)	at June 30, 2018	Accumulated at July 1, 2017	For the year / (on disposals)	Accumulated at June 30, 2018			
-----Rupees-----									
Office equipment	309,122	78,207	387,329	307,682	6,481	314,163	-	73,166	33.33
Furniture and fixtures	39,645	532,552	572,197	33,700	11,651	45,351	-	526,846	10
Motor vehicles	83,500	(83,500)	-	72,107	11,392	-	-	-	20
	432,267	527,259	959,526	413,489	29,524	359,514	-	600,012	
		-			(83,499)				
		-			(83,499)				

* The modaraba has recorded impairment on assets which have nil value in use.

11.2 Intangible assets

	2019							Rate of amortization %
	Cost			Accumulated Amortization		Book value		
	As at 01 July 2018	Additions/ Deletions	As at 30 June 2019	As at 01 July 2018	Charge for the year	As at 30 June 2019	As at 30 June 2019	
-----Rupees-----								
Computer software	-	300,000	300,000	-	33,421	33,421	266,579	30 - 33

12 DIMINISHING MUSHARIKA				
Diminishing Musharakah	12.1	37,587,670	31,606,023	
Less: Current Portion of Diminishing Musharakah		(17,899,169)	(17,957,016)	
		19,688,501	13,649,007	
12.1	These finance carry profit rate ranged from 13.00% to 19.00% per annum and are payable on monthly basis over a period from 3 to 4 years.			
13 LONG TERM ADVANCES	Note	2019	2018	
		Rupees		
Advance to staff	9.1	93,835	-	
		93,835	-	
14 ACCRUED AND OTHER LIABILITIES				
Workers welfare fund		157,045	132,824	
Management fee		29,491	221,312	
Auditors' remuneration		185,002	200,000	
Shariah Advisor fee payable		100,002	-	
Charity fund payable		101,865	53,319	
Takaful		468,101	-	
Other payables		877,645	1,303,746	
		1,919,151	1,911,201	
15 LONG TERM DEPOSITS				
Ijarah security deposits		3,239,000	6,189,000	
Less: Current maturity		(445,000)	-	
		2,794,000	6,189,000	
16 CERTIFICATE CAPITAL				
		2019	2018	
		Number of Certificates		
		15,000,000	15,000,000	
				Authorised
				Modaraba certificates of Rs.10/- each
		10,000,000	10,000,000	
				Issued, subscribed and paid-up
				Modaraba certificates of Rs.10/- each fully paid in cash
		2,540,000	2,540,000	
				Modaraba certificates of Rs.10/- each fully paid bonus certificates
		12,540,000	12,540,000	
		150,000,000	150,000,000	
		100,000,000	100,000,000	
		25,400,000	25,400,000	
		125,400,000	125,400,000	

As at June 30, 2019, the Royal Management Services (Private) Limited (the Ex- Management Company) held 1,254,000 (2018: 1,254,000) certificates of Rs. 10 each.

17 CONTINGENCIES AND COMMITMENTS

Some of the modarabas in the sector have received letter from Assistant Commissioner, Sindh Revenue Board (SRB), whereby it came to their notice that these Modarabas are engaged in providing / rendering taxable services which falls under the Second Schedule of Sindh Sales Tax on Services Act, 2011 (the Act), and the sales tax on such services, i.e. on lease rentals / lease financing transactions remains outstanding. The modarabas who have received the said letter, collectively decided that under the supervision of NBF1 & Modaraba Association Pakistan, a petition against the same be filed through a common legal counsel in the Honorable High Court of Sindh (HCS) challenging levy of Services Sales Tax on lease rental/ lease financing transactions including the vires of various headings of the Second Schedule of the Act. Being similar in nature of business it was expected that the same type of letter shall be received by First Pak Modaraba. Therefore, management has taken cautious approach and become a party in collective effort undertaken by the other modarabas.

18 OTHER INCOME

Gain on disposal of vehicle - owned	-	9,999
Gain on disposal of vehicle - Ijarah	301,062	-
Termination charges on diminishing musharaka	154,725	100,762
Termination charges on Ijarah	122,321	-
Miscellaneous income	428,214	294,368
	1,006,322	405,129

19 ADMINISTRATIVE EXPENSES

Salaries, allowances and benefits	19.1	1,572,119	1,425,767
Transaction cost on investment		13,637	-
Fees and subscription		862,590	653,916
Rent rates & taxes		175,410	388,130
Telephone and postage		89,115	214,221
Legal and professional		548,280	161,430
Registrar services		267,430	85,000
Auditors' remuneration	19.2	262,272	251,500
Travelling and conveyance		13,500	22,400
Printing and stationery		238,945	265,690
Repairs and maintenance		52,830	26,362
Stamp Papers		34,000	64,000
Entertainment		34,067	730
Depreciation-owned assets		80,495	29,525
Amortization-intangibles		33,421	-
Impairment loss on office equipment and furniture & fixtures		519,517	-
Insurance		197,684	178,567
Bank charges		60,703	51,181
Advertisement in newspaper		240,250	246,226
Electricity expenses		138,925	205,247
Share in common expenses		1,657,869	-
Miscellaneous		34,250	21,000
		7,127,309	4,290,892

19.1 The aggregate amounts incurred during the year for remuneration including all benefits to officers and other employees of the Company are given below:

REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

	2019			2018		
	Officers	Other employees	Total	Officers	Other employees	Total
	-----Rupees-----			-----Rupees-----		
Remuneration	-	1,258,070	1,258,070	-	1,073,525	1,073,525
Provident fund	-	77,419	77,419	-	186,600	186,600
Medical expenses	-	85,630	85,630	-	51,642	51,642
Other	-	151,000	151,000	-	114,000	114,000
	-	1,572,119	1,572,119	-	1,425,767	1,425,767
No. of persons	-	4	4	-	3	3

19.1.1 The total number of employees as at June 30, 2019 are 4 (2018: 3) and the average number of employees during the year equates to 4 (2018: 3)

19.2 AUDITORS' REMUNERATION	2019	2018
	Rupees	
Statutory audit fee	175,000	175,000
Half year review fee	15,000	15,000
Review of code of corporate governance	10,000	10,000
CDC certification	15,000	15,000
Out of pocket expenses	47,272	36,500
	<u>262,272</u>	<u>251,500</u>

20 Modaraba Management Company Fee

In accordance with the Modaraba Companies and Modaraba Rules, 1981, management remuneration at the rate of 10% of annual profit is payable to the management company. However with the appointment of the Administrator and removal of the management company, effective April 3, 2019, management fee only up to March 31, 2019 is charged.

21 Provision for Taxation

Due to non-distribution of profit to the certificate holders, the available tax exemption is ceased to exist, hence provision for taxation has been made accordingly.

However, modaraba has not deferred tax due to anticipation of distribution of profits in future.

22 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

Profit for the year (Rupees)	514,182	2,213,120
Weighted average number of ordinary certificates	<u>12,540,000</u>	<u>12,540,000</u>
Earnings per certificate (Rupees per certificate)	<u>0.04</u>	<u>0.18</u>

23 RELATED PARTY TRANSACTIONS

The related parties comprise of associated undertakings, directors of the Modaraba Management Company. The Modaraba, in the normal course of business carries out transactions with these related parties. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. Significant transactions with related parties are as follows: -

Relationship with the Company	Nature of Transactions		
Expense for the Period			
Modaraba Management Company	Management fee	<u>150,566</u>	221,312
Modaraba under common management	Sharing of common expenses	<u>1,657,869</u>	-
Provident Fund	Contribution made	<u>77,419</u>	186,600
Administrator (Note 1)	Salaries & Other benefits	<u>80,000</u>	-
Payments made during the period			
Modaraba Management Company	Management fee	<u>342,387</u>	106,596
Modaraba under common management	Sharing of common expenses	<u>1,134,279</u>	-
Provident Fund	Contribution made	<u>77,419</u>	186,600
Balance as at the year end			
Modaraba under common management	Sharing of common expenses	<u>523,590</u>	-
Payable to Modaraba Management Company	Management fee	<u>29,491</u>	221,312
Provident Fund	Contribution made	<u>-</u>	-
Administrator (Note 1)	Salaries & Other benefits	<u>80,000</u>	-

24 FINANCIAL INSTRUMENTS BY CATEGORY

----- As at June 30, 2019 -----				
Amount in Rupees				
	At Amortised Cost	FVTPL	FVTOCI	Other financial liabilities
FINANCIAL ASSETS				
Cash and cash equivalent	19,004,878	-	-	-
Investments	-	39,710	-	-
Long term advances	93,835	-	-	-
Diminishing Musharakah	37,587,670	-	-	-
Ijarah rentals receivable	118,367	-	-	-
Morabaha finance	-	-	-	-
Advances, prepayments and other receivables	455,460	-	-	-
Total Financial Assets	57,260,210	39,710	-	-
FINANCIAL LIABILITIES				
Accrued and other liabilities	-	-	-	1,630,750
Total Financial Liabilities	-	-	-	1,630,750
----- As at June 30, 2018 -----				
Amount in Rupees				
	At Amortised Cost	FVTPL	FVTOCI	Other financial liabilities
FINANCIAL ASSETS				
Cash and cash equivalent	15,590,972	-	-	-
Investments	-	1,270,784	-	-
Long term advances	-	-	-	-
Diminishing Musharakah	31,606,023	-	-	-
Ijarah rentals receivable	179,503	-	-	-
Morabaha finance	-	-	-	-
Advances, prepayments and other receivables	204,804	-	-	-
Total Financial Assets	47,581,302	1,270,784	-	-
FINANCIAL LIABILITIES				
Accrued and other liabilities	-	-	-	1,503,746
Total Financial Liabilities	-	-	-	1,503,746

24.1 FINANCIAL RISK MANAGEMENT

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

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

The Modaraba's principal financial liabilities comprise only accrued and other liabilities. The Modaraba's principal financial assets comprises of ijarah rentals receivable, diminishing musharakah & morabaha finances, advance, prepayments and other receivables and cash and bank balances that arrive directly from its operations. The Modaraba also holds FVTPL, FVTOCI and amortised costs as its investments.

24.2 Liquidity risk management

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. Modaraba holds total current assets of Rs. 43.12 million against its current liability of Rs.8.526 million which lead to total surplus of Rs.35.3 million.

The table below shows an analyses of Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. However, Modaraba has surplus funds to pay off its liabilities. The amounts in the table are the contractual undiscounted cash flows.

	Total	Upto three months	More than three months and upto one year	More than one year
	Rupees			
2019				
Accrued and other liabilities	1,630,750	1,630,750	-	-
	<u>1,630,750</u>	<u>1,630,750</u>	-	-
2018				
Accrued and other liabilities	1,503,746	1,503,746	-	-
	<u>1,503,746</u>	<u>1,503,746</u>	-	-

24.3 Credit risk and concentration of 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 controls credit risk by monitoring credit exposure, limiting transactions with specific counter parties and continually assessing the credit worthiness of counter parties.

The Modaraba is exposed to credit risk from its financing activities (Diminishing Musharakah & Morabaha finances and ijarah rental receivables), deposits with bank and financial institutions.

The Modaraba has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and, if not available, the Modaraba uses other publicly available financial information and its own trading records to rate its major customers.

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

The Modaraba's maximum exposure to credit risk related to financial instruments at June 30, 2019 and June 30, 2018 is the carrying amounts of following financial assets

	2019	2018
Diminishing Musharakah	37,587,670	31,606,023
Advances, deposits, prepayments and other receivables	455,460	204,804
Balances with banks and financial institutions	19,004,878	15,590,972
	<u>57,048,008</u>	<u>47,401,799</u>

The analysis below summarizes the quality rating of the major Banks in which the Modaraba deals:

Bank balances	Short Term	Long Term	2019	2018
Habib Bank Limited	A-1+	AAA	17,808,410	15,121,337
Summit Bank Limited	A-3	BBB-	1,167,816	453,659
Faysal Bank Limited	A-1+	AA	8,249	8,746

Past due but not impaired financings are those for which contractual profit or principal payments are past due, but the Modaraba believes that impairment is not appropriate on the basis of the level of security/collateral available to the Modaraba.

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

	As at June 30, 2019				
	OAEM	Substandard	Doubtful	Loss	Total
Ijarah rentals receivable	-	-	-	119,542	119,542
Morabaha finance	-	-	-	15,319,705	15,319,705

	As at June 30, 2018				
	OAEM	Substandard	Doubtful	Loss	Total
Ijarah rentals receivable	-	-	-	119,542	119,542
Morabaha finance	-	-	-	15,319,705	15,319,705

Total impairment against these assets as at June 30, 2019 is Rs.15,439,247/- (June 2018:15,439,247/-)

24.3.1 Concentration of Credit Risk

Ijarah Assets	2019		2018	
	(Rupees)	%	(Rupees)	%
Plant & machinery	-	0.00	18,534,413	89.66
Others	9,461,157	100.00	2,138,500	10.34
	9,461,157	100.00	20,672,913	100.00

For Diminishing Musharika Finance	2019		2018	
	(Rupees)	%	(Rupees)	%
Corporate	20,158,815	53.63	11,444,682	28.30
Individuals	17,428,855	46.37	19,868,633	45.95
Others	-	0.00	292,708	25.75
	37,587,670	100.00	31,606,023	100.00

24.4 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 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. The Modaraba incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Administrator. The Modaraba is exposed to profit risk.

24.4.1 Profit rate risk

The profit rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the profit rate exposure arises from short term deposits with banks, ijarah finance, diminishing musharaka and musharaka and morabaha finance. At the balance sheet date the profit rate risk profile of the Modaraba's profit bearing financial instruments is:

June 30, 2019							
Effective yield / profit rate %	Total	Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit risk
----- Rupees -----							
Cash and bank balances	19,004,878	17,194,650	-	-	-	-	1,810,228
Investments	39,710	-	-	-	-	-	39,710
Musharaka, morabaha and other finance	-	-	-	-	-	-	-
Diminishing musharaka	37,587,670	1,836,666	4,902,396	11,155,355	19,693,253	-	-
Ijarah rentals receivable	118,367	-	-	-	-	-	118,367
Advances and other receivables	1,231,692	-	-	-	-	-	1,231,692
Total financial assets as at June 30, 2019	57,982,317	19,031,316	4,902,396	11,155,355	19,693,253	-	3,199,997
Accrued and other liabilities	1,919,151	-	-	-	-	-	1,919,151
Total financial liabilities as at June 30, 2019	1,919,151	-	-	-	-	-	1,919,151
Total yield / profit risk sensitivity gap		19,031,316	4,902,396	11,155,355	19,693,253	-	
Cumulative yield / profit risk sensitivity gap		19,031,316	23,933,712	35,089,067	54,782,320	54,782,320	

June 30, 2018							
Effective yield / profit rate %	Total	Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit risk
----- Rupees -----							
Cash and bank balances	15,590,972	14,443,281	-	-	-	-	1,147,691
Investments	1,279,784	-	-	-	-	-	1,279,784
Musharaka, morabaha and other finance	-	-	-	-	-	-	-
Diminishing musharaka	31,606,023	1,447,934	2,927,851	13,221,231	14,009,007	-	-
Ijarah rentals receivable	179,503	-	-	-	-	-	179,503
Advances and other receivables	352,886	-	-	-	-	-	352,886
Total financial assets as at June 30, 2018	49,009,168	15,891,215	2,927,851	13,221,231	14,009,007	-	2,959,864
Accrued and other liabilities	1,911,201	-	-	-	-	-	1,911,201
Total financial liabilities as at June 30, 2018	1,911,201	-	-	-	-	-	1,911,201
Total yield / profit risk sensitivity gap		15,891,215	2,927,851	13,221,231	14,009,007	-	
Cumulative yield / profit risk sensitivity gap		15,891,215	18,819,066	32,040,297	46,049,304	46,049,304	

24.4.1.1 Sensitivity Analysis

The sensitivity of the net income for the year is the effect of the assumed changes in profit rates on the floating rate financial instruments held at the year end. The following table demonstrates the sensitivity of the Modaraba's income for the year to a reasonably possible change in profit rates, with all other variables held constant.

	Impact on profit after or loss	
	2019	2018
Changes in basis point(Rupees).....	
+100	62,677	59,610
-100	(62,677)	(59,610)

24.4.2 Equity Price Risk

The Modaraba's Equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The modaraba manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the modaraba's senior management on a regular basis the Administrator of the management company reviews and approves all equity investment decision.

The carrying amount of investments in equity securities carried at fair value as shown in note 6 is as follows:

+10%	3,971	127,078
-10%	(3,971)	(127,078)

24.4.3 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. The Modaraba at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

24.5 Fair Value of Financial Instruments

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arms length transaction. Carrying values of financial assets and financial liabilities approximate their fair values.

24.5.1 Fair Value Hierarchy

The table below analysis financial instruments carried at fair value by valuation method. The different levels has been defined as follows.

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

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

Level 3: Inputs for the assets or liability that are not based.

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Financial Assets at FVTPL				
Quoted Companies	39,710	-	-	39,710
FVTOCI financial assets				
Unlisted entities	-	-	-	-
	39,710	-	-	39,710
	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Financial Assets at FVTPL				
Quoted Companies	1,270,784	-	-	1,270,784
FVTOCI financial assets				
Unlisted entities	-	-	-	-
	1,270,784	-	-	1,270,784

25 CAPITAL RISK MANAGEMENT

The Modaraba manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. As at balance sheet date Modaraba do not have any exposure in short term and long term borrowing and it has sufficient surplus funds to manage the affairs of the Modaraba effectively. Further Modaraba has positive current ratio of 5.06:1 which is assessed as not overstated (2018: 6.02:1).

The Modaraba is continuously endeavoring for invest in risk free business with maximizing returns in order to improve the position of its accumulated reserves, however, due to risky economic and market conditions, the Modaraba is following conservative approach and it is not actively making any major investments or financing of its allowed business.

Consistently with others in the industry, the Modaraba monitors capital on the basis of the debt-to-adjusted capital ratio. Modaraba focus towards the equity based financing and therefore consistent with the previous years. Currently, the Modaraba is not exposed to any external borrowings.

26 SEGMENT INFORMATION

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

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

27 PROFIT DISTRIBUTION

The dividend distribution has not been declared, due to marginal profit of the Modaraba for the current year. The management has considered that the distribution of dividend on such marginal profit is uneconomical and not likely to be in the benefit of the certificate holders after deduction of tax, zakat and other charges. The Modaraba has distributed dividend of Re. 0.14 amounted to Rs.1,755,600 in prior year.

28 DATE OF AUTHORIZATION OF ISSUE

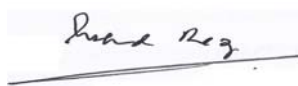
These financial statements has been authorized for issue on October 25, 2019 by the Administrator.

29 CORRESPONDING FIGURES

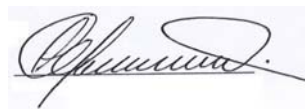
Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation. However, no significant rearrangements or reclassification have been made in these financial statements during the current year.

30 GENERAL

Figures have been rounded off to the nearest Rupee.



ADMINISTRATOR



CHIEF FINANCIAL OFFICER

F. D REGISTRAR SERVICES (SMC-PVT) LIMITED
FIRST PAK MODARABA
PATTERN OF CERTIFICATE HOLDING - FORM "34"
SHAREHOLDERS STATISTICS AS AT JUNE 30, 2019

Number of Certificate Holders	Certificate Holding			Certificate Held
	From	To		
892	1	-	100	44,487
1324	101	-	500	281,694
1106	501	-	1000	732,087
582	1001	-	5000	1,324,074
108	5001	-	10000	807,167
49	10001	-	15000	603,874
21	15001	-	20000	377,652
9	20001	-	25000	214,160
12	25001	-	30000	316,950
10	30001	-	35000	330,408
3	35001	-	40000	112,340
3	40001	-	45000	128,954
10	45001	-	50000	485,619
2	50001	-	55000	105,500
1	55001	-	60000	59,500
2	60001	-	65000	123,700
2	65001	-	70000	135,335
3	85001	-	90000	268,003
3	105001	-	110000	323,725
1	110001	-	115000	111,860
1	115001	-	120000	119,500
2	125001	-	130000	251,202
3	145001	-	150000	446,290
1	160001	-	165000	160,500
1	165001	-	170000	170,000
1	240001	-	245000	244,500
2	245001	-	250000	500,000
1	285001	-	290000	290,000
1	295001	-	300000	300,000
2	335001	-	340000	674,919
1	370001	-	375000	373,500
1	865001	-	870000	868,500
1	1250001	-	1255000	1,254,000
4161				12,540,000

S. No.	Categories of Certificate holders	Number of Certificate holders	Certificate Held	Percentage
1	Individuals	4,130	11,009,051	87.79

3	Modarba Management Co.	2	1,400,500	11.17
4	Joint Stock Companies	25	15,598	0.12
5	Financial Institute	1	1,526	0.01
7	Insurance Companies	1	109,725	0.88
8	NIT / ICP	1	3,500	0.03
9	Modarbas	1	100	0.00
		4,161	12,540,000	100.00

Certificate holders holding Ten percent or more Certificates

Paid up Capital	<u>12,540,000</u>		
		Certificate Held	Percentage
Royal Management Services (Pvt) Ltd		<u>1,254,000</u>	<u>10.00</u>

FIRST PAK MODARABA
CATEGORIES OF CERTIFICATE HOLDING AS ON 30-06-2019

	<u>No of</u> <u>Certificateholders</u>	<u>No of</u> <u>Certificate Held</u>	<u>Total No</u> <u>of Certificate</u>	<u>Percentage</u>
<u>ASSOCIATED COMPANIES UNDERTAKING AND RELATED PARTIES</u>	-			-
<u>NIT AND ICP</u>	1		3,500	0.03
INVESTMENT CORPORATION OF PAKISTAN		3,500		
<u>DIRECTORS, C.E.O THEIR SPOUSE AND MINOR CHILDREN</u>	1		146,500	1.17
KASB Invest (Pvt) Limited (Ex-Management Company)		146,500		
<u>EXECUTIVE</u>	-----	-----	-----	-----
<u>PUBLIC SECTOR COMPANIES AND CORPORATIONS.</u>	1		109,725	0.87
STATE LIFE INSURANCE CORPORATION OF PAKISTAN LTD		109,725		
<u>BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABA AND MUTUAL FUNDS</u>	5		3,821	0.03
THE BANK OF KHYBER		1,526		
NATIONAL DEVELOPMENT LEASING CORPORATION LTD.		350		
NEW JUBILEE INSURANCE COMPANY LTD.		500		
L.T.V. CAPITAL MODARABA		1,345		
FIRST PRUDENTIAL MODARABA		100		
<u>CERTIFICATE HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY</u>	1	----	1,254,000	16.93
ROYAL MANAGEMENT SERVICES (PVT) LTD (EX-MANAGEMENT COMPANY)		1,254,000		
<u>INDIVIDUALS</u>	4130	11,009,051	11,009,051	87.79
<u>OTHER CORPORATE CERTIFICATE HOLDERS</u>	22	13,403	13,403	0.11
TOTAL	4161		12,540,000	100.00

NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that the 20th Annual Review meeting of the Modaraba's Certificate Holders of First Pak Modaraba will be held on Monday November 25, 2019 at 4:30 pm at Institute of Chartered Accountants of Pakistan, near Teen Talwar, Clifton, Karachi to review the performance of Modaraba for the year ended June 30, 2019.

By Order of the Administrator

Syed Shahid Owais
Company Secretary

Karachi
October 25, 2019

Notes

1. The Modaraba Certificates transfer book shall remain closed from November 16, 2019 to November 25, 2019 (both days inclusive) to determine the names of Certificate Holders eligible to attend the Annual Review Meeting. Transfer received in order at the Registrar Office of the First Pak Modaraba (whose address is given below) up to the close of business hours on November 15, 2019 will be treated in time.
2. The Certificate holders are advised to notify to the Registrar of First Pak Modaraba of any change in their addresses to ensure prompt delivery of mails. Further, any Certificates for transfer, etc, should be lodged with the Registrar, F.D. Registrar Services (SMC Pvt) Limited office No: 1705, 17th Floor, Saima Trade Tower-A, I. I. Chandigarh Road, Karachi. Phone: 32271905-906).
3. **For Attending Meeting :**
 - a) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate their identity by showing his/her original CNIC or original passport at the time of attending the Meeting.
 - b) In case of corporate entity. The Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of Meeting.
4. In terms of Securities and Exchange Commission of Pakistan (SECP) S.R.O.634(I)/2014, The Annual Report for the year ended June 30, 2019 will also be placed on Modaraba's website simultaneously with the dispatch of the same to the certificate holders.
5. **Unclaimed Dividends and physical Modaraba Certificates**
Certificate holders, who by any reason, could not claim their dividends or did not collect their physical Modaraba certificates, are advised to contact our Share Registrar, F.D. Registrar Services (SMC Pvt) Limited , to collect / enquire about their unclaimed dividend or pending Modaraba certificates, if any. Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedures, all dividends unclaimed for a period of three years, from the date due and payable, shall be deposited to the credit of the Federal Government and in case of shares/certificates, shall be delivered to the Securities & Exchange Commission of Pakistan.

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