

# ANNUAL REPORT

# 2019



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

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



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

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## CORPORATE INFORMATION

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

## **MISSION**

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

## **VISION**

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

## **OVERALL CORPORATE STRATEGY**

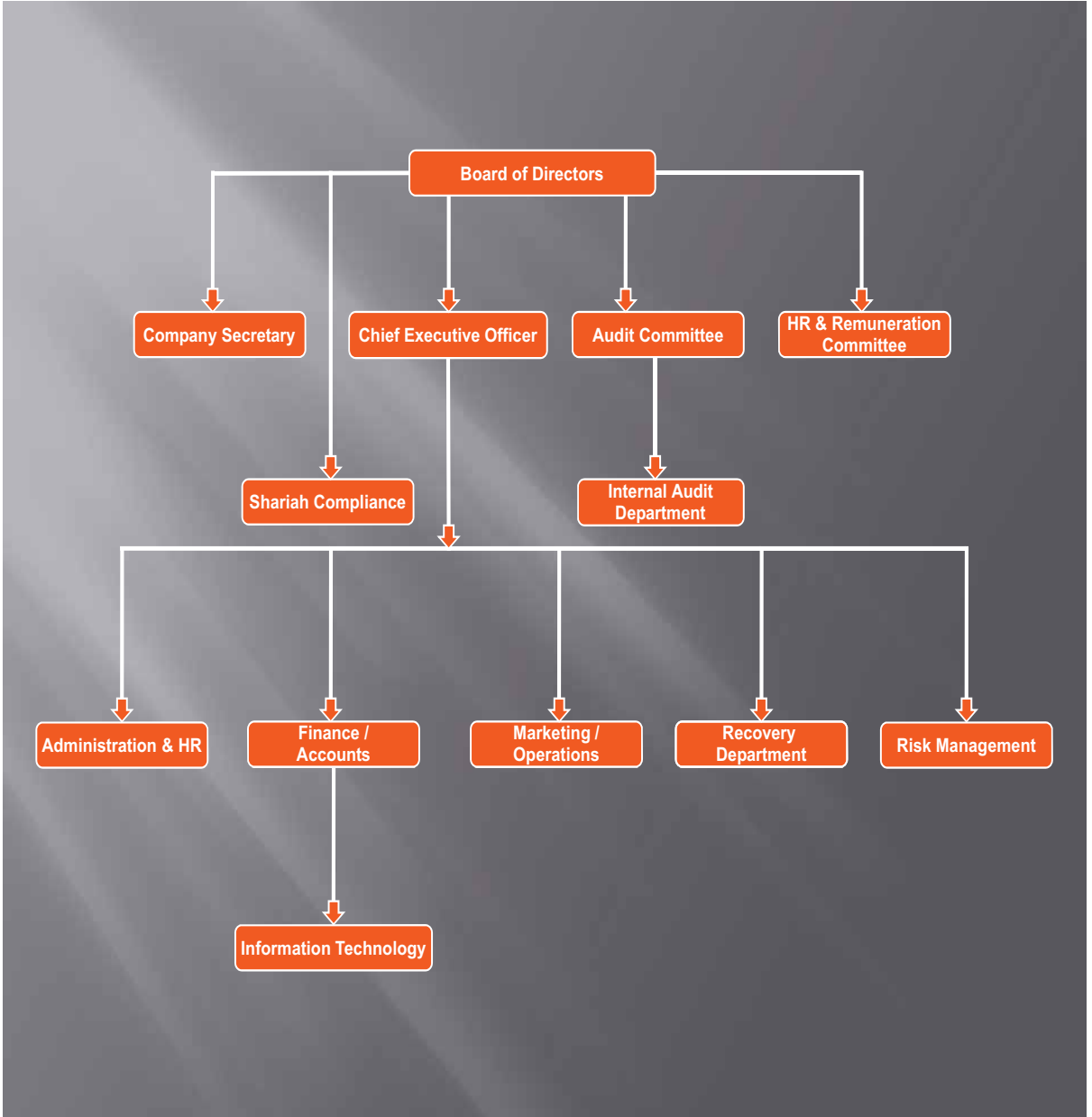
To become a market leader of Islamic Financial Products through:

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



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## ORGANOGRAM





**B.R.R. Guardian Modaraba**  
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## BOARD OF DIRECTORS

**Rafique Dawood**  
(Chairman)



**Syed Ali Raza**  
(Director)



**Ayaz Dawood**  
(Chief Executive)



**Waqas Anwar Qureshi**  
(Director)



## MANAGEMENT

**Syed Tariq Masood**  
(Chief Financial Officer)



**Tahir Mehmood**  
(Company Secretary)



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





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## **NOTICE OF ANNUAL REVIEW MEETING (ARM -XX) of B.R.R. Guardian Modaraba**

The Board of Directors of B.R.R. Investment (Pvt) Ltd, Manager of B.R.R Guardian Modaraba (BRRGM) in their meeting held on September 30, 2019 has declared cash dividend @ Re. 0.24 per Modaraba Certificate for the year ended June 30, 2019.

To determine the names of Certificateholders entitled to receive dividend and to attend the ARM the Certificate Transfer Books of the Modaraba will be closed from October 22, 2019 to October 28, 2019 (both days inclusive) the Transfers received at the Registrar Office, F.D. Registrar Services (SMC-Pvt.) Ltd at 1705, 17th Floor, Saima Trade Towers A, I.I. Chundrigar Road Karachi (Registrar Office), before the close of business hours on October 21, 2019 will be treated in time for the purpose of above entitlement to the transferees. Further, the Certificate holders are advised to notify to the Registrar Office of any change in their addresses.

The ARM-XX of Certificateholders of BRRGM will be held on Monday October 28, 2019 at 5:00 p.m.at Ground Floor, BRR Tower, Hassan Ali Street, off: I.I Chundrigar Road Karachi, 74000

Place Karachi  
October 3, 2019

By Order of the Board  
Tahir Mehmood  
Company Secretary

### **REQUEST TO CERTIFICATE-HOLDERS**

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

In order to comply with the directives of SECP vide their SRO 831(1)/2012 dated July 5, 2012 the Registrar Office may withhold the dispatch of Dividend Warrant under Section 243(2) (a) of the Companies Act, 2017 of those Certificateholders who fails to submit the copy of CNIC before the close of book of Certificateholders for entitlement of dividend as for the year ended June 30, 2019 announced by the Board of Directors in their meeting held on September 30, 2019

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

### **Placement of Annual Report on Website**

In terms of Securities and Exchange Commission of Pakistan's (SECP) S.R.O. 634 (1)/ 2014, the Annual Report for the year ended 30 June 2019 will also be placed on Modaraba's website [www.firstdawood.com/brr](http://www.firstdawood.com/brr) simultaneously with the dispatch of the same to the certificate holders.

## **Transmission through E-mail**

As per the directives issued by the Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O.787(1)2014 dated 08 September 2014, companies are allowed the circulation of Audited Financial Statements along with Notice of Annual Review Meeting to their certificateholders through email. Certificateholders who wish to receive Modaraba's Annual Report via email in future are requested to fill the consent form (available at B.R.R Guardian Modaraba website) and return it to our Share Registrar at:

F.D. Registrar Services (SMC-Pvt.) Ltd,  
1705, 17th Floor, Saima Trade Towers A,  
I.I. Chundrigar Road,  
Karachi

## **Deduction of withholding tax on the amount of Dividend**

The Government of Pakistan through the Finance Act, 2019 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- a. Rate of tax deduction for filer of income tax returns: 15%
- b. Rate of tax deduction for non-filers of income tax return: 30%

All the certificateholders whose names are not entered into the Active Tax Payers List (ATL) as maintained by FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the start of book closure date otherwise tax on their cash dividend will be deducted @ 30% instead of 15%. A valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in the above Clause must provide a valid Tax Exemption Certificate to our Share Registrar; else tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Ordinance. Certificateholders desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

The corporate certificateholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical certificate holders should send a copy of their NTN certificate to the Company or its Share Registrar. The certificateholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers. Certificateholders seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be. Certificateholders desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

## **Taxation for Joint Certificateholders**

The FBR has clarified that where the certificates are held in joint accounts/ names, each account/ joint holder will be treated individually as either a filer or a non-filer and tax will be deducted according to his/her certificateholding. The certificateholders, are having joint certificateholding status, are requested to kindly intimate their joint certificateholding proportions to the Registrar Office of the Modaraba as mentioned above latest by October 21, 2019 in the following format:

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

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



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

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

### **E-Dividends**

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

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

\_\_\_\_\_  
Signature of Certificate Holder (s)

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

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

### **Unclaimed Modaraba Certificates and Dividend**

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



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

The outgoing fiscal year 2018-19 witnessed a muted growth of 3.29 percent. The government has introduced a comprehensive set of economic and structural reform measures. The impact of macroeconomic adjustment policies, such as monetary tightening, exchange rate adjustment, expenditure control and enhancement of regulatory duties have served some degree of stability. We hope that the growth rate will continue its upward trend in the following years.

For the year ended 30th June, 2018 Modaraba Sector has performed well. Modaraba Sector booked a profit of Rs. 776 million and out of 26 Modarabas 19 declared profit while 16 Modarabas announced cash dividend between the ranges of 1% to 56.67%. The total payout to the certificate holders comes to Rs. 1,133 million. The total assets of the Modaraba sector stood at Rs. 52,670 million and the total equity was Rs. 21,712 million. The market Capitalization of Modaraba Sector has decreased during the year from Rs. 22,827 million to Rs. 17,413 million as compared to last year.

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

<b>Particulars</b>	<b>June 2018</b>	<b>June 2017</b>
	<b>Rupees in million</b>	
<b>Market Capitalization</b>	17,413	22,827
<b>Total Equity</b>	22,712	21,835
<b>Total Asset</b>	52,670	44,016
<b>Profit</b>	776	1,577

The Board has recently completed its annual self-evaluation for the year ended June 30, 2019 to ensure that the Board's overall performance and efficiency are measured and benchmarked against expectations in the context of objectives set for the Modaraba and I report that the Board members are familiar with the current vision, mission and objectives and have clear understanding of all the concerned stakeholders (including Certificate holders, customers, employees, and community at large) to whom the Modaraba serves. The overall performance of the Board is satisfactory and is based on an evaluation of all the integral-components, which have a direct bearing on the Board's role in achievement of the Modaraba's objectives. The Board has effectively set the tone-at-the-top, by putting in place transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of Corporate Governance and by promoting ethical and fair behavior across the Modaraba. Areas where improvements are required are duly considered and action plans have been framed accordingly.

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Rafique Dawood  
Chairman



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## DIRECTORS' REPORT

On behalf of the Board of Directors of B.R.R. Investment (Private) Limited ('BRRRI' or 'the company'), manager of B.R.R. Guardian Modaraba ('BRRGM' or 'the Modaraba'), it gives us great pleasure to present to you the Annual Report and Audited Financial Statements for the year ended June 30, 2019.

### MODARABA'S PERFORMANCE:

Summary of the comparative financial performance is given below:

	June 2019	June 2018
	.....Rupees.....	
<b>Rental Income from Investment properties</b>	<b>155,318,295</b>	<b>139,344,157</b>
<b>Rental Income from lockers and custodial services</b>	<b>36,777,275</b>	<b>34,784,302</b>
<b>Profit Before Management Fee &amp; WWF</b>	<b>51,587,951</b>	<b>74,688,991</b>
<b>Management Fee</b>	<b>5,158,795</b>	<b>7,468,899</b>
<b>Sales Tax on Management Fee</b>	<b>670,643</b>	<b>970,957</b>
<b>Provision for Workers' Welfare Fund</b>	<b>915,170</b>	<b>1,324,983</b>
<b>Profit After Management Fee &amp; WWF</b>	<b>44,843,343</b>	<b>64,924,152</b>
<b>Earning per certificate</b>	<b>0.52</b>	<b>0.75</b>

During the fiscal year under review Alhamdulillah, your Modaraba has paid off its outstanding principal and profit of diminishing musharaka based term finance certificates amounting to Rs. 800 Million issued to build B.R.R Tower. As of June 30, 2019 the Modaraba has total outstanding liability of only Rs. 212.194 Million.

Furthermore, it is pertinent to mention that;

- From August 2017, B.R.R Tower has been fully rented out to blue chip companies.
- BRR Guardian Modaraba has premier facility of safe deposit locker known as 'BRR Security Vault' which has been successfully in operation and completed its 30 years of services since 1989.
- During the year, Modaraba has received foreign remittance of Rs. 10.213 million in rent from overseas parties.

### Dividend:

The Board is pleased to announce Re. 0.24 per certificate cash dividend for the year ended June 30, 2019 versus Re.0.34 per certificate last year.

### NATURE OF BUSINESS AND MARKET DYNAMICS:

B.R.R. Guardian Modaraba (BRRGM) is amongst the pioneer in Modaraba's of Pakistan. It was founded in 1983 on the concept of perpetual Modaraba.

Our prestigious B.R.R. TOWER, is a 20-storey state of the art building reflects the Islamic architecture through its three arches and is a manifest addition in the financial district of Karachi, i.e. at I. I. Chundrigar Road. It is first-of-its-kind because of 'Energy Efficient' and 'Partially Green Building'.



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

## **ECONOMIC REVIEW**

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

The outgoing fiscal year 2018-19 witnessed a muted growth of 3.29 percent against the ambitious target of 6.2 percent. The foremost challenge to the economy is the rising aggregate demand without corresponding resources to support it, leading to rising fiscal and external account deficits. To address the issue of severe macroeconomic instability and to put the economy on the path of sustained growth and stability, the government has introduced a comprehensive set of economic and structural reform measures. The impact of macroeconomic adjustment policies, such as monetary tightening, exchange rate adjustment, expenditure control and enhancement of regulatory duties on non-essential imports, started to become visible this year. These steps have served to bring some degree of stability and have also helped in reducing economic uncertainty.

## **STRATEGY FOR BUSINESS SUSTAINABILITY**

As our business strategy, we shall remain focused on following areas in FY 2019 -2020:

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

<b>Total Assets Of Modaraba Sector</b>	
<b>Financial Year</b>	<b>Rupees in Million</b>
2014	30,212
2015	30,736
2016	36,806
2017	44,016
2018	52,670



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The market share of BRRGM as per the MAP Year Book 2018 of NBFI & Modaraba Association of Pakistan for the financial year ended June 30th, 2018 is presented below:

	Rupees in million		% of BRRGM's share to all modarabas
	Combined position of 26 modarabas	BRRGM's share	
Total Equity	22,712	1,392	6.13%
Total Assets	52,670	2,082	3.95%
Net Profit	776	65	8.38%

Even with 6.13% of the sector equity, we were able to generate 8.38% of the sectors profitability.

### **RESOURCES, OPPORTUNITIES, BUSINESS RISKS AND MITIGANTS:**

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

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

Your Management Company has implemented provisions of the code of corporate governance relevant for the year ended June 30, 2019. The external auditors review report on the statement of compliance with the code of corporate governance is annexed with this report.

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

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

## **TRADING / DEALING IN CERTIFICATE OF MODARABA:**

During the fiscal year, no trade in the certificate of the Modaraba was carried out by the Directors, CFO, Company Secretary, and their spouses of minor children except the CEO has purchased 1,000,000 BRRGM's Certificates and 1,179,693 BRRGM's Certificates has been issued due to amalgamation of CSM with and into BRRGM. Chairman has purchased 320,000 BRRGM's Certificates and 12,740 BRRGM's Certificates has been issued (through his wife) due to amalgamation of CSM with and into BRRGM respectively.

## **CODE OF CONDUCT:**

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

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

## **STAFF RETIREMENT BENEFITS:**

BRR Guardian Modaraba operates a Provident Fund scheme for all permanent employees. The value of investments as at June 30, 2019 is Rs 125.656 million (2018: Rs. 125.996 million).

## **POST BALANCE SHEET EVENTS:**

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

## **TRANSACTION WITH CONNECTED PERSONS / RELATED PARTIES:**

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

## **AUDITORS:**

We would also like to apprise the certificate-holders that on recommendation of Audit Committee M/s Horwath Hussain Chaudhury & Co - Chartered Accountants have been appointed as auditors for the year ended 2019-20 subject to approval of Registrar Modaraba Companies and Modarabas.

## **KEY OPERATING AND FINANCIAL DATA:**

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

## **RISK MANAGEMENT FRAMEWORK:**

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

## Board of Directors Meetings

The status of Board of Directors Meetings is as follows:

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

Meeting of Board had been held as on October 31, 2018 for the year ended June 30, 2018 and 1st quarter ended September 30, 2018.

## Audit Committee Meetings

The status of Board Audit Committee Meetings is as follows

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

Meeting of Board had been held as on October 31, 2018 for the year ended June 30, 2018 and 1st quarter ended September 30, 2018.

## INTERNAL CONTROL AND AUDIT FUNCTION:

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

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

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

## **FUTURE PROSPECTS:**

As a Modaraba we aim to increase our corporate value through sustainable growth, offering innovative services and fully Shariah Compliant products. To underscore the success of the management strategic growth plan, BRR continues to post satisfactory financial results exceeding the average growth ratios of peer companies of the country. The above serves to underline the Modaraba's relentless drive, ambition and passion to deliver what really matters to its stakeholders.

## **HUMAN RESOURCE MANAGEMENT POLICIES & SUCCESSION PLANNING:**

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

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

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

## **SUCCESSION PLAN:**

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

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

## **CORPORATE SUSTAINABILITY:**

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

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

## **Corporate Social Responsibility:**

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

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

## **Health, Safety & Environment**

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

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

## **PATTERN OF CERTIFICATE HOLDING:**

The pattern of certificate holding as on June 30, 2019 along with disclosure as required under the Code of Corporate Governance is annexed.

## **DIRECTORS' TRAINING PROGRAM**

All the directors of the board are having more than 14 years of education including Two out of four Directors duly approved PICG and ICMA i.e. 50% and more than 20 years of experience. Further, the directors of the company have been provided with copies of the Code of Corporate Governance, Modaraba Rules, Company's Memorandum and Articles of Association, Modaraba Prospectus and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Modaraba, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities.

## **CONCLUSION & APPRECIATION:**

Looking ahead, 2019-20 we will strive to enhance market outreach and add quality assets through customer base portfolio and renting out properties. We always adopt best practices in its endeavor to create certificate holders wealth and gain market-confidence. BRRGM remains determined in maintaining its status amongst the top tier Modarabas of the country and committed for its smooth operations.

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

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**Syed Ali Raza**  
Director

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**Ayaz Dawood**  
Chief Executive Officer

September 30, 2019  
Karachi.



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## ڈائریکٹرز کی رپورٹ

بی.آر.آر. انویسٹمنٹ (پرائیوٹ) لمیٹڈ ("بی آر آر آئی" یا کمپنی)، بورڈ آف ڈائریکٹرز کی طرف سے، بی آر آر گارجین مڈارباہ (بی آر آر جی ایم) کے مینیجر کی حیثیت سے ہم جون 30، 2019 کو ختم ہونے والے سال کی سالانہ رپورٹ اور آڈٹ کئے گئے مالیاتی گوشوارے پیش کرتے ہوئے بے حد مسرت محسوس کر رہے ہیں۔

## مڈارباہ کی کارکردگی

تقابلی مالیاتی کارکردگی کا خلاصہ مندرجہ ذیل ہے؛

جون 30، 2018	جون 30، 2019	
پاکستانی روپے میں		
139,344,157	155,318,295	جائیداد میں سرمایہ کاری سے حاصل کرائے کی آمدن
34,784,302	36,777,275	لاکڑ اور تجویلاتی خدمات سے حاصل کرائے کی آمدن
74,688,991	51,587,951	منافع قبل از انتظامیہ کی فیس اور ڈیبو ڈبلیو ایف
7,468,899	5,158,795	انتظامیہ کی فیس
970,957	670,643	انتظامیہ فیس یر سیلز ٹیکس
1,324,983	915,170	ورکرز ویلفیئر فنڈ کی فراہمی
64,924,152	44,843,343	منافع بعد از انتظامیہ کی فیس اور ڈیبو ڈبلیو ایف
0.75	0.52	نفع فی سرٹیفکیٹ

الحمد للہ زیر نظر مالی سال کے دوران، آپ کے مڈارباہ نے بی.آر.آر. ماور تعمیر کرنے کے لئے ڈیولپمنٹنگ مشارکہ کی بنیاد پر جاری شدہ 800 ملین روپے رقم کے ٹرم فنانس سرٹیفکیٹ کی بقایا اصل رقم اور منافع ادا کر دی ہیں۔ جون 30، 2019 پر مڈارباہ کی کل واجب الادا رقم صرف 212.194 ملین روپے ہے۔

مزید برآں، یہ ذکر کرنا مناسب ہے کہ:

- اگست 2017 سے بی.آر.آر. ماور مکمل طور پر مشہور کمپنیوں کو کرائے پر دے دیا گیا ہے۔
- بی آر آر گارجین مڈارباہ کے پاس "بی آر آر سیکورٹی والٹ" کے نام سے سب سے بہترین سیف ڈپازٹ لاکر کی سہولت موجود ہے جو 1989 سے کامیابی کے ساتھ چل رہا ہے اور خدمات کے 30 سال مکمل کر چکا ہے۔
- اس سال کے دوران، مڈارباہ نے بیرون ملک پارٹیوں سے کرائے کی مد میں 10.213 ملین روپے مالیت کی غیر ملکی ترسیلات زر وصول کی ہیں۔



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## ڈیویڈنڈ

بورڈ آف ڈائریکٹرز گزشتہ برس کے 0.34 روپے کے مقابلے میں 30 جون، 2019 کو ختم ہونے والے سال کے لیے فی سٹیک 0.24 روپے نقد ڈیویڈنڈ کا اعلان کرتے ہیں۔

## کاروبار کی نوعیت اور مارکیٹ ڈائنامکس

بی آر آر گارجین مضاربہ پاکستان میں مضاربہ کی داغ بیل ڈالنے والوں میں سے ہے۔ اس کا قیام 1983 میں مستقل مضاربہ کے تصور پر کیا گیا۔

ہمارا عظیم الشان بی. آر. آر. ٹاور جو کہ ایک جدید 20 منزلہ عمارت ہے اپنے تین محرابوں سے اسلامی فن تعمیر کی عکاسی کرتی ہے اور کراچی کے مالیاتی ضلع آئی. آئی. چندریگر روڈ پر ایک نمایاں اضافہ ہے۔ ’توانائی کے مؤثر استعمال‘ اور ’جزوی طور پر ماحول دوست‘ ہونے کے ناطے یہ اپنی مثال آپ ہے۔

بی. آر. آر. گارجین مضاربہ نے ایک جدید بی. آر. آر. سیکورٹی والٹ بھی تعمیر کیا ہے جس نے جولائی 1989 میں کاروبار کی شروعات کی۔ یہ شارع قائدین پہ بنائی گئی قلعہ نما عمارت اپنے اندر وارد گرداگر اعلیٰ سیکورٹی کے ساتھ خوشگوار اور دوستانہ ماحول کا ایک منفرد امتزاج پیش کرتی ہے۔

## اقتصادی جائزہ

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

جاتے ہوئے مالی سال 2018-19 نے 6.2 فیصد کے پر عظیم ہدف کے مقابلے میں 3.29 فیصد کی خاموش نمو کا مشاہدہ کیا۔ معیشت کے لئے سب سے اہم چیلنج متعلقہ وسائل کے بغیر بڑھتی ہوئی مجموعی طلب ہے جو مالی اور بیرونی کھاتوں میں بڑھتے ہوئے خسارے کا باعث ہے۔ شدید معاشی عدم استحکام کے مسئلے کو حل کرنے اور معیشت کو مستحکم ترقی اور استحکام کی راہ پر گامزن کرنے کے لئے حکومت نے معاشی اور ساختی اصلاحات کے اقدامات کا ایک جامع سیٹ متعارف کرایا ہے۔ معاشی ایڈجسٹمنٹ پالیسیوں کے اثرات جیسے مانیٹری فیڈرکٹری کا کتنا، زرمبادلہ کی شرح میں ایڈجسٹمنٹ، اخراجات پر قابو پانا اور غیر ضروری درآمدات پر ریگولیٹری ٹیکس میں اضافہ اس سال نظر آنے لگا ہے۔ ان اقدامات سے کچھ حد تک استحکام لانے میں مدد ملی ہے اور معاشی غیر یقینی کو کم کرنے میں بھی مدد ملی ہے۔

## کاروباری استحکام کے لیے حکمت عملی

مالی سال 2019-20 کے لیے ہم درج ذیل شعبوں پر متوجہ رہیں گے :

- کرم فرماؤں / گاہک کی تعداد میں اضافہ۔
- اعلیٰ درجے کے کسٹمرز کو پراپرٹی کرائے پر دینا۔
- سکوک اور مشارکہ کی بنیاد پر متعارف کرائے جانے والے ٹی ایف سیز کے ساتھ ساتھ شرعی اصولوں سے مطابقت رکھنے والی سیکورٹی پرائیونڈس۔



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- رسک مینجمنٹ بہتر بنانا، بالخصوص جدید ترین طریقوں کو بروئے کار لاتے ہوئے ڈیٹ مینجمنٹ کے لیے کوشاں رہنا۔
- شرعی اصولوں کے مطابق کام کرتے رہنے کو ترجیح دینا۔
- بہتر اور بروقت تربیت کے ذریعے افرادی قوت سے زیادہ سے زیادہ استفادہ کرنا۔

## مارکیٹ کے حصے کی معلومات

مضاربہ کے شعبے کی مجموعی اثاثے	
مالی سال	ملین روپے
2014	30,212
2015	30,736
2016	36,806
2017	44,016
2018	52,670

جون 30، 2018 کو ختم ہونے والے مالی سال کے لیے مضاربہ ایسوسی ایشن آف پاکستان اور این بی ایف آئی کی MAP بک برائے 2018 کے مطابق بی آر آر جی ایم کا مارکیٹ شیئر حسب ذیل رہا :

ملین روپے			
بی آر آر جی ایم کا حصہ تمام مضاربہ میں	26 مضاربہ کی پوزیشن	بی آر آر جی ایم کا حصہ	
6.13%	22,712	1,392	حصص یافتگان کی ایکویٹی
3.95%	52,670	2,082	کل اثاثے
8.38%	776	65	خالص منافع

یہاں تک کہ 6.13 فیصد سیکلر ایکویٹی کے ساتھ ہم سیکلر کا 8.38 فیصد منافع پیدا کرنے میں کامیاب ہوئے۔



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

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

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

آپ کی ناظم کمپنی نے جون 30، 2019 کو ختم ہونے والے سال سے متعلقہ کوڈ آف کارپوریٹ گورننس کے احکامات نافذ کر دیے ہیں۔ کوڈ آف کارپوریٹ گورننس کے مطابق ایکسٹرنل آڈیٹرز کی رپورٹ پورٹ اس دستاویز سے منسلک ہے۔

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

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



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## مضارہ سرٹیفکیٹ میں تجارت / لین دین

گزرے ہوئے مالی سال میں ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری اور ان کے اہل خانہ نے سرٹیفکیٹس میں کوئی ٹریڈنگ نہیں کی، سوائے سی ای او کے جنہوں نے 1,000,000 بی آر جی ایم کے سرٹیفکیٹ خریدے اور سی ایف او ایس ایم کے بی آر جی ایم میں انضمام کے نتیجے میں 1,179,693 بی آر جی ایم کے سرٹیفکیٹ جاری کئے گئے۔ چیئرمین نے 320,000 بی آر جی ایم کے سرٹیفکیٹ خریدے اور سی ایف او ایس ایم کے بی آر جی ایم میں انضمام کے نتیجے میں 12,740 بی آر جی ایم کے سرٹیفکیٹ جاری کئے گئے (بذریعہ اہلیہ)۔

## ضابطہ اخلاق

بورڈ آف ڈائریکٹرز نے کاروباری معاملات میں تمام مروج اصولوں اور پریکٹس کا خاص خیال رکھا ہے۔ اس حوالے سے ایک ضابطہ اخلاق اپنایا گیا ہے۔ اس سلسلے میں تمام قانونی تقاضوں کا انفرادی طور پر احساس ذمہ داری کے ساتھ خیال رکھا گیا ہے۔ ضابطہ اخلاق اچھے کاروباری رویے کی نشاندہی کرتا ہے اور ایمان داری، شفافیت اور روشن خیال پرو فیشنل طرز فکر و عمل کا پتہ دیتا ہے۔

## نوائد برائے اسٹاف ریٹائرمنٹ

تمام مستقل ملازمین کے لیے پراویڈنٹ فنڈ موجود ہے۔ جون 30، 2019 تک سرمایہ کاری کی قدر 125.656 ملین روپے رہی جو 2018 میں 125.996 ملین روپے تھی۔

## واقعات بعد از بیلنس شیٹ

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

## منسلک افراد / متعلقہ فریقین سے لین دین

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

## آڈیٹرز

ہم سرٹیفکیٹ ہولڈرز کو مطلع کرتے ہیں کہ آڈٹ کمیٹی کی تجویز پر ہوروتھ حسین چوہدری اینڈ کمپنی کو برائے سال 20-2019 کے لئے رجسٹرار مضارہ کمپنیز اور مضارہ کی منظوری سے مشروط آڈیٹر تعینات کیا جا رہا ہے۔



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## اہم آپریٹنگ اور مالی اعداد و شمار

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

## رسک مینیجمنٹ فریم ورک

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

## بورڈ آف ڈائریکٹرز کا اجلاس

بورڈ آف ڈائریکٹرز کے اجلاس کی صورتحال درج ذیل ہے:

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

جون 2018،30 کو ختم ہونے والے سال اور ستمبر 2018،30 کو ختم ہونے والی پہلی سہ ماہی کے لئے بورڈ کا اجلاس اکتوبر 2018،31 کو منعقد ہوا۔

## آڈٹ کمیٹی کا اجلاس

بورڈ کی آڈٹ کمیٹی کے اجلاسوں کی صورتحال درج ذیل ہے:

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

جون 2018،30 کو ختم ہونے والے سال اور ستمبر 2018،30 کو ختم ہونے والی پہلی سہ ماہی کے لئے بورڈ کا اجلاس اکتوبر 2018،31 کو منعقد ہوا۔



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## انٹرنل کنٹرول اینڈ آڈٹ

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

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

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

## مستقبل کی حکمت عملی

ایک مضاربہ کمپنی کی حیثیت سے ہم شرعی اصولوں سے پوری مطابقت اور ہم آہنگی رکھنے والی جدید مالیاتی اشیاء و خدمات کی فراہمی کے ذریعے شرح نمو یقینی بنا کر اپنی کارپوریٹ ویلیو میں اضافہ کرنا چاہتے ہیں۔ بی آر آر جی ایم نے اپنے شعبے کے دیگر اداروں کے مقابلے میں عمدہ کارکردگی کا تسلسل یقینی بنانے میں خاصی کامیابی حاصل کی ہے۔ کامیاب مالیاتی نتائج نظام کے اسٹریٹجک پلان کی کامیابی کی نشاندہی کرتے ہیں۔ ہماری کامیابی اس بات کی مظہر ہے کہ ہم اپنے شعبے میں اپنا مقام بنانے اور منوانے کے ساتھ ساتھ اپنے اسٹیک ہولڈرز کو وہ سب کچھ دینا چاہتے ہیں جو ان کے لئے زیادہ اہم ہے۔

## انسانی وسائل کا نظم و نسق اور جانشینی کی منصوبہ بندی

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

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



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

## جانشینی کی منصوبہ بندی

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

## کاروباری پائیداری

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

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

## کارپوریٹ سماجی ذمہ داری

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

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

## صحت، حفاظتی تدابیر اور ماحول

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



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

## سرٹیفیکیٹ ہولڈنگ کی طرز

30 جون، 2019 کو ختم ہونے والے مالی سال کے لیے پیٹرن آف سرٹیفیکیٹ ہولڈنگ اور کوڈ آف کارپوریٹ گورننس کے تحت مطلوب ڈسکلوژر اس دستاویز سے منسلک ہے۔

## ترہیتی پروگرام برائے ڈائریکٹرز

بورڈ کے تمام ڈائریکٹرز 14 سال سے زائد تعلیم کے حامل ہیں جن میں سے دو ڈائریکٹرز PICG اور ICMA سے منظور شدہ ہیں جو کہ 50 فیصد بنتا ہے اور 20 سال سے زائد کا تجربہ بھی رکھتے ہیں۔ اس کے علاوہ کمپنی کے ڈائریکٹرز کو کوڈ آف کارپوریٹ گورننس، مضاربہ رولز، کمپنی کے میمورینڈم اور آرٹیکلز آف اسوسییشن، مضاربہ پراسپیکٹس اور دیگر تمام متعلقہ قواعد و ضوابط کی کاپیاں فراہم کی گئی ہیں جس کی وجہ سے وہ مضاربہ سے متعلق تمام قابل اطلاق قوانین، اس کی پالیسیوں اور طریقہ کار اور میمورینڈم اور آرٹیکلز آف اسوسییشن کی شقوں اور اپنے فرائض اور ذمہ داریوں کا مکمل علم رکھتے ہیں۔

## اختتامی کلمات اور اظہارِ تشکر

آگے کا دیکھتے ہوئے ہم سال 2019-20 میں مارکیٹ میں اپنی دسترس کو وسعت دینے کی بھرپور کوشش کر رہے ہیں۔ کسٹومر بیسڈ پورٹ فولیوز کے ذریعے اور پراپرٹی کو کرائے پر دے کر معیاری اثاثوں میں اضافہ یقینی بنایا جائے گا۔ ہم سرٹیفیکیٹ ہولڈرز کا اعتماد پانے اور ان کے لیے زیادہ سے زیادہ منافع یقینی بنانے کے لیے ہمیشہ معیاری پریکٹس اپناتے ہیں۔ بی آر جی ایم اپنی منفرد پوزیشن برقرار رکھنے کے لیے کوشاں ہے۔ اپنے اپنے افعال کو زیادہ سے زیادہ سبک اور معیاری بنانے کے عہد پر کاربند ہیں۔

از طرف بورڈ آف ڈائریکٹرز

بی. آر. آر. انویسٹمنٹ (پرائیویٹ) لمیٹڈ

ایاز داؤد

چیف ایگزیکٹو آفیسر

سید علی رضا

ڈائریکٹر

ستمبر 30، 2019

کراچی





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9. All the directors of the board are having more than 14 years of education including Two out of four Directors duly approved PICG and ICMA i.e. 50% and more than 20 years of experience. Further, the directors of the company have been provided with copies of the Code of Corporate Governance, Modaraba Rules, Company's Memorandum and Articles of Association, Modaraba Prospectus and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Modaraba, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
  - a) Audit Committee  
  
(Name of members and Chairman)  
Mr. Waqas Anwar Qureshi - Chairman  
Mr. Rafique Dawood - Member  
Syed Ali Raza - Member
  - b) HR and Remuneration Committee  
  
(Name of members and Chairman)  
Syed Ali Raza - Chairman  
Mr. Rafique Dawood - Member  
Mr. Waqas Anwar Qureshi - Member
  - c) Nomination Committee (NA)
  - d) Risk Management Committee (NA)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
  - a) Audit Committee (quarterly)
  - b) HR and Remuneration Committee (yearly)
  - c) Nomination Committee (NA)
  - d) Risk Management Committee (NA)
15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.



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16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Material Regulations have been complied with

September 30, 2019

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

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**Rafique Dawood**  
Chairman

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**Ayaz Dawood**  
Chief Executive Officer

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the certificate holders of B.R.R. Guardian 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 Board of Directors of B.R.R. Investment (Private) Limited, the Modaraba Management Company of B.R.R. Guardian Modaraba (the Modaraba) 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 Board of Directors of the Modaraba Management Company. Our responsibility is to review, whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Modaraba's personnel and review of various documents prepared by the Modaraba Management Company to comply with the Regulations.

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

The Regulations require the Modaraba Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions 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 access and determine the Modaraba 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.

HHK

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

  
Horwath Hussain Chaudury & Co  
Chartered Accountants

Place: Karachi

Date: September 30, 2019

## AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

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

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

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

- (a) in our opinion, proper books of accounts have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- (b) in our opinion:
  - (i) the 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 the changes as stated in note 3.1 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, 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 or loss, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

**Other matter**

The financial statements of the Modaraba for the year ended June 30, 2018 were audited by another firm of Chartered Accountants, whose report dated October 31, 2018 expressed an unqualified opinion on such financial statements.

HHC

**Horwath Hussain Chaudury & Co**  
**Chartered Accountants**  
**Engagement Partner:**  
**Najeeb Moochhala**

Place: Karachi  
Date: September 30, 2019

## **Shari'ah Advisor's Report**

I have conducted the Shari'ah review of **B.R.R. Guardian Modaraba** managed by B.R.R. Investments Pvt. Limited for the year ended 30<sup>th</sup> June, 2019. In accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism (SCSAM) for Modarabas issued by Security and Exchange Commission of Pakistan via circular # 8 of 2012 dated 3<sup>rd</sup> February, 2012 that except the observation as reported hereunder. In my opinion:

1. All agreement(s) entered into by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
2. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Regulations for Modarabas.
3. Charity on dividend income has been calculated and PKR/ 42,619 have been transferred to charity account.

### **Conclusion:**

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

  
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**Mufti Muhammad Aqeel**

Shari'ah Advisor

Dated: August 20, 2019



**B.R.R. Guardian Modaraba**

(An Islamic Financial Institution)

## BALANCE SHEET AS AT JUNE 30, 2019

	June 30, 2019	June 30, 2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	5 144,248,875	184,731,099
Investment properties	6 943,576,499	964,343,832
Long-term investment	7 55,000,000	55,000,000
Long-term musharaka finances	8 18,882,742	35,806,578
Long-term loans, advances and deposits	9 6,138,991	9,595,857
<b>Total non-current assets</b>	<u>1,167,847,107</u>	<u>1,249,477,366</u>
<b>Current assets</b>		
Short-term investments	10 541,862,200	705,241,075
Current portion of musharaka finances	8 40,473,298	12,761,216
Ijarah / lease rental receivable	11 906,290	955,181
Loans, advances and prepayments	12 17,080,767	18,709,926
Accrued profit	13 406,957	515,836
Other receivables	14 9,550,113	3,541,507
Taxation	15 18,159,480	14,552,678
Cash and bank balances	16 42,027,988	20,221,135
<b>Total current assets</b>	<u>670,467,093</u>	<u>776,498,554</u>
Non current asset held for sale	17 -	55,800,000
<b>Total current assets</b>	<u>670,467,093</u>	<u>832,298,554</u>
<b>TOTAL ASSETS</b>	<u><u>1,838,314,200</u></u>	<u><u>2,081,775,920</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserve</b>		
Authorised capital		
140,000,000 (2018: 140,000,000) Modaraba certificates of Rs. 10/- each	18 1,400,000,000	1,400,000,000
Issued, subscribed and paid-up certificate capital	19 863,622,630	863,622,630
Reserves	20 251,948,416	234,945,805
Surplus on revaluation of investments	21 258,174,771	293,330,362
	<u>1,373,745,817</u>	<u>1,391,898,797</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Diminishing musharaka based term finance certificates	22 -	-
Long-term loans	23 -	128,616,684
Long-term murabaha, musharaka and finance under mark-up arrangements	24 -	28,225,802
Long-term security deposits	25 78,317,753	81,641,692
<b>Total non-current liabilities</b>	<u>78,317,753</u>	<u>238,484,178</u>
<b>Current liabilities</b>		
Current portion of long-term loans	23 132,516,684	27,536,000
Current portion of long-term murabaha, musharaka and finance under mark-up arrangements	24 79,677,418	93,776,446
Current portion of diminishing musharaka based term finance certificates	22 -	72,449,843
Current portion of security deposits	25 5,315,800	11,941,410
Creditors, accrued and other liabilities	26 138,607,007	217,445,463
Accrued profit on borrowings	27 814,247	407,573
Profit distribution payable	28 29,319,474	27,836,210
<b>Total current liabilities</b>	<u>386,250,630</u>	<u>451,392,945</u>
<b>Contingencies and commitments</b>	29 -	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>1,838,314,200</u></u>	<u><u>2,081,775,920</u></u>

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

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

**Rafique Dawood**  
Chairman

**Ayaz Dawood**  
Chief Executive Officer

**Syed Ali Raza**  
Director

**Syed Tariq Masood**  
Chief Financial Officer



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

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2019

		June 30, 2019	June 30, 2018
	Note	----- Rupees -----	-----
<b>INCOME</b>			
Rental income	30	<b>192,095,570</b>	174,128,459
Income on musharaka finances		<b>6,142,983</b>	10,271,961
Ijarah rental income - net		<b>16,765,007</b>	10,306,850
Return on investments - net	31	<b>18,074,321</b>	32,132,095
Profit on bank balances		<b>563,566</b>	1,845,366
Reversal of provision for doubtful receivables	32	<b>51,896,319</b>	38,181,803
Gain on disposal of ijarah assets		<b>1,217,510</b>	1,504,607
Other income	33	<b>8,598,258</b>	11,653,291
Reversal of impairment	36	<b>11,864,726</b>	6,804,631
Unrealised loss on revaluation of FVTPL investment		<b>(79,601,071)</b>	(60,848,367)
		<b>227,617,189</b>	225,980,696
<b>EXPENSES</b>			
Administrative expenses	34	<b>149,608,225</b>	139,451,547
Financial charges	35	<b>26,421,013</b>	11,840,158
		<b>176,029,238</b>	151,291,705
		<b>51,587,951</b>	74,688,991
Modaraba management company's fee	37	<b>5,158,795</b>	7,468,899
Sales tax on modaraba management company's fee	37	<b>670,643</b>	970,957
Provision for Sindh Workers' Welfare Fund	38	<b>915,170</b>	1,324,983
Profit before taxation		<b>44,843,343</b>	64,924,152
Taxation	39	-	-
Net profit for the year		<b>44,843,343</b>	64,924,152
Earnings per certificate - basic and diluted	40	<b>0.52</b>	0.75

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

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

**Rafique Dawood**  
Chairman

**Ayaz Dawood**  
Chief Executive Officer

**Syed Ali Raza**  
Director

**Syed Tariq Masood**  
Chief Financial Officer



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

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2019	June 30, 2018
	----- Rupees -----	
Profit for the year	<b>44,843,343</b>	64,924,152
<b>Other comprehensive (loss)/ gain for the year</b>		
Items that will be subsequently reclassified to profit or loss:		
Unrealised (loss) / gain on revaluation of fair value through OCI investments	<b>(33,633,154)</b>	21,758,428
Unrealised (loss) on revaluation of available for sale investments transferred to the income statement on disposal	-	(7,643,785)
<b>Total comprehensive income for the year</b>	<b><u>11,210,189</u></b>	<b><u>79,038,795</u></b>

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

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

\_\_\_\_\_  
**Rafique Dawood**  
Chairman

\_\_\_\_\_  
**Ayaz Dawood**  
Chief Executive Officer

\_\_\_\_\_  
**Syed Ali Raza**  
Director

\_\_\_\_\_  
**Syed Tariq Masood**  
Chief Financial Officer



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

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2019	June 30, 2018
Note	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	44,843,343	64,924,152
<b>Adjustment of non-cash and other items:</b>		
Depreciation	43,227,639	42,483,613
Amortisation on ijarah assets	25,395,565	39,683,547
Provision against doubtful receivable-net	(51,896,319)	(38,181,803)
Gain on disposal of property and equipment - owned	(327,197)	(744,839)
Gain on disposal of property, plant and equipment - leased / ijarah	(1,217,510)	-
Gain on disposal of non current asset held for sale	(4,200,000)	-
Profit on musharaka, murabaha and finance under mark-up arrangements	26,421,013	11,830,633
Unrealised loss on revaluation of FVTPL investment	79,601,071	60,848,367
Impairment of assets	(11,864,726)	(6,804,631)
Financial charges	26,421,013	11,840,158
Return on investments - net	(18,074,321)	(32,132,095)
	<b>113,486,228</b>	<b>88,822,950</b>
	<b>158,329,571</b>	<b>153,747,102</b>
<b>(Increase) / decrease in current assets</b>		
Ijarah / lease rentals receivable	161,551	1,153,888
Loans, advances and prepayments	5,086,025	11,124,358
Accrued profit	108,879	(421,027)
Other receivables	(6,008,606)	(1,642,666)
	<b>(652,151)</b>	<b>10,214,553</b>
<b>(Decrease) / increase in current liabilities</b>		
Creditors, accrued and other liabilities	(3,285,356)	49,476,194
Rent received in advance	(15,553,100)	(10,569,121)
Customers' security deposit	(9,949,549)	(12,519,640)
	<b>(28,788,005)</b>	<b>26,387,433</b>
Income tax paid	(3,606,802)	(5,310,986)
Net cash generated from operating activities	<b>125,282,613</b>	<b>185,038,102</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition to property and equipment - owned	(5,553,915)	(10,635,914)
Proceeds from disposal of property and equipment - owned	753,622	1,384,055
Proceeds from disposal of property, plant and equipment - leased / ijarah	10,836,079	15,654,611
Investments disposed / (purchased) - net	53,478,904	(100,611,650)
Income received on investments	14,740,067	32,132,095
Musharaka finances	14,574,400	17,092,994
Net cash generated / (used in) from investing activities	<b>88,829,157</b>	<b>(44,983,809)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit paid to certificate holders	(27,879,905)	(79,413,964)
Finance under murabaha, musharaka and finance under mark-up arrangements	(114,774,673)	(135,707,788)
Long-term loan	(23,636,000)	18,460,000
Financial charges paid	(26,014,339)	(12,264,723)
Net cash used in financing activities	<b>(192,304,917)</b>	<b>(208,926,475)</b>
Net increase / (decrease) in cash and cash equivalents	<b>21,806,853</b>	<b>(68,872,182)</b>
Cash and cash equivalents at the beginning of the year	<b>20,221,135</b>	<b>89,093,317</b>
Cash and cash equivalents at the end of the year	<b>42,027,988</b>	<b>20,221,135</b>

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

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

**Rafique Dawood**  
Chairman

**Ayaz Dawood**  
Chief Executive Officer

**Syed Ali Raza**  
Director

**Syed Tariq Masood**  
Chief Financial Officer



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

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid-up certificate capital	Capital reserves			Revenue reserve	Surplus on revaluation of investment	Total
		Profit prior to floatation	Merger reserve	Statutory reserve	Accumulated loss		
----- (Rupees) -----							
<b>Balance as at July 01, 2017</b>	780,462,550	10,532,683	-	701,898,993	(507,666,335)	279,215,719	1,264,443,610
Profit for the year ended June 30, 2018	-	-	-	-	64,924,152	-	64,924,152
Unrealized gain on revaluation of fair value through OCI investments - net	-	-	-	-	-	14,114,643	14,114,643
Total comprehensive income for the year	-	-	-	-	64,924,152	14,114,643	79,038,795
Issue of certificate on amalgamation effective from July 01, 2017	83,160,080	-	-	-	-	-	83,160,080
Reserve on amalgamation	-	-	44,902,567	-	-	-	44,902,567
Profit distribution for the year ended June 30, 2017*	-	-	-	-	(79,646,255)	-	(79,646,255)
Transfer to statutory reserve	-	-	-	32,299,766	(32,299,766)	-	-
<b>Balance as at June 30, 2018</b>	<b>863,622,630</b>	<b>10,532,683</b>	<b>44,902,567</b>	<b>734,198,759</b>	<b>(554,688,204)</b>	<b>293,330,362</b>	<b>1,391,898,797</b>
Profit for the year ended June 30, 2019	-	-	-	-	44,843,343	-	44,843,343
Unrealized loss on revaluation of fair value through OCI investments - net	-	-	-	-	-	(33,633,154)	(33,633,154)
Total comprehensive income for the year	-	-	-	-	44,843,343	(33,633,154)	11,210,189
Transfer of gain on disposal of fair value through OCI investments	-	-	-	-	1,522,437	(1,522,437)	-
Profit distribution for the year ended June 30, 2018	-	-	-	-	(29,363,169)	-	(29,363,169)
Transfer to statutory reserve	-	-	-	21,813,411	(21,813,411)	-	-
<b>Balance as at June 30, 2019</b>	<b>863,622,630</b>	<b>10,532,683</b>	<b>44,902,567</b>	<b>756,012,170</b>	<b>(559,499,004)</b>	<b>258,174,771</b>	<b>1,373,745,817</b>

\* @ 0.1 and 0.08 per certificate for BRR and CSM respectively

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

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

**Rafique Dawood**  
Chairman

**Ayaz Dawood**  
Chief Executive Officer

**Syed Ali Raza**  
Director

**Syed Tariq Masood**  
Chief Financial Officer



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

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

### **1. LEGAL STATUS AND NATURE OF THE BUSINESS**

**1.1** B.R.R. Guardian Modaraba (the Modaraba) is a multipurpose, perpetual modaraba floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981 framed there under and is managed by B.R.R. Investment (Private) Limited, having its registered office at 18th Floor, BRR Tower, Hassan Ali Street off I.I. Chundrigar Road, Karachi.

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

**1.2** The Modaraba has incorporated a wholly owned subsidiary namely BRR Financial Services (Private) Limited (the Subsidiary) which was incorporated on November 30, 2015 under the Companies Ordinance 1984 now Companies Act 2017. The Subsidiary has not yet commenced its operations as at year end (refer note 7).

**1.3** On September 4, 2018, the High Court of Sindh sanctioned the scheme of arrangement for merger by way of amalgamation of Crescent Standard Modaraba (CSM) with and into the Modaraba with effect from July 1, 2017, whereby the entire undertaking and business inclusive of all assets, properties, rights, liabilities and dues of CSM were transferred to and assumed by the Modaraba and CSM upon amalgamation ceases to exist from effective date.

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan (the SECP) ('collectively the applicable Modaraba laws, the Modaraba Regulations') together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) and Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to modarabas under 'the Modaraba Regulations'. Wherever the requirements of the applicable Modaraba laws, the Modaraba Regulations differ with the requirement of IFRSs, the requirement of collectively the applicable Modaraba laws, the Modaraba Regulations and IFAS shall prevail.

#### **2.2 Basis of measurement**

These financial statements have been prepared under the "historical cost convention" except for the revaluation of certain financial assets which are stated at fair value. These financial statements have been prepared following accrual basis of accounting except for cash flow information.

#### **2.3 Functional and presentation currency**

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

#### **2.4 Significant accounting estimates and judgments**

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



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

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

	Note
Amortization of property, plant and equipment - Ijarah	4.1
Amortization of property, plant and equipment - leased	4.1.1
Depreciation on property and equipment - own	4.1.2
Classification and valuation of investments	4.5
Provision for doubtful receivables	4.6
Impairment of investments, debt securities and leased assets	4.9

**3. STANDARDS, IFRIC INTERPRETATIONS AND AMMENDENTS WHICH BECAME EFFECTIVE DURING THE YEAR**

**3.1 Standards, amendments and interpretations to the published standards that are relevant to the Modaraba and adopted in the current year**

Following are the new standards and amendment to approved accounting standards which are mandatory for the Modaraba's annual accounting period which began on July 1, 2018.

<b>Standard or Interpretation</b>	<b>Effective date (Annual periods beginning on or after)</b>
IFRS 9 - Financial Instruments	July 1, 2018
IFRS 15 - Revenue from Contracts with Customers	July 1, 2018

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements. However their impact is stated below:

**IFRS 9 Financial Instruments**

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the SECP through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

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 replaces IAS 39 Financial Instruments: Recognition and Measurement.

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 Modaraba's financial assets as at July 1, 2018:

<b>Financial assets</b>	<b>Original classification Uner IAS 39</b>	<b>New classification under IFRS 9</b>	<b>Original carrying amount under IAS 39</b>	<b>New carrying amount under IFRS 9</b>
Musharaka Finances	Loan and receivables	Amortized cost	48,567,794	48,567,794
Loans, advances and deposits	Loan and receivables	Amortized cost	9,595,857	9,595,857
Ijarah / lease rental receivable	Loan and receivables	Amortized cost	955,181	955,181
Other receivables	Loan and receivables	Amortized cost	3,541,507	3,541,507
Bank balances	Loan and receivables	Amortized cost	20,035,268	20,035,268
Short-term investment	Held for trading	FVTPL	213,612,057	213,612,057
Short-term investment	Available for sale	FVTOCI	491,629,018	491,629,018

## **IFRS 15 - Revenue from Contracts with Customers**

IFRS 15 replaces the previous revenue standards: IAS 18 "Revenue", IAS 11 "Construction Contracts", and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Management has undertaken a detailed assessment of the performance obligations associated with revenue streams and is of the view that application of IFRS 15 does not have any material impact on the current and prior year figures as well as the accounting policies applied for the recognition of revenue. Accordingly, no restatement of the information presented for prior year is required.

### **3.2 Standards, amendments to published standards and interpretations that are effective but not relevant**

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2018, but are considered not to be relevant or will not have any significant effect on the Modaraba's operations and are, therefore, not detailed in these financial statements.

### **3.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Modaraba**

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
IAS 1 Presentation of financial statements	January 1, 2020
IAS 8 Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2020
IAS 12 Income Taxes (Amendments)	January 1, 2019
IAS 19 Employee Benefits (Amendments)	January 1, 2019
IAS 23 Borrowing Costs (Amendments)	January 1, 2019
IAS 28 Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IFRS 3 Business Combinations (Amendments)	January 1, 2020
IFRS 9 Financial Instruments (Amendments)	January 1, 2019
IFRS 16 Leases	January 1, 2019
IFRIC 23 Uncertainty Over Income Tax Treatments	January 1, 2019

The management anticipates that, except as stated above, adoption of the new standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than presentation and disclosures.



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### **3.4 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)**

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
IFRS 14 - Regulatory Deferral Accounts	Not yet notified
IFRS 17 - Insurance Contracts	January 1, 2021

The Modaraba expects that above new standards will not have any material impact on the Modaraba's financial statements in the period of application.

## **4 SIGNIFICANT ACCOUNTING POLICIES**

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

### **4.1 Property, plant and equipment under ijarah arrangements**

The Modaraba has adopted Islamic Financial Accounting Standard 2 - Ijarah in the year ended June 2009 for all ijarah contracts commencing on or after July 01, 2008.

The assets subject to ijarah commencing on or after July 01, 2008 are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged on these assets using the straight line method over the ijarah period which is from date of delivery of respective assets to mustajir upto the date of maturity / termination of ijarah agreement. In respect of the addition or deletion during the year, amortization is charged proportionately to the period of ijarah.

#### **4.1.1 Property, plant and equipment under lease arrangements**

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

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

#### **4.1.2 Property, plant and equipment under own use**

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

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

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

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



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

#### **4.2 Capital work-in-progress**

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

#### **4.3 Investment properties**

Properties held to earn rentals or for capital appreciation are classified as investment properties. The investment properties of the Modaraba comprises of buildings including capital work-in-progress and is valued using the cost method i.e. at cost less any accumulated depreciation and any impairment losses.

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

#### **4.4 Non current assets held for sale**

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

#### **4.5 Financial assets**

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 amortized 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.

##### **4.5.1 Subsequent measurement**

###### **Debt instruments at FVOCI**

These assets are subsequently measured at fair value. Profit / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

###### **Equity instruments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

###### **Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

## **Financial assets measured at amortized cost**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. These comprise of ijarah rental receivable, musharaka finances, advances, deposits, prepayments and other receivables and trade debts.

### **4.6 Provisions for doubtful receivables**

Provisions are recognised 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.

### **4.7 Trade date accounting**

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

### **4.8 Derecognition of financial instruments**

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

### **4.9 Impairment**

#### **4.9.1 Financial assets**

The Modaraba recognizes loss allowances for Expected credit losses (ECLs) in respect of financial assets measured at amortized cost and fair value through other comprehensive income.

The Modaraba measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- financial assets and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Modaraba considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the modaraba historical experience and informed credit assessment and including forward-looking information.

The Modaraba assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Modaraba is exposed to credit risk.

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

The gross carrying amount of a financial asset is written off when the Modaraba has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Modaraba individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Modaraba expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Modaraba's procedures for recovery of amounts due.

For ijarah and musharaka, impairment is recognised by the Modaraba on the basis of provision requirements given under 'Prudential Regulations' for Modaraba and as per IFRS 9 'Financial Instrument' whichever is higher.

#### **4.9.2 Non-financial assets**

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

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

#### **4.10 Revenue recognition**

##### **4.10.1 Ijarah income / operating lease income**

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

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

##### **4.10.2 Murabaha and musharaka transactions**

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

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

##### **4.10.3 Rental income**

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

##### **4.10.4 Dividend income**

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

##### **4.10.5 Gain and losses on sale of investment**

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

##### **4.10.6 Income on debt securities**

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

##### **4.10.7 Income on balances with banks**

Profit on saving accounts with banks is recognised on an accrual basis.



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#### **4.10.8 Unrealised income on non-performing assets**

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

#### **4.11 Taxation**

##### **4.11.1 Current**

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

##### **4.11.2 Deferred**

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

#### **4.12 Staff provident fund**

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

#### **4.13 Foreign currencies translation**

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

#### **4.14 Financial assets**

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

#### **4.15 Financial liabilities**

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

#### **4.16 Cash and cash equivalents**

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



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#### 4.17 Profit distribution and other appropriations of profit

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

#### 4.18 Offsetting financial assets and financial liabilities

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

#### 4.19 Segment reporting

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

#### 4.20 Earnings per certificate

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

#### 4.21 Related party transactions

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

	Note	June 30, 2019	June 30, 2018
<b>5</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>	----- (Rupees) -----	
	Property and equipment - owned	5.1 <b>99,474,623</b>	104,942,713
	Property, plant and equipment- leased / ijarah	5.2 <b>44,774,252</b>	79,788,386
		<b>144,248,875</b>	<b>184,731,099</b>



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**5.1 PROPERTY AND EQUIPMENT - OWNED**

Particulars	Leasehold land	Building on leasehold land	Lockers	Furniture and fixtures	Vehicles	Office equipment and computers	Total
	(Rupees)						
<b>Year ended June 30, 2019</b>							
<b>Net carrying value basis</b>							
Opening net book value (NBV)	1,188,105	78,026,706	5,384,895	634,322	17,515,515	2,193,170	104,942,713
Additions (at cost)	-	-	967,500	-	3,706,900	879,515	5,553,915
Disposals (NBV)	-	-	-	-	(426,424)	(1)	(426,425)
Depreciation charge	(50,558)	(2,339,540)	(538,157)	(105,599)	(5,954,396)	(1,607,330)	(10,595,580)
<b>Closing net book value</b>	<b>1,137,547</b>	<b>75,687,166</b>	<b>5,814,238</b>	<b>528,723</b>	<b>14,841,595</b>	<b>1,465,354</b>	<b>99,474,623</b>
<b>Gross carrying value basis</b>							
Cost	2,527,890	110,365,455	23,860,218	2,292,539	34,008,319	19,229,626	192,284,047
Accumulated depreciation	(1,390,343)	(34,678,289)	(18,045,980)	(1,763,816)	(19,166,724)	(17,764,272)	(92,809,424)
<b>Net book value</b>	<b>1,137,547</b>	<b>75,687,166</b>	<b>5,814,238</b>	<b>528,723</b>	<b>14,841,595</b>	<b>1,465,354</b>	<b>99,474,623</b>
<b>Year ended June 30, 2018</b>							
<b>Net carrying value basis</b>							
Opening net book value (NBV)	1,238,663	76,638,146	5,908,119	86,933	15,125,788	2,446,452	101,444,101
Additions (at cost)	-	3,655,000	-	650,000	8,762,457	1,223,457	14,290,914
Disposals (NBV)	-	-	-	-	(639,215)	-	(639,215)
Transfer from amalgamated entity	-	-	-	-	24,224	6,095	30,319
Depreciation charge	(50,558)	(2,266,440)	(523,224)	(102,611)	(5,757,739)	(1,482,834)	(10,183,406)
<b>Closing net book value</b>	<b>1,188,105</b>	<b>78,026,706</b>	<b>5,384,895</b>	<b>634,322</b>	<b>17,515,515</b>	<b>2,193,170</b>	<b>104,942,713</b>
<b>Gross carrying value basis</b>							
Cost	2,527,890	110,365,454	22,892,718	2,292,536	33,298,679	18,426,160	189,803,437
Accumulated depreciation	(1,339,785)	(32,338,748)	(17,507,823)	(1,658,214)	(15,783,164)	(16,232,990)	(84,860,724)
<b>Net book value</b>	<b>1,188,105</b>	<b>78,026,706</b>	<b>5,384,895</b>	<b>634,322</b>	<b>17,515,515</b>	<b>2,193,170</b>	<b>104,942,713</b>
<b>Depreciation rate % per annum</b>	<b>2%</b>	<b>5%</b>	<b>5%</b>	<b>10%</b>	<b>20%</b>	<b>33.33%</b>	

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

Property and equipment	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain on disposal	Mode of disposal	Particulars of purchaser
-----Rupees-----							
<b>Vehicles</b>							
Suzuki Mehran BAL-693	680,560	680,559	1	68,056	68,055	Company policy	Mr. Ahsan Khan
Suzuki Mehran BHA-441	731,000	304,584	426,416	500,000	73,584	Negotiation	Third party
Suzuki Mehran AZH-347	652,000	651,999	1	65,200	65,199	Company policy	Mr. Fahem Khan
Suzuki Mehran BBN-436	706,000	705,999	1	70,600	70,599	Company policy	Mr. Fida Hussain
Union Star -70 KHD-1141	44,100	44,099	1	20,000	19,999	Company policy	Mr. Yasir Ahmed
Hero - 70 KDU 6757	43,500	43,499	1	4,350	4,349	Company policy	Mr. Aftab Alam
Union Star -70 KGZ-9397	44,508	44,507	1	4,450	4,449	Company policy	Mr. Muhammad Sohaib
Hero - 70 KGU-6749	43,500	43,499	1	4,350	4,349	Company policy	Mr. Jamaluddin
Hero - 70 KFW-6155	52,092	52,091	1	5,210	5,209	Company policy	Mr. Nasil Khan
<b>Office equipment and computers</b>							
Laptop	76,040	76,039	1	11,406	11,405	Company policy	Mr. Muhammad Ahmed
<b>June 30, 2019</b>	<b>3,073,300</b>	<b>2,646,875</b>	<b>426,425</b>	<b>753,622</b>	<b>327,197</b>		
<b>June 30, 2018</b>	<b>6,199,151</b>	<b>5,559,935</b>	<b>639,215</b>	<b>1,384,055</b>	<b>744,839</b>		



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	Note	June 30, 2019	June 30, 2018
----- (Rupees) -----			
<b>5.2 Property, plant and equipment - leased / ijarah</b>			
Property, plant and equipment - leased	5.2.1 & 5.2.3	<b>19,615,249</b>	19,615,249
Property, plant and equipment - ijarah	5.2.2	<b>25,159,003</b>	60,173,137
		<b>44,774,252</b>	79,788,386

**5.2.1 Property, plant and equipment - leased**

Particulars	Note	Plant and machinery	Vehicles	Motor boat	Total
		----- (Rupees) -----			
<b>Year ended June 30, 2019</b>					
<b>Net carrying value basis</b>					
Opening net book value (NBV)		14,281,091	5,064,742	269,416	19,615,249
<b>Closing net book value</b>		<b>14,281,091</b>	<b>5,064,742</b>	<b>269,416</b>	<b>19,615,249</b>
<b>Gross carrying value basis</b>					
Cost		160,851,356	89,744,995	2,694,300	253,290,651
Accumulated impairment		(424,719)	(41,659,585)	-	(42,084,304)
Accumulated depreciation		(146,145,546)	(43,020,668)	(2,424,884)	(191,591,098)
<b>Net book value</b>		<b>14,281,091</b>	<b>5,064,742</b>	<b>269,416</b>	<b>19,615,249</b>
<b>Year ended June 30, 2018</b>					
<b>Net carrying value basis</b>					
Opening net book value (NBV)		14,281,091	5,064,742	269,416	19,615,249
<b>Closing net book value</b>		<b>14,281,091</b>	<b>5,064,742</b>	<b>269,416</b>	<b>19,615,249</b>
<b>Gross carrying value basis</b>					
Cost		160,851,356	89,744,995	2,694,300	253,290,651
Accumulated impairment		(424,719)	(41,659,585)	-	(42,084,304)
Accumulated depreciation		(146,145,546)	(43,020,668)	(2,424,884)	(191,591,098)
<b>Net book value</b>	5.2.3	<b>14,281,091</b>	<b>5,064,742</b>	<b>269,416</b>	<b>19,615,249</b>
<b>Depreciation rate % per annum</b>		11% - 25%	20% - 33%	20%	

**5.2.2 Property, plant and equipment - ijarah**

Particulars	Plant and machinery	Vehicles	Office equipment and appliances	Total
			----- (Rupees) -----	
<b>Year ended June 30, 2019</b>				
<b>Net carrying value basis</b>				
Opening net book value (NBV)	6,698,710	52,632,133	842,294	60,173,137
Reclassification	(32,060)	(25,646)	57,706	-
Disposals (NBV)	-	(9,415,469)	(203,100)	(9,618,569)
Depreciation charge	(6,666,650)	(18,307,715)	(421,200)	(25,395,565)
<b>Closing net book value</b>	<b>-</b>	<b>24,883,303</b>	<b>275,700</b>	<b>25,159,003</b>



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Particulars	Plant and machinery	Vehicles	Office equipment and appliances	Total
			(Rupees)	
<b>Gross carrying value basis</b>				
Cost	-	73,675,820	1,514,000	75,189,820
Accumulated depreciation	-	(48,792,517)	(1,238,300)	(50,030,817)
<b>Net book value</b>	-	<b>24,883,303</b>	<b>275,700</b>	<b>25,159,003</b>
<b>Year ended June 30, 2018</b>				
<b>Net carrying value basis</b>				
Opening net book value (NBV)	5,752,748	25,273,603	90,275	31,116,626
Disposals (NBV)	(568,733)	(13,502,771)	(78,500)	(14,150,004)
Transfer from amalgamated entity	9,672,339	71,809,429	1,408,294	82,890,062
Depreciation charge	(8,157,644)	(30,948,128)	(577,775)	(39,683,547)
<b>Closing net book value</b>	<b>6,698,710</b>	<b>52,632,133</b>	<b>842,294</b>	<b>60,173,137</b>
<b>Gross carrying value basis</b>				
Cost	40,065,275	122,535,277	2,125,710	164,726,262
Accumulated depreciation	(33,366,565)	(69,903,144)	(1,283,416)	(104,553,125)
<b>Net book value</b>	<b>6,698,710</b>	<b>52,632,133</b>	<b>842,294</b>	<b>60,173,137</b>
<b>Depreciation rate % per annum</b>	11% - 25%	20% - 33%	20% - 33%	

**5.2.3** These fully depreciated leased assets are related to non-performing lease receivables which are under litigation in various courts and are being persuaded professionally by competent legal counsels. Further, the lease receivables related to these assets are also fully provided under Prudential Regulations for Modaraba's.

**5.2.4** In view of the large number of disposal of property, plant and equipment given on lease/ijarah, the management of the Modaraba is of the opinion that no practical purpose will be served by presenting details of such disposals.

6 INVESTMENT PROPERTIES	Note	June 30, 2019	June 30, 2018
		(Rupees)	
Investment properties	6.1	<b>934,487,499</b>	955,254,832
Capital work- in-progress	6.2	<b>9,089,000</b>	9,089,000
		<b>943,576,499</b>	<b>964,343,832</b>



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**6.1 Investment properties**

Particulars	Leasehold land	Building on leasehold land	Office premises (note 6.1.1)	Total
	----- (Rupees) -----			
<b>Year ended June 30, 2019</b>				
<b>Net carrying value basis</b>				
Opening net book value (NBV)	147,238,108	525,120,447	282,896,277	955,254,832
Reversal of impairment	-	-	11,864,726	11,864,726
Transferred in / (out)	-	(18,953,955)	18,953,955	-
Depreciation charge	(3,856,889)	(12,186,050)	(16,589,120)	(32,632,059)
<b>Closing net book value</b>	<b>143,381,219</b>	<b>493,980,442</b>	<b>297,125,838</b>	<b>934,487,499</b>
<b>Gross carrying value basis</b>				
Cost	189,511,155	599,680,606	591,509,317	1,380,701,078
Accumulated impairment	-	-	(29,040,514)	(29,040,514)
Accumulated depreciation	(46,129,936)	(105,700,164)	(265,342,965)	(417,173,065)
<b>Net book value</b>	<b>143,381,219</b>	<b>493,980,442</b>	<b>297,125,838</b>	<b>934,487,499</b>
<b>Year ended June 30, 2018</b>				
<b>Net carrying value basis</b>				
Opening net book value (NBV)	151,094,997	530,357,651	291,749,500	973,202,148
Additions (at cost)	-	7,548,227	-	7,548,227
Reversal of impairment	-	-	6,804,631	6,804,631
Depreciation charge	(3,856,889)	(12,785,431)	(15,657,854)	(32,300,174)
<b>Closing net book value</b>	<b>147,238,108</b>	<b>525,120,447</b>	<b>282,896,277</b>	<b>955,254,832</b>
<b>Gross carrying value basis</b>				
Cost	189,511,155	630,863,509	560,326,414	1,380,701,078
Accumulated impairment	-	-	(40,905,240)	(40,905,240)
Accumulated depreciation	(42,273,047)	(105,743,062)	(236,524,897)	(384,541,006)
<b>Net book value</b>	<b>147,238,108</b>	<b>525,120,447</b>	<b>282,896,277</b>	<b>955,254,832</b>
<b>Depreciation rate % per annum</b>	2%	2-5%	2-5%	

**6.1.1** This includes an office premises costing Rs. 70 million, which was swapped by Modaraba in March 2012 from First Dawood Investment Bank Limited (FDIBL), an associated undertaking. The said property was earlier acquired by FDIBL from its borrower against the settlement of liabilities who had also defaulted in its obligation with commercial bank. The said commercial bank has obtained a stay order against the property due to which execution of the sale deed and transfer of title in the name of Modaraba are in abeyance. In previous year Modaraba has recorded impairment in the said property amounting to Rs. 47.709 million. During the current and previous year Modaraba has carried out revaluation of said property that resulted in reversal of impairment amounting to Rs. 11.865 million and Rs. 6.804 million respectively.

FDIBL has filed an application of intervention with the Honorable High Court of Sindh, for removal of stay of the commercial bank and to affect the transfer of the title in its favour, which is pending adjudication.

The original title documents and possession of the property rest with the Modaraba. The portion of the said property has been rented out to associated undertakings. As soon as the case in question is decided, FDIBL will be able to execute the sale deed in favour of the Modaraba.

There are no additions or disposals during the year.

The fair value of investment property as at June 30, 2019 as per valuation report of independent valuer is Rs. 1,951.997 million (June 30, 2018 : Rs 1,871.991 million).

<b>6.2 Capital work-in-progress</b>	<b>Note</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
		----- (Rupees) -----	
Advance for office premises - Jofa Tower, Karachi	6.2.1	<b>66,420,000</b>	66,420,000
Less: Provision against advance for office premises		<b>(57,331,000)</b>	(57,331,000)
		<b><u>9,089,000</u></b>	<u>9,089,000</u>

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

## **7 LONG-TERM INVESTMENT**

In quoted wholly owned subsidiary companies - at cost  
BRR Financial Services (Private) Limited  
5,500,000 shares of Rs. 10 each (June 30, 2018:  
5,500,000 shares)

<b><u>55,000,000</u></b>	<u>55,000,000</u>
--------------------------	-------------------

- 7.1** The Modaraba, in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Modaraba has received Trading Right Entitlement Certificate (TREC) against surrender of Stock Exchange Membership Card.

Pursuant to approval from SECP the Modaraba has incorporated a wholly owned subsidiary, namely, BRR Financial Services (Private) Limited (the Company) on November 30, 2015. In prior year, the Modaraba has subscribed 5,500,000 ordinary shares of Rs. 10 each in order to comply with minimum paid-up capital requirement under Securities Brokers (Licensing and Operations) Regulations 2016. During the year, PSX vide letter dated June 25, 2019 transferred TREC from Modaraba to BRR Financial Services (Private) Limited and thereby granted a TREC to BRR Financial Services (Private) Limited.

The net assets of BRR Financial Services (Private) Limited based on latest audited financial statement as at June 30, 2019 amounted to Rs. 54.134 million (June 30, 2018 : 54.663 million).

## **8 LONG-TERM MUSHARAKA FINANCES**

Considered good		<b>59,356,040</b>	48,567,794
Considered doubtful	8.4	<b>103,568,131</b>	155,351,790
	8.1 & 8.3	<b>162,924,171</b>	203,919,584
Provision for doubtful receivables	8.2	<b>(103,568,131)</b>	(155,351,790)
		<b>59,356,040</b>	48,567,794
Current portion of musharaka finances		<b>(40,473,298)</b>	(12,761,216)
		<b><u>18,882,742</u></b>	<u>35,806,578</u>

- 8.1** The expected profit receivable on these arrangements ranges from 8.21% to 17.32% (June 30, 2018 : 9.430% to 11.595%) per annum. The arrangements are secured by way of hypothecation of stock, mortgage of property and equipment and pledge of shares. These finances are receivable on various dates up to June 24, 2039.



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	Note	June 30, 2019	June 30, 2018
----- (Rupees) -----			
<b>8.2 Movement of provision</b>			
Opening balance		<b>155,351,790</b>	192,196,931
Transfer from amalgamated entity		-	7,262,809
Provision during the year		<b>195,122</b>	320,579
Written off during the year		-	(5,906,486)
Reversal during the year	32	<b>(51,978,781)</b>	(38,522,043)
Closing balance		<b>103,568,131</b>	155,351,790

**8.3 Ageing of musharaka finances**

Neither past due nor impaired	<b>52,881,894</b>	48,451,501
Past due but not impaired	<b>6,474,146</b>	7,379,102
Past due and impaired	<b>103,568,131</b>	148,088,981
	<b>162,924,171</b>	203,919,584

**8.4** This includes an amount of Rs. 19.930 million (June 30, 2018 : 34.766 million) in respect of Pak Hy Oils Limited as detailed in note 26.3 to the financial statements.

**9 LONG TERM LOANS, ADVANCES AND DEPOSITS**

Loans - secured - considered good

To employees	9.1	<b>2,134,419</b>	2,743,084
Current portion of loans to employees		<b>(410,914)</b>	(608,666)
		<b>1,723,505</b>	2,134,418
To executives	9.1, 9.2 & 9.3	<b>3,158,670</b>	3,235,525
Current portion of loans to executives		<b>(1,780,494)</b>	(1,750,296)
		<b>1,378,176</b>	1,485,229
Deposits		<b>3,037,310</b>	5,637,310
Advance against musharaka		-	338,900
		<b>6,138,991</b>	9,595,857

**9.1** These represent diminishing musharaka house loans disbursed to employees and executives under the terms of employment. These loans carry mark-up at the rate of 5% (June 30, 2018: 5%) per annum and are secured against the mortgage of properties.

**9.2** The maximum amount of loans and advances due from executives at the end of any month during the year was Rs. 1.56 million (2018: Rs. 0.007 million).

**9.3** The Modaraba has taken the benefit of forced sale value of the collateral amounting to Rs. 1.673 million against a loan to an executive. Had this benefit of FSV not been taken by the Modaraba, the provision against such loan would have been Rs. 1.673 million (2018: Rs. 1.673 million).



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	Note	June 30, 2019	June 30, 2018
----- (Rupees) -----			
<b>10 SHORT-TERM INVESTMENTS</b>			
<b>Fair value through profit or loss - FVTPL</b>			
Listed ordinary shares	10.1	<b>140,730,861</b>	213,612,057
Derivative financial instruments	10.2	<b>530,001</b>	-
		<b>141,260,862</b>	213,612,057
<b>Fair value through other comprehensive income - FVTOCI</b>			
Listed ordinary shares / modaraba certificates	10.3	<b>319,912,877</b>	362,667,682
Unlisted ordinary shares	10.4	<b>95,664,656</b>	89,812,733
Unlisted debt securities	10.5	<b>1,245,953</b>	55,370,751
		<b>416,823,486</b>	507,851,166
		<b>558,084,348</b>	721,463,223
Provision for diminution in value of investments	10.6	<b>(16,222,148)</b>	(16,222,148)
		<b>541,862,200</b>	705,241,075

**10.1 FVTPL: Listed ordinary shares**

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

<u>Number of shares / units</u>		Names of investees	June 30,	June 30,
June 30, 2019	June 30, 2018		June 30, 2019	June 30, 2018
			----- (Rupees) -----	
<b>Glass &amp; ceramics</b>				
61,800	37,900	Ghani Glass Limited	<b>2,716,110</b>	2,337,672
<b>Textile composite</b>				
13,149	13,149	Kohinoor Textile Mills Limited	<b>329,383</b>	723,063
1,000	1,000	Nishat Mills Limited	<b>93,340</b>	140,920
<b>Cement</b>				
5,283	5,283	Bestway Cement Limited	<b>544,518</b>	692,020
7,500	2,000	D.G. Khan Cement Company Limited	<b>424,050</b>	228,980
6,400	6,400	Lucky Cement Limited	<b>2,435,008</b>	3,250,752
220	220	Cherat Cement Company Limited	<b>6,811</b>	21,391
54,000	24,000	Fauji Cement Company Limited	<b>849,419</b>	548,399
598,000	572,500	Power Cement Limited	<b>3,845,140</b>	4,780,373
<b>Power generation &amp; distribution</b>				
1,005,746	762,246	K-Electric Limited	<b>4,415,224</b>	4,329,558
-	12,600	The Hub Power Company Limited	-	1,161,215
<b>Refinery</b>				
7,998	6,399	Attock Refinery Limited	<b>618,005</b>	1,377,769
41,050	41,050	National Refinery Limited	<b>4,657,943</b>	18,185,562
<b>Fertilizer</b>				
-	3,000	Engro Corporation Limited	-	941,580



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<b>Number of shares / units</b>		<b>Names of investees</b>	<b>(Rupees)</b>	
<b>June 30, 2019</b>	<b>June 30, 2018</b>		<b>June 30, 2019</b>	<b>June 30, 2018</b>
			----- (Rupees) -----	
		<b>Oil &amp; gas exploration companies</b>		
1,803	880	Mari Petroleum Company Limited	<b>1,819,822</b>	1,325,439
70,043	54,820	Pakistan Petroleum Limited	<b>10,116,311</b>	11,780,818
17,000	13,000	Oil & Gas Development Company Limited	<b>2,235,329</b>	2,023,060
600	-	Attock Petroleum Limited	<b>173,106</b>	-
2,300	-	Shell Pakistan Limited	<b>419,658</b>	-
		<b>Oil &amp; gas marketing companies</b>		
1,000	-	Pakistan State Oil Company Limited	<b>169,630</b>	-
16,108	17,108	Sui Northern Gas Pipelines Limited	<b>1,119,344</b>	1,714,564
203,500	175,000	Sui Southern Gas Company Limited	<b>4,208,380</b>	5,743,499
		<b>Automobile assembler</b>		
5,500	4,500	General Tyre & Rubber Company of Pakistan Limited	<b>283,305</b>	747,900
21,875	24,275	Sazgar Engineering Work Limited	<b>4,809,219</b>	6,917,890
3,120	3,320	Millat Tractors Limited	<b>2,690,626</b>	3,944,359
		<b>Automobile parts &amp; accessories</b>		
12,200	12,700	Agriauto Industries Limited	<b>2,439,512</b>	3,746,500
60,527	55,527	Loads Limited	<b>914,562</b>	1,731,334
		<b>Chemical</b>		
13,447	13,447	ICI Pakistan Limited	<b>7,160,124</b>	10,777,770
39,600	47,000	Ittehad Chemicals Limited	<b>1,067,616</b>	1,633,720
92,000	10,000	Sitara Peroxide Limited	<b>1,764,560</b>	173,600
1,700	1,700	Sitara Chemical Industries Limited	<b>519,979</b>	626,144
-	21,000	Lotte Chemical Pakistan Limited	-	251,159
7,340	1,499	Pakistan Oxygen Limited	<b>1,101,000</b>	359,759
2,000	2,400	Archroma Pakistan Limited	<b>950,300</b>	1,212,000
5,125	-	Berger Paints Pakistan Limited	<b>376,688</b>	-
		<b>Engineering</b>		
46,875	44,375	Crescent Steel & Allied Products Limited	<b>1,770,937</b>	4,045,668
7,500	12,000	International Steels Limited	<b>297,825</b>	1,220,402
90,200	82,000	Ittefaq Iron Industries Limited	<b>585,398</b>	1,146,360
20,000	20,000	K.S.B Pumps Company Limited	<b>2,020,000</b>	5,600,000
121,486	126,486	Mughal Iron & Steel Industries Limited	<b>3,056,588</b>	7,768,770
		<b>Transport</b>		
3,200	3,200	Pakistan National Shipping Corporation Limited	<b>204,320</b>	262,208
100	100	Pakistan International Container Terminal Limited	<b>15,050</b>	22,812
45,000	-	Pakistan Int. Bulk Terminal Limited	<b>379,800</b>	-
300	-	Al-Ghazi Tractor Limited	<b>95,199</b>	-



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<b>Number of shares / units</b>		<b>Names of investees</b>	<b>June 30,</b>	<b>June 30,</b>
<b>June 30,</b>	<b>June 30,</b>		<b>2019</b>	<b>2018</b>
<b>2019</b>	<b>2018</b>		<b>2019</b>	<b>2018</b>
			<b>----- (Rupees) -----</b>	
<b>Food &amp; personal care products</b>				
13,000	-	Al-Tahur Limited	<b>256,230</b>	-
160,075	157,575	Treet Corporation Limited	<b>2,442,744</b>	5,387,488
<b>Technology &amp; communication</b>				
-	6,500	Avanceon Limited	-	430,560
45,000	45,000	Pakistan Telecommunication Company Limited	<b>372,150</b>	514,800
<b>Leather &amp; tanneries</b>				
18,275	13,860	Service Industries Limited	<b>9,015,423</b>	10,879,823
<b>Pharmaceuticals</b>				
150	1,200	Abbott Laboratories (Pakistan) Limited	<b>71,196</b>	822,001
7,250	9,250	AGP Limited	<b>496,842</b>	821,307
9,795	9,347	Highnoon Laboratories Limited	<b>2,479,800</b>	3,837,035
16,800	16,800	Ferozsons Laboratories Limited	<b>1,878,576</b>	3,271,464
66,870	56,279	The Searle Company Limited	<b>9,800,467</b>	19,106,720
131,765	131,765	GlaxoSmithKline Pakistan Limited	<b>12,561,158</b>	21,872,989
13,000	13,300	GlaxoSmithKline Consumer Healthcare Pakistan Limited	<b>2,509,000</b>	5,387,165
<b>Cable &amp; electrical goods</b>				
29,600	15,100	Pak Elektron Limited	<b>592,592</b>	535,446
<b>Modarabas</b>				
12,100	11,000	First UDL Modaraba	<b>75,504</b>	205,150
<b>Open-end mutual funds</b>				
222,543	221,903	Dawood Islamic Fund	<b>23,221,027</b>	25,980,122
<b>Commercial banks</b>				
-	291	Bank Islami Pakistan Limited	-	3,478
<b>Paper &amp; board</b>				
1,725	-	Cherat Packaging Limited	<b>139,104</b>	-
<b>Woollen</b>				
18,000	19,000	Bannu Woollen Mills Limited	<b>612,000</b>	945,250
<b>Miscellaneous</b>				
6,363	-	United Distributors Pakistan	<b>190,509</b>	-
<b>Synthetic and rayon</b>				
34,500	7,000	Tri-Star Polyester Limited	<b>317,400</b>	116,270
			<b>140,730,861</b>	<b>213,612,057</b>



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**10.2 FVTPL: Derivative financial instruments**

<u>Number of shares / units</u>		Names of investees	June 30,	June 30,
June 30, 2019	June 30, 2018		2019	2018
			----- (Rupees) -----	
<b>Letter of rights</b>		<b>Power generation &amp; distribution</b>		
20,000	-	Hub Power Company Limited	<u>530,001</u>	-
			<u>530,001</u>	-

**10.3 FVTOCI: Listed ordinary shares/modaraba certificates**

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

<u>Number of shares / certificates</u>		Names of investees	June 30,	June 30,
June 30, 2019	June 30, 2018		2019	2018
			----- (Rupees) -----	
		<b>Oil &amp; gas exploration companies</b>		
8,350	8,350	Mari Petroleum Company Limited	<b>8,427,905</b>	12,576,603
		<b>Oil &amp; gas marketing companies</b>		
5,962	7,962	Shell Pakistan Limited	<b>1,087,826</b>	2,516,709
39,660	39,660	Sui Northern Gas Pipelines Limited	<b>2,755,974</b>	3,974,726
		<b>Leather &amp; tanneries</b>		
3,800	3,800	Service Industries Limited	<b>1,874,616</b>	2,982,924
		<b>Modarabas</b>		
1,000	1,000	ORIX Modaraba	<b>15,500</b>	16,610
		<b>Real estate investment trust</b>		
407,000	407,000	Dolmen City REIT	<b>4,139,190</b>	5,250,300
		<b>Chemical</b>		
17,974	17,974	Pakistan Oxygen Limited (formerly Linde Pakistan)	<b>2,696,100</b>	4,313,760
14,199	14,199	Sitara Chemical Industries Limited	<b>4,343,048</b>	5,229,776
		<b>Cement</b>		
90	90	Maple Leaf Cement Factory Limited	<b>2,151</b>	4,567
3,055,168	3,055,168	Power Cement Limited	<b>19,644,729</b>	25,508,711



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**Number of shares / certificates**

June 30, 2019	June 30, 2018	Names of investees	June 30, 2019 ----- (Rupees) -----	June 30, 2018 -----
		<b>Engineering</b>		
56,000	56,000	KSB Pumps Company Limited	<b>5,656,000</b>	15,680,000
11,000	11,000	Mughal Iron & Steel Industries Limited	<b>276,760</b>	675,620
2,625	2,625	Crescent Steel & Allied Products Limited	<b>99,173</b>	239,320
		<b>Transport</b>		
1,000	1,000	Pakistan International Container Terminal Limited	<b>150,500</b>	228,120
5,000	5,000	Pakistan National Shipping Corporation Limited	<b>319,250</b>	409,700
		<b>Pharmaceuticals</b>		
38,276	42,576	Abbott Laboratories (Pakistan) Limited	<b>18,167,321</b>	29,164,560
32,165	32,165	GlaxoSmithKline (Pakistan) Limited	<b>3,066,289</b>	5,339,390
30,906	30,906	GlaxoSmithKline Consumer Healthcare (Pakistan) Limited	<b>5,964,858</b>	12,518,476
638	638	Highnoon Laboratories Limited	<b>161,523</b>	261,905
		<b>Power generation &amp; distribution</b>		
-	1,000	The Hub Power Company Limited	-	92,160
		<b>Technology &amp; communication</b>		
2,313,934	2,103,577	Systems Limited - (related party)	<b>222,068,246</b>	212,924,064
		<b>Automobile parts &amp; accessories</b>		
98,400	98,400	Loads Limited	<b>1,486,823</b>	3,068,111
1,000	1,000	Millat Tractors Limited	<b>862,380</b>	1,188,060
		<b>Paper &amp; board</b>		
124,381	101,568	Roshan Packages Limited	<b>1,661,730</b>	2,861,171
		<b>Glass &amp; ceramics</b>		
200	10,800	Ghani Glass Limited	<b>8,790</b>	666,144
		<b>Financial services</b>		
1,935,506	1,935,506	786 Investments Limited (Formerly Dawood Capital Management Limited) - a related party (fully provided) (Note : 10.3.1)	<b>4,722,634</b>	4,722,634
3,339,922	3,339,922	First Dawood Investment Bank Limited - a related party (fully provided)(Note : 10.3.1)	<b>10,253,561</b>	10,253,561
			<b>319,912,877</b>	<b>362,667,682</b>



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

**10.4 FVTOCI: Investment in unlisted ordinary shares**

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

<u>Number of shares / units</u>		<u>Names of investees</u>	<u>June 30,</u>	<u>June 30,</u>
<u>June 30,</u>	<u>June 30,</u>		<u>2019</u>	<u>2018</u>
<u>2019</u>	<u>2018</u>		<u>----- (Rupees) -----</u>	
100,000	100,000	Al Baraka Bank (Pakistan) Limited - (note 10.4.2)	<b>779,100</b>	874,999
7,200,000	7,200,000	Dawood Family Takaful Limited - (note 10.4.3 )	<b>52,128,000</b>	52,128,000
3,034,603	3,034,603	ISE Tower REIT Management Company Limited - (note 10.4.4)	<b>42,757,556</b>	36,809,734
			<b><u>95,664,656</u></b>	<b><u>89,812,733</u></b>

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

		<u>Break-up value as per latest available audited financial statements (Rupees)</u>	<u>% of holding of the investee's paid-up capital</u>	<u>Auditors</u>
<b>June 30, 2019</b>				
Al Baraka Bank (Pakistan) Limited	(10.4.2)	779,100	0.01%	EY Ford Rhodes, Chartered Accountants
Dawood Family Takaful Limited	(10.4.3)	36,432,000	9.60%	Deloitte Yousuf Adil, Chartered Accountants
ISE Tower REIT Management Company Limited	(10.4.4)	42,757,556	0.83%	BDO Ebrahim & Co., Chartered Accountants
<b>June 30, 2018</b>				
Al Baraka Bank (Pakistan) Limited	(10.4.2)	783,000	0.01%	EY Ford Rhodes, Chartered Accountants
Dawood Family Takaful Limited	(10.4.3)	35,568,000	9.60%	Deloitte Yousuf Adil, Chartered Accountants
ISE Tower REIT Management Company Limited	(10.4.4)	36,809,734	0.83%	BDO Ebrahim & Co., Chartered Accountants

**10.4.2** The break-up value of investment in shares of Al Baraka (Pakistan) Limited (ABPL) is Rs. 0.779 million (as per latest available post amalgamation audited financial statement dated December 31, 2018) whereas the book value of investment in shares of ABPL is Rs. 0.875 million resulting in revaluation deficit of Rs. 0.096 million.

**10.4.3** The break-up value of investment in shares of Dawood Family Takaful (DFTL) is Rs. 36.432 million (as per latest audited accounts dated December 31, 2018) where as the cost of investment in shares of DFTL is Rs. 72 million. Upto June 30, 2017, management has recorded total impairment of Rs. 19.872 million based on embedded value of investment as at June 30, 2016 amounting to Rs. 52.128 million (Rs. 8.27 per share). Since, embedded value of the investments amounts to Rs. 67.752 million as at June 30, 2019 i.e. Rs. 9.41 per share (June 30, 2018 :Rs. 67.968 i.e Rs. 9.44 per share), therefore, management has not recorded further impairment on the grounds of embedded value being higher than the carrying value of this investment as per latest actuarial valuation.

**10.4.4** Out of the total shares of Rs. 10 each, 60% shares are kept in blocked account and divestment of the same will be in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012.

The breakup value of the investment in shares of ISE Tower REIT Management Company Limited amounted to Rs. 42.765 million (as per audited financial statement for the year ended June 30, 2018) whereas the book value of investment in shares of ABPL is Rs. 36.809 million resulting in revaluation surplus of Rs. 5.956 million.



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**10.5 FTOCI: Investment in unlisted debt securities**

<u>Number of shares / units</u>		Sukuk	June 30,	June 30,
June 30, 2019	June 30, 2018		2019	2018
----- (Rupees) -----				
1,267	1,267	Eden Housing Limited - (Fully provided)	<b>1,245,953</b>	1,245,953
-	7,000	K- Electric Sukuk-3	-	35,491,785
-	23	Al Baraka Bank (Pakistan)	-	7,535,617
-	5	Dubai Islamic Bank Pakistan	-	5,093,520
-	60	Dawood Hercules Corp. Ltd	-	6,003,876
			<b>1,245,953</b>	<b>55,370,751</b>

**10.5.1** This represents investment in privately placed sukuk with a tenure of 5 years. In prior year, company has defaulted in its principal & profit payment, therefore full amount of the provision has been recorded.

**10.5.2 Particulars of Sukuk**

<u>Names of the investees</u>	<u>Repayment frequency</u>	<u>Profit Rate per annum</u>	<u>Maturity date</u>	<u>Secured / Unsecured</u>
Eden Housing Limited	Quarterly	3 months KIBOR + 2.5%	June 29, 2014	Secured

**10.6 Provision for diminution in value of investments**

Opening balance	<b>16,222,148</b>	14,976,195
Transfer from amalgamated entity	-	1,245,953
Closing balance	<b>16,222,148</b>	<b>16,222,148</b>

<b>11 IJARAH / LEASE RENTAL RECEIVABLE</b>	Note	June 30,	June 30,
		2019	2018
----- (Rupees) -----			
Considered good		<b>906,290</b>	955,181
Considered doubtful		<b>56,836,389</b>	56,949,049
Lease rental receivables		<b>57,742,679</b>	57,904,230
Provision for doubtful receivables	11.1	<b>(56,836,389)</b>	(56,949,049)
		<b>906,290</b>	<b>955,181</b>

**11.1 Provision for doubtful receivables**

Opening		<b>56,949,049</b>	56,969,049
Charge for the year	32	<b>3,340</b>	-
Reversals during the year	32	<b>(116,000)</b>	(20,000)
Closing balance		<b>56,836,389</b>	<b>56,949,049</b>

	Note	June 30, 2019	June 30, 2018
----- (Rupees) -----			
<b>12 LOANS, ADVANCES AND PREPAYMENTS</b>			
Loans and advances - secured - considered good against salary		<b>2,060,408</b>	2,445,406
Loans and advances - unsecured - considered good			
Current portion of loans to employees	9	<b>410,914</b>	608,666
Current portion of loans to executives	9	<b>1,780,494</b>	1,750,296
Against investment		<b>1,000,000</b>	13,205,000
Against expenses		<b>11,303,502</b>	483,750
Against purchases		<b>44,922,678</b>	44,922,678
Prepayments			
Fees and subscription		<b>200,000</b>	-
Takaful		<b>325,449</b>	216,808
Provision for doubtful receivables		<b>(44,922,678)</b>	(44,922,678)
		<b>17,080,767</b>	18,709,926
<b>13 ACCRUED PROFIT</b>			
Debt securities		-	457,238
Musharaka finances		<b>406,957</b>	58,598
		<b>406,957</b>	515,836
<b>14 OTHER RECEIVABLES</b>			
Rent receivable - unsecured, considered good		<b>4,639,491</b>	2,368,120
Takaful premium receivable		<b>851,130</b>	538,118
Other receivable		<b>4,059,492</b>	635,269
		<b>9,550,113</b>	3,541,507
Receivable from ex-employees - unsecured, considered doubtful	14.1	<b>51,274,920</b>	51,274,920
Provision for doubtful receivables		<b>(51,274,920)</b>	(51,274,920)
Others	14.2	<b>33,810,401</b>	33,810,401
Provision for doubtful debts		<b>(33,810,401)</b>	(33,810,401)
		<b>9,550,113</b>	3,541,507

**14.1** This represents balance receivable from certain ex-employees and other parties in respect of embezzlement of funds. The matter is pending before the Special Court, Lahore. As a matter of prudence, full provision in respect of these receivables have been made in these financial statements.

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

A suit was also filed on September 29, 2012 by the Modaraba before the Modaraba Tribunal / Banking Court-II for the recovery of outstanding dues from borrower. The Tribunal passed a judgment order in favour of the Modaraba and directed the defendant (borrower) to pay all outstanding dues along with cost of the suit, however the recovery of the decretal amount is uncertain due to the misappropriation of pledged stock by the borrower. Therefore, in prior year the



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Modaraba has filed the execution petition for the recovery of decretal amount by attaching the other auctionable assets of the borrower including piece and parcel of land / building of factory situated at 40-More, Lahore Road, Jaranwala and one vehicle. The borrower filed an application in Honorable Lahore High Court against the judgment and pleaded to suspend the judgment and decree in favour of Modaraba. The Modaraba has also filed a reply to the application filed by the borrower which is currently pending consideration.

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

	Note	June 30, 2019 ----- (Rupees) -----	June 30, 2018 -----
<b>15 TAXATION</b>			
Advance taxation		<u><b>18,159,480</b></u>	<u>14,552,678</u>
<b>16 CASH AND BANK BALANCES</b>			
Cash in hand		<b>128,575</b>	185,867
Cash with State Bank of Pakistan - current account		<b>6,655</b>	40
Cash with banks in:			
Savings accounts	16.1	<b>41,877,084</b>	18,369,737
Current accounts		<b>15,674</b>	1,665,491
		<u><b>42,027,988</b></u>	<u>20,221,135</u>
<b>16.1</b>	These carry profit at rates ranging from 3.25% to 5.30% (June 30, 2018: 2.65% to 5.050%) per annum. Saving accounts includes balances placed under arrangements permissible under shariah amounting to Rs. 41.877 million.		
<b>17 NON CURRENT ASSET HELD FOR SALE</b>			
Non current asset held for sale	17.1	<u>-</u>	<u>55,800,000</u>

**17.1** During the year full amount of consideration amounting to Rs. 60 million has been received by the modaraba and the Board of Revenue, Sindh has issued N.O.C dated May 27, 2019 in respect of this land. Accordingly, the land has been derecognized from the books of the company and gain on sale of land amounting to Rs. 4.2 million has been recognized upon receipt of full consideration. (Refer Note : 33)

**18 AUTHORISED CAPITAL**

As a result of the amalgamation scheme becoming effective, the authorized capital of CSM of Rs. 250,000,000 merged and combined with the authorized capital of BRRGM, consequently the merged authorized capital of BRRGM increased from Rs. 1,150 million to Rs. 1,400 million divided into 140 million modaraba certificates of Rs. 10/- each.



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**19 ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL**

Modaraba certificates of Rs. 10 each

<b>Number of certificates</b>			<b>June 30, 2019</b>	<b>June 30, 2018</b>
<b>2019</b>	<b>2018</b>		<b>----- (Rupees) -----</b>	
39,359,741	39,359,741	Certificates issued as fully paid in cash	<b>393,597,410</b>	393,597,410
8,833,724	8,833,724	Certificates issued as fully paid bonus certificates	<b>88,337,240</b>	88,337,240
29,852,790	29,852,790	Certificates issued to certificate holders of Guardian Modaraba under the Scheme of Amalgamation	<b>298,527,900</b>	298,527,900
8,316,008	8,316,008	Certificates issued to certificate holders of BRR Guardian Modaraba under the Scheme of Amalgamation	<b>83,160,080</b>	83,160,080
<u>86,362,263</u>	<u>86,362,263</u>		<u><b>863,622,630</b></u>	<u>863,622,630</u>

- 19.1** The Management Company held 14,614,018 (16.92%) certificates of Rs. 10 each as at June 30, 2019 (June 30, 2018 : 13,051,495 (16.72%) certificates).
- 19.2** Equity International (Private) Limited, an associated company, held 2,423,488 (2.81%) certificates of Rs.10 each as at June 30, 2019 (June 30, 2018 : 2,293,474 (2.94%) certificates).
- 19.3** Mr. Ayaz Dawood (CEO) held 9,984,084 (11.56%) certificates of Rs.10 each as at June 30, 2019 (June 30, 2018 : 7,804,391 (10%) certificates).
- 19.4** Consequent on the scheme becoming effective from July 01, 2017, the issued, subscribed and paid-up capital of CSM of Rs. 200,000,000 merged with and combined with the issued, subscribed and paid-up certificate capital of the Modaraba, consequently the issued, subscribed and paid-up certificate capital of BRRGM stand increased to Rs. 863,622,630 divided into 86,362,263 modaraba certificates of Rs. 10 each at a swap ratio of 1.00 : 2.405 (Modaraba : CSM).

**20 RESERVES**

**Capital reserve**

Profit prior to floatation	<b>10,532,683</b>	10,532,683
Statutory reserve	<b>756,012,170</b>	734,198,759
Merger reserve	<b>44,902,567</b>	44,902,567

**Revenue reserve**

Accumulated loss	<b>(559,499,004)</b>	(554,688,204)
	<u><b>251,948,416</b></u>	<u>234,945,805</u>



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Prudential Regulations for Modarabas issued by SECP requires creation of reserve fund to which shall be credited:

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

The Modaraba has credited 48.64 % of its profit to this reserve for the year.

<b>21 SURPLUS ON REVALUATION OF INVESTMENTS</b>	<b>Note</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
		----- (Rupees) -----	
Listed ordinary shares		<b>223,301,633</b>	264,023,372
Unlisted shares/debt securities		<b>34,873,138</b>	29,306,990
		<b>258,174,771</b>	293,330,362

**22 DIMINISHING MUSHARAKA BASED TERM FINANCE CERTIFICATES**

Diminishing musharaka based Term Finance Certificates (TFCs)	22.1	-	72,449,843
Current maturity		-	(72,449,843)
		-	-

- 22.1** The above TFCs represent privately placed instruments in the form of diminishing musharaka and are secured against investment properties and BRR Tower of the Modaraba.

During the year, the remaining balance of Rs. 72.450 million of TFC's amounting to Rs. 800 million plus profit thereon to the holders of TFCs as of the date of final book closure has been fully paid by the Modaraba and accordingly, all secured obligations have been fully and finally discharged.

**23 LONG-TERM LOANS**

National Bank of Pakistan	23.1	<b>82,616,684</b>	110,152,684
B.R.R. Financial Service (Pvt.) Limited	23.2	<b>49,900,000</b>	46,000,000
Current portion of long term loans		<b>(132,516,684)</b>	(27,536,000)
		-	128,616,684

- 23.1** The loan had been restructured on June 12, 2017 with the outstanding balance of Rs. 137.689 million at zero percent interest payable over next five years in equal quarterly installments commencing from July 01, 2017. The management of the Modaraba has intention to pay off the full outstanding amount in the next 12 months subsequent to year end, the board of directors in its meeting dated September 30, 2019, also approve it and committed to support modaraba financing if needed. The loan is secured by way of registered mortgage of property situated at Ground Floor & Mezzanine level 1st and 2nd Business and Finance Centre, Plot No. 7/3, Seri Quarters, I. I. Chundrigar Road, Karachi. The management intends to pay the full amount in next year.

**23.2 Loan from B.R.R Financial Services (Pvt.) Limited**

Opening balance		<b>46,000,000</b>	-
Received during the year		<b>3,900,000</b>	66,500,000
Payment during the year		-	(20,500,000)
Closing balance	23.2.1	<b>49,900,000</b>	46,000,000

		June 30, 2019	June 30, 2018
<b>23.2.1</b>	Breakup of loan is as follows :		
	Current portion of loan	49,900,000	-
	Non Current portion of loan	-	46,000,000
		<u>49,900,000</u>	<u>46,000,000</u>

**23.2.2** During the year, Modaraba has obtained loan from its subsidiary company B.R.R. Financial Services (Private) Limited (BRRFS). The loan carries profit at an expected rate upto 5% and is not repayable till the time Trading Right Entitlement Certificate (TREC) is transferred to BRRFS. During the year TREC has been transferred to BRRFS and the loan is now repayable.

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

Musharaka arrangement - Taavun Private Limited	24.1	29,677,418	122,002,248
Musharaka arrangement - Dawood Family Takaful Limited	24.2	50,000,000	-
Current portion of musharaka arrangements		<u>(79,677,418)</u>	<u>(93,776,446)</u>
		<u>-</u>	<u>28,225,802</u>

**24.1** The Modaraba has entered into musharaka agreements (Musharaka) with Taavun (Private) Limited. These Musharaka arrangements were on profit sharing basis and were payable upto December 28, 2014.

During the prior year, Modaraba had entered into a settlement agreement with Taavun (Private) Limited according to which the repayment under Musharaka is to be made in seven instalments aggregating to Rs.190 million, as per the agreed repayment schedule, with the last instalment to be paid on July 14, 2019. Prior to the date of settlement, the outstanding balance of Musharaka amounted to Rs.110 million and accrued profit on Finance under Musharaka amounted to Rs. 57.813 million. The present value of the revised cash flows under the settlement agreement at the original profit rate amounted to Rs. 181.813 million which resulted in increase in liability of Rs. 14 million.

During the year, the Modaraba has made payment of four instalments aggregating to Rs. 112.5 million as per the agreed repayment schedule and has amortised profit of Rs. 20.175 million. As at June 30, 2019 the outstanding balance of Musharaka amounted to Rs. 29.677 million.

**24.2** The Modaraba has entered into musharaka agreement (Musharaka) with Dawood Family Takaful Limited amounting to Rs. 50 million which is payable upto November 11, 2019. This Musharaka arrangement is on monthly profit sharing basis and carries profit at 1 M Kibor plus 100 basis points.

During the year, the Modaraba has recorded profit on musharaka amounting to Rs. 0.926 million and made profit payment amounting to Rs. 0.529 million ( Refer Note : 35 ).



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	Note	June 30, 2019	June 30, 2018
----- (Rupees) -----			
<b>25 LONG TERM SECURITY DEPOSITS</b>			
Lease / ijarah		<b>33,315,399</b>	46,264,219
Investment properties		<b>32,221,654</b>	30,252,383
Lockers		<b>18,096,500</b>	17,066,500
		<b>83,633,553</b>	93,583,102
Current portion of security deposits		<b>(5,315,800)</b>	(11,941,410)
		<b>78,317,753</b>	81,641,692
<b>26 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Modaraba management fee payable	37	<b>5,158,795</b>	7,468,898
Sales tax on Modaraba management fee payable	37	<b>670,643</b>	970,957
Provision for Sindh Workers' Welfare Fund	38	<b>6,463,657</b>	7,737,701
Accrued liabilities		<b>13,528,884</b>	18,319,623
Rentals received in advance			
Lockers		<b>34,648,097</b>	29,947,667
Investment Properties		<b>41,868,272</b>	32,466,318
Ijarah		<b>474,657</b>	821,958
Musharaka	26.3	<b>20,180,748</b>	49,488,931
Charity payable	26.1	<b>43,616</b>	100,687
Advance against sale of land	26.2	<b>2,100,000</b>	60,735,500
Others		<b>13,469,638</b>	9,387,223
		<b>138,607,007</b>	217,445,463
<b>26.1 Charity payable</b>			
Opening balance		<b>100,687</b>	81,086
Transfer from amalgamated entity		-	4,146
Accrued during the year		<b>80,299</b>	156,906
Payment	26.1.1	<b>(137,370)</b>	(141,451)
Closing balance		<b>43,616</b>	100,687
<b>26.1.1</b>			
This amount includes charity paid to Dawood Global Foundation amounting to Rs. 0.095 million (June 30, 2018: 0.098 million). Chief Executive and the Chairman of the Board of the Mobaraba are members of the Management Committee of Dawood Global Foundation.			
<b>26.2</b>			
This represents amount received from SKM Limited as token money for agreement to sale of investment property measuring 24- Kanals situated at Tehsil city, Lahore.			
<b>26.3</b>			
This represents rentals received in advance against the musharika facility as per the settlement agreement between Pak Hy Oil Limited and the Modaraba. Further, provision for doubtful receivable amounting to Rs.49.603 million has been reversed during the year in respect of this facility.			
<b>27 ACCRUED PROFIT ON BORROWINGS</b>			
Finance under musharaka arrangements		<b>397,274</b>	-
Finance under mark-up arrangements		<b>416,973</b>	-
Diminishing musharaka based TFCs		-	407,573
		<b>814,247</b>	407,573



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	Note	June 30, 2019	June 30, 2018
		----- (Rupees) -----	
<b>28</b>	<b>PROFIT DISTRIBUTION PAYABLE</b>		
	Unclaimed profit payable to certificate holders	<u><u>29,319,474</u></u>	<u><u>27,836,210</u></u>
<b>28.1</b>	As per Direction 16 of 2017 dated July 07, 2017, the SECP, pursuant to section 244 read with section 510 of the Companies Act 2017, directed all Companies to submit a statement to the Commission through e Service portal within 30 days of issue of this notification stating therein the number of amounts, as the case may be, which remains unclaimed or unpaid for a period of 3 years from the date it is due and payable as of 30th May, 2017 in respect of modaraba certificates, dividend declared by Modaraba and any other instrument. Further, SECP through their email dated July 19, 2018 notified the availability of eService portal for submission of aforesaid information immediately. Also, Regulation 10 of 'Unclaimed Shares, Modaraba Certificates, Dividend, Other Instruments and Undistributed Regulations, 2017' requires filing of annual return on 'Form-E' of all unclaimed dividends, shares, certificates and other instruments within 30 days of close of financial year, duly certified by their auditors and the aforesaid information i.e a searchable claimant wise statement having year-wise breakup of unclaimed shares, certificates, dividends etc. shall also be uploaded on website of the company. Further, Section 244 of Companies Act 2017 and the relevant regulations provide procedures to be followed for onward credit of unclaimed dividends due for more than three years to Federal Government.		
<b>29</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>29.1</b>	The Modaraba had received a legal notice from Innovative Investment Bank Limited (formerly: Crescent Standard Investment Bank Limited) which was addressed to previous Management Company (Financial Link Limited) of the Modaraba, wherein they had asked Modaraba to settle an outstanding balance of short-term borrowing amounting to Rs. 171.143 million (June 30, 2018: Rs. 171.143 million) along with the mark-up thereon on or before February 10, 2007. The management and the legal advisor of the Modaraba is confident that the matter will be decided in the favour of the Modaraba and, accordingly, no liability in respect of the above has been recognised in the financial statements.		
<b>29.2</b>	A commercial bank has lodged a claim of Rs. 1.090 million on account of excess mark-up paid to the Modaraba during previous years which is not accepted by the Modaraba. The Modaraba has also lodged a claim before the banking tribunal against the said commercial bank for short payment of mark-up to the Modaraba to the extent of Rs. 2.498 million (June 30, 2018: Rs. 2.498 million). The proceedings under both cases are pending to date. As a matter of abundant caution, full provision in respect of the said claim of commercial bank had been made by the Modaraba in 2015. During the prior year, bank balances have been written off against provision amounting to Rs. 1.090 million.		
<b>30</b>	<b>RENTAL INCOME</b>		
	Investment properties	30.1 <b>155,318,295</b>	139,344,157
	Lockers and custodial services	<b>36,777,275</b>	34,784,302
		<u><u>192,095,570</u></u>	<u><u>174,128,459</u></u>
<b>30.1</b>	This includes rental income amounting to Rs. 8.261 million (2018: Rs. 6.705 million) from management company, associated companies and other related parties.		
<b>31</b>	<b>RETURN ON INVESTMENTS - NET</b>		
	Dividend income	31.1 <b>12,296,498</b>	13,608,669
	Profit on debt securities	<b>2,443,569</b>	4,410,831
	Gain on sale of investments	<b>3,334,254</b>	14,112,595
		<u><u>18,074,321</u></u>	<u><u>32,132,095</u></u>



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	Note	June 30, 2019	June 30, 2018
----- (Rupees) -----			
<b>31.1 Dividend income</b>			
Abbot Laboratories Limited		<b>818,692</b>	1,713,554
AGP Limited		<b>11,563</b>	-
Agriauto Industries Limited		<b>143,790</b>	145,274
Al-Ghazi Tractors Limited		<b>17,616</b>	-
Archroma Pakistan Limited		<b>96,000</b>	119,315
Attock Refinery Limited		<b>18,369</b>	42,726
Bannu Wollen Mills Limited		<b>40,331</b>	94,524
Bestway Cement Limited		<b>46,586</b>	61,326
Burshane LPG (Pakistan) Limited		-	1,994
Cherat Cement Company Limited		<b>880</b>	220
Cherat Packaging Limited		<b>11,811</b>	-
Crescent Steel & Allied Products Limited		<b>46,995</b>	215,147
D.G. Khan Cement Company		<b>8,127</b>	-
Dolmen City REIT		<b>520,531</b>	834,350
Engro Corporation Limited		<b>34,359</b>	49,635
Fauji Cement Company Limited		<b>63,221</b>	87,019
Ferozsons Laboratories Limited		<b>66,794</b>	66,653
First Habib Modaraba		<b>60,000</b>	-
First UDL Modaraba		-	11,816
General Tyre & Rubber Company Limited		<b>26,995</b>	-
Ghani Glass Limited		<b>251,500</b>	163,100
Glaxosmithkline Consumer Healthcare (Private) Limited		<b>213,405</b>	216,035
GlaxoSmithKline (Pakistan) Limited		<b>1,136,264</b>	1,136,058
Highnoon Laborites Limited		<b>123,034</b>	8,159
ICI Pakistan Limited		<b>282,242</b>	134,444
International Steels Limited		<b>26,250</b>	24,997
ISE Tower REIT Management Company Limited		<b>439,713</b>	293,142
Ittefaq Iron Industries Limited		<b>40,947</b>	-
Ittehad Chemicals Limited		<b>39,600</b>	61,100
Kohinoor Textile Mills Limited		<b>26,473</b>	23,942
KSB Pumps Limited		<b>227,726</b>	-
Loads Limited		-	140,919
Lotte Pakistan Limited		<b>12,629</b>	-
Lucky Cement Limited		<b>49,546</b>	106,167
Maple Leaf Cement Factory Limited		<b>2,811</b>	4,373
Mari Gas Company Limited		<b>62,728</b>	62,708
Mari Petroleum Company Limited		<b>497</b>	-
Millat Tractors Limited		<b>431,438</b>	515,892
Mughal Iron & Steel Industries Limited		<b>301,562</b>	82,692
National Refinery		<b>409,761</b>	915,867
Nishat Mills Limited		<b>4,641</b>	2,116
Oil & Gas Development Company Limited		<b>157,185</b>	134,090
Orix Modaraba		<b>2,500</b>	2,700
Pak Elektron Limited		-	29,370
Pakistan International Container Limited		<b>30,715</b>	15,043



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	Note	June 30, 2019	June 30, 2018
----- (Rupees) -----			
Pakistan National Shipping Corporation		<b>12,097</b>	-
Pakistan Oxygen (formerly Linde Pakistan Limited)		<b>128,798</b>	107,080
Pakistan Petroleum Limited		<b>79,114</b>	347,573
Pakistan Telecommunication Company Limited		<b>66,590</b>	43,880
Roshan Packages Limited		-	91,497
Sazgar Engineering Works Limited		<b>32,000</b>	-
Service Industries Limited		<b>529,800</b>	564,220
Shell Pakistan Limited		<b>55,701</b>	202,891
Sitara Chemical Industries Limited		<b>206,604</b>	198,586
Sui Northern Gas Pipelines Limited		<b>382,207</b>	430,098
Systems Limited		<b>4,202,947</b>	3,634,876
The Hub Power Company Limited		<b>38,042</b>	107,892
The Searle Company Limited		<b>256,771</b>	363,609
		<b>12,296,498</b>	13,608,669
<b>32 REVERSAL OF PROVISION FOR DOUBTFUL RECEIVABLES</b>			
<b>Reversal during the year</b>			
Lease rentals	11.1	<b>116,000</b>	20,000
Musharaka	8.2	<b>51,978,781</b>	38,522,043
		<b>52,094,781</b>	38,542,043
<b>Less: Charged during the year</b>			
Ijarah	11.1	<b>(3,340)</b>	(39,661)
Musharaka	8.2	<b>(195,122)</b>	(320,579)
		<b>(198,462)</b>	(360,240)
		<b>51,896,319</b>	38,181,803
<b>33 OTHER INCOME</b>			
Gain on disposal of property and equipment - owned		<b>327,197</b>	744,839
Gain on disposal of non-current asset held for sale	17	<b>4,200,000</b>	-
Miscellaneous and other termination charges		<b>4,071,061</b>	414,301
Others		-	10,494,151
		<b>8,598,258</b>	11,653,291
<b>34 ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances and other benefits	34.2	<b>71,285,188</b>	70,030,366
Traveling and conveyance		<b>42,135</b>	129,461
Entertainment		<b>1,251,842</b>	1,293,363
Electricity, water and gas		<b>6,177,698</b>	2,304,516
Telephone and fax		<b>354,233</b>	519,950
Postage and courier		<b>256,403</b>	425,192
Stationery and printing		<b>1,173,297</b>	1,587,566
Computer expenses		<b>520,444</b>	523,091
Fees and subscriptions		<b>4,580,880</b>	5,218,355
Takaful		<b>4,773,518</b>	3,924,065
Repairs and maintenance		<b>5,083,656</b>	1,361,506
Rent, rates and taxes		<b>2,468,640</b>	2,639,390
Security expenses		<b>879,204</b>	992,216



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	Note	June 30, 2019	June 30, 2018
----- (Rupees) -----			
Brokerage and commission		<b>882,904</b>	744,966
Legal and professional charges		<b>2,609,755</b>	2,809,628
Auditor's remuneration	34.1	<b>1,558,500</b>	1,374,474
Depreciation on owned assets	5.1	<b>10,595,580</b>	10,183,406
Depreciation on investment properties	6.1	<b>32,632,059</b>	32,300,174
Others	34.3	<b>2,482,289</b>	1,089,862
		<b><u>149,608,225</u></b>	<u>139,451,547</u>
<b>34.1 Auditor's remuneration</b>			
Audit fee		<b>957,000</b>	778,000
Limited review, special reports, certification and sundry advisory services		<b>433,500</b>	385,050
Out of pocket expenses		<b>168,000</b>	211,424
		<b><u>1,558,500</u></b>	<u>1,374,474</u>

**34.2** During the year, the Modaraba contributed Rs. 3.106 million (June 30, 2018: Rs. 2.940 million) to the provident fund.

**34.2.1 Disclosures relating to provident fund**

Size of the fund	<b>148,864,984</b>	139,095,148
Fair value of investments	<b>125,655,503</b>	125,996,323

**Break-up of investments**

Government securities	<b>25,000,000</b>	25,000,000
Term finance certificates	<b>22,027,760</b>	13,688,232
Investment in sukuk	<b>7,464,026</b>	18,612,679
Listed securities	<b>21,761,709</b>	20,908,766
Unlisted securities	-	741,000
Mutual funds	<b>49,402,007</b>	47,045,646

**Break-up of investments**

	<b>% of Size of fund</b>	
Government securities	<b>19.90%</b>	19.84%
Term finance certificates	<b>17.53%</b>	10.86%
Investment in sukuk	<b>5.94%</b>	14.77%
Listed securities	<b>17.32%</b>	16.59%
Unlisted securities	<b>0.00%</b>	0.59%
Mutual Funds	<b>39.32%</b>	37.34%

**34.2.2** The figures for 2019 are based on the unaudited financial statements of the provident fund. Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

**34.3** This amount includes charity paid to Dawood Global Foundation amounting to Rs. 0.80 million. Chief Executive and the Chairman of the Board of the Mobaraba are members of the Management Committee of Dawood Global Foundation.



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<b>35 FINANCIAL CHARGES</b>	<b>Note</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
		----- (Rupees) -----	
Profit on:			
Finance under musharaka arrangement		<b>21,101,540</b>	1,688,961
Diminishing musharaka based TFCs		<b>2,784,633</b>	8,982,631
Finance under mark-up arrangement		<b>2,434,740</b>	1,159,041
Bank charges and commission		<b>100,100</b>	9,525
		<b>26,421,013</b>	<b>11,840,158</b>
<b>36 REVERSAL OF IMPAIRMENT</b>			
Reversal of impairment during the year			
Investment property	6.1	<b>11,864,726</b>	6,804,631
		<b>11,864,726</b>	<b>6,804,631</b>

**37 MODARABA MANAGEMENT COMPANY'S FEE**

In accordance with the Modaraba Companies and Modaraba Rules, 1981, a management fee at the rate of 10% of annual profits is payable to the Management Company. Accordingly, modaraba has recognised a liability of Rs. 5.159 million for the year (June 30, 2018 : Rs. 7.469 million) which increased the liability to Rs. 5.159 million. Furthermore during the year, an amount of Rs. 0.670 million was charged on account of sales tax on management fee (June 30, 2018 : Rs. 0.971 million) which increased the liability to Rs. 0.670 million levied through Sindh Sales Tax on Services Act, 2011.

**38 PROVISION FOR SINDH WORKERS' WELFARE FUND**

The Finance Act, 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. As a result of these amendments, Workers' Welfare Fund (WWF) is payable at the rate of 2% of the profit before taxation as per the financial statements or taxable income as per the return of income, whichever is higher. The Sindh Assembly, on June 04, 2015, passed the Sindh Workers Welfare Fund Act, 2014 (the SWWF Act). As per Section 5(1) of the WWF Act, contributions are payable with effect from the date of closing of account on or after December 31, 2013, that corresponds to Modaraba's accounting year ended on June 30, 2014. During the year, the management has made a provision of Rs. 0.915 million (June 30, 2018: 1.325 million) in respect of this liability. Moreover, liability in respect of WWF under the repealed WWF Ordinance and the SWWF Act up to June 30, 2019 has been recorded and disclosed in the financial statement amounting to Rs. 6.464 million.

**39 TAXATION**

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

The Additional Commissioner Inland Revenue has amended the assessment under section 122(5)(A) of the Income Tax Ordinance, 2001 for the Tax Year 2005 by creating demand of Rs. 954,036. The Modaraba has filed appeal before the Commissioner Inland Revenue (Appeals-I) and decision of the Commissioner Inland revenue (Appeals-I) was made in favour of the Modaraba. Further, the Department has filed appeal before the Appellate Tribunal, Inland revenue and the hearing of appeal is still pending.

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



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Assessment for the Tax Year 2012 was selected for audit by Deputy Commissioner (IR), Audit Unit-IV, under section 122(5)(A). The Deputy Commissioner (IR) vide order dated June 30, 2018 has amended the assessment for the Tax Year 2012 thereby creating a demand of Rs. 5,908,802. The Modaraba has filed an appeal before the Commissioner Appeals against the said demand which is pending adjudication. The Commissioner Appeals has remanded back the order setting aside the demand by Deputy Commissioner (IR). Appeal effect order under section 122 / section 125 is still pending.

No provision have been made in these regards against the above demand by the authority as the management is confident that the decision will be made in the favour of modaraba.

#### 40 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

The earnings per certificate as required under IAS 33 "Earnings per share" is given below:

	<b>June 30, 2019</b>	<b>June 30, 2018</b>
	----- (Rupees) -----	
Profit for the year (Rupees)	<b>44,843,343</b>	64,924,152
	<b>Number of certificates</b>	<b>Number of certificates</b>
Weighted average number of certificates outstanding	<b>86,362,263</b>	86,362,263
Earnings per certificate - Basic and diluted (Rupees)	<b>0.52</b>	0.75

There were no convertible dilutive potential ordinary certificates outstanding as on June 30, 2019 and 2018 which have dilutive effect on earnings per certificate.

#### 41 REMUNERATION OF OFFICERS AND EXECUTIVES

Remuneration	<b>20,418,000</b>	18,867,350
Medical expenses	<b>408,000</b>	402,000
Retirement benefits	<b>1,361,201</b>	1,006,801
	<b>22,187,201</b>	20,276,151
Number of officers / executives at the end of the year	<b>7</b>	7

#### 42 FUTURE MINIMUM LEASE RENTALS RECEIVABLES

Future minimum lease rentals receivable on the basis of lease agreements executed up to June 30, 2019 are as follows:

Receivable - not later than one year	<b>9,529,327</b>	38,455,091
Receivable - later than one year and not later than five year	<b>4,811,084</b>	14,454,027
	<b>14,340,411</b>	52,909,118

## **43 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

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

### **43.1 Market risk**

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

### **43.2 Profit rate risk**

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. As of June 30, 2019 the Modaraba's exposure to the risk of changes in market interest rates relates primarily to bank balances in saving accounts, musharaka and murabaha agreements and debt securities. The bank balances in saving accounts are subject to profit rates as declared by the respective banks on yearly basis while, the musharaka and murabaha agreements and debt securities are subject to floating profit rates. As at June 30, 2019 approximately 15.27% (2018: 15.27%) of the Modaraba's financial assets are subject to floating profit rates. The management of the Modaraba estimates that an increase of 100 basis points in the market profit rate, with all other factors remaining constant, would increase the Modaraba's income by Rs. 0.677 million (2018: Rs. 0.807 million) and a decrease of 100 basis points would result in a decrease in the Modaraba's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

### **43.3 Foreign currency risk**

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

### **43.4 Equity price risk**

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

At the balance sheet date, the exposure to listed equity securities is Rs. 460.644 million (2018: Rs. 576.280 million). Management of the Modaraba estimates that 5% increase or decrease in the overall equity prices in the market with all other factors remaining constant would result in increase or decrease of Modaraba's net assets by Rs. 22.221 million (2018: Rs. 28.003 million). However, in practice, the actual results may differ from the sensitivity analysis.



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**43.5 Segment by class of business for investment in equity securities**

	2019		2018	
	Rupees	%	Rupees	%
Automobile assembler	7,783,150	1.69%	11,610,149	2.01%
Automobile parts & accessories	5,703,277	1.24%	9,734,005	1.69%
Cable & electrical goods	592,592	0.13%	535,446	0.09%
Cement	27,751,826	6.02%	35,035,193	6.08%
Chemical	19,979,415	4.33%	24,577,688	4.26%
Commercial banks	-	0.00%	3,478	0.00%
Engineering	13,762,681	2.98%	36,376,140	6.31%
Fertilizer	-	0.00%	941,580	0.16%
Financial services	14,976,195	3.25%	14,976,195	2.60%
Food & personal care products	2,698,974	0.59%	5,387,488	0.93%
Glass & ceramics	2,724,900	0.59%	3,003,816	0.52%
Leather & tanneries	10,890,039	2.36%	13,862,747	2.41%
Miscellaneous	190,509	0.04%	-	0.00%
Modarabas	91,004	0.02%	221,760	0.04%
Oil & gas exploration companies	23,192,131	5.03%	27,705,920	4.81%
Oil & gas marketing companies	9,341,154	2.03%	13,949,498	2.42%
Open-end mutual funds	23,221,027	5.04%	25,980,122	4.51%
Paper & board	1,800,834	0.39%	2,861,171	0.50%
Pharmaceuticals	57,157,030	12.39%	102,403,012	17.77%
Power generation & distribution	4,945,225	1.07%	5,582,933	0.97%
Real estate investment trust	4,139,190	0.90%	5,250,300	0.91%
Refinery	5,275,948	1.14%	19,563,331	3.39%
Synthetic and rayon	317,400	0.07%	116,270	0.02%
Technology & communication	222,440,396	48.23%	213,869,424	37.11%
Textile composite	422,723	0.09%	863,983	0.15%
Transport	1,164,119	0.25%	922,840	0.16%
Woollen	612,000	0.13%	945,250	0.16%
	<b>461,173,739</b>	<b>100%</b>	<b>576,279,739</b>	<b>100%</b>

**43.6 Liquidity risk**

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

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

2019	Profit rate	Six months or less	Six to Twelve months	One to five years	Over five years	Total contractual cash flows
Rupees						
Long term loan	-	63,668,000	68,848,684	-	-	<b>132,516,684</b>
Musharaka, murabaha and finance under mark-up arrangements	-	-	-	-	-	-
Diminishing musharaka based TFCS	1 month KIBOR + 1%	-	-	-	-	-
Creditors, accrued and other liabilities	-	-	138,607,007	-	-	<b>138,607,007</b>
Accrued profit on borrowing	-	814,247	-	-	-	<b>814,247</b>
Profit distribution payable	-	29,319,474	-	-	-	<b>29,319,474</b>
Total		<b>93,801,721</b>	<b>207,455,691</b>	-	-	<b>301,257,412</b>



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2018	Profit rate	Six months or less	Six to Twelve months	One to five years	Over five years	Total contractual cash flows
		Rupees				
Long term loan	-	13,768,000	13,768,000	128,616,684	-	156,152,684
Musharaka, murabaha and finance under mark-up arrangements	-	46,888,223	46,888,223	28,225,802	-	122,002,248
Diminishing musharaka based TFCs	1 month KIBOR + 1%	36,224,922	36,224,922	-	-	72,449,844
Creditors, accrued and other liabilities	-	-	217,445,463	-	-	217,445,463
Accrued profit on borrowing	-	407,573	-	-	-	407,573
Profit distribution payable	-	27,836,210	-	-	-	27,836,210
<b>Total</b>		<b>125,124,928</b>	<b>314,326,608</b>	<b>156,842,486</b>	<b>-</b>	<b>596,294,022</b>

**43.7 Credit risk**

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

	June 30, 2019	June 30, 2018
	----- (Rupees) -----	
Musharaka finance	<b>59,356,040</b>	48,567,794
Short-term investments	<b>541,862,200</b>	705,241,075
Lease rentals receivables	<b>906,290</b>	955,181
Loans, advances and other receivables	<b>23,219,758</b>	28,305,783
Accrued profit	<b>406,957</b>	515,836
Bank balances	<b>41,899,413</b>	20,035,268
	<b>667,650,658</b>	803,620,938

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Modaraba's total credit exposure.

The Modaraba's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The table below analyses the Modaraba's concentration of credit risk by industrial distribution:

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

	2019		2018	
	Rupees	%	Rupees	%
Oil and gas	<b>1,109,640</b>	<b>2.48%</b>	1,109,640	1.39%
Transport	<b>4,986,087</b>	<b>11.14%</b>	4,986,087	6.25%
Food and confectioneries	<b>600,000</b>	<b>1.34%</b>	600,000	0.75%
Engineering and metals	<b>78,500</b>	<b>0.18%</b>	78,500	0.10%
Power generation & Energy	<b>827,984</b>	<b>1.85%</b>	-	0.00%
Miscellaneous	<b>37,172,041</b>	<b>83.02%</b>	73,014,004	91.51%
	<b>44,774,252</b>	<b>100%</b>	79,788,231	100%



#### 43.7.2 Segment by class of business for musharaka and murabaha finances

	2019		2018	
	Rupees	%	Rupees	%
Textile industry	10,843,686	6.66%	12,842,553	6.30%
Oil and lubricants	21,214,417	13.02%	51,937,330	25.47%
Chemical and pharmaceutical	32,092,808	19.70%	32,341,761	15.86%
Engineering	26,357,459	16.18%	27,057,459	13.27%
Auto and transportation	3,717,586	2.28%	1,973,080	0.97%
Hospitality business	9,471,425	5.81%	9,471,425	4.64%
Miscellaneous	59,226,790	36.35%	68,295,976	33.49%
	<b>162,924,171</b>	<b>100%</b>	203,919,584	100%

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

	2019		2018	
	Rupees	%	Rupees	%
Electricity	-	0.00%	35,491,785	64.10%
Miscellaneous	1,245,953	100.00%	19,878,966	35.90%
	<b>1,245,953</b>	<b>100%</b>	55,370,751	100%

#### 43.8 Financial instruments by category

	June 30, 2019	June 30, 2018
	----- (Rupees) -----	
<b>Financial assets</b>		
<b>Amortised cost</b>		
Long-term deposits	3,037,310	5,637,310
Musharaka finance	59,356,040	48,567,794
Ijarah / lease rental receivable	906,290	955,181
Loans and advances	19,856,999	22,451,665
Accrued profit	406,957	515,836
Other receivables	9,550,113	3,541,507
Cash and bank balances	42,027,988	20,221,135
<b>FVTOCI</b>		
Short-term investments	400,601,338	491,629,018
<b>FVTPL</b>		
Short-term investments	140,730,861	213,612,057
Derivative financial instruments	530,001	-
	<b>677,003,896</b>	807,131,503
<b>Financial liabilities</b>		
<b>Amortised cost</b>		
Long term loan	132,516,684	156,152,684
Diminishing musharaka based term finance certificates	-	72,449,843
Murabaha, musharaka and finance under mark-up arrangements	79,677,418	122,002,248
Creditors, accrued and other liabilities	138,607,007	217,445,463
Accrued profit on borrowings	814,247	407,573
Profit distribution payable	29,319,474	27,836,210
	<b>380,934,830</b>	596,294,021



#### 44 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

The carrying values of all financial assets and liabilities reflected in the financial statements are approximate to their fair values except for held to maturity investments. Fair value is determined on the basis of the objective evidence at each required date. The following table compares the carrying amounts and fair values of the Modaraba's financial assets and financial liabilities as at June 30, 2019 :

	As at June 30, 2019		As at June 30, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
<b>Loans and receivables at amortised cost</b>				
Long-term deposits	3,037,310	3,037,310	5,637,310	5,637,310
Musharaka finance	59,356,040	59,356,040	48,567,794	48,567,794
Ijarah / lease rental receivable	906,290	906,290	955,181	955,181
Loans and advances	20,182,448	20,182,448	22,668,473	22,668,473
Accrued profit	406,957	406,957	515,836	515,836
Other receivables	9,550,113	9,550,113	3,541,507	3,541,507
Cash and bank balances	42,027,988	42,027,988	20,221,135	20,221,135
<b>Fair value through OCI</b>				
Short-term investments	319,912,877	319,912,877	340,182,019	362,667,682
<b>Fair value through profit and loss</b>				
Short-term investments	141,260,862	141,260,862	205,246,768	213,612,057
<b>Financial liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Diminishing musharaka based term finance certificates	-	-	72,449,843	72,449,843
Murabaha, musharaka and finance under mark-up arrangements	79,677,418	79,677,418	122,002,248	122,002,248
Creditors, accrued and other liabilities	138,607,007	138,607,007	217,445,463	217,445,463
Accrued profit on borrowings	814,247	814,247	407,573	407,573
Profit distribution payable	29,319,474	29,319,474	27,836,210	27,836,210

##### 44.1 Fair value hierarchy

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



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

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

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

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

As at June 30, 2019, the Modaraba held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
<b>Rupees</b>				
<b>Investments at FVTPL</b>				
Listed ordinary shares	140,730,861	-	-	<b>140,730,861</b>
Derivative financial instruments	530,001	-	-	<b>530,001</b>
<b>Investments at FVOCI</b>				
Listed ordinary shares - net	319,912,877	-	-	<b>319,912,877</b>
Unlisted ordinary shares	-	-	95,664,656	<b>95,664,656</b>
Debt securities	-	1,245,953	-	<b>1,245,953</b>
	<u>461,173,739</u>	<u>1,245,953</u>	<u>95,664,656</u>	<b><u>558,084,348</u></b>

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

	Level 1	Level 2	Level 3	Total
<b>Rupees</b>				
<b>Investments at FVTPL</b>				
Listed ordinary shares	213,612,057	-	-	<b>213,612,057</b>
<b>Investments at FVOCI</b>				
Listed ordinary shares - net	362,667,682	-	-	<b>362,667,682</b>
Unlisted ordinary shares	-	-	89,812,733	<b>89,812,733</b>
Debt securities	-	55,370,751	-	<b>55,370,751</b>
	<u>576,279,739</u>	<u>55,370,751</u>	<u>89,812,733</u>	<b><u>721,463,223</u></b>

**Valuation techniques**

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

**Transfers during the year**

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

The following table presents the movement in level 3 instruments.

	June 30, 2019	June 30, 2018
	----- (Rupees) -----	
Opening balance	<b>89,812,733</b>	88,370,817
Redemption / sales during the year	-	-
Unrealized gain / (loss) during the year	<b>5,851,923</b>	1,441,917
Impairment during the year	-	-
Closing balance	<b><u>95,664,656</u></b>	<u>89,812,733</u>



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**45 CAPITAL RISK MANAGEMENT**

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

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

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

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

	<b>June 30, 2019</b>	<b>June 30, 2018</b>
	----- (Rupees) -----	
Debts	<b>212,194,102</b>	350,604,775
Cash and bank balances	<b>(42,027,988)</b>	(20,221,135)
Net debt	<b>170,166,114</b>	330,383,640
Equity	<b>1,373,745,817</b>	1,391,898,797
Net debt to equity ratio	<b>0.12</b>	0.24

**46 RELATED PARTY TRANSACTIONS**

The Modaraba has related party relationship with its Management Company, associated undertakings, employee benefit plans, and its key management personnel.

The details of related party transactions and balances as at June 30, 2019 are as follows:

<b>Relationship with the Modaraba</b>	<b>Nature of transactions</b>		
<b>Transactions during the year</b>			
<b>Management Company</b>			
BRR Investment (Private) Limited	Management fee accrued	<b>5,158,795</b>	7,468,899
BRR Investment (Private) Limited	Management fee paid	<b>7,468,899</b>	19,921,896
BRR Investment (Private) Limited	Rent received	<b>300,000</b>	300,000
BRR Investment (Private) Limited	Advance received	<b>63,500,000</b>	55,200,000
BRR Investment (Private) Limited	Advance repaid	<b>63,500,000</b>	55,200,000
<b>Subsidiary Company</b>			
BRR Financial Services (Private) Limited	Preliminary expenses repaid	-	545,670
BRR Financial Services (Private) Limited	Loan received	<b>3,900,000</b>	66,500,000
BRR Financial Services (Private) Limited	Loan repaid	-	20,500,000
BRR Financial Services (Private) Limited	Profit repaid	<b>2,017,767</b>	1,159,041



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		<b>June 30, 2019</b>	<b>June 30, 2018</b>
		----- (Rupees) -----	
<b>Associated companies / other related parties</b>			
Dawood Family Takaful Limited	Rent Received against property	<b>5,179,563</b>	4,601,043
Dawood Family Takaful Limited	Sale of sukuk	<b>17,428,520</b>	6,000,000
Dawood Family Takaful Limited	Principal paid against investment in sukuk	<b>15,424,391</b>	18,779,220
Dawood Family Takaful Limited	Profit paid against investment in sukuk	<b>679,852</b>	2,002,797
Dawood Family Takaful Limited	Group life insurance paid	<b>299,205</b>	136,374
Dawood Family Takaful Limited	Musharaka finance received	<b>50,000,000</b>	-
Dawood Family Takaful Limited	Profit paid on Musharaka finance	<b>529,096</b>	-
First Dawood Investment Bank Limited	Rent received against property	<b>818,400</b>	818,400
First Dawood Investment Bank Limited	Share of common expenses - net	<b>224,558</b>	175,170
First Dawood Investment Bank Limited	Principal paid against investment in sukuk	<b>8,785,506</b>	10,696,368
First Dawood Investment Bank Limited	Profit paid against investment in sukuk	<b>386,105</b>	1,140,746
First Dawood Employees Provident Fund	Transfer to provident fund	<b>3,106,191</b>	2,940,151
First Dawood Employees Provident Fund	Principal paid against investment in sukuk	<b>7,214,903</b>	8,784,156
First Dawood Employees Provident Fund	Profit paid against investment in sukuk	<b>318,007</b>	936,814
Hamida Dawood	Principal paid against investment in sukuk	<b>2,368,062</b>	2,883,120
Hamida Dawood	Profit paid against investment in sukuk	<b>104,376</b>	307,478
System Limited	Dividend Received	<b>4,207,154</b>	3,634,876
Hydrochina Dawood Power (Private) Limited	Rent Received	<b>3,600,000</b>	66,550
Dawood Global Foundation	Charity paid	<b>898,883</b>	98,451



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Relationship with the Modaraba	Nature of balances	June 30, 2019	June 30, 2018
		----- (Rupees) -----	
<b>Year end balances</b>			
<b>Management Company</b>			
BRR Investments (Private) Limited	Management fee payable	<b>5,158,795</b>	7,468,899
<b>Subsidiary Company</b>			
BRR Financial Services (Private) Limited	Loan payable	<b>49,900,000</b>	46,000,000
BRR Financial Services (Private) Limited	Profit payable	<b>416,973</b>	-
<b>Associated companies / other related parties</b>			
First Dawood Investment Bank Limited	Principal payable against investment in sukuk	-	8,785,497
First Dawood Investment Bank Limited	Profit payable against investment in sukuk	-	49,363
First Dawood Employees Provident Fund	Principal payable against investment in sukuk	-	7,214,902
First Dawood Employees Provident Fund	Profit payable against investment in sukuk	-	40,594
Dawood Family Takaful Limited	Principal payable against investment in sukuk	-	15,424,391
Dawood Family Takaful Limited	Profit payable against investment in sukuk	-	86,788
Dawood Family Takaful Limited	Advance rental against investment property	<b>48,240</b>	-
Dawood Family Takaful Limited	Musharaka finance	<b>50,000,000</b>	-
Dawood Family Takaful Limited	Accrued profit on musharaka	<b>397,274</b>	-
Hamida Dawood	Principal payable against investment in sukuk	-	2,368,055
Hamida Dawood	Profit payable against investment in sukuk	-	13,325
Hydrochina Dawood Power (Private) Limited	Advance rental	-	13,915
Hydrochina Dawood Power (Private) Limited	Rental receivable	<b>65,945</b>	-



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### **Group shared services**

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

### **47 SEGMENT REPORTING**

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

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

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

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

### **48 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors of the Management Company in their meeting held on September 30, 2019 have approved profit distribution at the rate of 2.4% i.e. Re. 0.24 (2018: at the rate of 3.4% i.e. Re. 0.34 per certificate) for the year ended June 30, 2019. These financial statements do not reflect this distribution.

### **49 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on **September 30, 2019** by the Board of Directors of B.R.R. Investment (Private) Limited.

### **50 CORRESPONDING FIGURES**

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

### **51 NUMBER OF EMPLOYEES**

The number of employees as at year end was 64 (2018: 59) and average number of employees during the year was 62 (2018: 69).

### **52 GENERAL**

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

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

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**Rafique Dawood**  
Chairman

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**Ayaz Dawood**  
Chief Executive Officer

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**Syed Ali Raza**  
Director

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**Syed Tariq Masood**  
Chief Financial Officer

**Consolidated Financial Statements**  
**For The Year Ended**  
**June 30, 2019**



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## DIRECTORS' REPORT

On behalf of the Board of Directors of B.R.R. Investment (Private) Limited ('BRRRI' or 'the company'), manager of B.R.R. Guardian Modaraba ('BRRGM' or 'the Modaraba'), it gives us great pleasure to present to you the Annual Report and Audited Financial Statements for the year ended June 30, 2019.

### MODARABA'S PERFORMANCE:

Summary of the comparative financial performance is given below :

	June 2019	June 2018
	.....Rupees.....	
<b>Rental Income from Investment properties</b>	<b>155,318,295</b>	<b>139,344,157</b>
<b>Rental Income from lockers and custodial services</b>	<b>36,777,275</b>	<b>34,784,302</b>
<b>Profit Before Management Fee &amp; WWF</b>	<b>51,058,973</b>	<b>74,942,958</b>
<b>Management Fee</b>	<b>5,158,795</b>	<b>7,468,899</b>
<b>Sales Tax on Management Fee</b>	<b>670,643</b>	<b>970,957</b>
<b>Provision for Workers' Welfare Fund</b>	<b>915,170</b>	<b>1,324,983</b>
<b>Profit After Management Fee &amp; WWF</b>	<b>44,314,365</b>	<b>65,178,119</b>
<b>Earning per certificate</b>	<b>0.51</b>	<b>0.75</b>

During the fiscal year under review Alhamdulillah, your Modaraba has paid off its outstanding principal and profit of diminishing musharaka based term finance certificates amounting to Rs. 800 Million issued to build B.R.R Tower. As of June 30, 2019 the Modaraba has total outstanding liability of only Rs. 212.194 Million.

Furthermore, it is pertinent to mention that;

- From August 2017, B.R.R Tower has been fully rented out to blue chip companies.
- BRR Guardian Modaraba has premier facility of safe deposit locker known as 'BRR Security Vault' which has been successfully in operation and completed its 30 years of services since 1989.
- During the year, Modaraba has received foreign remittance of Rs. 10.213 million in rent from overseas parties.

### Dividend:

The Board is pleased to announce Re. 0.24 per certificate cash dividend for the year ended June 30, 2019 versus Re. 0.34 per certificate last year.

### NATURE OF BUSINESS AND MARKET DYNAMICS:

B.R.R. Guardian Modaraba (BRRGM) is amongst the pioneer in Modaraba's of Pakistan. It was founded in 1983 on the concept of perpetual Modaraba.

Our prestigious B.R.R. TOWER, is a 20-storey state of the art building reflects the Islamic architecture through its three arches and is a manifest addition in the financial district of Karachi, i.e. at I. I. Chundrigar Road. It is first-of-its-kind because of 'Energy Efficient' and 'Partially Green Building'.

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

## **ECONOMIC REVIEW**

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

The outgoing fiscal year 2018-19 witnessed a muted growth of 3.29 percent against the ambitious target of 6.2 percent. The foremost challenge to the economy is the rising aggregate demand without corresponding resources to support it, leading to rising fiscal and external account deficits. To address the issue of severe macroeconomic instability and to put the economy on the path of sustained growth and stability, the government has introduced a comprehensive set of economic and structural reform measures. The impact of macroeconomic adjustment policies, such as monetary tightening, exchange rate adjustment, expenditure control and enhancement of regulatory duties on non-essential imports, started to become visible this year. These steps have served to bring some degree of stability and have also helped in reducing economic uncertainty.

## **STRATEGY FOR BUSINESS SUSTAINABILITY**

As our business strategy, we shall remain focused on following areas in FY 2019 -2020:

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

## **MARKET SHARE INFORMATION :**

<b>Total Assets Of Modaraba Sector</b>	
<b>Financial Year</b>	<b>Rupees in Million</b>
2014	30,212
2015	30,736
2016	36,806
2017	44,016
2018	52,670



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The market share of BRRGM as per the MAP Year Book 2018 of NBFI & Modaraba Association of Pakistan for the financial year ended June 30th, 2018 is presented below :

	Rupees in million		% of BRRGM's share to all modarabas
	Combined position of 26 modarabas	BRRGM's share	
Total Equity	22,712	1,392	6.13%
Total Assets	52,670	2,082	3.95%
Net Profit	776	65	8.38%

Even with 6.13% of the sector equity, we were able to generate 8.38% of the sectors profitability.

### **RESOURCES, OPPORTUNITIES, BUSINESS RISKS AND MITIGANTS:**

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

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

Your Management Company has implemented provisions of the code of corporate governance relevant for the year ended June 30, 2019. The external auditors review report on the statement of compliance with the code of corporate governance is annexed with this report.

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

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



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## **TRADING / DEALING IN CERTIFICATE OF MODARABA:**

During the fiscal year, no trade in the certificate of the Modaraba was carried out by the Directors, CFO, Company Secretary, and their spouses of minor children except the CEO has purchased 1,000,000 BRRGM's Certificates and 1,179,693 BRRGM's Certificates has been issued due to amalgamation of CSM with and into BRRGM. Chairman has purchased 320,000 BRRGM's Certificates and 12,740 BRRGM's Certificates has been issued (through his wife) due to amalgamation of CSM with and into BRRGM respectively.

## **CODE OF CONDUCT:**

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

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

## **STAFF RETIREMENT BENEFITS:**

BRR Guardian Modaraba operates a Provident Fund scheme for all permanent employees. The value of investments as at June 30, 2019 is Rs 125.656 million (2018 : Rs. 125.996 million).

## **POST BALANCE SHEET EVENTS:**

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

## **TRANSACTION WITH CONNECTED PERSONS / RELATED PARTIES:**

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

## **AUDITORS:**

We would also like to apprise the certificate-holders that on recommendation of Audit Committee M/s Horwath Hussain Chaudhury & Co - Chartered Accountants have been appointed as auditors for the year ended 2019-20 subject to approval of Registrar Modaraba Companies and Modarabas.

## **KEY OPERATING AND FINANCIAL DATA:**

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

## **RISK MANAGEMENT FRAMEWORK:**

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

## Board of Directors Meetings

The status of Board of Directors Meetings is as follows:

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

Meeting of Board had been held as on October 31, 2018 for the year ended June 30, 2018 and 1st quarter ended September 30, 2018.

## Audit Committee Meetings

The status of Board Audit Committee Meetings is as follows

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

Meeting of Board had been held as on October 31, 2018 for the year ended June 30, 2018 and 1st quarter ended September 30, 2018.

## INTERNAL CONTROL AND AUDIT FUNCTION:

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

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

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

## FUTURE PROSPECTS:

As a Modaraba we aim to increase our corporate value through sustainable growth, offering innovative services and fully Shariah Compliant products. To underscore the success of the management strategic growth plan, BRR continues to post satisfactory financial results exceeding the average growth ratios of peer companies of the country.

The above serves to underline the Modaraba's relentless drive, ambition and passion to deliver what really matters to its stakeholders.

### **HUMAN RESOURCE MANAGEMENT POLICIES & SUCCESSION PLANNING:**

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

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

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

### **SUCCESSION PLAN:**

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

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

### **CORPORATE SUSTAINABILITY:**

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

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

### **CORPORATE SOCIAL RESPONSIBILITY:**

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

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



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## **HEALTH, SAFETY & ENVIRONMENT**

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

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

## **PATTERN OF CERTIFICATE HOLDING:**

The pattern of certificate holding as on June 30, 2019 along with disclosure as required under the Code of Corporate Governance is annexed.

## **DIRECTORS' TRAINING PROGRAM**

All the directors of the board are having more than 14 years of education including Two out of four Directors duly approved PICG and ICMA i.e. 50% and more than 20 years of experience. Further, the directors of the company have been provided with copies of the Code of Corporate Governance, Modaraba Rules, Company's Memorandum and Articles of Association, Modaraba Prospectus and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Modaraba, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities.

## **CONCLUSION & APPRECIATION:**

Looking ahead, 2019-20 we will strive to enhance market outreach and add quality assets through customer base portfolio and renting out properties. We always adopt best practices in its endeavor to create certificate holders wealth and gain market-confidence. BRRGM remains determined in maintaining its status amongst the top tier Modarabas of the country and committed for its smooth operations.

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

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**Syed Ali Raza**  
Director

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**Ayaz Dawood**  
Chief Executive Officer

September 30, 2019  
Karachi.

## ڈائریکٹرز کی رپورٹ

بی.آر.آر. انویسٹمنٹ (پرائیویٹ) لمیٹڈ ("بی آر آر آئی" یا کمپنی)، بورڈ آف ڈائریکٹرز کی طرف سے، بی آر آر گارجین مضاربہ (بی آر آر جی ایم) کے مینیجر کی حیثیت سے ہم جون 30، 2019 کو ختم ہونے والے سال کی سالانہ رپورٹ اور آڈٹ کئے گئے مالیاتی گوشوارے پیش کرتے ہوئے بے حد مسرت محسوس کر رہے ہیں۔

## مضاربہ کی کارکردگی

تفیلی مالیاتی کارکردگی کا خلاصہ مندرجہ ذیل ہے:

	جون 30، 2018	جون 30، 2019	
	پاکستانی روپے میں		
	139,344,157	155,318,295	جائیداد میں سرمایہ کاری سے حاصل کرائے کی آمدن
	34,784,302	36,777,275	لا کر ز اور تحویلاتی خدمات سے حاصل کرائے کی آمدن
	74,942,958	51,058,973	منافع قبل از انتظامیہ کی فیس اور ڈیبو ڈیبو ایف
	7,468,899	5,158,795	انتظامیہ کی فیس
	970,957	670,643	انتظامیہ فیس پر سٹریٹجس
	1,324,983	915,170	ورکرز ویلفیئر فنڈ کی فراہمی
	65,178,119	44,314,365	منافع بعد از انتظامیہ کی فیس اور ڈیبو ڈیبو ایف
	0.75	0.51	نفع فی سٹریٹجکٹ

الحمد للہ زیر نظر مالی سال کے دوران آپ کے مضاربہ نے بی.آر.آر. گارجین مضاربہ کی بنیاد پر جاری شدہ 800 ملین روپے رقم کے ٹرم فنانس سرٹیفیکٹ کی بقایا اصل رقم اور منافع ادا کر دی ہیں۔ جون 30، 2019 پر مضاربہ کی کل واجب الادا رقم صرف 212.194 ملین روپے ہے۔

مزید براں، یہ ذکر کرنا مناسب ہے کہ:

- اگست 2017 سے بی.آر.آر. گارجین مضاربہ پر مشہور کمپنیوں کو کرائے پر دے دیا گیا ہے۔
- بی آر آر گارجین مضاربہ کے پاس "بی آر آر سیکورٹی وائلٹ" کے نام سے سب سے بہترین سیف ڈپازٹ لا کر کی سہولت موجود ہے جو 1989 سے کامیابی کے ساتھ چل رہا ہے اور خدمات کے 30 سال مکمل کر چکا ہے۔
- اس سال کے دوران، مضاربہ نے بیرون ملک پارٹیوں سے کرائے کی مد میں 10.213 ملین روپے مالیت کی غیر ملکی ترسیلات زر وصول کی ہیں۔



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## ڈیویڈنڈ

بورڈ آف ڈائریکٹرز گزشتہ برس کے 0.34 روپے کے مقابلے میں 30 جون، 2019 کو ختم ہونے والے سال کے لیے فی سرٹیکٹ 0.24 روپے نقد ڈیویڈنڈ کا اعلان کرتے ہیں۔

## کاروبار کی نوعیت اور مارکیٹ ڈائنامکس

بی آر آر گارجین مضاربہ پاکستان میں مضاربہ کی داغ بیل ڈالنے والوں میں سے ہے۔ اس کا قیام 1983 میں مستقل مضاربہ کے تصور پر کیا گیا۔

ہمارا عظیم الشان بی. آر. آر. ناور جو کہ ایک جدید 20 منزلہ عمارت ہے اپنے تین محرابوں سے اسلامی فن تعمیر کی عکاسی کرتی ہے اور کراچی کے مالیاتی ضلع آئی. آئی. چندریگر روڈ پر ایک نمایاں اضافہ ہے۔ توانائی کے موثر استعمال اور 'جزوی طور پر ماحول دوست' ہونے کے ناطے یہ اپنی مثال آپ ہے۔

بی. آر. آر. گارجین مضاربہ نے ایک جدید بی. آر. آر. سیکورٹی والٹ بھی تعمیر کیا ہے جس نے جولائی 1989 میں کاروبار کی شروعات کی۔ یہ شارع قائدین پہ بنائی گئی قلعہ نما عمارت اپنے اندر اور ارد گرد اعلیٰ سیکورٹی کے ساتھ خوشگوار اور دوستانہ ماحول کا ایک منفرد امتزاج پیش کرتی ہے۔

## اقتصادی جائزہ

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

جاتے ہوئے مالی سال 2018-19 نے 6.2 فیصد کے پر عظیم ہدف کے مقابلے میں 3.29 فیصد کی خاموش نمو کا مشاہدہ کیا۔ معیشت کے لئے سب سے اہم چیلنج متعلقہ وسائل کے بغیر بڑھتی ہوئی مجموعی طلب ہے جو مالی اور بیرونی کھاتوں میں بڑھتے ہوئے خسارے کا باعث ہے۔ شدید معاشی عدم استحکام کے مسئلے کو حل کرنے اور معیشت کو مستحکم ترقی اور استحکام کی راہ پر گامزن کرنے کے لئے حکومت نے معاشی اور ساختی اصلاحات کے اقدامات کا ایک جامع سیٹ متعارف کرایا ہے۔ معاشی ایڈجسٹمنٹ پالیسیوں کے اثرات جیسے مائیکرو فیکٹرز کا کتنا زہر مبادلہ کی شرح میں ایڈجسٹمنٹ، اخراجات پر قابو پانا اور غیر ضروری درآمدات پر ریگولیٹری ٹیکس میں اضافہ اس سال نظر آنے لگا ہے۔ ان اقدامات سے کچھ حد تک استحکام لانے میں مدد ملی ہے اور معاشی غیر یقینی کو کم کرنے میں بھی مدد ملی ہے۔

## کاروباری استحکام کے لیے حکمت عملی

مالی سال 2019-20 کے لیے ہم درج ذیل شعبوں پر متوجہ رہیں گے:

- کرم فرماؤں / گاہک کی تعداد میں اضافہ۔
- اعلیٰ درجے کے سسٹمز کو اپرینی کرائے پر دینا۔
- سکوک اور مشارکہ کی بنیاد پر متعارف کرائے جانے والے فی ایف سیز کے ساتھ ساتھ شرعی اصولوں سے مطابقت رکھنے والی سیکورٹی پر انحصار۔



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- رسک مینیجمنٹ بہتر بنانا، بالخصوص جدید ترین طریقوں کو بروئے کار لاتے ہوئے ڈیٹ مینیجمنٹ کے لیے کوشاں رہنا۔
- شرعی اصولوں کے مطابق کام کرتے رہنے کو ترجیح دینا۔
- بہتر اور بروقت تربیت کے ذریعے افرادی قوت سے زیادہ سے زیادہ استفادہ کرنا۔

## مارکیٹ کے حصے کی معلومات

مضاربہ کے شعبے کی مجموعی اثاثے	
مالی سال	ملین روپے
2014	30,212
2015	30,736
2016	36,806
2017	44,016
2018	52,670

جون 30، 2018 کو ختم ہونے والے مالی سال کے لیے مضاربہ انہوسی ایشن آف پاکستان اور این بی ایف آئی کی MAP کب برائے 2018 کے مطابق بی آر آر جی ایم کا مارکیٹ شیئر حسب ذیل رہا :

ملین روپے			
بی آر آر جی ایم کا حصہ تمام مضاربہ میں	26 مضاربہ کی پوزیشن	بی آر آر جی ایم کا حصہ	
6.13%	22,712	1,392	حصص یافتگان کی ایکوٹی
3.95%	52,670	2,082	کل اثاثے
8.38%	776	65	خالص منافع

یہاں تک کہ 6.13 فیصد سیکر ایبویٹی کے ساتھ ہم سیکر 8.38 فیصد منافع پیدا کرنے میں کامیاب ہوئے۔



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

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

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

آپ کی ناظم کمپنی نے جون 2019، 30 کو ختم ہونے والے سال سے متعلقہ کوڈ آف کارپوریٹ گورننس کے احکامات نافذ کر دیے ہیں۔ کوڈ آف کارپوریٹ گورننس کے مطابق ایکسٹرنل آڈیٹرز کی ریویورپورٹ اس دستاویز سے منسلک ہے۔

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

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



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## مضاربہ سرٹیفکیٹ میں تجارت / لین دین

گزشتہ ہونے والی سال میں ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری اور ان کے اہل خانہ نے سرٹیفکیٹس میں کوئی ٹریڈنگ نہیں کی، سوائے سی ای او کے جنہوں نے 1,000,000 بی آر جی ایم کے سرٹیفکیٹ خریدے اور سی ایس ایم کے بی آر جی ایم میں انضمام کے نتیجے میں 1,179,693 بی آر جی ایم کے سرٹیفکیٹ جاری کئے گئے۔ چیئرمین نے 320,000 بی آر جی ایم کے سرٹیفکیٹ خریدے اور سی ایس ایم کے بی آر جی ایم میں انضمام کے نتیجے میں 12,740 بی آر جی ایم کے سرٹیفکیٹ جاری کئے گئے (بذریعہ اہلیہ)۔

## ضابطہ اخلاق

بورڈ آف ڈائریکٹرز نے کاروباری معاملات میں تمام مروجہ اصولوں اور پریکٹس کا خاص خیال رکھا ہے۔ اس حوالے سے ایک ضابطہ اخلاق اپنایا گیا ہے۔ اس سلسلے میں تمام قانونی تقاضوں کا انفرادی طور پر احساس ذمہ داری کے ساتھ خیال رکھا گیا ہے۔ ضابطہ اخلاق اچھے کاروباری رویے کی نشاندہی کرتا ہے اور ایمان داری، شفافیت اور روشن خیالی پر وینشل طرز فکر و عمل کا پتہ دیتا ہے۔

## قوائد برائے اسٹاف ریٹائرمنٹ

تمام مستقل ملازمین کے لیے پرائیویٹ فنڈ موجود ہے۔ جون 30، 2019 تک سرمایہ کاری کی قدر 125.656 ملین روپے رہی جو 2018 میں 125.996 ملین روپے تھی۔

## واقعات بعد از بیلنس شیٹ

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

## منسلک افراد / متعلقہ فریقین سے لین دین

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

## آڈیٹرز

ہم سرٹیفکیٹ ہولڈرز کو مطلع کرتے ہیں کہ آڈٹ کمیٹی کی تجویز پر ہوروجھ حسین چوہدری اینڈ کمیٹی کو برائے سال 2019-20 کے لئے رجسٹرار مضاربہ کمپنیز اور مضاربہ کی منظوری سے مشروط آڈیٹر تعینات کیا جا رہا ہے۔



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## اہم آپریٹنگ اور مالی اعداد و شمار

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

## رиск مینیجمنٹ فریم ورک

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

## بورڈ آف ڈائریکٹرز کا اجلاس

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

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

جون 2018،30 کو ختم ہونے والے سال اور ستمبر 2018،30 کو ختم ہونے والی پہلی سہ ماہی کے لئے بورڈ کا اجلاس اکتوبر 2018،31 کو منعقد ہوا۔

## آڈٹ کمیٹی کا اجلاس

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

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

جون 2018،30 کو ختم ہونے والے سال اور ستمبر 2018،30 کو ختم ہونے والی پہلی سہ ماہی کے لئے بورڈ کا اجلاس اکتوبر 2018،31 کو منعقد ہوا۔



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## انٹرنل کنٹرول اینڈ آڈٹ

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

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

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

## مستقبل کی حکمت عملی

ایک مضاربہ کمپنی کی حیثیت سے ہم شرعی اصولوں سے پوری مطابقت اور ہم آہنگی رکھنے والی جدید مالیاتی اشیاء و خدمات کی فراہمی کے ذریعے شرح نمو یقینی بنا کر اپنی کارپوریٹ ویلیو میں اضافہ کرنا چاہتے ہیں۔ بی آر آر جی ایم نے اپنے شعبے کے دیگر اداروں کے مقابلے میں عمدہ کارکردگی کا تسلسل یقینی بنانے میں خاصی کامیابی حاصل کی ہے۔ کامیاب مالیاتی نتائج نظامیہ کے اسٹریٹجک پلان کی کامیابی کی نشاندہی کرتے ہیں۔ ہماری کامیابی اس بات کی مظہر ہے کہ ہم اپنے شعبے میں اپنا مقام بنانے اور منوانے کے ساتھ ساتھ اپنے اسٹیک ہولڈرز کو وہ سب کچھ دینا چاہتے ہیں جو ان کے لئے زیادہ اہم ہے۔

## انسانی وسائل کا نظم و نسق اور جانشینی کی منصوبہ بندی

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

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



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

## جانشینی کی منصوبہ بندی

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

## کاروباری پائیداری

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

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

## کارپوریٹ سماجی ذمہ داری

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

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

## صحت، حفاظتی تدابیر اور ماحول

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



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

## سرٹیفکیٹ ہولڈنگ کی طرز

30 جون، 2019 کو ختم ہونے والے مالی سال کے لیے پیٹرن آف سرٹیفکیٹ ہولڈنگ اور کوڈ آف کارپورٹ گورننس کے تحت مطلوب ڈسکو ژراس دستاویز سے منسلک ہے۔

## ترقیاتی پروگرام برائے ڈائریکٹرز

بورڈ کے تمام ڈائریکٹرز 14 سال سے زائد تعلیم کے حامل ہیں جن میں سے دو ڈائریکٹرز PICG اور ICMA سے منظور شدہ ہیں جو کہ 50 فیصد بنتا ہے اور 20 سال سے زائد کا تجربہ بھی رکھتے ہیں۔ اس کے علاوہ کمپنی کے ڈائریکٹرز کو کوڈ آف کارپورٹ گورننس، مضاربہ رولز، کمپنی کے میمورینڈم اور آرٹیکلز آف اسیوشن، مضاربہ پراسیڈیجس اور دیگر تمام متعلقہ قواعد و ضوابط کی کاپیاں فراہم کی گئی ہیں جس کی وجہ سے وہ مضاربہ سے متعلق تمام قابل اطلاق قوانین، اس کی پالیسیوں اور طریقہ کار اور میمورینڈم اور آرٹیکلز آف اسیوشن کی مشقوں اور اپنے فرائض اور ذمہ داریوں کا مکمل علم رکھتے ہیں۔

## اختتامی کلمات اور اظہارِ تشکر

آگے کا دیکھتے ہوئے ہم سال 2019-20 میں مارکیٹ میں اپنی دسترس کو وسعت دینے کی بھرپور کوشش کر رہے ہیں۔ کسٹمر بیسڈ پورٹ فولیو کے ذریعے اور پراپٹی کو کرائے پر دے کر معیاری اثاثوں میں اضافہ یقینی بنایا جائے گا۔ ہم سرٹیفکیٹ ہولڈرز کا اعتماد پانے اور ان کے لیے زیادہ سے زیادہ منافع یقینی بنانے کے لیے ہمیشہ معیاری پریکٹس اپناتے ہیں۔ بی آر آر جی ایم اپنی منفرد پوزیشن برقرار رکھنے کے لیے کوشاں ہے۔ اپنے اپنے افعال کو زیادہ سے زیادہ سبک اور معیاری بنانے کے عہد پر کاربند ہیں۔ از طرف بورڈ آف ڈائریکٹرز

بی. آر. آر. انویسٹمنٹ (پرائیوٹ) لمیٹڈ

ایاز داؤد

چیف ایگزیکٹو آفیسر

سید علی رضا

ڈائریکٹر

ستمبر 30، 2019

کراچی

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **B.R.R. GUARDIAN MODARABA** ("the holding company") and its subsidiary company as at June 30, 2019 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of **B.R.R. GUARDIAN MODARABA** except for **BRR Financial Services (Private) Limited** which were audited by another firm of chartered accountants whose reports have been furnished to us and our opinion is so far as it relates to the amount included for such companies is based solely on the report of such other auditor. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of the **B.R.R. GUARDIAN MODARABA** and its subsidiary company as at June 30, 2019 and the results of their operations for the year then ended.

### Other matter

The consolidated financial statements of the Modaraba for the year ended June 30, 2018 was audited by another firm of Chartered Accountants, whose report dated October 31, 2018 expressed an unqualified opinion on such consolidated financial statements.

*HHC*

**Horwath Hussain Chaudury & Co**  
**Chartered Accountants**  
**Engagement Partner:**  
**Najeeb Moochhala**

Place: Karachi  
Date: September 30, 2019



**B.R.R. Guardian Modaraba**

(An Islamic Financial Institution)

## CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2019

		June 30, 2019	June 30, 2018
	Note	Rupees -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	144,248,875	184,731,099
Investment properties	6	943,576,499	964,343,832
Long-term musharaka finances	7	18,882,742	35,806,578
Long-term loans, advances and deposits	8	6,138,991	9,595,857
<b>Total non-current assets</b>		<b>1,112,847,107</b>	1,194,477,366
<b>Current assets</b>			
Short-term investments	9	545,210,694	711,449,205
Current portion of musharaka finances	7	40,473,298	12,761,216
Ijarah / lease rental receivable	10	906,290	955,181
Loans, advances and prepayments	11	17,605,767	18,709,926
Accrued profit	12	406,957	515,836
Other receivables	13	9,550,113	3,541,507
Taxation	14	17,467,159	14,455,471
Cash and bank balances	15	42,702,758	22,854,663
<b>Total current assets</b>		<b>674,323,036</b>	785,243,005
Non current asset held for sale	16	-	55,800,000
<b>Total current assets</b>		<b>674,323,036</b>	841,043,005
<b>TOTAL ASSETS</b>		<b>1,787,170,143</b>	2,035,520,371
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserve</b>			
Authorised capital 140,000,000 (2018: 140,000,000) Modaraba certificates of Rs. 10/- each	17	1,400,000,000	1,400,000,000
Issued, subscribed and paid-up certificate capital	18	863,622,630	863,622,630
Reserves	19	251,082,521	234,608,888
Surplus on revaluation of investments	20	258,174,771	293,330,362
		<b>1,372,879,922</b>	1,391,561,880
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Diminishing musharaka based term finance certificates	21	-	-
Long-term loans	22	-	82,616,684
Long-term murabaha, musharaka and finance under mark-up arrangements	23	-	28,225,802
Long-term security deposits	24	78,317,753	81,641,692
<b>Total non-current liabilities</b>		<b>78,317,753</b>	192,484,178
<b>Current liabilities</b>			
Current portion of long-term loan	22	82,616,684	27,536,000
Current portion of long-term murabaha, musharaka and finance under mark-up arrangements	23	79,677,418	93,776,446
Current portion of diminishing musharaka based term finance certificates	21	-	72,449,843
Current portion of security deposits	24	5,315,800	11,941,410
Creditors, accrued and other liabilities	25	138,645,818	217,526,831
Accrued profit on borrowings	26	397,274	407,573
Profit distribution payable	27	29,319,474	27,836,210
<b>Total current liabilities</b>		<b>335,972,468</b>	451,474,313
<b>Contingencies and commitments</b>	28		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,787,170,143</b>	2,035,520,371

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

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

**Rafique Dawood  
Chairman**

**Ayaz Dawood  
Chief Executive Officer**

**Syed Ali Raza  
Director**

**Syed Tariq Masood  
Chief Financial Officer**



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

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2019

		June 30, 2019	June 30, 2018
	Note	----- Rupees -----	-----
<b>INCOME</b>			
Rental income	29	<b>192,095,570</b>	174,128,459
Income on musharaka finances		<b>6,142,983</b>	10,271,961
Ijarah rental income - net		<b>16,765,007</b>	10,306,850
Return on investments - net	30	<b>18,227,246</b>	32,414,916
Profit on bank balances		<b>596,956</b>	2,457,434
Reversal of provision for doubtful receivables	31	<b>51,896,319</b>	38,181,803
Gain on disposal of ijarah assets		<b>1,217,510</b>	1,504,607
Other income	32	<b>8,610,758</b>	11,653,291
Reversal of impairment	35	<b>11,864,726</b>	6,804,631
Unrealised loss on revaluation of held-for-trading investment		<b>(81,958,116)</b>	(61,874,882)
		<b>225,458,959</b>	225,849,070
<b>EXPENSES</b>			
Administrative expenses	33	<b>150,413,374</b>	140,224,656
Financial charges	34	<b>23,986,612</b>	10,681,456
		<b>174,399,986</b>	150,906,112
		<b>51,058,973</b>	74,942,958
Modaraba management company's fee	36	<b>5,158,795</b>	7,468,899
Sales tax on modaraba management company's fee	36	<b>670,643</b>	970,957
Provision for Sindh Workers' Welfare Fund	37	<b>915,170</b>	1,324,983
Profit before taxation		<b>44,314,365</b>	65,178,119
Taxation	38	-	-
Net profit for the period		<b>44,314,365</b>	65,178,119
Earnings per certificate - basic and diluted	39	<b>0.51</b>	0.75

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

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

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Director

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## **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2019**

	June 30, 2019	June 30, 2018
	----- Rupees -----	-----
Profit for the period	<b>44,314,365</b>	65,178,119
<b>Other comprehensive (loss)/ gain for the year</b>		
Items that will be subsequently reclassified to profit or loss:		
Unrealised (loss) / gain on revaluation of fair value through OCI investments	<b>(33,633,154)</b>	21,758,428
Unrealised (loss) on revaluation of available for sale investments transferred to the income statement on disposal	-	(7,643,785)
<b>Total comprehensive income for the year</b>	<b><u>10,681,211</u></b>	<u>79,292,762</u>

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

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

\_\_\_\_\_  
**Rafique Dawood**  
Chairman

\_\_\_\_\_  
**Ayaz Dawood**  
Chief Executive Officer

\_\_\_\_\_  
**Syed Ali Raza**  
Director

\_\_\_\_\_  
**Syed Tariq Masood**  
Chief Financial Officer



**B.R.R. Guardian Modaraba**

(An Islamic Financial Institution)

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2019	June 30, 2018
----- Rupees -----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	44,314,365	65,178,119
<b>Adjustment of non-cash and other items:</b>		
Depreciation	43,227,639	42,483,613
Amortisation on ijarah assets	25,395,565	39,683,547
Provision against doubtful receivable-net	(51,896,319)	(38,181,803)
Gain on disposal of property and equipment - owned	(327,197)	(744,839)
Gain on disposal of property, plant and equipment - leased / ijarah	(1,217,510)	-
Gain on disposal of non current asset held for sale	(4,200,000)	-
Profit on musharaka, murabaha and finance under mark-up arrangements	23,986,612	10,671,592
Unrealised loss on revaluation of FVTPL investment	81,958,116	61,874,882
Impairment of assets	(11,864,726)	(6,804,631)
Financial charges	23,986,612	10,681,456
Return on investments - net	(18,227,247)	(32,414,916)
	<b>110,821,545</b>	87,248,901
	<b>155,135,910</b>	152,427,020
<b>(Increase) / decrease in current assets</b>		
Ijarah / lease rentals receivable	161,551	1,153,888
Loans, advances and prepayments	4,561,025	11,124,358
Accrued profit	108,879	(421,027)
Other receivables	(6,008,606)	(2,188,336)
	<b>(1,177,151)</b>	9,668,883
<b>(Decrease) / increase in current liabilities</b>		
Creditors, accrued and other liabilities	(3,327,913)	49,967,757
Rent received in advance	(15,553,100)	(10,569,121)
Customers' security deposit	(9,949,549)	(12,519,640)
	<b>(28,830,562)</b>	26,878,996
Income tax paid	(3,011,688)	(5,673,622)
Net cash generated from operating activities	<b>122,116,509</b>	183,301,277
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition to property and equipment - owned	(5,553,915)	(10,635,914)
Addition to property, plant and equipment - ijarah	-	-
Proceeds from disposal of property and equipment - owned	753,622	1,384,055
Proceeds from disposal of property, plant and equipment - leased / ijarah	10,836,079	15,654,611
Investments disposed / (purchased) - net	53,992,720	(106,867,254)
Income received on investments	14,881,767	32,414,916
Musharaka finances	17,008,801	17,092,994
Net cash generated / (used in) from investing activities	<b>91,919,074</b>	(50,956,592)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit paid to certificate holders	(27,879,905)	(79,413,964)
Finance under murabaha, musharaka and finance under mark-up arrangements	(114,774,673)	(135,707,788)
Long-term loan	(27,536,000)	(27,540,000)
Financial charges paid	(23,996,911)	(10,926,021)
Net cash used in financing activities	<b>(194,187,489)</b>	(253,587,773)
Net increase / (decrease) in cash and cash equivalents	<b>19,848,095</b>	(121,243,088)
Cash and cash equivalents at the beginning of the period	<b>22,854,663</b>	144,097,751
Cash and cash equivalents at the end of the period	<b>42,702,758</b>	22,854,663

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

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

**Rafique Dawood  
Chairman**

**Ayaz Dawood  
Chief Executive Officer**

**Syed Ali Raza  
Director**

**Syed Tariq Masood  
Chief Financial Officer**



**B.R.R. Guardian Modaraba**

(An Islamic Financial Institution)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid-up certificate capital	Capital reserves			Revenue reserve	Surplus on revaluation of investment	Total
		Profit prior to floatation	Merger reserve	Statutory reserve	Accumulated loss		
----- (Rupees) -----							
<b>Balance as at July 01, 2017</b>	780,462,550	10,532,683	-	701,898,993	(508,257,219)	279,215,719	1,263,852,726
Profit for the year ended June 30, 2018	-	-	-	-	65,178,119	-	65,178,119
Unrealized gain on revaluation of available-for-sale investments - net	-	-	-	-	-	14,114,643	14,114,643
Total comprehensive income for the year	-	-	-	-	65,178,119	14,114,643	79,292,762
Issue of shares on amalgamation	83,160,080	-	-	-	-	-	83,160,080
Reserve on amalgamation	-	-	44,902,567	-	-	-	44,902,567
Profit distribution for the year ended June 30, 2017*	-	-	-	-	(79,646,255)	-	(79,646,255)
Transfer to statutory reserve	-	-	-	32,299,766	(32,299,766)	-	-
<b>Balance as at June 30, 2018</b>	<b>863,622,630</b>	<b>10,532,683</b>	<b>44,902,567</b>	<b>734,198,759</b>	<b>(555,025,121)</b>	<b>293,330,362</b>	<b>1,391,561,880</b>
Profit for the year ended June 30, 2019	-	-	-	-	44,314,365	-	44,314,365
Unrealized loss on revaluation of fair value through OCI investments - net	-	-	-	-	-	(33,633,154)	(33,633,154)
Total comprehensive income for the year	-	-	-	-	44,314,365	(33,633,154)	10,681,211
Transfer of gain on disposal of fair value through OCI investments	-	-	-	-	1,522,437	(1,522,437)	-
Profit distribution for the year ended June 30, 2018	-	-	-	-	(29,363,169)	-	(29,363,169)
Transfer to statutory reserve	-	-	-	21,813,411	(21,813,411)	-	-
<b>Balance as at June 30, 2019</b>	<b>863,622,630</b>	<b>10,532,683</b>	<b>44,902,567</b>	<b>756,012,170</b>	<b>(560,364,899)</b>	<b>258,174,771</b>	<b>1,372,879,922</b>

\* @ 0.1 and 0.08 per certificate for BRR and CSM

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

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

**Rafique Dawood**  
Chairman

**Ayaz Dawood**  
Chief Executive Officer

**Syed Ali Raza**  
Director

**Syed Tariq Masood**  
Chief Financial Officer

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019**

### **1. LEGAL STATUS AND NATURE OF THE BUSINESS**

These consolidated financial statements consist of the following group companies :

#### **1.1 Holding Company**

B.R.R. Guardian Modaraba (the Modaraba) is a multipurpose, perpetual modaraba floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981 framed there under and is managed by B.R.R. Investments (Private) Limited, having its registered office at 18th Floor, BRR Tower, Hassan Ali Street off I.I. Chundrigar Road, Karachi.

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

#### **1.2 Subsidiary Company**

The group comprises of the following subsidiary company.

BRR Financial Services (Private) Limited (the Company) was incorporated in Pakistan on November 30, 2015 as a private limited company under the repealed Companies Ordinance, 1984 now Companies Act 2017. The principal business activity of the Company is to render brokerage service in capital and money market and to render other consultancy services etc. The registered office of the Company is at 18th Floor, BRR Tower, Hassan Ali Street off I.I. Chundrigar Road, Karachi.

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

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

These consolidated financial statements have been prepared in accordance with the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan (the SECP) ('collectively the applicable Modaraba laws, the Modaraba Regulations') together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) and Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to modarabas under 'the Modaraba Regulations'. Wherever the requirements of the applicable Modaraba laws, the Modaraba Regulations differ with the requirement of IFRSs, the requirement of collectively the applicable Modaraba laws, the Modaraba Regulations and IFAS shall prevail.

#### **2.2 Basis of consolidation**

These consolidated financial statements incorporate the financial statements of the Modaraba and the financial statements of subsidiary. The financial statements of the subsidiary is incorporated on a line-by-line basis and the investment held by the Modaraba is eliminated against the corresponding share capital of subsidiary in the consolidated financial statements.

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

Material intra-group balances and transactions are eliminated.

#### **2.3 Basis of measurement**

These consolidated financial statements have been prepared under the "historical cost convention" except for the revaluation of certain financial assets which are stated at fair value. These consolidated financial statements have been prepared following accrual basis of accounting except for cash flow information.



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

## 2.4 Functional and presentation currency

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

## 2.5 Significant accounting estimates and judgments

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

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

	<b>Note</b>
<b>Amortization of property, plant and equipment - Ijarah</b>	4.1
<b>Amortization of property, plant and equipment - leased</b>	4.1.1
<b>Depreciation on property and equipment - own</b>	4.1.2
<b>Classification and valuation of investments</b>	4.5
<b>Provision for doubtful receivables</b>	4.6
<b>Impairment of investments, debt securities and leased assets</b>	4.9

## 3. STANDARDS, IFRIC INTERPRETATIONS AND AMMENDENTS WHICH BECAME EFFECTIVE DURING THE YEAR

### 3.1 Standards, amendments and interpretations to the published standards that are relevant to the Modaraba and adopted in the current year

Following are the new standards and amendment to approved accounting standards which are mandatory for the Modaraba's annual accounting period which began on July 1, 2018.

<b>Standard or Interpretation</b>	<b>Effective date (Annual periods beginning on or after)</b>
IFRS 9 - Financial Instruments	July 1, 2018
IFRS 15 - Revenue from Contracts with Customers	July 1, 2018

#### **IFRS 9 Financial Instruments**

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the SECP through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

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 replaces IAS 39 Financial Instruments: Recognition and Measurement

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 Modaraba's financial assets as at July 1, 2018 :



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

	<b>Original classification under IAS 39</b>	<b>New classification under IFRS 9</b>	<b>Original carrying amount under IAS 39</b>	<b>New carrying amount under IFRS 9</b>
<b>Financial assets</b>				
Musharaka Finances	Loan and receivables	Amortized cost	203,919,584	48,567,794
Loans, advances and deposits	Loan and receivables	Amortized cost	9,595,857	9,595,857
Ijarah / lease rental receivable	Loan and receivables	Amortized cost	955,181	955,181
Other receivables	Loan and receivables	Amortized cost	3,541,507	3,541,507
Bank balances	Loan and receivables	Amortized cost	22,660,275	22,660,275
Short-term investment	Held for trading	FVTPL	219,665,987	219,665,987
Short-term investment	Available for sale	FVTOCI	491,783,218	491,783,218

### **IFRS 15 - Revenue from Contracts with Customers**

IFRS 15 replaces the previous revenue standards: IAS 18 "Revenue", IAS 11 "Construction Contracts", and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Management has undertaken a detailed assessment of the performance obligations associated with revenue streams and is of the view that application of IFRS 15 does not have any material impact on the current and prior year figures as well as the accounting policies applied for the recognition of revenue. Accordingly, no restatement of the information presented for prior year is required.

### **3.2 Standards, amendments to published standards and interpretations that are effective but not relevant**

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2018, but are considered not to be relevant or will not have any significant effect on the Modaraba's operations and are, therefore, not detailed in these financial statements.

### **3.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Modaraba**

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.



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

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning or after)</b>
IAS 1 Presentation of financial statements	January 1, 2020
IAS 8 Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2020
IAS 12 Income Taxes (Amendments)	January 1, 2019
IAS 19 Employee Benefits (Amendments)	January 1, 2019
IAS 23 Borrowing Costs (Amendments)	January 1, 2019
IAS 28 Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IFRS 3 Business Combinations (Amendments)	January 1, 2020
IFRS 9 Financial Instruments (Amendments)	January 1, 2019
IFRS 16 Leases	January 1, 2019
IFRIC 23 Uncertainty Over Income Tax Treatments	January 1, 2019

The management anticipates that, except as stated above, adoption of the new standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than presentation and disclosures.

### **3.4 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)**

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning or after)</b>
IFRS 14 - Regulatory Deferral Accounts	Not yet notified
IFRS 17 - Insurance Contracts	January 1, 2021

The Modaraba expects that above new standards will not have any material impact on the Modaraba's financial statements in the period of application.

## **4 SIGNIFICANT ACCOUNTING POLICIES**

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



#### **4.1 Property, plant and equipment under ijarah arrangements**

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

##### **4.1.1 Property, plant and equipment under lease arrangements**

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

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

##### **4.1.2 Property, plant and equipment under own use**

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

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

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

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

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

#### **4.2 Capital work-in-progress**

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

#### **4.3 Investment properties**

Properties held to earn rentals or for capital appreciation are classified as an investment properties. The investment properties of the Modaraba comprises of buildings including capital work-in-progress and is valued using the cost method i.e. at cost less any accumulated depreciation and any impairment losses.

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



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#### **4.4 Non current assets held for sale**

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

#### **4.5 Financial assets**

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 amortized 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.

##### **4.5.1 Subsequent measurement**

###### **Debt instruments at FVOCI**

These assets are subsequently measured at fair value. Profit / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

###### **Equity instruments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

###### **Financial assets FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

###### **Financial assets measured at amortized cost**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. These comprise of ijarah rental receivable, musharaka finances, advances, deposits, prepayments and other receivables and trade debts.

#### **4.6 Provisions for doubtful receivables**

Provisions are recognised 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.

#### **4.7 Trade date accounting**

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



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#### **4.8 Derecognition of financial instruments**

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

#### **4.9 Impairment**

##### **4.9.1 Financial assets**

The Modaraba recognizes loss allowances for Expected credit losses (ECLs) in respect of financial assets measured at amortized cost and fair value through other comprehensive income.

The Modaraba measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- financial assets and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Modaraba considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the modaraba historical experience and informed credit assessment and including forward-looking information.

The Modaraba assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Modaraba is exposed to credit risk.

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

The gross carrying amount of a financial asset is written off when the Modaraba has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Modaraba individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Modaraba expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Modaraba's procedures for recovery of amounts due.

For ijarah and musharaka, impairment is recognised by the Modaraba on the basis of provision requirements given under 'Prudential Regulations' for Modaraba and as per IFRS 9 'Financial Instrument' whichever is higher.

##### **4.9.2 Non-financial assets**

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

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



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#### **4.10 Revenue recognition**

##### **4.10.1 Ijarah income / operating lease income**

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

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

##### **4.10.2 Murabaha and musharaka transactions**

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

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

##### **4.10.3 Rental income**

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

##### **4.10.4 Dividend income**

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

##### **4.10.5 Gain and losses on sale of investment**

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

##### **4.10.6 Income on debt securities**

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

##### **4.10.7 Income on balances with banks**

Profit on saving accounts with banks is recognised on an accrual basis.

##### **4.10.8 Unrealised income on non-performing assets**

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

#### **4.11 Taxation**

##### **4.11.1 Current**

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



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#### **4.11.2 Deferred**

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

#### **4.12 Staff provident fund**

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

#### **4.13 Foreign currencies translation**

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

#### **4.14 Financial assets**

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

#### **4.15 Financial liabilities**

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

#### **4.16 Cash and cash equivalents**

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

#### **4.17 Profit distribution and other appropriations of profit**

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

#### **4.18 Offsetting financial assets and financial liabilities**

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

#### **4.19 Segment reporting**

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



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#### 4.20 Earnings per certificate

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

#### 4.21 Related party transactions

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

	Note	June 30, 2019	June 30, 2018
		----- (Rupees) -----	
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Property and equipment - owned	5.1	<b>99,474,623</b>	104,942,713
Property, plant and equipment- leased / ijarah	5.2	<b>44,774,252</b>	79,788,386
		<b>144,248,875</b>	184,731,099

#### 5.1 PROPERTY AND EQUIPMENT - OWNED

Particulars	Leasehold land	Building on leasehold land	Lockers	Furniture and fixtures	Vehicles	Office equipment and	Total
<b>Year ended June 30, 2019</b>							
<b>Net carrying value basis</b>							
Opening net book value (NBV)	1,188,105	78,026,706	5,384,895	634,322	17,515,515	2,193,170	104,942,713
Additions (at cost)	-	-	967,500	-	3,706,900	879,515	5,553,915
Disposals (NBV)	-	-	-	-	(426,424)	(1)	(426,425)
Depreciation charge	(50,558)	(2,339,540)	(538,157)	(105,599)	(5,954,396)	(1,607,330)	(10,595,580)
<b>Closing net book value</b>	<b>1,137,547</b>	<b>75,687,166</b>	<b>5,814,238</b>	<b>528,723</b>	<b>14,841,595</b>	<b>1,465,354</b>	<b>99,474,623</b>
<b>Gross carrying value basis</b>							
Cost	2,527,890	110,365,455	23,860,218	2,292,539	34,008,319	19,229,626	192,284,047
Accumulated depreciation	(1,390,343)	(34,678,289)	(18,045,980)	(1,763,816)	(19,166,724)	(17,764,272)	(92,809,424)
<b>Net book value</b>	<b>1,137,547</b>	<b>75,687,166</b>	<b>5,814,238</b>	<b>528,723</b>	<b>14,841,595</b>	<b>1,465,354</b>	<b>99,474,623</b>
<b>Year ended June 30, 2018</b>							
<b>Net carrying value basis</b>							
Opening net book value (NBV)	1,238,663	76,638,146	5,908,119	86,933	15,125,788	2,446,452	101,444,101
Additions (at cost)	-	3,655,000	-	650,000	8,762,457	1,223,457	14,290,914
Disposals (NBV)	-	-	-	-	(639,215)	-	(639,215)
Transfer from amalgamated entity	-	-	-	-	24,224	6,095	30,319
Depreciation charge	(50,558)	(2,266,440)	(523,224)	(102,611)	(5,757,739)	(1,482,834)	(10,183,406)
<b>Closing net book value</b>	<b>1,188,105</b>	<b>78,026,706</b>	<b>5,384,895</b>	<b>634,322</b>	<b>17,515,515</b>	<b>2,193,170</b>	<b>104,942,713</b>
<b>Gross carrying value basis</b>							
Cost	2,527,890	110,365,454	22,892,718	2,292,536	33,298,679	18,426,160	189,803,437
Accumulated depreciation	(1,339,785)	(32,338,748)	(17,507,823)	(1,658,214)	(15,783,164)	(16,232,990)	(84,860,724)
<b>Net book value</b>	<b>1,188,105</b>	<b>78,026,706</b>	<b>5,384,895</b>	<b>634,322</b>	<b>17,515,515</b>	<b>2,193,170</b>	<b>104,942,713</b>
<b>Depreciation rate % per annum</b>	2%	5%	5%	10%	20%	33.33%	



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

Property and equipment	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain on disposal	Mode of disposal	Particulars of purchaser
-----Rupees-----							
<b>Vehicles</b>							
Suzuki Mehran BAL-693	680,560	680,559	1	68,056	68,055	Company policy	Mr. Ahsan Khan
Suzuki Mehran BHA-441	731,000	304,584	426,416	500,000	73,584	Negotiation	Third Party
Suzuki Mehran AZH-347	652,000	651,999	1	65,200	65,199	Company policy	Mr. Fahem Khan Gohri
Suzuki Mehran BBN-436	706,000	705,999	1	70,600	70,599	Company policy	Mr. Fida Hussain
Union Star -70 KHD-1141	44,100	44,099	1	20,000	19,999	Company policy	Mr. Yasir Ahmed
Hero - 70 KDU 6757	43,500	43,499	1	4,350	4,349	Company policy	Mr. Aftab Alam
Union Star -70 KGZ-9397	44,508	44,507	1	4,450	4,449	Company policy	Mr. Muhammad Sohaib
Hero - 70 KGU-6749	43,500	43,499	1	4,350	4,349	Company policy	Mr. Jamaluddin
Hero - 70 KFW-6155	52,092	52,091	1	5,210	5,209	Company policy	Mr. Nasil Khan
<b>Computer Equipment</b>							
Laptop	76,040	76,039	1	11,406	11,405	Company policy	Mr. Muhammad Ahmed
<b>June 30, 2019</b>	<b>3,073,300</b>	<b>2,646,875</b>	<b>426,425</b>	<b>753,622</b>	<b>327,197</b>		
<b>June 30, 2018</b>	<b>6,199,151</b>	<b>5,559,935</b>	<b>639,216</b>	<b>1,384,055</b>	<b>744,839</b>		

**June 30, 2019**      **June 30, 2018**  
 ----- (Rupees) -----  
**Note**

**5.2 Property, plant and equipment - Leased / ijarah**

Property, plant and equipment - leased	5.2.1	<b>19,615,249</b>	19,615,249
Property, plant and equipment - ijarah	5.2.2	<b>25,159,003</b>	60,173,137
		<b>44,774,252</b>	<b>79,788,386</b>

**5.2.1 Property, plant and equipment - leased**

Particulars	Plant and machinery	Vehicles	Motor boat	Total
	----- (Rupees) -----			
<b>Year ended June 30, 2019</b>				
<b>Net carrying value basis</b>				
Opening net book value (NBV)	14,281,091	5,064,742	269,416	<b>19,615,249</b>
<b>Closing net book value</b>	<b>14,281,091</b>	<b>5,064,742</b>	<b>269,416</b>	<b>19,615,249</b>
<b>Gross carrying value basis</b>				
Cost	160,851,356	89,744,995	2,694,300	<b>253,290,651</b>
Accumulated impairment	(424,719)	(41,659,585)	-	<b>(42,084,304)</b>
Accumulated depreciation	(146,145,546)	(43,020,668)	(2,424,884)	<b>(191,591,098)</b>
<b>Net book value</b>	<b>14,281,091</b>	<b>5,064,742</b>	<b>269,416</b>	<b>19,615,249</b>
<b>Year ended June 30, 2018</b>				
<b>Net carrying value basis</b>				
Opening net book value (NBV)	14,281,091	5,064,742	269,416	<b>19,615,249</b>
<b>Closing net book value</b>	<b>14,281,091</b>	<b>5,064,742</b>	<b>269,416</b>	<b>19,615,249</b>
<b>Gross carrying value basis</b>				
Cost	160,851,356	89,744,995	2,694,300	<b>253,290,651</b>
Accumulated impairment	(424,719)	(41,659,585)	-	<b>(42,084,304)</b>
Accumulated depreciation	(146,145,546)	(43,020,668)	(2,424,884)	<b>(191,591,098)</b>
<b>Net book value</b>	<b>14,281,091</b>	<b>5,064,742</b>	<b>269,416</b>	<b>19,615,249</b>
<b>Depreciation rate % per annum</b>	11% - 25%	20% - 33%	20%	



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**5.2.2 Property, plant and equipment - ijarah**

Particulars	Plant and machinery	Vehicles	Office equipment and appliances	Total
			(Rupees)	
<b>Year ended June 30, 2019</b>				
<b>Net carrying value basis</b>				
Opening net book value (NBV)	6,698,710	52,632,133	842,294	<b>60,173,137</b>
Reclassification	(32,060)	(25,646)	57,706	-
Disposals (NBV)	-	(9,415,469)	(203,100)	<b>(9,618,569)</b>
Depreciation charge	(6,666,650)	(18,307,715)	(421,200)	<b>(25,395,565)</b>
<b>Closing net book value</b>	-	24,883,303	275,700	<b>25,159,003</b>
<b>Gross carrying value basis</b>				
Cost	-	73,675,820	1,514,000	<b>75,189,820</b>
Accumulated depreciation	-	(48,792,517)	(1,238,300)	<b>(50,030,817)</b>
<b>Net book value</b>	-	24,883,303	275,700	<b>25,159,003</b>
<b>Year ended June 30, 2018</b>				
<b>Net carrying value basis</b>				
Opening net book value (NBV)	5,752,748	25,273,603	90,275	<b>31,116,626</b>
Disposals (NBV)	(568,733)	(13,502,771)	(78,500)	<b>(14,150,004)</b>
Transfer from amalgamated entity	9,672,339	71,809,429	1,408,294	<b>82,890,062</b>
Depreciation charge	(8,157,644)	(30,948,128)	(577,775)	<b>(39,683,547)</b>
<b>Closing net book value</b>	6,698,710	52,632,133	842,294	<b>60,173,137</b>
<b>Gross carrying value basis</b>				
Cost	40,065,275	122,535,277	2,125,710	<b>164,726,262</b>
Accumulated depreciation	(33,366,565)	(69,903,144)	(1,283,416)	<b>(104,553,125)</b>
<b>Net book value</b>	6,698,710	52,632,133	842,294	<b>60,173,137</b>
<b>Depreciation rate % per annum</b>	11% - 25%	20% - 33%	20% - 33%	

**5.2.3** These fully depreciated leased assets are related to non-performing lease receivables which are under litigation in various courts and are being persuaded professionally by competent legal counsels. Further, the lease receivables related to these assets are also fully provided under Prudential Regulations for Modaraba's.

**5.2.4** In view of the large number of disposal of property, plant and equipment given on lease/ijarah, the management of the Modaraba is of the opinion that no practical purpose will be served by presenting details of such disposals.

	Note	June 30, 2019	June 30, 2018
		----- (Rupees) -----	
<b>6 INVESTMENT PROPERTIES</b>			
Investment Properties	6.1	<b>934,487,499</b>	955,254,832
Capital work- in-progress	6.2	<b>9,089,000</b>	9,089,000
		<b>943,576,499</b>	964,343,832



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**6.1 Investment properties**

Particulars	Leasehold land	Building on leasehold land	Office premises (note 6.1.1)	Total
	----- (Rupees) -----			
<b>Year ended June 30, 2019</b>				
<b>Net carrying value basis</b>				
Opening net book value (NBV)	147,238,108	525,120,447	282,896,277	955,254,832
Reversal of Impairment	-	-	11,864,726	11,864,726
Transferred in / (out)	-	(18,953,955)	18,953,955	-
Depreciation charge	(3,856,889)	(12,186,050)	(16,589,120)	(32,632,059)
<b>Closing net book value</b>	<b>143,381,219</b>	<b>493,980,442</b>	<b>297,125,838</b>	<b>934,487,499</b>
<b>Gross carrying value basis</b>				
Cost	189,511,155	599,680,606	591,509,317	1,380,701,078
Accumulated impairment	-	-	(40,905,240)	(40,905,240)
Accumulated depreciation	(46,129,936)	(105,700,164)	(265,342,965)	(417,173,065)
<b>Closing net book value</b>	<b>143,381,219</b>	<b>493,980,442</b>	<b>285,261,112</b>	<b>934,487,499</b>
<b>Year ended June 30, 2018</b>				
<b>Net carrying value basis</b>				
Opening net book value (NBV)	151,094,997	530,357,651	291,749,500	973,202,148
Additions (at cost)	-	7,548,227	-	7,548,227
Reversal of Impairment	-	-	6,804,631	6,804,631
Depreciation charge	(3,856,889)	(12,785,431)	(15,657,854)	(32,300,174)
<b>Closing net book value</b>	<b>147,238,108</b>	<b>525,120,447</b>	<b>282,896,277</b>	<b>955,254,832</b>
<b>Gross carrying value basis</b>				
Cost	189,511,155	630,863,509	560,326,414	1,380,701,078
Accumulated impairment	-	-	(40,905,240)	(40,905,240)
Accumulated depreciation	(42,273,047)	(105,743,062)	(236,524,897)	(384,541,006)
<b>Net book value</b>	<b>147,238,108</b>	<b>525,120,447</b>	<b>282,896,277</b>	<b>955,254,832</b>
<b>Depreciation rate % per annum</b>	2%	2-5%	2-5%	

**6.1.1** This includes an office premises costing Rs. 70 million, which was swapped by Modaraba in March 2012 from First Dawood Investment Bank Limited (FDIBL), an associated undertaking. The said property was earlier acquired by FDIBL from its borrower against the settlement of liabilities who had also defaulted in its obligation with commercial bank. The said commercial bank has obtained a stay order against the property due to which execution of the sale deed and transfer of title in the name of Modaraba are in abeyance. In previous year Modaraba has recorded impairment in the said property amounting to Rs. 47.709 million. During the current and previous year Modaraba has carried out revaluation of said property that resulted in reversal of impairment amounting to Rs. 11.865 million and Rs. 6.804 million respectively.

FDIBL has filed an application of intervention with the Honorable High Court of Sindh, for removal of stay of the commercial bank and to affect the transfer of the title in its favour, which is pending adjudication.

The original title documents and possession of the property rest with the Modaraba. The portion of the said property has been rented out to associated undertakings. As soon as the case in question is decided, FDIBL will be able to execute the sale deed in favour of the Modaraba.

There are no additions or disposals during the year.

The fair value of investment property as at June 30, 2019 as per valuation report of independent valuer is Rs. 1,951.997 million (June 30, 2018: Rs 1,871.991 million).



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		June 30, 2019	June 30, 2018
	Note	----- (Rupees) -----	
<b>6.2 Capital work-in-progress</b>			
Advance for office premises - Jofa Tower, Karachi	6.2.1	<b>66,420,000</b>	66,420,000
Less: Provision against advance for office premises		<b>(57,331,000)</b>	(57,331,000)
		<b>9,089,000</b>	9,089,000
<b>6.2.1</b>			
This includes Rs. 57.331 million paid for the purchase of three shops of Jofa Tower. Because of a dispute in respect of payment for additional space due to structural changes in the design, the title or possession of the said property has not yet been transferred in the name of the Modaraba. In March 2012, the Modaraba filed a law suit for specific performance and deposited the balance amount of Rs. 9.089 million with Nazir High Court of Sindh. The law suit is currently pending before Honorable High Court of Sindh at Karachi. During prior year, Modaraba has made provision against the advance paid for the purchase of three shops amounting to Rs. 57.331 million.			
<b>7 LONG-TERM MUSHARAKA FINANCES</b>			
Considered good		<b>59,356,040</b>	48,567,794
Considered doubtful	7.4	<b>103,568,131</b>	155,351,790
	7.1 & 7.3	<b>162,924,171</b>	203,919,584
Provision for doubtful receivables	7.2	<b>(103,568,131)</b>	(155,351,790)
		<b>59,356,040</b>	48,567,794
Current portion of musharaka finances		<b>(40,473,298)</b>	(12,761,216)
		<b>18,882,742</b>	35,806,578
<b>7.1</b>			
The expected profit receivable on these arrangements ranges from 8.21% to 17.32% (June 30, 2018: 9.430% to 11.595%) per annum. The arrangements are secured by way of hypothecation of stock, mortgage of property and equipment and pledge of shares. These finances are receivable on various dates up to June 24, 2039.			
<b>7.2 Movement of provision</b>			
Opening balance		<b>155,351,790</b>	192,196,931
Transfer from amalgamated entity		-	7,262,809
Provision during the year	31	<b>195,122</b>	320,579
Written off during the year		-	(5,906,486)
Reversal during the year	31	<b>(51,978,781)</b>	(38,522,043)
Closing balance		<b>103,568,131</b>	155,351,790
<b>7.3 Ageing of musharaka finances</b>			
Neither past due nor impaired		<b>52,881,894</b>	48,451,501
Past due but not impaired		<b>6,474,146</b>	7,379,102
Past due and impaired		<b>103,568,131</b>	148,088,981
		<b>162,924,171</b>	203,919,584
<b>7.4</b>			
This includes an amount of Rs. 19.930 million (June 30, 2018: 34.766 million) in respect of Pak Hy Oils Limited as detailed in note 31 to the financial statements.			



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	Note	June 30, 2019	June 30, 2018
		----- (Rupees) -----	
<b>8 LONG TERM LOANS, ADVANCES AND DEPOSITS</b>			
Loans - secured - considered good			
To employees	8.1	<b>2,134,419</b>	2,743,084
Less: Current portion of loans to employees		<b>(410,914)</b>	(608,666)
		<b>1,723,505</b>	2,134,418
To executives	8.1, 8.2 & 8.3	<b>3,158,670</b>	3,235,525
Less: Current portion of loans to executives		<b>(1,780,494)</b>	(1,750,296)
		<b>1,378,176</b>	1,485,229
Deposits		<b>3,037,310</b>	5,637,310
Advance against musharaka		-	338,900
		<b>6,138,991</b>	9,595,857

- 8.1** These represent diminishing musharaka house loans disbursed to employees and executives under the terms of employment. These loans carry mark-up at the rate of 5% (June 30, 2018: 5%) per annum and are secured against the mortgage of properties.
- 8.2** The maximum amount of loans and advances due from executives at the end of any month during the year was Rs. 1.56 million (2018: Rs. 0.007 million).
- 8.3** The Modaraba has taken the benefit of forced sale value of the collateral amounting to Rs. 1.673 million against a loan to an executive. Had this benefit of FSV not been taken by the Modaraba, the provision against such loan would have been Rs. 1.673 million (2018: Rs. 1.673 million).

**9 SHORT-TERM INVESTMENTS**

**Fair value through profit or loss - FVTPL**

Listed ordinary shares	9.1	<b>143,801,105</b>	219,665,987
Derivative financial instruments	9.2	<b>808,251</b>	-
		<b>144,609,356</b>	219,665,987

**Fair value through other comprehensive income - FVTOCI**

Listed ordinary shares / modaraba certificates	9.3	<b>319,912,877</b>	362,821,882
Unlisted ordinary shares	9.4	<b>95,664,656</b>	89,812,733
Unlisted debt securities	9.5	<b>1,245,953</b>	55,370,751
		<b>416,823,486</b>	508,005,366
		<b>561,432,842</b>	727,671,353
Provision for diminution in value of investments	9.6	<b>(16,222,148)</b>	(16,222,148)
		<b>545,210,694</b>	711,449,205



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**9.1 FVTPL: Listed ordinary shares**

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

<u>Number of shares / units</u>		Names of investees	June 30,	June 30,	June 30,	June 30,
June 30,	June 30,		2019	2018	2019	2018
2019	2018		----- (Rupees) -----			
<b>Glass &amp; ceramics</b>						
65,050	37,900	Ghani Glass Limited	<b>2,858,947</b>		2,337,672	
<b>Textile composite</b>						
38,649	38,649	Kohinoor Textile Mills Limited	<b>968,158</b>		2,125,308	
6,000	6,000	Nishat Mills Limited	<b>560,040</b>		845,520	
<b>Cement</b>						
5,283	5,283	Bestway Cement Limited	<b>544,518</b>		692,020	
7,500	2,000	D.G. Khan Cement Company Limited	<b>424,050</b>		228,980	
6,400	6,400	Lucky Cement Limited	<b>2,435,008</b>		3,250,752	
220	220	Cherat Cement Company Limited	<b>6,811</b>		21,391	
59,000	29,000	Fauji Cement Company Limited	<b>928,069</b>		662,649	
598,000	572,500	Power Cement Limited	<b>3,845,140</b>		4,780,373	
<b>Power generation &amp; distribution</b>						
1,203,246	959,746	K-Electric Limited	<b>5,282,249</b>		5,451,358	
-	21,600	The Hub Power Company Limited	-		1,990,655	
<b>Refinery</b>						
7,998	6,399	Attock Refinery Limited	<b>618,005</b>		1,377,769	
41,050	41,050	National Refinery Limited	<b>4,657,943</b>		18,185,562	
-	5,500	Byco Petroleum Limited	-		67,100	
<b>Oil &amp; gas exploration companies</b>						
1,803	880	Mari Petroleum Company Limited	<b>1,819,822</b>		1,325,439	
70,043	54,820	Pakistan Petroleum Limited	<b>10,116,311</b>		11,780,818	
17,000	13,000	Oil & Gas Development Company Limited	<b>2,235,329</b>		2,023,060	
600	-	Attock Petroleum Limited	<b>173,106</b>		-	
2,300	-	Shell Pakistan Limited	<b>419,658</b>		-	
<b>Oil &amp; gas marketing companies</b>						
1,000	-	Pakistan State Oil Company Limited	<b>169,630</b>		-	
16,108	17,108	Sui Northern Gas Pipelines Limited	<b>1,119,344</b>		1,714,564	
203,500	175,000	Sui Southern Gas Company Limited	<b>4,208,380</b>		5,743,499	
<b>Automobile assembler</b>						
5,500	4,500	General Tyre & Rubber Company of Pakistan Limited	<b>283,305</b>		747,900	
21,875	24,275	Sazgar Engineering Work Limited	<b>4,809,219</b>		6,917,890	
3,120	3,320	Millat Tractors Limited	<b>2,690,626</b>		3,944,359	



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<b>Number of shares / units</b>		<b>Names of investees</b>	<b>June 30,</b>	<b>June 30,</b>
<b>June 30,</b>	<b>June 30,</b>		<b>2019</b>	<b>2018</b>
<b>2019</b>	<b>2018</b>		<b>2019</b>	<b>2018</b>
			<b>----- (Rupees) -----</b>	
<b>Automobile parts &amp; accessories</b>				
12,200	12,700	Agriauto Industries Limited	<b>2,439,512</b>	3,746,500
76,502	71,502	Loads Limited	<b>1,155,944</b>	2,229,434
<b>Fertilizer</b>				
-	3,000	Engro Corporation Limited	-	941,580
<b>Chemical</b>				
13,447	13,447	ICI Pakistan Limited	<b>7,160,124</b>	10,777,770
39,600	47,000	Ittehad Chemicals Limited	<b>1,067,616</b>	1,633,720
92,000	10,000	Sitara Peroxide Limited	<b>1,764,560</b>	173,600
1,700	1,700	Sitara Chemical Industries Limited	<b>519,979</b>	626,144
-	21,000	Lotte Chemical Pakistan Limited	-	251,159
7,340	1,499	Pakistan Oxygen Limited	<b>1,101,000</b>	359,759
2,000	2,400	Archroma Pakistan Limited	<b>950,300</b>	1,212,000
5,125	-	Berger Paints Pakistan Limited	<b>376,688</b>	-
<b>Engineering</b>				
48,875	46,375	Crescent Steel & Allied Products Limited	<b>1,846,497</b>	4,228,008
7,500	12,000	International Steels Limited	<b>297,825</b>	1,220,402
95,700	87,000	Ittefaq Iron Industries Limited	<b>621,093</b>	1,216,260
20,000	20,000	K.S.B Pumps Company Limited	<b>2,020,000</b>	5,600,000
121,486	126,486	Mughal Iron & Steel Industries Limited	<b>3,056,588</b>	7,768,770
7,500	7,500	Dost Steel Limited	<b>25,800</b>	59,325
<b>Transport</b>				
3,200	3,200	Pakistan National Shipping Corporation Limited	<b>204,320</b>	262,208
100	100	Pakistan International Container Terminal Limited	<b>15,050</b>	22,812
45,000	-	Pakistan Intl. Bulk Terminal	<b>379,800</b>	-
300	-	Al-Ghazi Tractor Limited	<b>95,199</b>	-
<b>Technology &amp; communication</b>				
-	6,500	Avanceon Limited	-	430,560
45,000	45,000	Pakistan Telecommunication Company Limited	<b>372,150</b>	514,800
<b>Leather &amp; tanneries</b>				
18,275	13,860	Service Industries Limited	<b>9,015,423</b>	10,879,823
<b>Food &amp; personal care products</b>				
13,000	-	At-Tahur Limited	<b>256,230</b>	-
160,075	157,575	Treet Corporation Limited	<b>2,442,744</b>	5,387,488
<b>Pharmaceuticals</b>				
150	1,200	Abbott Laboratories (Pakistan) Limited	<b>71,196</b>	822,001
7,250	9,250	AGP Limited	<b>496,842</b>	821,307



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**Number of shares / units**

**June 30, 2019**      **June 30, 2018**

**Names of investees**

**June 30, 2019**      **June 30, 2018**  
----- (Rupees) -----

9,795	9,347	Highnoon Laboratories Limited	<b>2,479,800</b>	3,837,035
17,800	17,800	Ferozsons Laboratories Limited	<b>1,990,396</b>	3,466,194
66,870	56,279	The Searle Company Limited	<b>9,800,467</b>	19,106,720
131,765	131,765	GlaxoSmithKline Pakistan Limited	<b>12,561,158</b>	21,872,989
15,000	15,300	GlaxoSmithKline Consumer Healthcare Pakistan Limited	<b>2,895,000</b>	6,197,265
		<b>Cable &amp; electrical goods</b>		
29,600	15,100	Pak Elektron Limited	<b>592,592</b>	535,446
		<b>Modarabas</b>		
12,100	11,000	First UDL Modaraba	<b>75,504</b>	205,150
		<b>Open-end mutual funds</b>		
222,543	221,903	Dawood Islamic Fund	<b>23,221,027</b>	25,980,122
		<b>Commercial banks</b>		
-	291	Bank Islami Pakistan Limited	-	3,478
		<b>Paper &amp; board</b>		
1,725	-	Cherat Packaging Limited	<b>139,104</b>	-
		<b>Woollen</b>		
18,000	19,000	Bannu Woollen Mills Limited	<b>612,000</b>	945,250
		<b>Miscellaneous</b>		
6,363	-	United Distributors Pakistan	<b>190,509</b>	-
		<b>Synthetic and rayon</b>		
34,500	7,000	Tri-Star Polyester Limited	<b>317,400</b>	116,270
			<b>143,801,105</b>	219,665,987

**9.2 FVTPL: Derivative financial instruments**

**Letter of rights**

30,500      -

**Power generation & distribution**

Hub Power Company Limited

**808,251**      -  
**808,251**      -



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**9.3 FVTOCI: Listed ordinary shares/modaraba certificates**

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

<b>Number of shares / units</b>		<b>Names of investees</b>	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>
<b>2019</b>	<b>2018</b>		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
			----- (Rupees) -----			
		<b>Oil &amp; gas exploration companies</b>				
8,350	8,350	Mari Petroleum Company Limited	<b>8,427,905</b>		12,576,603	
		<b>Oil &amp; gas marketing companies</b>				
5,962	7,962	Shell Pakistan Limited	<b>1,087,826</b>		2,516,709	
39,660	39,660	Sui Northern Gas Pipelines Limited	<b>2,755,974</b>		3,974,726	
		<b>Leather &amp; tanneries</b>				
3,800	3,800	Service Industries Limited	<b>1,874,616</b>		2,982,924	
		<b>Modarabas</b>				
1,000	1,000	ORIX Modaraba	<b>15,500</b>		16,610	
		<b>Real estate investment trust</b>				
407,000	407,000	Dolmen City REIT	<b>4,139,190</b>		5,250,300	
		<b>Chemical</b>				
17,974	17,974	Pakistan Oxygen Limited (formerly Linde Pakistan Limited)	<b>2,696,100</b>		4,313,760	
14,199	14,199	Sitara Chemical Industries Limited	<b>4,343,048</b>		5,229,776	
		<b>Cement</b>				
90	90	Maple Leaf Cement Factory Limited	<b>2,151</b>		4,567	
3,055,168	3,055,168	Power Cement Limited	<b>19,644,729</b>		25,508,711	
		<b>Engineering</b>				
56,000	56,000	KSB Pumps Company Limited	<b>5,656,000</b>		15,680,000	
11,000	11,000	Mughal Iron & Steel Industries Limited	<b>276,760</b>		675,620	
2,625	2,625	Crescent Steel & Allied Products Limited	<b>99,173</b>		239,320	
		<b>Transport</b>				
1,000	1,000	Pakistan International Container Terminal Limited	<b>150,500</b>		228,120	
5,000	5,000	Pakistan National Shipping Corporation	<b>319,250</b>		409,700	
		<b>Pharmaceuticals</b>				
38,276	42,576	Abbott Laboratories (Pakistan) Limited	<b>18,167,321</b>		29,164,560	
32,165	32,165	GlaxoSmithKline Pakistan Limited	<b>3,066,289</b>		5,339,390	
30,906	30,906	GlaxoSmithKline Consumer Healthcare Pakistan Limited	<b>5,964,858</b>		12,518,476	
638	638	Highnoon Laboratories Limited	<b>161,523</b>		261,905	



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<u>Number of shares / units</u>		Names of investees	June 30,	June 30,
June 30,	June 30,		2019	2018
2019	2018		June 30,	June 30,
			2019	2018
			----- (Rupees) -----	
		<b>Power generation &amp; distribution</b>		
-	1,000	The Hub Power Company Limited	-	92,160
		<b>Technology &amp; communication</b>		
2,313,934	2,103,577	Systems Limited - (related party)	<b>222,068,246</b>	212,924,064
		<b>Automobile parts &amp; accessories</b>		
98,400	98,400	Loads Limited	<b>1,486,823</b>	3,068,111
1,000	1,000	Millat Tractors Limited	<b>862,380</b>	1,188,060
		<b>Paper &amp; board</b>		
124,381	101,568	Roshan Packages Limited	<b>1,661,730</b>	2,861,171
		<b>Glass &amp; ceramics</b>		
200	13,300	Ghani Glass Limited	<b>8,790</b>	820,344
		<b>Financial services</b>		
1,935,506	1,935,506	786 Investments Limited (Formerly Dawood Capital Management Limited) - a related party (fully provided) (Note : 9.3.1)	<b>4,722,634</b>	4,722,634
3,339,922	3,339,922	First Dawood Investment Bank Limited - (Related party) (fully provided)(Note : 9.3.1)	<b>10,253,561</b>	10,253,561
			<b>319,912,877</b>	362,821,882

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

**9.4 FVTOCI: Investment in unlisted ordinary shares**

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

<u>Number of shares / units</u>		Names of investees	June 30,	June 30,
June 30,	June 30,		2019	2018
2019	2018		June 30,	June 30,
			2019	2018
			----- (Rupees) -----	
100,000	100,000	Al Baraka Bank (Pakistan) Limited - (note 9.4.2)	<b>779,100</b>	874,999
7,200,000	7,200,000	Dawood Family Takaful Limited - (note 9.4.3)	<b>52,128,000</b>	52,128,000
3,034,603	3,034,603	ISE Tower REIT Management Company Limited - (note 9.4.4)	<b>42,757,556</b>	36,809,734
			<b>95,664,656</b>	89,812,733



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

		<b>Break-up value as per latest available audited financial statements</b>	<b>% of holding of the investee's paid-up capital</b>	<b>Auditors</b>
		<b>(Rupees)</b>		
<b>June 30, 2019</b>				
Al Baraka Bank (Pakistan) Limited	(10.4.2)	779,100	0.01%	EY Ford Rhodes, Chartered Accountants
Dawood Family Takaful Limited	(10.4.3)	36,432,000	9.60%	Deloitte Yousuf Adil, Chartered Accountants
ISE Tower REIT Management Company Limited	(10.4.4)	42,757,556	0.83%	BDO Ebrahim & Co., Chartered Accountants
<b>June 30, 2018</b>				
Al Baraka Bank (Pakistan) Limited	(10.4.2)	783,000	0.01%	EY Ford Rhodes, Chartered Accountants
Dawood Family Takaful Limited	(10.4.3)	35,568,000	9.60%	Deloitte Yousuf Adil, Chartered Accountants
ISE Tower REIT Management Company Limited	(10.4.4)	36,809,734	0.83%	BDO Ebrahim & Co., Chartered Accountants

**9.4.2** The break-up value of investment in shares of Al Baraka (Pakistan) Limited (ABPL) is Rs. 0.779 million (as per latest available post amalgamation audited financial statement dated December 31, 2018) whereas the book value of investment in shares of ABPL is Rs. 0.875 million resulting in revaluation deficit of Rs. 0.096 million.

**9.4.3** The break-up value of investment in shares of Dawood Family Takaful (DFTL) is Rs. 36.432 million (as per latest audited accounts dated December 31, 2018) where as the cost of investment in shares of DFTL is Rs. 72 million. Upto June 30, 2017, management has recorded total impairment of Rs. 19.872 million based on embedded value of investment as at June 30, 2016 amounting to Rs. 52.128 million (Rs. 8.27 per share). Since, embedded value of the investments amounts to Rs. 67.752 million as at June 30, 2019 i.e. Rs. 9.41 per share (June 30, 2018 :Rs. 67.968 i.e Rs. 9.44 per share), therefore, management has not recorded further impairment on the grounds of embedded value being higher than the carrying value of this investment as per latest actuarial valuation.

**9.4.4** Out of the total shares of Rs. 10 each, 60% shares are kept in blocked account and divestment of the same will be in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012.

The breakup value of the investment in shares of ISE Tower REIT Management Company Limited amounted to Rs. 42.765 million (as per audited financial statement for the year ended June 30, 2018) whereas the book value of investment in shares of ABPL is Rs. 36.809 million resulting in revaluation surplus of Rs. 5.956 million.

**9.5 FTOCI: Investment in unlisted debt securities**

<b>Number of shares / units</b>		<b>Names of investees</b>		<b>June 30,</b>	<b>June 30,</b>
<b>2019</b>	<b>2018</b>			<b>2019</b>	<b>2018</b>
		<b>----- (Rupees) -----</b>			
<b>Sukuk</b>					
1,267	1,267	Eden Housing Limited - (Fully provided)	9.5.1	<b>1,245,953</b>	1,245,953
-	7,000	K- Electric Sukuk-3		-	35,491,785
-	23	Al Baraka Bank (Pakistan)		-	7,535,617
-	5	Dubai Islamic Bank Pakistan		-	5,093,520
-	60	Dawood Hercules Corp. Ltd		-	6,003,876
				<b>1,245,953</b>	<b>55,370,751</b>



### 9.5.1 Particulars of Sukuk

Name of the investee	Repayment frequency	Profit Rate per annum	Maturity date	Secured / Unsecured
Eden Housing Limited	Quarterly	3 months KIBOR + 2.5%	June 29, 2014	Secured

**9.5.1** This represents investment in privately placed sukuk with a tenure of 5 years. In prior period, company has defaulted in its principal & profit payment, therefore full amount of the provision has been recorded.

	Note	June 30, 2019 ----- (Rupees)	June 30, 2018 -----
<b>9.6 Provision for diminution in value of investments</b>			
Opening balance		<b>16,222,148</b>	14,976,195
Transfer from amalgamated entity		-	1,245,953
Closing balance		<b>16,222,148</b>	16,222,148

### 10 IJARAH / LEASE RENTAL RECEIVABLES

Considered good		<b>906,290</b>	955,181
Considered doubtful		<b>56,836,389</b>	56,949,049
Lease rental receivables		<b>57,742,679</b>	57,904,230
Less: Provision for doubtful receivables	10.1	<b>(56,836,389)</b>	(56,949,049)
		<b>906,290</b>	955,181

### 10.1 Provision for doubtful receivables

Opening		<b>56,949,049</b>	56,969,049
Charge for the year	31	<b>3,340</b>	-
Reversals during the year	31	<b>(116,000)</b>	(20,000)
Closing balance		<b>56,836,389</b>	56,949,049

### 11 LOANS, ADVANCES AND PREPAYMENTS

Loans and advances - secured - considered good			
Against salary		<b>2,060,408</b>	2,445,406
Loans and advances - unsecured - considered good			
Current portion of loans to employees		<b>410,914</b>	608,666
Current portion of loans to executives		<b>1,780,494</b>	1,750,296
Against investment		<b>1,525,000</b>	13,205,000
Against expenses		<b>11,303,502</b>	483,750
Against purchases		<b>44,922,678</b>	44,922,678
Prepayments			
Fees and Subscription		<b>200,000</b>	-
Takaful		<b>325,449</b>	216,808
Less: Provision for doubtful receivables		<b>(44,922,678)</b>	(44,922,678)
		<b>17,605,767</b>	18,709,926



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	Note	June 30, 2019	June 30, 2018
		----- (Rupees) -----	
<b>12 ACCRUED PROFIT</b>			
Accrued profit on:			
Debt securities		-	457,238
Musharaka finances		<b>406,957</b>	58,598
		<b>406,957</b>	515,836
<b>13 OTHER RECEIVABLES</b>			
Rent receivable - unsecured, considered good		<b>4,639,491</b>	2,368,120
Takaful premium receivable		<b>851,130</b>	538,118
Other receivable		<b>4,059,492</b>	635,269
		<b>9,550,113</b>	3,541,507
Receivable from ex-employees - unsecured, considered doubtful	13.1	<b>51,274,920</b>	51,274,920
Provision for doubtful receivables		<b>(51,274,920)</b>	(51,274,920)
Others	13.2	<b>33,810,401</b>	33,810,401
Provision for doubtful debts		<b>(33,810,401)</b>	(33,810,401)
		<b>9,550,113</b>	3,541,507
<b>13.1</b>	This represents balance receivable from certain ex-employees and other parties in respect of embezzlement of funds. The matter is pending before the Special Court, Lahore. As a matter of prudence, full provision in respect of these receivables have been made in these consolidated financial statements.		
<b>13.2</b>	This represents finance facility which was partly secured against pledge of stock of jute while some of the stock was misappropriated from the factory premises of the borrower. In prior year, the Modaraba has filed a criminal case against the borrower and its owner against misappropriation of pledged stock.		
	A suit was also filed on September 29, 2012 by the Modaraba before the Modaraba Tribunal / Banking Court-II for the recovery of outstanding dues from borrower. The Tribunal passed a judgment order in favour of the Modaraba and directed the defendant (borrower) to pay all outstanding dues along with cost of the suit, however the recovery of the decretal amount is uncertain due to the misappropriation of pledged stock by the borrower. Therefore, in prior year the Modaraba has filed the execution petition for the recovery of decretal amount by attaching the other auctionable assets of the borrower including piece and parcel of land / building of factory situated at 40-More, Lahore Road, Jaranwala and one vehicle. The borrower filed an application in Honorable Lahore High Court against the judgment and pleaded to suspend the judgment and decree in favour of Modaraba. The Modaraba has also filed a reply to the application filed by the borrower which is currently pending consideration.		
	Complete provision has been made against outstanding balance as per Prudential Regulations. The management is confident that the said lawsuit and criminal case will be decided in favour of the Modaraba.		
<b>14 TAXATION</b>			
Advance taxation		<b>18,182,866</b>	14,916,906
Less : Provision for taxation - BRRFS		<b>(715,707)</b>	(461,435)
		<b>17,467,159</b>	14,455,471



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		<b>June 30, 2019</b>	<b>June 30, 2018</b>
	<b>Note</b>	<b>----- (Rupees) -----</b>	
<b>15 CASH AND BANK BALANCES</b>			
Cash in hand		<b>136,790</b>	194,388
Cash with State Bank of Pakistan - current account		<b>6,655</b>	40
Cash with banks in:			
Savings accounts	15.1	<b>42,543,639</b>	20,994,744
Current accounts		<b>15,674</b>	1,665,491
		<b>42,702,758</b>	22,854,663

**15.1** These carry mark-up at rates ranging from 3.25% to 5.30% (June 30, 2018: 2.65% to 5.050%) per annum. Saving accounts includes balances placed under arrangements permissible under shariah amounting to Rs. 41.877 million.

**16 NON CURRENT ASSET HELD FOR SALE**

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

**16.1** During the year full amount of consideration amounting to Rs. 60 million has been received by the modaraba and the Board of Revenue, Sindh has issued N.O.C dated May 27, 2019 in respect of this land. Accordingly, the land has been derecognized from the books of the company and gain on sale of land amounting to Rs. 4.2 million has been recognized upon receipt of full consideration. (Refer Note : 32)

**17 AUTHORISED CAPITAL**

As a result of the amalgamation scheme becoming effective, the authorized capital of CSM of Rs. 250,000,000 merged and combined with the authorized capital of the Modaraba, consequently the merged authorized capital of the Modaraba increased from Rs. 1,150 million to Rs. 1,400 million divided into 140 million modaraba certificates of Rs 10/- each.

**18 ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL**

Modaraba certificates of Rs. 10 each

<b>Number of certificates</b>				
<b>2019</b>	<b>2018</b>			
39,359,741	39,359,741	Certificates issued as fully paid in cash	<b>393,597,410</b>	393,597,410
8,833,724	8,833,724	Certificates issued as fully paid bonus certificates	<b>88,337,240</b>	88,337,240
29,852,790	29,852,790	Certificates issued to certificate holders of Guardian Modaraba under the Scheme of Amalgamation	<b>298,527,900</b>	298,527,900
8,316,008	8,316,008	Certificates issued to certificate holders of BRR Guardian Modaraba under the Scheme of Amalgamation	<b>83,160,080</b>	83,160,080
<u>86,362,263</u>	<u>86,362,263</u>		<u><b>863,622,630</b></u>	<u>863,622,630</u>



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- 18.1** The Management Company held 14,614,018 (16.92%) certificates of Rs. 10 each as at June 30, 2019 (June 30, 2018: 13,051,495 (16.72%) certificates).
- 18.2** Equity International (Private) Limited, an associated company, held 2,423,488 (2.81%) certificates of Rs.10 each as at June 30, 2019 (June 30, 2018: 2,293,474 (2.94%) certificates).
- 18.3** Mr. Ayaz Dawood (CEO) held 9,984,084 (11.56%) certificates of Rs.10 each as at June 30, 2019 (June 30, 2018 : 7,804,391 (10%) certificates).
- 18.4** Consequent on the scheme becoming effective from July 01, 2017, the issued, subscribed and paid-up capital of CSM of Rs. 200,000,000 merged with and combined with the issued, subscribed and paid-up certificate capital of the Modaraba, consequently the issued, subscribed and paid-up certificate capital of BRRGM stand increased to Rs. 863,622,630 divided into 86,362,263 modaraba certificates of Rs. 10 each at a swap ratio of 1.00 : 2.405 (Modaraba : CSM).

	June 30, 2019	June 30, 2018
Note	----- (Rupees) -----	
<b>19 RESERVE</b>		
Capital reserve		
Profit prior to floatation	<b>10,532,683</b>	10,532,683
Statutory reserve	<b>756,012,170</b>	734,198,759
Merger reserve	<b>44,902,567</b>	44,902,567
Revenue reserve		
Accumulated loss	<b>(560,364,899)</b>	(555,025,121)
	<b><u>251,082,521</u></b>	<u>234,608,888</u>

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

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

The Modaraba has credited 48.64 % of its profit to this reserve for the year.

**20 SURPLUS ON REVALUATION OF INVESTMENTS**

Listed ordinary shares	<b>223,205,734</b>	264,023,372
Unlisted shares/Debt securities	<b>34,969,037</b>	29,306,990
	<b><u>258,174,771</u></b>	<u>293,330,362</u>

**21 DIMINISHING MUSHARAKA BASED TERM FINANCE CERTIFICATES**

Diminishing musharaka based Term Finance Certificates (TFCs)	21.1	-	72,449,843
Current maturity		-	(72,449,843)
		<u>-</u>	<u>-</u>



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- 21.1** The above TFCs represent privately placed instruments in the form of diminishing musharaka and are secured against investment properties and BRR Tower of the Modaraba.

During the year, the remaining balance of Rs. 72.450 million of TFC's amounting to Rs. 800 million plus profit thereon to the holders of TFCs as of the date of final book closure has been fully paid by the Modaraba and accordingly, all secured obligations have been fully and finally discharged.

	Note	June 30, 2019 ----- (Rupees) -----	June 30, 2018 -----
<b>22 LONG-TERM LOANS</b>			
National Bank of Pakistan	22.1	<b>82,616,684</b>	110,152,684
Current portion of long term loans		<b>(82,616,684)</b>	(27,536,000)
		<u>-</u>	<u>82,616,684</u>

- 22.1** The loan had been restructured on June 12, 2017 with the outstanding balance of Rs. 137.689 million at zero percent interest payable over next five years in equal quarterly installments commencing from July 01, 2017. The management of the Modaraba has intention to pay off the full outstanding amount in the next 12 months subsequent to year end, the board of directors in its meeting dated September 30, 2019, also approve it and committed to support modaraba financing if needed. The loan is secured by way of registered mortgage of property situated at Ground Floor & Mezzanine level 1st and 2nd Business and Finance Centre, plot No. 7/3, Seri Quarters, I. I. Chundrigar Road, Karachi. The management intends to pay the full amount in next year.

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

Musharaka arrangement - Taavun Private Limited	23.1	<b>29,677,418</b>	122,002,248
Musharaka arrangement - Dawood Family Takaful Limited	23.2	<b>50,000,000</b>	-
Current portion of musharaka arrangements		<b>(79,677,418)</b>	(93,776,446)
		<u>-</u>	<u>28,225,802</u>

- 23.1** The Modaraba has entered into musharaka agreements (Musharaka) with Taavun (Private) Limited. These Musharaka arrangements were on profit sharing basis and were payable upto December 28, 2014.

During the prior year, Modaraba had entered into a settlement agreement with Taavun (Private) Limited according to which the repayment under Musharaka is to be made in seven instalments aggregating to Rs.190 million, as per the agreed repayment schedule, with the last instalment to be paid on July 14, 2019. Prior to the date of settlement, the outstanding balance of Musharaka amounted to Rs. 110 million and accrued profit on Finance under Musharaka amounted to Rs. 57.813 million. The present value of the revised cash flows under the settlement agreement at the original profit rate amounted to Rs. 181.813 million which resulted in increase in liability of Rs. 14 million.

During the year, the Modaraba has made payment of four instalments aggregating to Rs. 112.5 million as per the agreed repayment schedule and has amortized profit of Rs. 20.175 million. As at June 30, 2019 the outstanding balance of Musharaka amounted to Rs. 29.677 million.

- 23.2** The Modaraba has entered into musharaka agreement (Musharaka) with Dawood Family Takaful Limited amounting to Rs. 50 million which is payable upto November 11, 2019. This Musharaka arrangement is on monthly profit sharing basis and carries profit at 1 M Kibor plus 100 basis points.

During the year, the Modaraba has recorded profit on musharaka amounting to Rs. 0.926 million and made profit payment amounting to Rs. 0.529 million ( Refer Note : 34 ).

		June 30, 2019	June 30, 2018
	Note	----- (Rupees) -----	
<b>24 LONG TERM SECURITY DEPOSITS</b>			
Lease / ijarah		<b>33,315,399</b>	46,264,219
Investment properties		<b>32,221,654</b>	30,252,383
Lockers		<b>18,096,500</b>	17,066,500
		<b>83,633,553</b>	93,583,102
Less: Current portion of security deposits		<b>(5,315,800)</b>	(11,941,410)
		<b>78,317,753</b>	81,641,692
<b>25 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Modaraba management fee payable	36	<b>5,158,795</b>	7,468,898
Sales tax on Modaraba management fee payable	36	<b>670,643</b>	970,957
Provision for Sindh Workers' Welfare Fund	37	<b>6,463,657</b>	7,737,701
Accrued liabilities		<b>13,563,884</b>	18,370,843
Rentals received in advance			
Lockers		<b>34,648,097</b>	29,947,667
Properties		<b>41,868,272</b>	32,466,318
Ijarah		<b>474,657</b>	821,958
Musharaka	25.3	<b>20,180,748</b>	49,488,931
Charity payable	25.1	<b>43,616</b>	100,687
Advance against sale of land	25.2	<b>2,100,000</b>	60,735,500
Others		<b>13,473,449</b>	9,417,371
		<b>138,645,818</b>	217,526,831
<b>25.1 Charity payable</b>			
Opening balance		<b>100,687</b>	81,086
Transfer from amalgamated entity		-	4,146
Accrued during the year		<b>80,299</b>	156,906
Payment	25.1.1	<b>(137,370)</b>	(141,451)
Closing balance		<b>43,616</b>	100,687
<b>25.1.1</b>			
This amount includes charity paid to Dawood Global Foundation amounting to Rs. 0.095 million (June 30, 2018: 0.098 million). Chief Executive and the Chairman of the Board of the Mobaraba are members of the Management Committee of Dawood Global Foundation.			
<b>25.2</b>			
This represents amount received from SKM Limited as token money for agreement to sale of investment property measuring 24- Kanals situated at Tehsil city, Lahore.			
<b>25.3</b>			
This represents rentals received in advance against the musharika facility as per the settlement agreement between Pak Hy Oil Limited and the Modaraba. Further, provision for doubtful receivable amounting to Rs.49.603 million has been reversed during the year in respect of this facility.			



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		June 30, 2019	June 30, 2018
Note		----- (Rupees) -----	
<b>26</b>	<b>ACCRUED PROFIT ON BORROWINGS</b>		
	Finance under musharaka arrangements	397,274	-
	Diminishing musharaka based TFCs	-	407,573
		<u>397,274</u>	<u>407,573</u>
<b>27</b>	<b>PROFIT DISTRIBUTION PAYABLE</b>		
	Unclaimed profit payable to certificate holders	<u>29,319,474</u>	<u>27,836,210</u>
<b>27.1</b>	As per Direction 16 of 2017 dated July 07, 2017 Securities and Exchange Commission of Pakistan (SECP), pursuant to section 244 read with section 510 of the Companies Act 2017, directed all Companies to submit a statement to the Commission through e Service portal within 30 days of issue of this notification stating therein the number of amounts, as the case may be, which remains unclaimed or unpaid for a period of 3 years from the date it is due and payable as of 30th May, 2017 in respect of modaraba certificates, dividend declared by Modaraba and any other instrument. Further SECP through their email dated July 19, 2018 notified the availability of eService portal for submission of aforesaid information immediately. Also, Regulation 10 of 'Unclaimed Shares, Modaraba Certificates, Dividend, Other Instruments and Undistributed Regulations, 2017' requires filing of annual return on 'Form-E' of all unclaimed dividends, shares, certificates and other instruments within 30 days of close of financial year, duly certified by their auditors and the aforesaid information i.e a searchable claimant wise statement having year-wise breakup of unclaimed shares, certificates, dividends etc. shall also be uploaded on website of the company. Further, Section 244 of Companies Act 2017 and the relevant regulations provide procedures to be followed for onward credit of unclaimed dividends due for more than three years to Federal Government.		
<b>28</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>28.1</b>	The Modaraba had received a legal notice from Innovative Investment Bank Limited (formerly: Crescent Standard Investment Bank Limited) which was addressed to previous Management Company (Financial Link Limited) of the Modaraba, wherein they had asked Modaraba to settle an outstanding balance of short-term borrowing amounting to Rs. 171.143 million (June 30, 2018: Rs. 171.143 million) along with the mark-up thereon on or before February 10, 2007. The management and the legal advisor of the Modaraba is confident that the matter will be decided in the favour of the Modaraba and, accordingly, no liability in respect of the above has been recognised in the consolidated financial statements.		
<b>28.2</b>	A commercial bank has lodged a claim of Rs. 1.090 million on account of excess mark-up paid to the Modaraba during previous years which is not accepted by the Modaraba. The Modaraba has also lodged a claim before the banking tribunal against the said commercial bank for short payment of mark-up to the Modaraba to the extent of Rs. 2.498 million (June 30, 2018: Rs. 2.498 million). The proceedings under both cases are pending to date. As a matter of abundant caution, full provision in respect of the said claim of commercial bank had been made by the Modaraba in 2015. During the prior year, bank balances have been written off against provision amounting to Rs. 1.090 million.		
<b>29</b>	<b>RENTAL INCOME</b>		
	Investment properties	29.1 155,318,295	139,344,157
	Lockers and custodial services	36,777,275	34,784,302
		<u>192,095,570</u>	<u>174,128,459</u>
<b>29.1</b>	This includes rental income amounting to Rs. 8.261 million (2018: Rs. 6.705 million) from management company, associated companies and other related parties.		



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		June 30, 2019	June 30, 2018
	Note	----- (Rupees) -----	
<b>30 RETURN ON INVESTMENTS - NET</b>			
Dividend income	30.1	<b>12,438,198</b>	13,730,444
Profit on debt securities		<b>2,443,569</b>	4,410,831
Gain on sale of investments		<b>3,345,479</b>	14,273,641
		<b>18,227,246</b>	32,414,916
<b>30.1 Dividend income</b>			
Abbot Laboratories Limited		<b>818,692</b>	1,713,554
AGP Limited		<b>11,562</b>	-
Agriauto Industries Limited		<b>143,790</b>	145,274
Al-Ghazi Tractors Limited		<b>17,616</b>	-
Archroma Pakistan Limited		<b>96,000</b>	119,315
Attock Refinery Limited		<b>18,369</b>	42,726
Bannu Wollen Mills Limited		<b>40,331</b>	94,524
Bestway Cement Limited		<b>46,586</b>	61,326
Burshane LPG (Pakistan) Limited		-	1,994
Cherat Cement Company Limited		<b>880</b>	220
Cherat Packaging Limited		<b>11,812</b>	-
Crescent Steel & Allied Products Limited		<b>48,995</b>	217,147
D.G. Khan Cement Company		<b>8,127</b>	-
Dolmen City Reit		<b>520,531</b>	834,350
Engro Corporation		<b>34,359</b>	49,635
Fauji Cement Company Limited		<b>71,971</b>	96,519
Ferozsons Laboratories Limited		<b>70,794</b>	70,653
First Habib Modaraba		<b>60,000</b>	-
First UDL Modaraba		-	11,816
General Tyre & Rubber Company Limited		<b>26,995</b>	-
Ghani Glass Limited		<b>266,000</b>	170,600
Glaxosmithkline Consumer Healthcare		<b>223,405</b>	226,035
GlaxoSmithKline Pakistan Limited		<b>1,136,264</b>	1,136,058
Highnoon Laborites Limited		<b>123,034</b>	8,159
Hub Power Company Limited		<b>25,200</b>	-
ICI Pakistan Limited		<b>282,242</b>	134,444
International Steels Limited		<b>26,250</b>	24,997
ISE Tower REIT Management Company Limited		<b>439,713</b>	293,142
Ittefaq Iron Industries Limited		<b>43,447</b>	-
Ittehad Chemicals Limited		<b>39,600</b>	61,100
Kohinoor Textile Mills Limited		<b>77,473</b>	55,817
KSB Pumps Limited		<b>227,726</b>	-
Loads Limited		-	145,919
Lotte Pakistan Limited		<b>12,629</b>	-
Lucky Cement Limited		<b>49,546</b>	106,167
Maple Leaf Cement Factory Limited		<b>2,811</b>	4,373
Mari Gas Company Limited		<b>62,728</b>	62,708
Mari Petroleum Company Limited		<b>497</b>	-
Millat Tractors Limited		<b>431,438</b>	515,892
Mughal Iron & Steel Industries Limited		<b>301,562</b>	82,692
National Refinery		<b>409,761</b>	915,867



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		June 30, 2019	June 30, 2018
	Note	----- (Rupees) -----	
Nishat Mills Limited		<b>28,391</b>	27,116
Oil & Gas Development Company Limited		<b>157,185</b>	134,090
Orix Modaraba		<b>2,500</b>	2,700
Pak Elektron Limited		-	29,370
Pak Oxygen Ltd. Formerly Linde Pakistan Limited		<b>128,798</b>	107,080
Pakistan International Container Limited		<b>30,715</b>	15,043
Pakistan National Shipping Corporation		<b>12,097</b>	-
Pakistan Petroleum Limited		<b>79,114</b>	347,573
Pakistan Telecommunication Company Limited		<b>66,590</b>	43,880
Roshan Packages Limited		-	91,497
Sazgar Engineering Works Limited		<b>32,000</b>	-
Service Industries Limited		<b>529,800</b>	564,220
Shell Pakistan Limited		<b>55,701</b>	202,891
Sitara Chemical Industries Limited		<b>206,604</b>	198,586
Sui Northern Gas Pipelines Limited		<b>382,207</b>	430,098
Systems Limited		<b>4,202,947</b>	3,634,876
The Hub Power Company Limited		<b>38,042</b>	122,292
The Searle Company Limited		<b>256,771</b>	363,610
Javedan Co-operation Limited		-	12,500
		<b>12,438,198</b>	13,730,444
<b>31 REVERSAL OF PROVISION FOR DOUBTFUL RECEIVABLES</b>			
<b>Reversal during the year</b>			
Lease rentals	10.1	<b>116,000</b>	20,000
Musharaka	7.2 & 25.3	<b>51,978,781</b>	38,522,043
		<b>52,094,781</b>	38,542,043
<b>Less: Charged during the year</b>			
Ijarah	10.1	<b>(3,340)</b>	(39,661)
Musharika	7.2	<b>(195,122)</b>	(320,579)
		<b>(198,462)</b>	(360,240)
		<b>51,896,319</b>	38,181,803
<b>32 OTHER INCOME</b>			
Gain on disposal of property and equipment - owned		<b>327,197</b>	744,839
Gain on disposal of non-current asset held for sale	16	<b>4,200,000</b>	-
Miscellaneous and other termination charges		<b>4,083,561</b>	414,301
Others		-	10,494,151
		<b>8,610,758</b>	11,653,291



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		June 30, 2019	June 30, 2018
	Note	----- (Rupees) -----	
<b>33 ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances and other benefits	33.2	<b>71,285,188</b>	70,030,366
Travelling and conveyance		<b>42,135</b>	129,461
Entertainment		<b>1,251,842</b>	1,293,363
Electricity, water and gas		<b>6,177,745</b>	2,304,516
Telephone and fax		<b>354,233</b>	519,950
Postage and courier		<b>256,403</b>	425,192
Stationery and printing		<b>1,173,297</b>	1,587,620
Computer expenses		<b>520,444</b>	523,091
Fees and subscriptions		<b>4,611,577</b>	5,426,170
Takaful		<b>4,773,518</b>	3,924,065
Repairs and maintenance		<b>5,083,656</b>	1,361,506
Rent, rates and taxes		<b>3,184,347</b>	2,639,390
Security expenses		<b>879,204</b>	992,216
Brokerage and commission		<b>886,575</b>	763,034
Legal and professional charges		<b>2,609,755</b>	2,810,718
Auditor's remuneration	33.1	<b>1,606,000</b>	1,421,974
Depreciation on owned assets	5.1	<b>10,595,580</b>	10,183,406
Depreciation on investment properties	6.1	<b>32,632,059</b>	32,300,174
Others	33.3	<b>2,489,816</b>	1,588,444
		<b><u>150,413,374</u></b>	<u>140,224,656</u>
<b>33.1 Auditor's remuneration</b>			
Audit fee		<b>1,002,000</b>	823,000
Limited review, special reports, certification and sundry advisory services		<b>433,500</b>	385,050
Out of pocket expenses		<b>170,500</b>	213,924
		<b><u>1,606,000</u></b>	<u>1,421,974</u>
<b>33.2</b>	During the period, the Modaraba contributed Rs. 3.106 million (June 30, 2018: Rs. 2.940 million) to the provident fund.		
<b>33.2.1 Disclosures relating to Provident Fund</b>			
Size of the fund		<b><u>148,864,984</u></b>	<u>139,095,148</u>
Fair value of investments		<b><u>125,655,503</u></b>	<u>125,996,323</u>



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	Note	June 30, 2019	June 30, 2018
		----- (Rupees) -----	
<b>Break-up of investments</b>			
Government securities		<b>25,000,000</b>	25,000,000
Term Finance Certificates		<b>22,027,760</b>	13,688,232
Investment in sukuk		<b>7,464,026</b>	18,612,679
Listed securities		<b>21,761,709</b>	20,908,766
Unlisted securities		-	741,000
Mutual Funds		<b>49,402,007</b>	47,045,646
			<b>% age of size of the fund</b>
<b>Break-up of investments</b>			
Government securities		<b>19.90%</b>	19.84%
Term Finance Certificates		<b>17.53%</b>	10.86%
Investment in sukuk		<b>5.94%</b>	14.77%
Listed securities		<b>17.32%</b>	16.59%
Unlisted securities		<b>0.00%</b>	0.59%
Mutual Funds		<b>39.32%</b>	37.34%

**33.2.2** The figures for 2019 are based on the unaudited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

**33.3** This amount includes charity paid to Dawood Global Foundation amounting to Rs. 0.80 million. Chief Executive and the Chairman of the Board of the Mobaraba are members of the Management Committee of Dawood Global Foundation.

**34 FINANCIAL CHARGES**

Profit on:

Finance under musharaka arrangement		<b>21,101,540</b>	1,688,961
Diminishing musharaka based TFCs		<b>2,784,633</b>	8,982,631
Bank charges and commission		<b>100,439</b>	9,864
		<b>23,986,612</b>	10,681,456

**35 REVERSAL OF IMPAIRMENT - NET**

Reversal of impairment during the year

Investment property	6.1	<b>11,864,726</b>	6,804,631
		<b>11,864,726</b>	6,804,631

**36 MODARABA MANAGEMENT COMPANY'S FEE**

In accordance with the Modaraba Companies and Modaraba Rules, 1981, a management fee at the rate of 10% of annual profits is payable to the Management Company. Accordingly, modaraba has recognised a liability of Rs. 5.159 million for the period (June 30, 2018 : Rs. 7.469 million) which increased the liability to Rs. 5.159 million. Furthermore during the period, an amount of Rs. 0.670 million was charged on account of sales tax on management fee (June 30, 2018 : Rs. 0.971 million) which increased the liability to Rs. 0.670 million levied through Sindh Sales Tax on Services Act, 2011.

**37 PROVISION FOR SINDH WORKERS' WELFARE FUND**

The Finance Act, 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. As a result of these amendments, Workers' Welfare Fund (WWF) is payable at the rate of 2% of the profit before taxation as per the financial statements or taxable income as per the return of income, whichever is higher. The Sindh Assembly, on June 04, 2015, passed The Sindh Workers Welfare Fund Act, 2014 (the SWWF Act). As per Section 5(1) of the WWF Act, contributions



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are payable with effect from the date of closing of account on or after December 31, 2013, that corresponds to Modaraba's accounting year ended on June 30, 2014. During the year, the management has made a provision of Rs. 0.915 million (June 30, 2018: 1.325 million) in respect of this liability. Moreover, liability in respect of WWF under the repealed WWF Ordinance and the SWWF Act up to June 30, 2019 has been recorded and disclosed in the financial statement amounting to Rs. 6.464 million.

### 38 TAXATION

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

The Additional Commissioner Inland Revenue has amended the assessment under section 122(5)(A) of the Income Tax Ordinance, 2001 for the Tax Year 2005 by creating demand of Rs. 954,036. The Modaraba has filed appeal before the Commissioner Inland Revenue (Appeals-I) and decision of the Commissioner Inland revenue (Appeals-I) was made in favour of the Modaraba. Further, the Department has filed appeal before the Appellate Tribunal, Inland revenue and the hearing of appeal is still pending.

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

Assessment for the Tax Year 2012 was selected for audit by Deputy Commissioner (IR), Audit Unit-IV, under section 122(5)(A). The Deputy Commissioner (IR) vide order dated June 30, 2018 has amended the assessment for the Tax Year 2012 thereby creating a demand of Rs. 5,908,802. The Modaraba has filed an appeal before the Commissioner Appeals against the said demand which is pending adjudication. The Commissioner Appeals has remanded back the order setting aside the demand by Deputy Commissioner (IR). Appeal effect order under section 122 / section 125 is still pending.

No provision have been made in these regards against the above demand by the authority as the management is confident that the decision will be made in the favour of modaraba.

### 39 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

The earnings per certificate as required under IAS 33 "Earnings per share" is given below:

	<b>June 30, 2019</b>	<b>June 30, 2018</b>
	----- (Rupees) -----	
Profit for the year	<b>44,314,365</b>	65,178,119
	<b>Number of certificate</b>	<b>Number of certificate</b>
Weighted average number of certificates outstanding	<b>86,362,263</b>	86,362,263
Earnings per certificate - Basic and diluted (Rupees)	<b>0.51</b>	0.75

There were no convertible dilutive potential ordinary certificates outstanding as on June 30, 2019 and June 30, 2018 which have dilutive effect on earnings per certificate.

**June 30,                      June 30,**  
**2019                              2018**  
----- (Rupees) -----

**40 REMUNERATION OF OFFICERS AND EXECUTIVES**

Remuneration	<b>20,418,000</b>	18,867,350
Medical expenses	<b>408,000</b>	402,000
Retirement benefits	<b>1,361,201</b>	1,006,801
	<b>22,187,201</b>	20,276,151
Number of officers / executives at the end of the year	<b>7</b>	7

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

**41 FUTURE MINIMUM LEASE RENTALS RECEIVABLES**

Future minimum lease rentals receivable on the basis of lease agreements executed up to June 30, 2019 are as follows:

Receivable - not later than one year	<b>9,529,327</b>	38,455,091
Receivable - later than one year and not later than five year	<b>4,811,084</b>	14,454,027
	<b>14,340,411</b>	52,909,118

**42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

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

**42.1 Market risk**

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

**42.2 Profit rate risk**

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. As of June 30, 2019 the Modaraba's exposure to the risk of changes in market interest rates relates primarily to bank balances in saving accounts, musharaka and murabaha agreements and debt securities. The bank balances in saving accounts are subject to profit rates as declared by the respective banks on yearic basis while, the



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musharaka and murabaha agreements and debt securities are subject to floating profit rates. As at June 30, 2019 approximately 15.27% (2018: 15.43%) of the Modaraba's financial assets are subject to floating profit rates. The management of the Modaraba estimates that an increase of 100 basis points in the market profit rate, with all other factors remaining constant, would increase the Modaraba's income by Rs. 0.677 million (2018: Rs. 1.259 million) and a decrease of 100 basis points would result in a decrease in the Modaraba's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

#### 42.3 Foreign currency risk

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

#### 42.4 Equity price risk

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

At the balance sheet date, the exposure to listed equity securities is Rs. 463.714 million (2018: Rs. 582.488 million). Management of the Modaraba estimates that 5% increase or decrease in the overall equity prices in the market with all other factors remaining constant would result in increase or decrease of Modaraba's net assets by Rs. 22.374 million (2018: Rs. 28.313 million). However, in practice, the actual results may differ from the sensitivity analysis.

#### 42.5 Segment by class of business for investment in equity securities

	2019		2018	
	Rupees	%	Rupees	%
Automobile assembler	7,783,150	1.68%	11,610,149	1.99%
Automobile parts & accessories	5,944,659	1.28%	10,232,105	1.76%
Cable & electrical goods	592,592	0.13%	535,446	0.09%
Cement	27,830,476	5.99%	35,149,443	6.03%
Chemical	19,979,415	4.30%	24,577,688	4.22%
Commercial banks	-	0.00%	3,478	0.00%
Engineering	13,899,736	2.99%	36,687,705	6.30%
Fertilizer	-	0.00%	941,580	0.16%
Financial services	14,976,195	3.22%	14,976,195	2.57%
Food & personal care products	2,698,974	0.58%	5,387,488	0.92%
Glass & ceramics	2,867,737	0.62%	3,158,016	0.54%
Leather & tanneries	10,890,039	2.34%	13,862,747	2.38%
Miscellaneous	190,509	0.04%	-	0.00%
Modarabas	91,004	0.02%	221,760	0.04%
Oil & gas exploration companies	23,192,131	4.99%	27,705,920	4.76%
Oil & gas marketing companies	9,341,154	2.01%	13,949,498	2.39%
Open-end mutual funds	23,221,027	5.00%	25,980,122	4.46%
Paper & board	1,800,834	0.39%	2,861,171	0.49%
Pharmaceuticals	57,654,850	12.41%	103,407,842	17.75%
Power generation & distribution	6,090,500	1.31%	7,534,173	1.29%
Real estate investment trust	4,139,190	0.89%	5,250,300	0.90%
Refinery	5,275,948	1.14%	19,630,431	3.37%
Synthetic and rayon	317,400	0.07%	116,270	0.02%
Technology & communication	222,440,396	47.89%	213,869,424	36.72%
Textile composite	1,528,198	0.33%	2,970,828	0.51%
Transport	1,164,119	0.25%	922,840	0.16%
Woollen	612,000	0.13%	945,250	0.16%
	<b>464,522,233</b>	<b>100%</b>	<b>582,487,869</b>	<b>100%</b>



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#### 42.6 Liquidity risk

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

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

2019	Profit rate	Six months	Six to Twelve	One to five	Over five	Total contractual cash flows
		or less	months	years	years	
<b>Rupees</b>						
Long term loan	-	13,768,000	68,848,684	-	-	<b>82,616,684</b>
Musharaka, murabaha and finance under mark-up arrangements	-	79,677,418	-	-	-	<b>79,677,418</b>
Diminishing musharaka based TFCs	1 month KIBOR + 1%	-	-	-	-	-
Creditors, accrued and other liabilities	-	-	138,645,818	-	-	<b>138,645,818</b>
Accrued profit on borrowing	-	397,274	-	-	-	<b>397,274</b>
Profit distribution payable	-	29,319,474	-	-	-	<b>29,319,474</b>
<b>Total</b>	-	<b>123,162,166</b>	<b>207,494,502</b>	-	-	<b>330,656,668</b>

2018	Profit rate	Six months	Six to Twelve	One to five	Over five	Total contractual cash flows
		or less	months	years	years	
<b>Rupees</b>						
Long term loan	-	13,768,000	13,768,000	82,616,684	-	110,152,684
Musharaka, murabaha and finance under mark-up arrangements	-	46,888,223	46,888,223	28,225,802	-	122,002,248
Diminishing musharaka based TFCs	1 month KIBOR + 1%	36,224,922	36,224,922	-	-	72,449,844
Creditors, accrued and other liabilities	-	-	217,526,831	-	-	217,526,831
Accrued profit on borrowing	-	407,573	-	-	-	407,573
Profit distribution payable	-	27,836,210	-	-	-	27,836,210
<b>Total</b>	-	<b>125,124,928</b>	<b>314,407,976</b>	<b>110,842,486</b>	-	<b>550,375,390</b>

#### 42.7 Credit risk

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



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	<b>June 30, 2019</b>	<b>June 30, 2018</b>
	----- (Rupees) -----	
Musharaka finance	<b>59,356,040</b>	48,567,794
Short-term investments	<b>545,210,694</b>	711,449,205
Lease rentals receivables	<b>906,290</b>	955,181
Loans, advances and other receivables	<b>23,744,758</b>	28,305,783
Accrued profit	<b>406,957</b>	515,836
Bank balances	<b>42,565,968</b>	22,660,275
	<b>672,190,707</b>	812,454,074

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

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

	<b>2019</b>		<b>2018</b>	
	<b>Rupees</b>	<b>%</b>	<b>Rupees</b>	<b>%</b>
Oil and gas	<b>1,109,640</b>	<b>2.48%</b>	1,109,640	1.39%
Transport	<b>4,986,087</b>	<b>11.14%</b>	4,986,087	6.25%
Food and confectioneries	<b>600,000</b>	<b>1.34%</b>	600,000	0.75%
Engineering and metals	<b>78,500</b>	<b>0.18%</b>	78,500	0.10%
Power generation & Energy	<b>827,984</b>	<b>1.85%</b>	-	-
Miscellaneous	<b>37,172,041</b>	<b>83.02%</b>	73,014,004	91.51%
	<b>44,774,252</b>	<b>100%</b>	79,788,231	100%

**42.7.2 Segment by class of business for musharaka and murabaha finances**

	<b>2019</b>		<b>2018</b>	
	<b>Rupees</b>	<b>%</b>	<b>Rupees</b>	<b>%</b>
Textile industry	<b>10,843,686</b>	<b>6.66%</b>	12,842,553	6.30%
Oil and lubricants	<b>21,214,417</b>	<b>13.02%</b>	51,937,330	25.47%
Chemical and pharmaceutical	<b>32,092,808</b>	<b>19.70%</b>	32,341,761	15.86%
Engineering	<b>26,357,459</b>	<b>16.18%</b>	27,057,459	13.27%
Auto and transportation	<b>3,717,586</b>	<b>2.28%</b>	1,973,080	0.97%
Hotelling industry	<b>9,471,425</b>	<b>5.81%</b>	9,471,425	4.64%
Miscellaneous	<b>59,213,893</b>	<b>36.35%</b>	68,295,976	33.49%
	<b>162,911,274</b>	<b>100%</b>	203,919,584	100%

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

	<b>2019</b>		<b>2018</b>	
	<b>Rupees</b>	<b>%</b>	<b>Rupees</b>	<b>%</b>
Electricity	-	-	35,491,785	64.10%
Miscellaneous	<b>1,245,953</b>	100%	19,878,966	35.90%
	<b>1,245,953</b>	100%	55,370,751	100%



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**42.8 Financial instruments by category**

**Financial assets**

**Amortised cost**

	June 30, 2019	June 30, 2018
Long-term deposits	<b>3,037,310</b>	5,637,310
Musharaka finance	<b>59,356,040</b>	48,567,794
Ijarah / lease rental receivable	<b>906,290</b>	955,181
Loans and advances	<b>20,381,999</b>	22,451,665
Accrued profit	<b>406,957</b>	515,836
Other receivables	<b>9,550,113</b>	3,541,507
Cash and bank balances	<b>42,702,758</b>	22,854,663

**FVTOCI**

Short-term investments	<b>400,601,338</b>	491,783,218
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**FVTPL**

Short-term investments	<b>143,801,105</b>	219,665,987
Derivative financial instruments	<b>808,251</b>	-

<b>681,552,161</b>	<b>815,973,161</b>
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**Financial liabilities**

**Financial liabilities at amortised cost**

Long term loan	<b>82,616,684</b>	110,152,684
Diminishing musharaka based Term Finance Certificates	-	72,449,843
Murabaha, musharaka and finance under mark-up arrangements	<b>79,677,418</b>	122,002,248
Creditors, accrued and other liabilities	<b>138,645,818</b>	217,526,831
Accrued profit on borrowings	<b>397,274</b>	407,573
Profit distribution payable	<b>29,319,474</b>	27,836,210

<b>330,656,668</b>	<b>550,375,389</b>
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**43 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

The carrying values of all financial assets and liabilities reflected in the financial statements are approximate to their fair values except for held to maturity investments. Fair value is determined on the basis of the objective evidence at each required date. The following table compares the carrying amounts and fair values of the Modaraba's financial assets and financial liabilities as at June 30, 2019 :



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	As at June 30, 2019		As at June 30, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
<b>Amortised cost</b>				
Long-term deposits	3,037,310	3,037,310	5,637,310	5,637,310
Musharaka finance	59,356,040	59,356,040	48,567,794	48,567,794
Ijarah / lease rental receivable	906,290	906,290	955,181	955,181
Loans and advances	20,707,448	20,707,448	22,668,473	22,668,473
Accrued profit	406,957	406,957	515,836	515,836
Other receivables	9,550,113	9,550,113	3,541,507	3,541,507
Cash and bank balances	42,702,758	42,702,758	22,854,663	22,854,663
<b>FVOCI</b>				
Short-term investments	319,912,877	319,912,877	340,336,219	362,821,882
<b>FVTPL</b>				
Short-term investments	144,609,356	144,609,356	211,300,698	219,665,987
<b>Financial liabilities</b>				
<b>Amortised cost</b>				
Diminishing musharaka based Term Finance Certificates	-	-	72,449,843	72,449,843
Murabaha, musharaka and finance under mark-up arrangements	79,677,418	79,677,418	122,002,248	122,002,248
Creditors, accrued and other liabilities	138,645,818	138,645,818	217,526,831	217,526,831
Accrued profit on borrowings	397,274	397,274	407,573	407,573
Profit distribution payable	29,319,474	29,319,474	27,836,210	27,836,210

### 43.1 Fair value hierarchy

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

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

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

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

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

As at June 30, 2019, the Modaraba held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
<b>Investments at FVTPL</b>				
Listed ordinary shares	143,801,105	-	-	143,801,105
Derivative financial instruments	808,251	-	-	808,251
<b>Investments at FVTOCI</b>				
Listed ordinary shares - net	319,912,877	-	-	319,912,877
Unlisted ordinary shares	-	-	95,664,656	95,664,656
Debt securities	-	1,245,953	-	1,245,953
	464,522,233	1,245,953	95,664,656	561,432,842



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

	Level 1	Level 2	Level 3	Total
	Rupees			
<b>Investments at FVTPL</b>				
Listed ordinary shares	219,665,987	-	-	219,665,987
Derivative financial instruments	-	-	-	-
<b>Investments at FVTOCI</b>				
Listed ordinary shares - net	362,821,882	-	-	362,821,882
Unlisted ordinary shares	-	-	89,812,733	89,812,733
Debt securities	-	55,370,751	-	55,370,751
	<u>582,487,869</u>	<u>55,370,751</u>	<u>89,812,733</u>	<u>727,671,353</u>

**Valuation techniques**

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

**Transfers during the year**

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

The following table presents the movement in level 3 instruments.

	June 30, 2019	June 30, 2018
	----- (Rupees) -----	
Opening balance	<b>89,812,733</b>	88,370,817
Unrealized gain / (loss) during the year	<b>5,851,923</b>	1,441,917
Closing balance	<u><b>95,664,656</b></u>	<u>89,812,733</u>

**44 CAPITAL RISK MANAGEMENT**

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

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

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



**B.R.R. Guardian Modaraba**

(An Islamic Financial Institution)

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

	<b>June 30, 2019</b>	<b>June 30, 2018</b>
	----- (Rupees) -----	
Debts	<b>162,294,102</b>	304,604,775
Cash and bank balances	<b>(42,702,758)</b>	(22,854,663)
Net debt	<b>119,591,344</b>	281,750,112
Equity	<b>1,372,879,922</b>	1,391,561,880
Net debt to equity ratio	<b>0.09</b>	0.20

**45 RELATED PARTY TRANSACTIONS**

The Modaraba has related party relationship with its Management Company, associated undertakings, employee benefit plans, and its key management personnel.

The details of related party transactions and balances as at June 30, 2019 are as follows:

<b>Relationship with the Modaraba</b>	<b>Nature of transactions</b>	<b>June 30, 2019</b>	<b>June 30, 2018</b>
		----- (Rupees) -----	
<b>Transactions during the period</b>			
<b>Management Company</b>			
BRR Investment (Private) Limited	Management fee accrued	<b>5,158,795</b>	7,468,899
BRR Investment (Private) Limited	Management fee paid	<b>7,468,899</b>	19,921,896
BRR Investment (Private) Limited	Rent received	<b>300,000</b>	300,000
BRR Investment (Private) Limited	Advance received	<b>63,500,000</b>	55,200,000
BRR Investment (Private) Limited	Advance repaid	<b>63,500,000</b>	55,200,000
<b>Associated companies / other related parties</b>			
Dawood Family Takaful Limited	Rental Received against Ijarah / property	<b>5,179,563</b>	4,601,043
Dawood Family Takaful Limited	Sale of sukuk	<b>17,428,520</b>	6,000,000
Dawood Family Takaful Limited	Principal paid against investment in sukuk	<b>15,424,391</b>	18,779,220
Dawood Family Takaful Limited	Profit paid against investment in sukuk	<b>679,852</b>	2,002,797
Dawood Family Takaful Limited	Group life insurance paid	<b>299,205</b>	136,374
Dawood Family Takaful Limited	Musharaka finance received	<b>50,000,000</b>	-
Dawood Family Takaful Limited	Profit paid on Musharaka finance	<b>529,096</b>	-
First Dawood Investment Bank Limited	Rent received against property	<b>818,400</b>	818,400
First Dawood Investment Bank Limited	Share of common expenses - net	<b>224,558</b>	175,170
First Dawood Investment Bank Limited	Principal paid against investment in sukuk	<b>8,785,506</b>	10,696,368
First Dawood Investment Bank Limited	Profit paid against investment in sukuk	<b>386,105</b>	1,140,746



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		<b>June 30, 2019</b>	<b>June 30, 2018</b>
		----- (Rupees) -----	
First Dawood Employees Provident	Transfer to provident fund	<b>3,106,191</b>	2,940,151
First Dawood Employees Provident Fund	Principal paid against investment in sukuk	<b>7,214,903</b>	8,784,156
First Dawood Employees Provident Fund	Profit paid against investment in sukuk	<b>318,007</b>	936,814
Hamida Dawood	Principal paid against investment in sukuk	<b>2,368,062</b>	2,883,120
Hamida Dawood	Profit paid against investment in sukuk	<b>104,376</b>	307,478
System Limited	Dividend Received	<b>4,207,154</b>	3,634,876
Hydrochina Dawood Power (Private) Limited	Rent Received	<b>3,600,000</b>	66,550
Dawood Global Foundation	Charity paid	<b>898,883</b>	98,451
<b>Relationship with the Modaraba</b>		<b>Nature of balances</b>	
<b>Period end balances</b>			
<b>Management Company</b>			
BRR Investment (Private) Limited	Management fee payable	<b>5,158,795</b>	7,468,899
<b>Associated companies / other related parties</b>			
First Dawood Investment Bank Limited	Principal payable against investment in sukuk	-	8,785,497
First Dawood Investment Bank Limited	Profit payable against investment in sukuk	-	49,363
First Dawood Employees Provident Fund	Principal payable against investment in sukuk	-	7,214,902
First Dawood Employees Provident Fund	Profit payable against investment in sukuk	-	40,594
Dawood Family Takaful Limited	Principal payable against investment in sukuk	-	15,424,391
Dawood Family Takaful Limited	Profit payable against investment in sukuk	-	86,788
Dawood Family Takaful Limited	Advance rental	<b>48,240</b>	-
Dawood Family Takaful Limited	Rental receivable	-	-
Dawood Family Takaful Limited	Musharaka finance	<b>50,000,000</b>	-
Dawood Family Takaful Limited	Accrued profit on musharaka	<b>397,274</b>	-
Hamida Dawood	Principal payable against investment in sukuk	-	2,368,055
Hamida Dawood	Profit payable against investment in sukuk	-	13,325
Hydrochina Dawood Power (Private) Limited	Advance rental	-	13,915
Hydrochina Dawood Power (Private) Limited	Rental receivable	<b>65,945</b>	-

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

#### **46 SEGMENT REPORTING**

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

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

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

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

#### **47 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors of the Management Company in their meeting held on September 30, 2019 have approved profit distribution at the rate of 2.4% i.e. Re. 0.24 (2018: at the rate of 3.4% i.e. Re. 0.34) per certificate for the year ended June 30, 2019. These consolidated financial statements do not reflect this distribution.

#### **48 DATE OF AUTHORISATION FOR ISSUE**

These consolidated financial statements were authorised for issue on **September 30, 2019** by the Board of Directors of B.R.R. Investment (Private) Limited.

#### **49 CORRESPONDING FIGURES**

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

#### **50 NUMBER OF EMPLOYEES**

The number of employees as at year end was 64 (2018: 59) and average number of employees during the year was 62 (2018: 69).

#### **51 GENERAL**

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

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

**Rafique Dawood**  
Chairman

**Ayaz Dawood**  
Chief Executive Officer

**Syed Ali Raza**  
Director

**Syed Tariq Masood**  
Chief Financial Officer



**B.R.R. Guardian Modaraba**  
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**B.R.R. GUARDIAN MODARBA  
PATTERN OF CERTIFICATE HOLDING - FORM "34"  
CERTIFICATE HOLDERS STATISTICS AS AT JUNE 30, 2019**

<b>Number of Certificate Holders</b>	<b>From</b>	<b>Certificate Holding</b>	<b>To</b>	<b>Certificate Held</b>
1698	1	-	100	77,032
2414	101	-	500	590,665
2501	501	-	1000	1,699,359
839	1001	-	5000	1,906,595
172	5001	-	10000	1,319,166
57	10001	-	15000	721,354
31	15001	-	20000	550,342
20	20001	-	25000	465,316
22	25001	-	30000	639,445
15	30001	-	35000	488,936
4	35001	-	40000	150,469
1	40001	-	45000	41,187
12	45001	-	50000	579,255
4	50001	-	55000	210,299
9	55001	-	60000	528,194
4	65001	-	70000	270,271
4	70001	-	75000	297,250
2	75001	-	80000	151,500
4	80001	-	85000	333,630
4	95001	-	100000	399,000
2	100001	-	105000	203,000
1	110001	-	115000	114,434
2	115001	-	120000	236,983
1	135001	-	140000	136,716
1	140001	-	145000	141,000
1	145001	-	150000	147,000
1	155001	-	160000	157,172
1	165001	-	170000	170,000
1	170001	-	175000	175,000
1	210001	-	215000	214,500
1	215001	-	220000	220,000
1	230001	-	235000	230,985
1	240001	-	245000	244,000
1	280001	-	285000	282,600
1	295001	-	300000	300,000
1	300001	-	305000	305,000
1	345001	-	350000	345,800



**B.R.R. Guardian Modaraba**  
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<b>Number of Certificate Holders</b>	<b>From</b>	<b>Certificate Holding</b>	<b>To</b>	<b>Certificate Held</b>
1	360001	-	365000	361,994
1	365001	-	370000	367,941
1	370001	-	375000	373,000
1	375001	-	380000	379,500
2	390001	-	395000	781,611
2	395001	-	400000	800,000
1	400001	-	405000	404,000
1	415001	-	420000	415,024
1	425001	-	430000	425,904
1	470001	-	475000	473,000
1	490001	-	495000	492,991
1	570001	-	575000	571,388
1	580001	-	585000	582,500
1	680001	-	685000	684,500
1	705001	-	710000	707,276
1	730001	-	735000	730,923
1	765001	-	770000	767,403
1	845001	-	850000	845,758
1	850001	-	855000	855,000
1	890001	-	895000	893,184
1	995001	-	1000000	999,000
1	1040001	-	1045000	1,041,500
1	1245001	-	1250000	1,247,000
1	1340001	-	1345000	1,343,605
1	1380001	-	1385000	1,381,988
1	1460001	-	1465000	1,464,500
1	1640001	-	1645000	1,640,999
1	1680001	-	1685000	1,681,676
1	1740001	-	1745000	1,744,500
1	2065001	-	2070000	2,069,603
1	2155001	-	2160000	2,156,141
1	2795001	-	2800000	2,796,091
1	3665001	-	3670000	3,667,351
1	4775001	-	4780000	4,776,405
1	6760001	-	6765000	6,763,344
1	7310001	-	7315000	7,310,943
1	8210001	-	8215000	8,214,575
1	9105001	-	9110000	9,106,690
<b>7876</b>				<b>86,362,263</b>



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

## ADDITIONAL INFORMATION AS ON JUNE 30, 2019

S. No.	Categories of Certificate holders	Number	Certificates Held	% Age
<b>1</b>	<b>Associated Companies</b>	3	<b>21,887,505</b>	<b>25.34</b>
	B.R.R. Investment Private Limited		14,614,018	
	Equity International Private Limited		2,423,488	
	Dawood Family Takaful Limited		4,849,999	
<b>2</b>	<b>NIT / ICP</b>	2	<b>3,701,738</b>	<b>4.29</b>
	CDC - Trustee National Investmet (Unit) Trust		3,667,351	
	Investment Corporation of Pakistan		34,387	
<b>3</b>	<b>Directors, CEO their Spouse &amp; Minor Children</b>	2	<b>10,329,884</b>	<b>11.96</b>
	Rafique Dawood		345,800	
	Ayaz Dawood		9,984,084	
<b>4</b>	<b>Banks, DFIs, NBFIs, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and others</b>	71	<b>20,508,021</b>	<b>23.75</b>
<b>5</b>	<b>General Public</b>	7,798	<b>29,935,115</b>	<b>34.66</b>
	<b>Total</b>	<b>7,876</b>	<b>86,362,263</b>	<b>100</b>

### Certificate holders holding five percent or more Certificates

<b>Paid up Capital</b>	<b>86,362,263</b>	
B.R.R. Investment Private Limited	14,614,018	16.92
Ayaz Dawood	9,984,084	11.56
State Life Insurance Corp. of Pakistan	7,310,943	8.47
Amanah Investments Limited	7,334,732	8.49



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

## SIX YEARS' FINANCIAL SUMMARY

2019	2018	2017	2016	2015	2014
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----- (Rs. In million) -----

### Profit & Loss Account

Operating income	244.41	254.01	313.62	243.01	206.96	234.38
Other income	8.60	11.65	148.43	29.41	94.10	14.31
Amortization on ijarah assets	25.40	39.68	22.22	30.27	33.56	26.61
Financial charges	26.42	11.84	24.78	37.31	79.44	135.55
Administrative expenses	149.61	139.45	155.60	138.08	136.88	103.89
Provision/(Reversal) for doubtful debts/receivables	(51.90)	(38.18)	16.55	(5.06)	(26.30)	(64.50)
Unrealized loss / (gain) on revaluation of held-for-trading investment	79.60	60.85	(43.43)	(0.09)	(33.47)	(14.54)
Net Profit	44.84	64.92	169.67	46.72	70.23	41.44
Dividend	20.73	29.36	78.05	21.07	31.61	18.73

### Balance Sheet

Paid-up Capital	863.62	863.62	780.46	780.46	780.46	780.46
Reserves	510.12	528.28	483.98	276.14	210.67	73.84
Certificate Holders Equity	1,373.75	1,391.90	1,264.44	1,056.60	991.13	854.29
Borrowings	212.19	350.60	408.35	588.64	699.71	949.22
Lease portfolio	44.77	79.79	50.73	94.35	121.50	162.20
Morabaha & Musharaka Portfolio	59.36	48.57	19.80	36.88	110.71	215.99

### Performance Indicators

Earnings / (Loss) per certificate (Rs.)	0.52	0.75	2.17	0.60	0.90	0.53
Profit paid per certificate (Rs.)	0.24	0.34	1.000	0.270	0.405	0.24
Profit paid per certificate (%)	2.40%	3.40%	10.00%	2.70%	4.05%	2.40%
Profit payout (after statutory reserves) (%)	90.00%	90.00%	90.02%	90.21%	90.01%	90.00%
Break-up value per certificate (Rs.)	15.91	16.12	16.20	13.54	12.70	10.95
Market value per certificate (Rs.)	8.12	8.74	9.43	6.95	7.73	6.00
Price Earnings ratio	15.62	11.65	4.35	11.58	8.59	11.32
Income/Expense ratio	1.29	1.39	1.73	1.24	1.29	1.17
Financial Charges/Total Expenses (%)	15.01%	6.20%	9.29%	17.00%	28.40%	48.43%

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
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







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