

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Awwal Modaraba Management Company (Private) Limited (the Modaraba Management Company) for and on behalf of First Prudential Modaraba (the Modaraba) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2023.



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

S. No.	Paragraph Reference	Description
(i)	1	There was no female director on the board at year end as required under the relevant regulation. However, subsequent to the year end, a female director was appointed.

KARACHI

DATED: OCTOBER 6, 2023

UDIN: CR202310166XQnKvA239

BDO Ebrahim & Co.

CHARTERED ACCOUNTANTS

Engagement Partner: Tariq Feroz Khan

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019
Awwal Modaraba Management Limited
Year ended June 30, 2023

This statement is being presented to comply with Listed Companies (Code of Corporate Governance) Regulations, 2019. Regardless of the fact that Awwal Modaraba Management Limited ('AMML' or 'the company'), the Management Company of First Prudential Modaraba, is an unlisted public limited company, the Board of Directors of the Management Company is pleased to confirm that the Code is being complied with in all material respects (pertaining to the operations of the Modaraba).

AMML has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are six (6) as at June 30, 2023 as per the following,-

- a. Male: 06
- b. Female: 00*

**It may be noted that subsequently in September 2023, Ms. Humaira Siddique has been appointed on the Board of Directors of AMML (subject to clearance from SECP).*

The total number of directors are six (6) as of September 30, 2023 as per the following,-

- a. Male: 05
- b. Female: 01

2. The composition of Board is as follows:

Category	Names
Independent Directors	Mr. Khalid Aziz Mirza Mr. Shahid Ghaffar
Non-Executive Directors	Mr. S. M. Aamir Shamim Mr. Abdul Jaleel Shaikh Mr. Ahmed Ateeq*
Executive Directors	Mr. Karim Hatim (Chief Executive Officer)
Female Director	None as at June 30, 2023 (Ms. Ayesha Aziz was serving on the Board of Directors of AMML until May 31, 2023). Subsequently in September 2023, Ms. Humaira Siddique has been appointed on the Board of Directors of AMML (subject to clearance from SECP).

**Mr. Ahmed Ateeq resigned from the Board of Directors on 8th September 2023. Ms. Humaira Siddique has been appointed on the Board of Directors of AMML in place of Mr. Ahmed Ateeq (subject to clearance from SECP).*

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

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board meets the criteria of requirement of Directors' Training program.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

Audit Committee	Mr. Shahid Ghaffar (Chairman) Mr. Khalid Aziz Mirza Mr. Abdul Jaleel Shaikh Mr. Ahmed Ateeq*
HR and Remuneration Committee	Mr. Khalid Aziz Mirza (Chairman) Mr. S. M. Aamir Shamim Mr. Karim Hatim

**Mr. Ahmed Ateeq resigned from the Board of Directors on 8th September 2023. Ms. Humaira Siddique has been appointed on the Board of Directors of AMML in place of Mr. Ahmed Ateeq (subject to clearance from SECP).*

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

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

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

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

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

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

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



Khalid Aziz Mirza
Chairman

Dated: 30 September 2023