

Creating **Structure**
and **Precision**
in Financial **Planning**
for Economic **Prosperity**



HALF YEARLY
REPORT
December 2019

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Vision & Mission Statements

VISION STATEMENT

Awwal Modaraba Management Limited (AMML) will play a role in the economic progress and development of Pakistan by providing a range of advisory services and financial support, through Shari'ah compliant modes; to viable projects in high growth, capital starved sectors of the economy.

MISSION STATEMENT

AMML aims to be at the vanguard of innovation in modaraba management services, offering the best solutions to our customers, value to our shareholders and modaraba investors, complemented with a challenging, equal opportunity environment to our employees.

Corporate Information

Board of Directors

Mr. Khalid Aziz Mirza	Chairman	Independent Director
Mr. Shahid Ghaffar		Independent Director
Ms. Ayesha Aziz		Non-Executive Director
Mr. Abdul Jaleel Shaikh		Non-Executive Director
Mr. Ahmed Ateeq		Non-Executive Director
Mr. Karim Hatim		Chief Executive Officer

Audit Committee

Mr. Shahid Ghaffar	Chairman
Mr. Khalid Aziz Mirza	Member
Mr. Abdul Jaleel Sheikh	Member
Mr. Ahmed Ateeq	Member

Human Resource and Remuneration Committee

Mr. Khalid Aziz Mirza	Chairman
Ms. Ayesha Aziz	Member
Mr. Karim Hatim	Member

Company Secretary

Ms. Iqra Sajjad

Chief Financial Officer

Syed Askary Haider Rizvi

Bankers

Habib Bank Limited
Soneri Bank Limited
National Bank of Pakistan
Dubai Islamic Bank Pakistan Limited

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

LMA Ebrahim Hosain

Shari'ah Advisor

Mufti Muhammad Hassaan Kaleem

Share Registrar

THK Associates (Pvt) Ltd.
1st Floor, 40-C, Block-6
P.E.C.H.S.
Karachi -75400.
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Block No. 4, Scheme No. 5
Clifton, Karachi, Pakistan.
Tel : (+92-21) 38771685
Fax : (+92-21) 35374275
Web: www.awwal.com.pk

Directors' Report

For the six months period ended 31 December 2019

On behalf of the Board of Directors of Awwal Modaraba Management Limited, the management company of Awwal Modaraba, we are pleased to present the Directors' Report together with unaudited financial results of Awwal Modaraba, for the half year ended 31 December 2019.

Economy

The first six months of FY2020 saw stability in interest rates as the State Bank of Pakistan (SBP) kept the Policy Rate unchanged since July 2019. SBP noted several positive developments including a massive reduction in current account deficit, exchange rate stability, and expected slowdown in inflation to targeted levels. The economy still faces several challenges as inflationary pressures during the last two years have substantially increased working capital requirements for companies in an environment of high interest rates. This is exacerbated by slowdown in demand and geo-political tensions creating uncertainty.

At the same time, many positive developments have taken place. On December 02, 2019 Moody's upgraded Pakistan's outlook from 'Negative' to 'Stable' and re-affirmed the B3 rating. Moreover, the Asian Development Bank also approved a USD 1.3 billion loan to support the domestic economy. Pakistan's status on FATF is relatively secure for now; however, a continuous fulfilment of FATF targets is a must in order to avoid any negative action. Monetary policy easing is expected during second half of 2020 in line with slowdown in future inflation. The Government is focusing on CPEC Phase II. While the first phase emphasized energy and roads, the second phase will focus on industrialization, agriculture, and socioeconomic development, with a particular emphasis on special economic zones. Global economic outlook is also favourable for next year which can help boost exports even though stress is still evident. Overall the next six months are expected to remain tight as the economy undergoes the stabilization phase.

Financial Performance

Modaraba is continuing with its strategy to selectively underwrite new business in order to preserve asset quality. The outstanding portfolio size increased by PKR 135 million in half year to stand at PKR 766.92 million as on 31 December 2019 with fresh disbursements. Excess liquidity of PKR 200 million was parked in a high earning term deposit account to maximize returns.

During the six months under review, overall revenues were recorded at PKR 99.41 million, compared to PKR 70.54 million in corresponding period last year, inclusive of fee income of PKR 24 million and return on term deposit of PKR 12.10 million. Modaraba continued to benefit from the overall higher returns on portfolio compared to the corresponding period. Admin and operating expenses for the period amounted to PKR 28.79 million with negligible financial charges in absence of borrowings. The Modaraba posted profit before management fee expense and tax of PKR 70.62 million during July to December 2019 compared to the corresponding period last year of PKR 44.02 million.

Governance

There has been no change in the Board of Directors of Awwal Modaraba Management Limited during the period under review.

Acknowledgement

The Board would like to acknowledge and appreciate Securities and Exchange Commission of Pakistan and Registrar Modaraba for their continuous guidance and support. Also, would like to avail this opportunity to thank its customers and investors for placing their trust in the Modaraba.

On behalf of the Board



Karim Hatim
Chief Executive Officer

Date: 10 February 2020



Abdul Jaleel Shaikh
Director

ڈائریکٹر رپورٹ

برائے اختتام ششماہی 31 دسمبر 2019

اول مضاربہ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز جو اول مضاربہ (مضاربہ) کی منجمنٹ کمپنی ہے، اول مضاربہ کے غیر آڈٹ شدہ مالی گوشوارے برائے اختتام ششماہی 31 دسمبر 2019 کے ہمراہ ڈائریکٹر رپورٹ پیش کرتے ہوئے انتہائی مسرت محسوس کرتے ہیں۔

معیشت

مالی سال 2020 کے پہلے چھ ماہ میں سودی شرح میں استحکام دیکھنے میں آیا جس کی وجہ اسٹیٹ بینک آف پاکستان (SBP) کی جانب سے جولائی 2019 سے پالیسی کی شرح کو غیر تبدیل پذیر رکھنا تھا۔ SBP نے کئی مثبت پیش رفتوں کا مشاہدہ کیا جن میں کرنٹ اکاؤنٹ کے خسارے میں بڑے پیمانے پر ہونے والی کمی، شرح مبادلہ میں استحکام اور برف کردہ سطحوں تک افراط زر میں متوقع سست روی شامل ہیں۔ معیشت کو ابھی بھی لاتعداد چیلنجز کا سامنا ہے کیونکہ افراط زر کے دباؤ نے گزشتہ دو سال کے دوران بلند سودی شرح کی فضا میں کمپنیوں کے لیے عملی سرمائے کے لوازمات میں خاطر خواہ اضافہ کیا ہے۔ یہ صورتحال طلب میں کمی اور غیر یقینی پیدا کرنے والی جغرافیائی سیاسی چیلنجز سے مزید بدتر ہوئی۔

اس کے ساتھ ہی ساتھ، کئی مثبت پیش رفت بھی سامنے آئی ہیں۔ 2 دسمبر 2019 کو موڈی نے پاکستان کے منظر نامے کو منفی سے مستحکم کے درجے میں تبدیل کیا اور B3 درجہ بندی کی از سر نو توثیق کی۔ علاوہ ازیں، ایشیائی ترقیاتی بینک نے بھی مقامی معیشت کو بہتر بنانے کے لیے 1.3 بلین امریکی ڈالرز کا قرضہ منظور کیا۔ FATF پر پاکستان کی موجودہ حیثیت فی الحال نسبتاً محفوظ ہے، تاہم کسی بھی منفی اقدام سے بچاؤ کے لیے FATF اہداف کی مسلسل تکمیل لازمی ہے۔ 2020 کی دوسری ششماہی کے دوران مستقبل میں افراط زر میں سست روی کے ساتھ ساتھ آسان مالیاتی پالیسی کی توقع ہے۔ حکومت کی قیادت CPEC کے دوسرے مرحلے پر مرکوز ہے۔ جس طرح پہلے مرحلے میں توانائی اور سڑکوں پر دھیان دیا گیا تھا، اسی طرح دوسرے مرحلے میں صنعت، زراعت اور سماجی معاشی ترقی پر توجہ دی جائے گی، اس مرحلے میں خاص معاشی زونز کو خصوصی اہمیت دی جائے گی۔ اگلے سال کے لیے عالمی معاشی منظر نامہ بھی موافق ہے جو بظاہر تناؤ کی فضا کے باوجود برآمدات کے اضافے میں مددگار ہوگا۔ مجموعی طور پر اگلے چھ ماہ مشکل رہنے کی توقع ہے کیونکہ معیشت استحکام کے عمل سے گزر رہی ہے۔

مالیاتی کارکردگی

مضاربہ نے کاروبار کے لیے اپنی محتاط انتخاب کی حکمت عملی پر مسلسل کاربند رہے تاکہ اثاثوں کا معیار برقرار رکھا جاسکے۔ قرضوں کے پورٹ فولیو کا حجم اس ششماہی میں 135 ملین روپے کے اضافے سے قومی کی حالیہ ادائیگیوں کے بعد 31 دسمبر 2019 کو 766.92 ملین روپے ہو گیا ہے۔ 200 ملین روپے کی اضافی سیال پذیریری کو زیادہ آمدنی کے حصول کے لیے بلند شرح منافع کے حامل ٹرم ڈپازٹ اکاؤنٹ میں جمع کیا گیا ہے۔

زیر جائزہ چھ ماہ کے دوران، مجموعی آمدن گزشتہ سال کی اسی مدت کے دوران حاصل کردہ 70.54 ملین روپے کے مقابلے میں 99.41 ملین روپے ریکارڈ کی گئیں، جن میں فیس آمدنی کی مدد میں 24 ملین روپے اور ٹرم ڈپازٹ پر 12.10 ملین روپے کی آمدنی بھی شامل ہیں۔ مضاربہ گزشتہ سال کی اسی مدت کے مقابلے میں پورٹ فولیو پر مجموعی طور پر مسلسل بلند تر منافع حاصل ہوتا رہا۔ مذکورہ معیاد میں انتظامی اور عملی اخراجات قرضوں کی عدم موجودگی میں معمولی مالیاتی چارجز کے ساتھ 28.79 ملین روپے رہے۔ مضاربہ نے جولائی تا دسمبر 2019 کے دوران قبل از منجمنٹ فیس اور ٹیکس کے 70.62 ملین روپے کا منافع حاصل کیا جو کہ گزشتہ سال کی اسی میعاد کے دوران 44.02 ملین روپے تھا۔

نظامت

زیر جائزہ مدت کے دوران اول مضاربہ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز میں کوئی تبدیلی نہیں ہوئی۔

اظہار تشکر

بورڈ سیکورٹیز راینڈ ایکٹیو کمیشن آف پاکستان اور رجسٹرڈ مضاربہ کی مسلسل رہنمائی اور تعاون کا معترف ہے اور اسے سراہتا ہے۔ اس کے ساتھ، اس موقع کا فائدہ اٹھاتے ہوئے مضاربہ اپنے صارفین اور سرمایہ کاروں کے اعتماد کا جدول سے مشکور ہے۔

بورڈ کی جانب سے

(مستند)

کریم حاتم

چیف ایگزیکٹو آفیسر

مورخہ: 10 فروری 2020

(مستند)

عبدالحلیم شیخ

ڈائریکٹر



KPMG Taseer Hadi & Co.
Chartered Accountants
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Certificate holders of AWWAL MODARABA

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **AWWAL MODARABA** ("the Modaraba") as at 31 December 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity, and notes to the condensed interim financial information for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). The Modaraba Management Company (Awwal Modaraba Management Limited) is responsible for the preparation and presentation of this condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



KPMG Taseer Hadi & Co.

Other matter

The figures for the quarter ended 31 December 2019 and 31 December 2018 in the condensed interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditor's review report is Muhammad Taufiq.

Date: 17 February 2020

Karachi

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants

Condensed Interim Statement of Financial Position

As at 31 December 2019


	Note	31 December 2019 (Un-audited) (Rupees)	30 June 2019 (Audited)
ASSETS			
Current assets			
Bank balances	4	34,319,588	164,135,475
Modarabah term deposit	5	200,000,000	200,000,000
Accruals, prepayments, advances and other receivables		64,789,698	45,294,829
Current portion of receivable against advisory fee	6	57,476,833	49,150,553
Current portion of Investment against repurchase agreement	7	48,878,899	48,878,899
Current portion of Musharika Finance	8	278,310,583	276,993,084
Current portion of Diminishing Musharika Finance	9	182,222,225	13,888,890
Current portion of long term loans		2,700,462	2,089,758
Taxation recoverable		9,565,636	7,543,738
Total current assets		878,263,924	807,975,226
Non - current assets			
Receivable against advisory fee	6	9,067,477	34,707,466
Investment against repurchase agreement	7	-	-
Long term portion of Musharika Finance	8	53,611,116	92,992,242
Long term portion of Diminishing Musharika Finance	9	252,777,775	286,111,110
Long term loans		2,906,987	4,446,284
Long term deposit		75,000	75,000
Intangible asset	10	5,172,744	6,561,192
Operating fixed assets	11	901,815	1,463,677
Total non-current assets		324,512,914	426,356,971
TOTAL ASSETS		1,202,776,838	1,234,332,197
LIABILITIES AND EQUITY			
Current liabilities			
Accrued expenses	12	28,971,008	28,327,156
Payable to related parties	22	8,682,968	21,103,338
Unclaimed profit distribution		159,528	144,195
Total liabilities		37,813,504	49,574,689
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital			
100,000,000 Modaraba Certificates of Rs. 10 each		1,000,000,000	1,000,000,000
Issued, subscribed, and paid-up certificate capital			
100,000,000 Modaraba Certificates of Rs. 10 each		1,000,000,000	1,000,000,000
Statutory reserve	15	109,432,666	95,591,501
Unappropriated profit		55,530,668	89,166,007
Total Equity		1,164,963,334	1,184,757,508
TOTAL LIABILITIES AND EQUITY		1,202,776,838	1,234,332,197
Contingencies and Commitments			
	16		

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

For Awwal Modaraba Management Limited
(Management Company)


 Chief Financial Officer


 Chief Executive Officer


 Director


 Director

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Un-audited)

For the six months and quarter ended 31 December 2019


Note	For the six months ended		For the quarter ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(Un-audited)			
	(Rupees)			
Income				
Advisory fee	24,000,000	11,017,647	7,000,000	3,767,647
Income from Investment against repurchase agreement	4,850,113	7,647,207	2,630,837	4,638,905
Income from Musharika Finance	28,192,135	25,326,301	13,956,139	13,866,237
Income from Diminishing Musharika Finance	22,598,126	18,094,321	12,327,440	9,935,502
Income from Deposits with banks	7,673,833	8,457,773	3,184,297	3,949,510
Income from Modarabah Term Deposit	12,098,630	-	6,049,315	-
	99,412,837	70,543,249	45,148,028	36,157,801
Expenses				
Administrative and operating expenses	(28,704,255)	(26,449,246)	(13,778,554)	(13,631,995)
Financial charges	(90,392)	(77,832)	(83,791)	(73,020)
	70,618,190	44,016,171	31,285,683	22,452,786
Management Company's remuneration	-	-	-	-
Provision for services sales tax on Management Company's remuneration	-	-	-	-
Provision for Workers' Welfare Fund	(1,412,364)	(880,323)	(625,714)	(449,056)
	(1,412,364)	(880,323)	(625,714)	(449,056)
Profit for the period before taxation	69,205,826	43,135,848	30,659,969	22,003,730
Taxation	-	-	-	-
Profit for the period after taxation	69,205,826	43,135,848	30,659,969	22,003,730
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	69,205,826	43,135,848	30,659,969	22,003,730
	(Rupee)			
Earnings per certificate - basic and diluted	0.69	0.43	0.31	0.22

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

For Awwal Modaraba Management Limited
(Management Company)


Chief Financial Officer


Chief Executive Officer


Director


Director

Condensed Interim Statement of Cash Flows (Un-audited)

For the six months ended 31 December 2019


	Note	31 December 2019 (Un-audited) (Rupees)	31 December 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before taxation		69,205,826	43,135,848
Adjustments for non-cash items			
Depreciation on operating fixed assets	11	561,862	614,921
Amortisation on intangible asset	10	1,388,448	218,960
		<u>1,950,310</u>	<u>833,881</u>
Changes in assets			
Accruals, prepayments, advances and other receivables		(19,494,869)	(12,632,546)
Receivable against advisory fee		17,313,709	25,869,515
Investment against repurchase agreement		-	11,999,994
Disbursement of Musharika Finance		-	(35,000,000)
Repayment of Musharika Finance		38,063,627	71,344,062
Disbursement of Diminishing Musharika Finance		(135,000,000)	-
Long term loans		928,593	(2,025,264)
		<u>(98,188,940)</u>	<u>59,555,761</u>
Changes in liabilities			
Accrued expenses		643,852	(11,632,998)
Payable to related parties		(12,420,370)	(11,944,380)
Unclaimed profit distribution		15,333	112,440
		<u>(11,761,185)</u>	<u>(23,464,938)</u>
Taxes withheld		(2,021,898)	(672,663)
Net cash (used in)/generated from operating activities		<u>(40,815,887)</u>	<u>79,387,889</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		-	(8,033,503)
Net cash used in investing activities		-	(8,033,503)
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit paid to certificate holders		(89,000,000)	(148,000,000)
Net cash used in financing activities		<u>(89,000,000)</u>	<u>(148,000,000)</u>
Net decrease in cash and cash equivalents		<u>(129,815,887)</u>	<u>(76,645,614)</u>
Cash and cash equivalents at beginning of the period		164,135,475	298,945,833
Cash and cash equivalents at end of the period	4	<u>34,319,588</u>	<u>222,300,219</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

For Awwal Modaraba Management Limited
(Management Company)


 Chief Financial Officer


 Chief Executive Officer


 Director


 Director

Condensed Interim Statement of Changes in Equity (Un-audited)

For the six months ended 31 December 2019

	Paid up certificate capital	Reserves		Total
		Statutory reserve	Unappropriated profit	
		(Rupees)		
Balance as at 30 June 2018	1,000,000,000	73,314,890	148,059,563	1,221,374,453
Total comprehensive income for the period				
- Profit for the six months period ended 31 December 2018	-	-	43,135,848	43,135,848
- Other comprehensive income for the six months period	-	-	-	-
	-	-	43,135,848	43,135,848
Transfer to statutory reserve	-	8,627,170	(8,627,170)	-
Transactions with Certificate Holders of the Modaraba				
- Distribution				
- Profit distribution for the year ended 30 June 2018 @ Rs. 1.480 per certificate	-	-	(148,000,000)	(148,000,000)
Balance as at 31 December 2018	<u>1,000,000,000</u>	<u>81,942,060</u>	<u>34,568,241</u>	<u>1,116,510,301</u>
Balance as at 30 June 2019	1,000,000,000	95,591,501	89,166,007	1,184,757,508
Total comprehensive income for the period				
- Profit for the six months period ended 31 December 2019	-	-	69,205,826	69,205,826
- Other comprehensive income for the six months period	-	-	-	-
	-	-	69,205,826	69,205,826
Transfer to statutory reserve	-	13,841,165	(13,841,165)	-
Transactions with Certificate Holders of the Modaraba				
- Distribution				
- Profit distribution for the year ended 30 June 2019 @ Re. 0.890 per certificate	-	-	(89,000,000)	(89,000,000)
Balance as at 31 December 2019	<u>1,000,000,000</u>	<u>109,432,666</u>	<u>55,530,668</u>	<u>1,164,963,334</u>

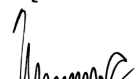
The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

For Awwal Modaraba Management Limited
(Management Company)


 Chief Financial Officer


 Chief Executive Officer


 Director


 Director

Notes to the Condensed Interim Financial Statements (Un-audited)

For the six months ended 31 December 2019

1 LEGAL STATUS AND OPERATIONS

Awwal Modaraba (the Modaraba) has been floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder. The Modaraba is managed by the Awwal Modaraba Management Limited (Management Company), a company wholly owned by Pak Brunei Investment Company Limited (Holding Company). After receiving certificate of minimum subscription, the Modaraba commenced its business operations with effect from 10 February 2016. The registered office is situated at 6th Floor, Horizon Vista, Plot Commercial No. 10, Block No. 4, Scheme No. 5, Clifton, Karachi.

Awwal Modaraba is a perpetual, multi purpose and multi dimensional Modaraba and is primarily engaged in providing Working Capital, Term Finance, Ijarah, Musharika, Morabaha and other Shari'ah compliant investment / instrument to credit worthy customers. The Modaraba is listed on Pakistan Stock Exchange Limited (PSX).

2 BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information of the Modaraba for the six months period ended 31 December 2019 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting' issued by the International Accounting Standard Board (IASB) as notified under the Companies Act 2017;
- Provisions of and directions issued under the Companies Act 2017;
- Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act 2017.

Where the provisions of and directives issued under the Companies Act 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas differ with the requirements of IAS 34 and IFAS, the provision of and directives issued under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas have been followed.

2.1.1 This condensed interim financial information of the Modaraba does not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Modaraba as at and year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Modaraba's financial position and performance since the last annual audited financial statements.

2.1.2 This condensed interim financial information is being submitted to the certificate holders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

The condensed interim financial statements are presented in Pakistani Rupees which is also the Modaraba's functional and presentation currency. All amounts have been rounded to the nearest rupee, unless otherwise indicated.

2.4 Significant accounting estimates and judgements

In preparing these condensed interim financial statements management has made judgements, estimates and assumptions that affect the application of the Modaraba's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Modaraba's accounting policies and the key sources of estimating the uncertainty were the same as those that apply to the audited financial statements as at and for the year ended 30 June 2019.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Modaraba as at and for the year ended 30 June 2019 except as disclosed in note 3.2.

3.2 New standards, interpretations and amendments adopted by the Modaraba

The Modaraba has adopted IFRS 16 'Leases' from 1 July 2019. The impact of the adoption of the standard is not material to the condensed interim financial statements. A number of other amendments in standards are also effective from 1 July 2019 but they do not have a material effect on the Modaraba's condensed interim financial statements.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements of the Modaraba.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or

after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A Modaraba shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Modaraba.
- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Modaraba's financial statements.

4	BANK BALANCES	Note	31 December	30 June
			2019	2019
			(Un-audited)	(Audited)
			(Rupees)	
	<i>Balances with banks</i>			
	- in current accounts		159,942	144,606
	- in deposit accounts	4.1	34,159,646	163,990,869
			<u>34,319,588</u>	<u>164,135,475</u>

4.1 These balances are held with Islamic Banks and Islamic Banking windows of commercial banks and carry profit at an average rate of 4.1% to 12.25% (30 June 2019: 4.1% to 11%) per annum.

5. MODARABAH TERM DEPOSIT	Note	31 December	30 June
		2019 (Un-audited) (Rupees)	2019 (Audited)
Modarabah Term Deposit	5.1	<u>200,000,000</u>	<u>200,000,000</u>
<p>5.1 AWWAL Modaraba (Rabb-ul-Maal) invested an amount of Rs. 200 million in the General Pool created by Related Party (Mudarib or Investment Manager) in accordance with the principles of Shariah during the year ended 30 June 2019. As per the terms of the agreement, this term deposit will mature on 2 July 2020 and the Related Party shall pay profit to the Modaraba on maturity with profit sharing ratio between Modaraba and Related Party of 94.12% and 5.88% (30 June 2019: 94.12% and 5.88%), and having profit rate of 12% and 0.75% (30 June 2019: 12% and 0.75%) respectively.</p>			
6. RECEIVABLE AGAINST ADVISORY FEE			
Receivable against advisory fee	6.1	<u>66,544,310</u>	83,858,019
less: current portion of fee		<u>(57,476,833)</u>	<u>(49,150,553)</u>
		<u>9,067,477</u>	<u>34,707,466</u>
<p>6.1 This represents advisory fee receivable from customers in connection with advisory services rendered by the Modaraba.</p>			
7 INVESTMENT AGAINST REPURCHASE AGREEMENT			
Investment against repurchase agreement - secured	7.1	<u>48,878,899</u>	48,878,899
Current portion of investment		<u>(48,878,899)</u>	<u>(48,878,899)</u>
		<u>-</u>	<u>-</u>
<p>7.1 On 16 January 2018, the Modaraba has entered into an agreement with a shareholder of a company (investee company) for the purchase of 2,051,150 shares of the investee company. Concurrently, the Modaraba has entered into a separate agreement with another shareholder of the investee company for selling of underlying shares within a period of eighteen months from the date of purchase at an agreed price. The underlying shares have been transferred in the name of the Modaraba.</p>			
8 MUSHARIKA FINANCE			
Musharika finance - secured	8.1	<u>331,921,699</u>	369,985,326
less: current portion of Musharika Finance		<u>(278,310,583)</u>	<u>(276,993,084)</u>
		<u>53,611,116</u>	<u>92,992,242</u>
<p>8.1 The Modaraba has provided Musharika Finance facilities to several customers for various purposes. The agreed share in the purchase of the assets between the Modaraba and the customers ranges from 74.4% to 99% (30 June 2019: 74.4% to 99%) and 1% to 25.6% (30 June 2019: 1% to 25.6%) respectively. The customers have either transferred the titles of the assets in the name of the Modaraba or the assets are held in trust by Agent, being related party of the Modaraba, appointed in terms of Inter-Creditor and Security Sharing Arrangement Agreement (the agreement) for and on behalf of Modaraba to the extent of its interest defined in the said agreement. The combined forced sales value of the underlying assets as security amounts to Rs. 512.86 million (30 June 2019: Rs. 512.86 million) in aggregate. The Modaraba has also obtained various securities against these facilities including personal guarantees of sponsors / directors of customers, post dated cheques issued by customers, hypothecation of</p>			

assets amounting in aggregate to Rs. 533.67 million (30 June 2019: Rs.533.67 million). Further, in case of one customer, the Modaraba along with related party of the Modaraba holds 42 million (30 June 2019: 42 million) ordinary shares of a scheduled bank as pledge and lien on debt collection account against respective exposure.

8.1.2 These facilities have various maturity dates from 17 February 2020 up to 11 February 2022. These facilities carry profit ranging from 1 month KIBOR plus 1.5% to 6 months KIBOR plus 5%.

8.2 Contractual rentals receivable on Musharika Finance facilities:

	31 December 2019 (Un-audited)				30 June 2019 (Audited)			
	Due within one year	Due after one year but within five years	Due after five years	Total	Due within one year	Due after one year but within five years	Due after five years	Total
----- (Rupees) -----								
<i>Musharika Finance facilities:</i>								
- Principal repayments	278,310,583	53,611,116	-	331,921,699	276,993,084	92,992,242	-	369,985,326
- Profit	46,133,294	5,401,453	-	51,534,747	50,389,302	10,592,689	-	60,981,991
	<u>324,443,877</u>	<u>59,012,569</u>	<u>-</u>	<u>383,456,446</u>	<u>327,382,386</u>	<u>103,584,931</u>	<u>-</u>	<u>430,967,317</u>

8.2.1 The above represents rentals receivable by the Modaraba in future periods in respect of Musharika Finance facilities given under long term arrangements.

9	Diminishing Musharika Finance	Note	31 December	30 June
			2019	2019
			(Un-audited)	(Audited)
			(Rupees)	
	Diminishing Musharika Finance - secured	9.1 & 9.2	435,000,000	300,000,000
	less: current portion of Diminishing Musharika Finance		(182,222,225)	(13,888,890)
			252,777,775	286,111,110

9.1 This includes Rs. 300 million outstanding against two corporate customer for the purpose of balance sheet re-profiling and financing the construction of housing project. The facilities are secured against various collaterals which mainly include mortgage over personal properties of sponsors and/or their associates having worth of Rs. 153.36 million (with forced sales value of Rs. 132.46 million) and Rs. 100 million (with forced sales value of Rs 87.11 million) respectively. Further, the facility is also secured with pari passu hypothecation, first pari passu hypothecation and mortgage charges over present and future fixed and current assets of the customer having a value of Rs. 119.05 million and Rs. 50 million respectively pledge over sponsor shares, personal guarantees of sponsors, sponsor support and lien over debt collection accounts of the customer.

9.2 During the period, Modaraba has provided 135 million to a corporate customer for the purpose of financing the development of land and extension of the housing project. The Facility is secured against various collaterals which mainly include First (exclusive) mortgage charge on land and First hypothecation charge over all present and future Current and Fixed assets of the Company

with 25% margin over the Facility amount as well as Pledge of shares of a listed company with 30% margin over the Market Value of these shares (this pledge may be replaced by Corporate Guarantee of a reputable private company equivalent to the Facility amount with a 25% margin).

9.3 The above facilities have maturity dates from 3rd September 2020 up to 20 April 2026 and carry profit ranging from 3 months KIBOR plus 2.5% to 6 months KIBOR plus 5%.

9.4 Contractual rentals receivable on Diminishing Musharika Finance facilities:

	31 December 2019 (Un-audited)				30 June 2019 (Audited)			
	Due within one year	Due after one year but within five years	Due after five years	Total	Due within one year	Due after one year but within five years	Due after five years	Total
(Rupees)								
<i>Diminishing Musharika Finance facilities</i>								
- Principal repayments	182,222,225	202,777,778	49,999,997	435,000,000	13,888,890	219,444,443	66,666,667	300,000,000
- Profit	44,305,210	159,256,138	38,484,626	242,045,974	13,350,967	156,062,553	57,981,164	227,394,684
	<u>226,527,435</u>	<u>362,033,916</u>	<u>88,484,623</u>	<u>677,045,974</u>	<u>27,239,857</u>	<u>375,506,996</u>	<u>124,647,831</u>	<u>527,394,684</u>

9.4.1 This represents rentals receivable by the Modaraba in future periods in respect of Diminishing Musharika Finance facilities given under long term arrangements.

10 INTANGIBLE ASSET	31 December 2019	30 June 2019
	(Un-audited)	(Audited)
(Rupees)		
Cost		
Opening Balance	8,330,731	420,731
Additions	-	7,910,000
Disposal	-	-
	<u>8,330,731</u>	<u>8,330,731</u>
Amortisation		
Opening Balance	1,769,539	162,131
Charge for the period / year	1,388,448	1,607,408
Disposal	-	-
	<u>3,157,987</u>	<u>1,769,539</u>
Net book value as at	<u>5,172,744</u>	<u>6,561,192</u>
Annual rate of amortisation	<u>33.33%</u>	<u>33.33%</u>

11	OPERATING FIXED ASSETS	Furniture and Fittings	Office equipment, computer and allied equipment	Motor vehicles	Total
		(Rupees)			
	Cost				
	Balance as at 01 July 2018	73,725	2,454,927	1,613,740	4,142,392
	Additions	-	123,503	-	123,503
	Disposal	-	-	-	-
	Balance as at 30 June 2019	73,725	2,578,430	1,613,740	4,265,895
	Balance as at 1 July 2019	73,725	2,578,430	1,613,740	4,265,895
	Addition	-	-	-	-
	Disposal	-	-	-	-
	Balance as at 31 December 2019	73,725	2,578,430	1,613,740	4,265,895
	Accumulated depreciation				
	Balance as at 01 July 2018	13,883	989,983	567,033	1,570,899
	Charge for the year	14,748	853,487	363,084	1,231,319
	Disposal	-	-	-	-
	Balance as at 30 June 2019	28,631	1,843,470	930,117	2,802,218
	Balance as at 01 July 2019	28,631	1,843,470	930,117	2,802,218
	Charge for the period	7,374	372,946	181,542	561,862
	Disposal	-	-	-	-
	Balance as at 31 December 2019	36,005	2,216,416	1,111,659	3,364,080
	Net book value as at 30 June 2019	45,094	734,960	683,623	1,463,677
	Net book value as at 31 December 2019	37,720	362,014	502,081	901,815
	Annual Rates of depreciation	20%	33% - 50%	25%	
12	ACCRUED EXPENSES	Note		31 December 2019	30 June 2019
				(Un-audited)	(Audited)
				(Rupees)	
	Audit remuneration payable			295,570	359,640
	Leave fare allowance and staff medical accrual			7,873,018	4,415,926
	Sindh sales tax payable			910,845	5,982,573
	Provision for Workers' Welfare Fund	12.1		11,166,600	9,754,236
	Advances from Customers	12.2		2,919,217	2,943,121
	Others	12.3		5,805,758	4,871,660
				28,971,008	28,327,156

12.1 The Sindh Workers' Welfare Fund Act, 2014 ('the Act') became effective from 21 May 2015 and is applicable on the Modaraba due to which Modaraba is liable to pay contribution to Workers'

Welfare Fund (WWF) at the higher of the profit before taxation as per the financial statements or taxable income as provided in its income tax return. However, the Modaraba has filed a petition challenging the vires of Section 5 of the Act in the Sindh High Court ('the Court'). Similar petitions have been filed by other Modarabas and obtained an interim injunction from the Court. An interim injunction has been granted by the Court and the matter is tagged with other similar petitions filed with the Court. However, as matter of abundant caution, full provision in respect of Workers' Welfare Fund has been made in these condensed interim financial statements.

12.2 This represents advances from customers against the advisory services to be rendered by the Modaraba.

12.3 This includes staff retirement benefit payable amounting to Rs. 5.13 million (30 June 2019: Rs. 4.71 million).

13 PAYABLE TO MODARABA MANAGEMENT COMPANY

The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 up to a maximum of 10% per annum of the net annual profits of the Modaraba.

Management records accrual in respect of remuneration of the Management Company out of the net annual profit of the Modaraba on the basis of annual audited accounts provided that 90% of the profit available for appropriation is also distributed to the certificate holders of the Modaraba after setting aside out of the profit of the Modaraba such sums as it thinks proper as reserve in accordance with the regulatory framework applicable for Modaraba. Therefore, no management company's remuneration has been accrued in these condensed interim financial statements.

14 CERTIFICATE CAPITAL

Authorised certificate capital

31 December 2019 (Un-audited)	30 June 2019 (Audited)		31 December 2019 (Un-audited)	30 June 2019 (Audited)	
Number of certificates			(Rupees)		
<u>100,000,000</u>	<u>100,000,000</u>	Modaraba certificates of Rs. 10 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>	

Issued, subscribed and paid-up certificate capital

<u>100,000,000</u>	<u>100,000,000</u>	Modaraba certificates of Rs. 10 each fully paid in cash	<u>1,000,000,000</u>	<u>1,000,000,000</u>	
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14.1 As at 31 December 2019, Awwal Modaraba Management Limited (the Management Company) and Pak Brunei Investment Company Limited held 10,000,000 (30 June 2019: 10,000,000) and 89,780,566 (30 June 2019: 89,780,566) certificates of Rs. 10 each respectively.

15 STATUTORY RESERVE

Statutory reserves represent profits set aside by the Modaraba to comply with the Prudential Regulations issued by the Securities and Exchange Commission of Pakistan. These regulations require the Modaraba to transfer not less than 20% and not more than 50% of its after tax profit

till such time that reserves equal 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.

During the period, the Modaraba has transferred an amount of Rs. 13.84 million (30 June 2019: Rs. 22.28 million) which represents 20% (30 June 2019: 20%) of the profit after taxation for the period.

16 CONTINGENCIES AND COMMITMENTS

16.1 Details of contingencies regarding Services Sales Tax on Management Company's remuneration and Provision for Sindh Workers' Welfare Fund are disclosed in notes 17 and 12.1 respectively.

16.2 On 23 January 2017, the Modaraba had entered into a Musharika Finance Agreement with a customer for Rs. 30 million out of which Rs. 18.20 million has already been disbursed as disclosed in note 8 of these condensed interim financial statements.

17 PROVISION FOR SERVICE SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION

The Sindh Revenue Board (SRB) has imposed Sindh Sales Tax (SST) on the Modaraba Management Company's remuneration with effect from 01 November 2011. However, certain modaraba management companies have approached the Honorable Sindh High Court (the Court) and Appellate Tribunal of SRB, challenging the levy of SST on management company's remuneration. The Modaraba Management Company has not received any demand notice from SRB for payment of SST on Management Company's remuneration and accordingly, based on legal advisor's opinion, can neither file any petition challenging the levy of SST on Management Company's remuneration nor can join the proceedings of pending petition in the Court. As a matter of abundant caution the management is accruing SST on Management Company's remuneration and will discharge the liability on direction of the Court based on outcome of the petition filed by other modaraba management companies.

18 TAXATION

As per Clause 100 of Second Schedule to the Income Tax Ordinance, 2001, the income of a non-trading modaraba is exempt from income tax provided that they distribute not less than ninety percent profit to certificate holders out of current year's total profit after making appropriation for statutory reserves. The Modaraba intends to continue to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation to statutory reserves for the year ended 30 June 2020. Accordingly, no provision in respect of current and deferred taxation has been made in these condensed interim financial statements.

19 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

	For the six months ended		For the quarter ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(Un-audited)			
	(Rupees)			
Basic				
Profit for the period after taxation	69,205,826	43,135,848	30,659,969	22,003,730
	(Number)			
Weighted average number of certificates outstanding during the period	100,000,000	100,000,000	100,000,000	100,000,000
	(Rupee)			
Earnings per certificate	0.69	0.43	0.31	0.22

Diluted

Diluted earnings per certificate has not been presented as the Modaraba does not have any convertible instruments in issue as at reporting date which would have any effect on the earnings per certificate if the option to convert is exercised.

20 CAPITAL MANAGEMENT

The Modaraba's prime objective when managing capital is to safeguard the Modaraba's ability to continue as a going concern so that it can continue to provide optimum returns to its certificate holders' and benefits of other stake holders and to maintain a strong capital base to support the sustained development of its businesses.

The Modaraba manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of profit paid to certificate holders or issue new certificates.

The Modaraba is not subject to externally imposed capital requirements.

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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).

If the inputs used to measure the fair value of financial asset fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Modaraba determine fair values using valuation techniques unless the fair value cannot be reliably measured.

For assets that are recognised in the financial statements at fair value on a recurring basis, the Modaraba recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

The table below shows the carrying amounts and fair values of a financial asset and financial liability including their fair value hierarchy for financial instruments measured at fair value. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

31 December 2019 (Un-audited)					
Carrying amount / cost		Fair value			
Amortized	Other	Level 1	Level 2	Level 3	
Cost	financial liabilities				
(Rupees)					
Financial assets not measured at fair value					
Bank balances	34,319,588	-	-	-	-
Modarabah Term Deposit	200,000,000	-	-	-	-
Accruals and other receivables	64,061,214	-	-	-	-
Receivable against advisory fee	66,544,310	-	-	-	-
Investment against repurchase agreement	48,878,899	-	-	-	-
Musharika Finance	331,921,699	-	-	-	-
Diminishing Musharika Finance	435,000,000	-	-	-	-
Long term loans	5,607,449	-	-	-	-
Long term deposit	75,000	-	-	-	-

Financial liabilities not measured at fair value

Accrued expenses	-	16,893,563	-	-	-
Payable to related parties	-	8,682,968	-	-	-

30 June 2019 (Audited)					
Carrying amount / cost		Fair value			
Amortized	Other	Level 1	Level 2	Level 3	
Cost	financial liabilities				
(Rupees)					
Financial assets not measured at fair value					
Bank balances	164,135,475	-	-	-	-
Modarabah Term Deposit	200,000,000	-	-	-	-
Accruals and other receivables	44,667,017	-	-	-	-
Receivable against advisory fee	83,858,019	-	-	-	-
Investment against repurchase agreement	48,878,899	-	-	-	-
Musharika Finance	369,985,326	-	-	-	-
Diminishing Musharika Finance	300,000,000	-	-	-	-
Long term loans	6,536,042	-	-	-	-
Long term deposit	75,000	-	-	-	-

Financial liabilities not measured at fair value

Accrued expenses	-	12,590,347	-	-	-
Payable to related parties	-	21,103,338	-	-	-

For financial assets and financial liabilities not measured at fair value, management consider that their carrying amounts approximate fair value because of their short term nature and credit quality of counterparties. For Investment against repurchase agreement, Musharika Finance and Diminishing Musharika Finance, management considers that their carrying amount approximate fair value as the transaction is entered into at negotiated rate considering market prevailing rates and also assessing credit standings of counterparties.

22 RELATED PARTY TRANSACTIONS

The related parties of the Modaraba comprise of the Management Company and its Holding Company, other associated companies, staff retirement funds, Directors and Key Management Personnel. Transactions with related parties are carried out at agreed rates.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Modaraba. The Modaraba considers its Chief Financial Officer and business heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Transactions and balances with related parties during the period other than those disclosed elsewhere in the condensed interim financial statements are given below:

22.1 Details of the transactions with related parties	31 December 2019 (Un-audited) (Rupees)	31 December 2018
Pak Brunei Investment Company Limited		
- Holding company of the Management company		
Profit accrued during the period	12,098,630	-
Shared service expense	4,756,218	4,756,218
Other expenses	287,006	4,436,198
Purchase of LMS software	-	7,910,000
Awwal Modaraba Management Limited		
- Management Company		
Payment of Management Company's remuneration during the period	14,479,310	21,136,796
Remuneration of key management personnel	1,100,473	1,000,436
22.2 Amounts outstanding as at period / year end	31 December 2019 (Un-audited)	30 June 2019 (Audited)
Pak Brunei Investment Company Limited		
- Holding company of the Management company		
Payable in respect of shared services	1,501,757	1,108,578
Modaraba Term Deposit	200,000,000	200,000,000
Receivable balance in respect of Modarabah Term Deposit - Profit Accrued	12,295,890	197,260
Awwal Modaraba Management Limited		
- Management Company		
Payable against Management Company's remuneration	7,181,211	19,994,760
Staff retirement benefits funds		
Contribution payable to staff gratuity fund	5,134,228	4,707,462

23 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison and better presentation. There were no major reclassifications in these condensed interim financial statements in the current period.

24 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 10 February 2020 by the Board of Directors of the Management Company.

For Awwal Modaraba Management Limited
(Management Company)



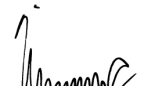
Chief Financial Officer



Chief Executive Officer



Director



Director

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HALF YEARLY
REPORT
December 2019