

FIRST PRUDENTIAL MODARABA

QUARTERLY REPORT
MARCH 31, 2021

MANAGED BY
AWWAL MODARABA MANAGEMENT LIMITED

FIRST PRUDENTIAL MODARABA

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 Shaikh	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. Misbah Asjad

Chief Financial Officer

Mr. Aftab Afroz Mahmoodi

Auditor

BDO Ebrahim & Co, Chartered Accountants

Bankers

Habib Bank Limited
Dubai Islamic Bank

Certificate Registrar

C&K Management Associates (Pvt.) Limited
404, Trade Tower, Abdullah Haroon Road,
Near Metropole Hotel, Karachi – 75530
Phone: 021-35687839 & 021-35685930

Legal Advisor

Ahmed & Qazi
S & B Durrani Law Associates

Shariah Advisor

Al-Hamd Shariah Advisory Services (Pvt) Limited

Registered & Head Office

3rd Floor, Horizon Vista, Plot No:
Commercial 10, Block-4, Clifton, Karachi

Phone : 021- 35361215-9,Fax: 021-
35374275

Lahore Branch Office

Office No. 318 3rd Floor, Lahore Stock
Exchange Building, 19 Khayaban-e-
Awan-e-Iqbal, Lahore,

Phone : 042-36311001-02

Islamabad Branch Office

Basement, 90-91,
Razia Sharif Plaza ,Jinnah Avenue,
Blue Area, F-7, Islamabad.

Phone: 051-2344422-24

Directors' Report

For the nine months period ended 31 March 2021

On behalf of the Board of Directors (Board) of Awwal Modaraba Management Limited, the management company of First Prudential Modaraba, is pleased to present Directors' Report together with the unaudited financial results of First Prudential Modaraba for the nine months period ended 31 Mar 2021.

Economy

According to the Pakistan Development Update issued by the World Bank in April 2021, GDP growth has been projected for 1.3% for the current year which is in line with the estimate given by International Monetary Fund (IMF), recovering to 4% in FY2022. The State Bank of Pakistan (SBP) remains more optimistic about economic recovery. However, there are major concerns on the outbreak of third wave of Covid-19, the UK variant, which has resulted in rising cases in the country. This poses a downside risk to economic recovery and the vaccination campaign is in full swing to contain the adverse impact. The Central Bank has continued to be supportive and kept the policy rate unchanged at 7% since June 2020 and introduced further subsidized lending schemes for low cost housing. Exchange rate has also strengthened during this period.

Pakistan also received the third tranche of approx. USD 500 Million by end of March 2021, bringing the total to USD 2 billion so far since the inception of the scheme in May 2019. Tough economic measures were taken in line with the program including increase in electricity tariff and withdrawal of income tax exemptions of nearly PKR 140 billion along with structural reforms of the Central Bank. The tax exemption on income of modaraba sector on declaration of 90% and above dividend has also been withdrawn which is a great setback for the sector to result in significant hit on profitability of the modarabas in future.

Financial Performance

The management's efforts are focused on revival through streamlining operations, strengthening controls and recovery of old non performing loans while keeping the modaraba liquid in a time of economic volatility. Pak Brunei Investment Company (PBIC) also injected callable convertible musharaka facility of PKR 50 Million in the modaraba on January 28, 2021 in line with its commitment to SECP.

Fresh exposures are being taken on a conservative basis with the view to ensure asset quality and sustain operations of the modaraba. The outstanding portfolio amounted to PKR 108.3 Million on March 31, 2021 compared to PKR 124.8 million at the end of the previous quarter with sound recoveries in outstanding performing portfolio. Excess liquidity of PKR 301.2 Million approx. was placed with banks, inclusive of the funds injection by PBIC. During the nine months under review, overall revenues have been recorded at PKR 32.6 million, nearly halved from the corresponding period last year with new exposures being written in line with the prevailing low market return environment. Total expenses for the period were contained at PKR 25.2 million. In absence of fresh provisioning compared to last year, the Modaraba posted profit before tax for the period at PKR 7.3 million against loss of PKR 7.0 million in corresponding period last year.

The recent amendments in tax laws are a major setback for the modaraba sector whereby the tax exemption on income of the modaraba on declaration of 90% and above dividend has been withdrawn. The new business plan for the revival of the modaraba incorporated the tax exemption and this adverse development has severely impacted the feasibility. We are now working on new tax efficient business plans in consultation with SECP in this new scenario.

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

Abdul Jaleel Shaikh
Director

Date: April 29, 2021

ڈائریکٹر رپورٹ

برائے اختتام نومبر 31 مارچ 2021

اول مضاربہ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز جو فرسٹ پروڈیوشنل مضاربہ کی منیجمنٹ کمپنی ہے فرسٹ پروڈیوشنل مضاربہ کے غیر آڈٹ شدہ مالی نتائج برائے اختتام نومبر 31 مارچ 2021 کے ڈائریکٹرز رپورٹ پیش کرتے ہوئے انتہائی مسرت محسوس کر رہے ہیں۔

معیش

ورلڈ بینک کی طرف سے اپریل 2021 میں جاری کردہ پاکستان ڈویلپمنٹ اپڈیٹ کے مطابق رواں سال کے لئے جی ڈی پی میں 1.3 فیصد اضافے کی پیشن گوئی کی گئی ہے جو کہ بین الاقوامی مالیاتی فنڈ کے تخمینے کے مطابق ہے جو مالی سال 2022 میں 4 فیصد ہوگئی ہے۔ اسٹیٹ بینک آف پاکستان معاشی بحالی کے بارے میں زیادہ پر امید ہے۔ تاہم کوویڈ 19 کی تیسری لہر کے پھیلنے پر ملک میں بڑے پیمانے پر خدشات ہیں جس کے نتیجے میں ملک میں کیسز بڑھ رہے ہیں اس سے معاشی بحالی کا ایک منفی خطرہ لاحق ہے اور اس کے منفی اثرات پر قابو پانے کے لئے ویکسینیشن مہم زوروں پر ہے۔ مرکزی بینک معاون رہا ہے اور پالیسی شرح کو 2020 سے 7 فیصد پر مستحکم رکھا ہے اور کم لاگت ہاؤسنگ کے لئے مزید رعایتی قرضوں کی اسکیمیں متعارف کروائی ہیں۔ اس دوران شرح مبادلہ بھی مستحکم ہوئی ہے۔

پاکستان کو مارچ 2021 کے آخر تک تقریباً 500 ملین امریکی ڈالر کی تیسری قسط بھی ملی، جس نے مئی 2019 میں اس اسکیم کے آغاز سے اب تک مجموعی طور پر 2 ارب ڈالر تک پہنچا دیا۔ اس پروگرام کے مطابق سخت معاشی اقدامات کیے گئے تھے جن میں بجلی کے نرخوں میں اضافہ اور سینٹرل بینک کی ساختی اصلاحات کے ساتھ تقریباً پاکستانی روپے 140 ارب کے انکم ٹیکس چھوٹ کو واپس لینے سمیت جیسے اقدامات شامل ہیں۔ 90 فیصد اور اس سے زیادہ لابانش کے اعلان پر مضاربہ سیکٹر کی آمدنی پر ٹیکس چھوٹ واپس لی گئی ہے جو اس شعبے کے لئے بہت بڑا دھچکا ہے۔

مالیاتی کارکردگی

تجربہ کاروں کے لئے انتظامیہ کی کاوشیں کارکردگی کو منظم بنانے، کنٹرول کو مستحکم کرنے اور غیر فعال قرضہ جات کی وصولیابی پر مرکوز ہے۔ پاک برونائی انویسٹمنٹ کمپنی (پی بی آئی سی) نے ایس ای سی پی سے وعدہ کے عین مطابق 28 جنوری 2021 کو مضاربہ میں پاکستانی روپے 50 ملین کی قابل تبادلہ مشارکہ سہولت فراہم کی ہے۔

محتاج بنیادوں پر مضاربہ کے اثاثوں کے معیار اور استحکام کو برقرار رکھنے کے لئے نئی سرمایہ کاری کی جا رہی ہے۔ بقایا پورٹ فولیو میں 31 مارچ 2021 کو پاکستانی روپے 108.3 ملین کی رقم تھی جبکہ پچھلی مدت کے اختتام پر پاکستانی

روپے 124.8 ملین تھی۔ اس دوران فعال قرضوں کی وصولیابی معمول کے مطابق رہی جس کے نتیجے میں تمام فاضل مالیات جس میں پی بی آئی سی سے حاصل کردہ سرمایہ کاری بھی شامل ہے پاکستانی روپے 301.2 ملین کی اضافی لیکویڈیٹی بینکوں کے پاس رکھی گئی ہے۔ نو ماہ کے جائزے کے دوران مجموعی طور پر آمدنی پاکستانی روپے 32.6 ملین ریکارڈ کی گئیں، جو گذشتہ سال کے اسی عرصے سے تقریباً آدھی رہ گئیں ہیں تمام نئی سرمایہ کاری موجودہ مارکیٹ کی صورتحال کو مد نظر رکھ کر کی جائے گی۔ اس مدت کے لئے کل اخراجات پاکستانی روپے 25.2 ملین پر مشتمل تھے۔ گذشتہ سال کے مقابلے میں مشکوک فراہمی کی عدم موجودگی میں مضاربہ نے پاکستانی روپے 7.3 ملین کی مدت کے لئے ٹیکس سے پہلے منافع جمع کیا جبکہ پچھلے سال کی اسی مدت میں پاکستانی روپے 7.0 ملین کا نقصان ہوا تھا۔

ٹیکس قوانین میں حالیہ ترامیم مضاربہ سیکٹر کے لئے ایک بڑا دھچکا ہیں جس کے تحت مضاربہ کی آمدنی پر 90 فیصد اور اس سے زیادہ منافع کے اعلان پر ٹیکس چھوٹ واپس لے لی گئی ہے۔ مضاربہ کے احیاء کے لئے نئے کاروباری منصوبے میں ٹیکس میں چھوٹ کو مد نظر رکھا گیا ہے اور اس منفی تبدیلی نے منصوبہ بندی پر سخت اثر ڈالا ہے۔ اب ہم اس نئے منظر نامے میں ایس ای سی پی کے ساتھ مشاورت سے ٹیکسوں کے موثر کاروبار کے نئے منصوبوں پر کام کر رہے ہیں۔

نظامت

زیر نظر مدت کے دوران اول مضاربہ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز میں کوئی تبدیلی نہیں کی گئی ہے۔

تسلیمات / اظہار تشکر

بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان اور رجسٹرار مضاربہ کی جانب سے ان کی مسلسل رہنمائی اور حمایت کو سراہتے ہیں اور انہیں تسلیم کرتے ہیں۔ اس کے علاوہ ہم مضاربہ کے صارفین اور سرمایہ کاروں کی جانب سے مضاربہ پر بھروسہ کرنے پر ان کا شکریہ ادا کرتے ہیں۔
بورڈ کی جانب سے۔

ڈائریکٹر

چیف ایگزیکٹو آفیسر

مورخہ: 29 اپریل 2021

**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2021**

		(Unaudited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
	Note		
ASSETS			
CURRENT ASSETS			
Cash and bank balances	6	331,991,535	248,179,611
Investments	7	5,160,395	4,451,565
Musharika and Murabaha	8	-	-
Current portion of Diminishing Musharika Finance	9	51,409,543	57,937,244
Ijarah rentals receivable	10	193,349	58,331
Receivable against sale of agriculture produce	11	-	-
Advances, prepayments and other receivables	12	12,863,493	19,860,408
Asset acquired in satisfaction of financing facility	13	-	2,375,000
Taxation recoverable		12,039,284	12,039,284
TOTAL CURRENT ASSETS		413,657,599	344,901,443
NON CURRENT ASSETS			
Long term investments	14	19,608,230	10,347,133
Long term portion of Diminishing Musharika Finance	9	46,386,063	54,131,699
Long term advances and deposits		276,100	247,676
Intangible assets	15	185,000	-
Property and equipment - own use	16	3,493,827	4,017,908
Property, plant and equipment - Ijarah	17	10,551,652	17,493,911
Investment properties	18	46,200,000	46,200,000
TOTAL NON CURRENT ASSETS		126,700,872	132,438,327
TOTAL ASSETS		540,358,472	477,339,770
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current portion of Ijarah deposits		8,359,581	13,536,984
Musharaka finance	19	50,000,000	-
Accrued and other liabilities		14,117,260	12,627,949
Provision for taxation		1,858,981	1,858,981
Unclaimed profit distribution		30,842,228	30,842,228
		105,178,049	58,866,142
NON CURRENT LIABILITIES			
Long term portion of Ijarah deposits		502,500	320,000
TOTAL LIABILITIES		105,680,549	59,186,142
CERTIFICATE HOLDERS' EQUITY			
Certificate capital:			
Authorized certificate capital			
87,217,660 modaraba certificates of rupees 10/- each		872,176,600	872,176,600
Issued, subscribed and paid-up certificate capital			
87,217,660 modaraba certificates of rupees 10/- each	20	872,176,600	872,176,600
Statutory reserve		153,199,977	151,747,338
Accumulated loss		(597,542,171)	(603,352,728)
		427,834,407	420,571,210
Unrealised gain / (loss) on remeasurement of investment classified as 'fair value through other comprehensive income'		6,843,515	(2,417,582)
TOTAL EQUITY		434,677,921	418,153,628
TOTAL LIABILITIES AND EQUITY		540,358,472	477,339,770
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

**For Awwal Modaraba Management Limited
(Management Company)**

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

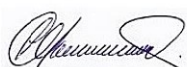
DIRECTOR

FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD AND QUARTER ENDED MARCH 31, 2021

	Note	Nine months ended		Quarter ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		Rupees	Rupees	Rupees	Rupees
Income					
Ijarah rentals earned		4,372,276	21,499,852	1,002,789	6,444,004
Income from deposits with banks		11,045,728	11,352,539	4,211,767	5,269,719
Income from Diminishing Musharaka Finance		12,924,261	19,528,690	3,798,540	5,627,291
Dividend income		239,968	952,398	22,500	-
Rental income from investment properties		2,486,604	2,237,236	845,958	769,053
Other income		854,827	3,783,230	112,425	117,113
		<u>31,923,664</u>	<u>59,353,945</u>	<u>9,993,979</u>	<u>18,227,180</u>
Unrealized gain on investments classified as 'fair value through profit or loss		708,831	(663,058)	28,399	(1,609,873)
Provision for doubtful receivable against sale of agriculture produce		-	(11,692,131)	-	-
Impairment on ijarah assets		-	(8,570,512)	-	-
		<u>32,632,495</u>	<u>38,428,244</u>	<u>10,022,378</u>	<u>16,617,307</u>
Expenses					
Depreciation on Ijarah assets		(3,589,856)	(19,876,824)	(684,273)	(4,199,223)
Administrative expenses		(21,363,455)	(25,464,155)	(7,229,295)	(6,700,664)
Financial charges	22	(270,723)	(95,999)	(201,718)	1,955
		<u>(25,224,034)</u>	<u>(45,436,978)</u>	<u>(8,115,286)</u>	<u>(10,897,932)</u>
		<u>7,408,461</u>	<u>(7,008,734)</u>	<u>1,907,092</u>	<u>5,719,375</u>
Management Company's remuneration	23	-	-	-	-
Provision for Sales Tax on Management ' Company's remuneration		-	-	-	-
		<u>(145,264)</u>	<u>-</u>	<u>(37,394)</u>	<u>-</u>
Profit / (loss) before taxation		<u>7,263,197</u>	<u>(7,008,734)</u>	<u>1,869,698</u>	<u>5,719,375</u>
Provision for taxation	24	-	-	-	-
Profit / (loss) after taxation		<u>7,263,197</u>	<u>(7,008,734)</u>	<u>1,869,698</u>	<u>5,719,375</u>
Other comprehensive income		-	-	-	-
Items that will not be reclassified subsequently to profit and loss account:					
Unrealised gain on remeasurement of investment classified as 'fair value through other comprehensive income'		9,261,097	-	-	-
		<u>16,524,294</u>	<u>(7,008,734)</u>	<u>1,869,698</u>	<u>5,719,375</u>
Total comprehensive income / (loss) for the period		<u>16,524,294</u>	<u>(7,008,734)</u>	<u>1,869,698</u>	<u>5,719,375</u>
Earnings / (loss) per certificate - basic and diluted		<u>0.08</u>	<u>(0.08)</u>	<u>0.02</u>	<u>0.07</u>

The annexed notes from 1 to 28 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

FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

	March 31, 2021	March 31, 2020
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,263,197	(12,728,109)
Adjustments for:		
Dividend income	(239,968)	(952,398)
Unrealised gain on investments	(708,832)	(946,815)
Provision for doubtful receivable against sale of agriculture produce	-	11,692,131
Impairment on Ijarah assets	-	8,570,512
Depreciation - own use assets	524,082	353,654
Depreciation - Ijarah assets	3,589,856	15,677,601
	<u>3,165,138</u>	<u>34,394,685</u>
Cash flows before movements in working capital	<u>10,428,335</u>	<u>21,666,576</u>
Decrease / (increase) in current assets		
Diminishing Musharaka Finance	14,273,337	52,658,285
Ijarah rentals receivable	(135,018)	(74,174)
Asset acquired in satisfaction of financing facility	2,375,000	-
Advances, prepayments and other receivables	8,927,626	23,775,838
	<u>25,440,945</u>	<u>76,359,949</u>
(Increase) / decrease in current liabilities		
Ijarah deposits	(4,994,903)	(5,900,000)
Musharaka financing	50,000,000	-
Accrued and other liabilities	1,489,311	(3,393,283)
	<u>46,494,408</u>	<u>(9,293,283)</u>
	<u>82,363,687</u>	<u>88,733,242</u>
Taxes withheld	(1,959,135)	(1,034,222)
Net cash generated from operating activities	<u>80,404,552</u>	<u>87,699,020</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	239,968	952,398
Proceeds from disposal - ijarah assets	5,177,403	8,025,002
Purchase of intangible assets	(185,000)	-
Purchase of ijarah assets	(1,825,000)	-
Net cash generated from investing activities	<u>3,407,371</u>	<u>8,977,400</u>
Net increase in cash and cash equivalents	<u>83,811,923</u>	<u>96,676,421</u>
Cash and cash equivalents at beginning of the period	<u>248,179,611</u>	<u>96,876,829</u>
Cash and cash equivalents at end of the period	<u><u>331,991,535</u></u>	<u><u>193,553,250</u></u>

The annexed notes from 1 to 28 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

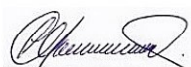
FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

	Reserves				
	Issued, subscribed, and paid up certificate capital	*Statutory reserve	Accumulated loss	Unrealised gain / (loss) on remeasurement of investment classified as 'fair value through other comprehensive income'	Total
	----- (Rupees) -----				
Balance at July 1, 2019	872,176,600	151,747,338	(597,950,606)	(2,417,582)	423,555,750
Total comprehensive income for the period					
Loss for the period	-	-	(7,008,734)	-	(7,008,734)
Other comprehensive income for the period	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-
Balance at March 31, 2020	872,176,600	151,747,338	(604,959,340)	(2,417,582)	416,547,016
Balance at July 1, 2020	872,176,600	151,747,338	(603,352,728)	(2,417,582)	418,153,628
Total comprehensive income for the period					
Profit for the period	-	-	7,263,197	-	7,263,197
Other comprehensive income for the period	-	-	-	9,261,097	9,261,097
Transfer to statutory reserve	-	1,452,639	(1,452,639)	-	-
Balance at March 31, 2021	872,176,600	153,199,977	(597,542,171)	6,843,515	434,677,921

*Statutory reserve represents profit set aside to comply with the Prudential Regulation for Modarabas issued by Securities and Exchange Commission of Pakistan.

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

For Awwal Modaraba Management Limited
(Management Co)



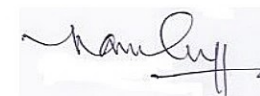
CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR



DIRECTOR

FIRST PRUDENTIAL MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

First Prudential Modaraba (the Modaraba) is currently engaged in various modes of Islamic fundings and businesses which include Ijarah financing, deployment of fund in Musharaka, Murabaha and investment in securities. The Modaraba is registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981 and was managed by Prudential Capital Management Limited (PCML). In pursuance of instructions received from Securities and Exchange Commission of Pakistan (SECP), KASB Invest (Private) Limited (KIPL) had taken over the management and administrative control of the Modaraba effective from November 13, 2014.

The Registrar (Modarabas), with the approval of the SECP, vide order dated April 03, 2019 appointed an Administrator to take over and manage the affair of the Modaraba in place of KIPL. As per terms of the order, all the powers and duties of the Modaraba Management Company as well as those of its Board of Directors assumed by the Administrator. The term of the Administrator, for holding the Modaraba office, was initially for the period of six months which was gradually enhanced till February 03, 2020 as directed by the SECP.

The Registrar (Modarabas), with the approval of the SECP, vide order dated January 31, 2020 appointed Awwal Modaraba Management Limited (AMML) to take over and manage the affairs of the Modaraba. AMML has taken over the management and administrative control of the Modaraba effective from February 03, 2020.

The registered office of the Modaraba is situated at 3rd floor, Horizon Vista, Plot No. Commercial 10, Block No. 4, Scheme No.5, Clifton, Karachi. The Modaraba is listed on Pakistan Stock Exchange (PSX).

2 STATEMENT OF COMPLIANCE

- 2.1** These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities & Exchange Commission of Pakistan (SECP). In case where requirements differ, the requirements of Modaraba Companies and Modaraba (Floatation & Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issues by SECP prevail.
- 2.2** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Modaraba for the year ended June 30, 2020.

- 2.3** The comparative condensed balance sheet, presented in this condensed interim financial statements as at June 30, 2020 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2020 whereas the comparative condensed interim profit and loss account , condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the period ended March 31, 2020 have been extracted from the condensed interim financial statements for the period ended March 31, 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted for the preparation of this condensed interim financial statements are the same as those applied in preparing the financial statements of the Modaraba for the year ended June 30, 2020.

4 SIGNIFICANT ACCOUNTING ESTIMATES , JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of the condensed interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing the condensed interim financial statements, the significant judgments made by management in applying the Modaraba's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Modaraba as at and for the year ended June 30, 2020.

5 BASIS OF PREPARATION

These condensed interim financial statements have been prepared under the historical cost convention, except for certain investments which have been measured at fairvalue.

		(Un-audited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
6	CASH AND BANK BALANCES		
	Cash in hand	10,000	10,000
	Balances with banks		
	Current accounts	13,443,384	13,449,457
	Saving accounts	318,538,151	234,720,154
		331,981,535	248,169,611
		331,991,535	248,179,611

6.1 The balance in saving accounts carry profit at an average rates ranging from 2% to 6% per annum (2020: 2% to 11.5% per annum).

7 INVESTMENTS

	Amortised cost		
	Term Deposits Receipts	7.1	-
	Fair value through profit or loss		
	Quoted securities	7.2	5,160,395
			4,451,564
			5,160,395
			4,451,564
7.1	Term deposit receipts as at December 31, 2012		10,000,000
	Less: Amortization charge		(2,000,000)
	Less: received in earlier period		(3,219,433)
	Net receivable		4,780,567
	Less: provision		(4,780,567)
			-

7.2 At fair value through profit or loss - in quoted securities

Shares of listed companies - Fully paid up ordinary shares of Rs. 10/- each, unless stated otherwise:

(Un-audited) March 31, 2021	(Audited) June 30, 2020			(Un-audited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
Number of Shares / Units		Name of Investee Company / Fund	Note		
525	525	Nishat Mills Limited		48,573	40,955
54,367	54,367	The Hub Power Company Limited		4,411,338	3,941,608
1,495	1,495	Sui Northern Gas Pipeline Limited		58,634	81,627
7,500	7,500	International Steel Limited		641,850	387,375
348	348	Hussain Industries Limited	7.2.1	-	-
1,670,720	1,670,720	Prudential Stock Fund	7.2.1	-	-
360,000	360,000	Zeal-Pak Cement Factory Limited	7.2.1	-	-
2,094,955	2,094,955			5,160,395	4,451,565

7.2.1 These Investee Companies / Fund are suspended / delisted in prior years.

		(Un-audited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
7.3	Net unrealized gain / (loss) on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net		
	Weighted average cost of investments	4,451,564	5,503,176
	Unrealized gain / (loss) on changes in fair value	708,831	(1,051,612)
	Market value of investments	<u>5,160,395</u>	<u>4,451,564</u>

8 MUSHARAKA AND MURABAHA FINANCE

Considered good	-	-
Considered doubtful	363,232,975	363,232,975
	363,232,975	363,232,975
Less: Provision against doubtful debts	<u>(363,232,975)</u>	<u>(363,232,975)</u>
	<u>-</u>	<u>-</u>

		(Un-audited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
9	DIMINISHING MUSHARAKA		
	Diminishing Musharaka		
	Principal	97,471,819	110,637,956
	Profit	323,787	1,430,987
		<u>97,795,606</u>	<u>112,068,943</u>
	Less: long term portion of Diminishing Musharaka	<u>(46,386,063)</u>	<u>(54,131,699)</u>
		<u>51,409,543</u>	<u>57,937,244</u>

- 9.1 These carry profit rate ranging from 10.16% to 19.00% (June 30, 2020: 13.00% to 19.00%) per annum and are repayable on monthly basis over a maximum period of five years.

10	IJARAH RENTAL RECEIVABLE		(Un-audited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
		Note		
	Considered good		193,349	58,331
	Considered doubtful		49,083,826	49,083,826
			49,277,175	49,142,157
	Less: provision for doubtful receivables		(49,083,826)	(49,083,826)
			193,349	58,331

11 RECEIVABLE AGAINST SALE OF AGRICULTURE PRODUCE

During financial year 2016 First Prudential Modaraba and KASB Modaraba entered into a joint project for crushing of banola seed and sale of oil cake (Khal) in the market. M/s Pakistan Phutti International Limited (PPIL) was engaged as seller and service provider responsible for sale of agriculture produce. Subsequently, natural cyclical shortage in productivity of cotton crop affected the availability of the banola seed and therefore the project was prudently discontinued by the management to safeguard the interest of the Modaraba. As per settlement agreement dated April 27, 2016 with PPIL, advance for purchase of banola seed was converted into ijarah finance (secured) leaving a balance of Rs. 27.81 million receivable against sale of agriculture produce. Receivable amount is secured against Registered Mortgage on property of service provider. After continuous default of payment the management of Modaraba has filed recovery suits in the Banking Courts which is still pending adjudication. The management and the legal counsel are optimistic on favorable outcome of the case. However, on prudence basis the management has fully provided the outstanding balance. The details of receivables are as under :-

	KASB Modaraba	First Prudential Modaraba	Total
	Rupees		
Initial investment	51,000,000	81,000,000	132,000,000
Add: Gain on sale of agriculture produce	1,060,000	1,590,000	2,650,000
Less: Receipt against sale of agriculture produce	(14,353,590)	(14,473,432)	(28,827,022)
Less: Converted to Ijarah financing	(19,311,320)	(40,000,000)	(59,311,320)
Less: Consultancy charges	(194,950)	(305,050)	(500,000)
	18,200,140	27,811,518	46,011,658
Provision for doubtful receivable against sale of agriculture produce	(18,200,140)	(27,811,518)	(46,011,658)
	-	-	-
	(Un-audited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees	

11.1 The movement of provision is as follows:

Opening balance	27,811,518	16,119,387
Less: Provision during the period / year	-	11,692,131
	27,811,518	27,811,518

12 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Note	Considered good		Considered doubtful		Total	
	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
Rupees						
Advance						
Income tax	12.1	8,601,323	6,642,188	-	8,601,323	6,642,188
To staff - secured	12.2	71,321	175,002	1,814,000	1,885,321	1,989,002
Against purchase of assets		1,795,000	11,201,500	-	1,795,000	11,201,500
Prepayments		673,781	495,729	-	673,781	495,729
Other receivables from						
Brokers on account of:						
Sale of shares	12.3	-	-	65,619,559	65,619,559	65,619,559
Advance for shares	12.4	-	-	18,432,273	18,432,273	18,432,273
Commercial bank	12.5	-	-	10,241,347	10,241,347	10,241,347
Return on bank deposits		1,471,811	1,153,265	-	1,471,811	1,153,265
Others		250,257	192,724	13,466,235	13,716,492	13,658,959
Sub total		12,863,493	19,860,408	109,573,414	122,436,907	129,433,822
Provision for doubtful balances		-	-	(109,573,414)	(109,573,414)	(109,573,414)
		12,863,493	19,860,408	-	12,863,493	19,860,408

- 12.1 This includes an amount of Rs. 1.674 million forcefully withdrawn from bank by the Taxation Authorities on March 14, 2016 against which the Modaraba has filed an application for refund due to the fact that the amount was wrongly withdrawn on the ground that original return filed for the year 2009 was erroneous. The withdrawal was based on the original return filed whereas the revised return filed and order passed by the Additional Commissioner of Inland Revenue in favor of the Modaraba has been ignored. The management is confident that the amount will be recovered from the authority.
- 12.2 The doubtful amount of Rs.1.8 million was paid to an ex-managing director of the Modaraba without prior approval of the board of directors of previous Modaraba Management Company (Prudential Capital Management Limited) for the purchase of a motor vehicle. The Modaraba has initiated legal proceedings for the recovery of said amount from the ex-managing director.
- 12.3 The doubtful amount includes claim of Rs. 64.62 million receivable from a defaulted stock broker – Investec Securities Limited. Various proposals were initiated in past but none of them was materialized for settlement. In one of the proposal, the said broker has offered / transferred shares and certificates of following entities which were not acknowledged by the Management of the Modaraba, owing to the weak financial position of the entities and significance of the amount of claim. Accordingly, the management of the Modaraba has not accepted the shares / certificates as satisfaction of claim and same is not recorded in the books of accounts. Detail of shares / certificates offered / transferred is as under:

Name of entities	No. of shares / certificates
Zeal-Pak Cement Factory Limited	10,400,000
Usman Textile Mills Limited	700,000
First Investec Modaraba	500,000
Investec Securities Limited	200,000

- 12.4 This amount includes Rs. 17.889 million paid as advance for purchase of securities to Prudential Securities Limited (PSL). Remaining amount of Rs. 0.54 million is blocked in CDC-sub account of the said broker against various shares.

Operations of PSL had been ceased by Pakistan Stock Exchange Limited (PSX) and the Modaraba has filed a claim with the PSX of Rs. 18 million along with margin deposit of Rs. 3 million included in long term deposits.

- 12.5 This represents an unauthorised amount debited to Modaraba's account by a scheduled commercial bank on behalf of a party considered to be a group Company. The Modaraba filed a suit for recovery under the Financial Institutions (Recovery of Finances) Ordinance, XLVI of 2001 which was decreed against the Modaraba only due to the reason that it was time-barred. Management of the Modaraba filed an appeal in the Sindh High Court against the judgment of the Banking Court. The Sindh High Court has set aside the decree of the Banking Court with the directions that the Banking Court, in the first instance, shall decide the application for leave to defend moved by the Bank. The case is under process with the Banking Court.

13 ASSET ACQUIRED IN SATISFACTION OF FINANCING FACILITY

During previous year, the Modaraba acquired possession of a vehicle (market value: Rs. 2,375,000) from the guarantor against the settlement of Diminishing Musharaka facility extended to a client who was in default. In the current period, the vehicle is sold in the open market for Rs.2,500,000 resulting in gain of Rs.125,000.

		(Un-audited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
Note			
14	LONG TERM INVESTMENTS		
	Investment classified as 'fair value through other comprehensive income		
	Unlisted companies	14.1	19,608,230
			10,347,133

14.1 Unlisted companies

(Un-audited) March 31, 2021	(Audited) June 30, 2020		(Un-audited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
Number of Shares of Rs. 10 each			Note	
1,107,244	1,107,244	Prudential Securities Limited		
		Cost		4,173,707
		Less: Impairment	14.1.1	(4,173,707)
				-
		Prudential Discount and Guarantee House Limited		
191,700	191,700	Cost		1,041,815
		Less: Impairment	14.1.1	(1,041,815)
				-
843,975	843,975	LSE Financial Services Limited		
		Cost	14.1.2	12,764,715
		Fair value adjustment		6,843,515
				19,608,230
				10,347,133
				19,608,230
				10,347,133

14.1.1 Due to adverse financial condition of the Investee Companies, these investments have been fully impaired as of December 31, 2020.

14.1.2 This represent shares acquired against the surrender of Pakistan Stock Exchange (PSX) formerly Lahore Stock Exchange Limited (LSE) membership card. Under the current circumstances, the active market is not available for such shares, therefore the net asset value based valuation has been considered as the closest estimate of the fair value of the shares. The Modaraba has recognized a fair value adjustment based on audited financial statements of the Investee Company for the year ended June 30, 2020, the break up value of which is Rs. 23.23 per share.

		(Un-audited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
15	INTANGIBLE ASSETS		
	Computer software	185,000	-
	PSX - Trading rights entitlement certificates (TREC)	15.1 5,344,352	5,344,352
		5,529,352	5,344,352
	Impairment of TREC	(5,344,352)	(5,344,352)
		185,000	-

15.1 LSE membership card and room was obtained by the Modaraba in the year 2010 against the settlement of certain outstanding balance of a defaulted party. Pursuant to demutualization of LSE, the ownership rights in Stock Exchange were segregated from the right to trade on an Exchange. As a result of demutualization, the membership card valuing Rs. 22,326,567 as on July 1, 2012 was surrendered to LSE and on the basis of fair value determined by independent valuer following assets were recorded:

	(Un-audited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
843,975 ordinary shares of face value of Rs. 10/- each of LSE	12,764,715	12,764,715
Broker's room	4,217,500	4,217,500
Trading Right Entitlement Certificate (TREC).	5,344,352	5,344,352
	22,326,567	22,326,567

As per section 16 of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012, every TREC holder was required to register itself as a broker within two years of the date of demutualization i.e. by August 26, 2014, failure to which would've resulted in the lapse of the TREC. The impairment has been recorded as the Modaraba did not register itself as a broker before the expiry of the said date.

16	PROPERTY AND EQUIPMENT - OWNED		(Un-audited) March 31, 2021 Rupees	(Audited) June 30, 2020 Rupees
		Note		
	Property and equipment - owned		3,493,827	4,017,908
17	PROPERTY, PLANT AND EQUIPMENT - IJARAH			
	Property, plant and equipment - Ijarah		10,551,652	17,493,911
18	INVESTMENT PROPERTIES			
	Fair value through profit or loss			
	Investment properties	18.1	46,200,000	46,200,000

- 18.1 These represents properties which were acquired by the Modaraba against settlement of Murabaha Facility from defaulted customers, in prior years.

19 MUSHARAKA FINANCE

The Pak Brunei Investment Company Limited (PBICL) extended callable/ convertible financing line of Rs. 250 million to modaraba under Musharakah Arrangement. As per the agreement the first tranche of Rs.50 million is disbursed on January 28, 2021.

The return on finance shall be payable after finalization of annual financial statements of the modaraba by way of allocation of net profit, before tax and management fee, in the ratio of PBICL investment to total Musharaka Capital (i.e the sum of PBICL finance and modaraba equity as on September 30, 2020).

The facility is secured by way of hypothecation charge on all movable assets and receivables and mortgage of immovable property of the modaraba.

20 CERTIFICATE CAPITAL

Un-audited March 31, 2021	Audited June 30, 2020		Un-audited March 31, 2021	Audited June 30, 2020
Number of certificates		Authorised	Rupees	
87,217,660	87,217,660	Modaraba Certificates of Rs. 10/- each	872,176,600	872,176,600
Issued, subscribed and paid-up				
13,451,650	13,451,650	Modaraba Certificates of Rs. 10/- each fully paid in cash	134,516,500	134,516,500
8,864,716	8,864,716	Modaraba Certificates of Rs. 10/- each fully paid bonus certificates	88,647,160	88,647,160
64,901,294	64,901,294	Modaraba Certificates of Rs. 10/- issued under scheme of arrangement for amalgamation with Second and Third Prudential Modaraba	649,012,940	649,012,940
87,217,660	87,217,660		872,176,600	872,176,600

- 20.1 As at March 31 2021, Pak Brunei Investment Company Limited, (holding company of the management company) held 8,505,000 (June 30, 2020: Nil) certificates .

21 CONTINGENCIES AND COMMITMENTS

- 21.1 Taxation officer while making assessment in respect of tax years 2006, 2007 and 2008 disallowed certain expenses on account of apportionment between normal and presumptive income and created an additional demand of Rs. 6.53 million. No provision has been made in these condensed interim financial statements in this regard as the management is confident that outcome of the appeals in question will be in favour of the Modaraba.
- 21.2 The Modaraba received a letter dated October 01, 2018 from the Assistant Commissioner (Unit-12) of the Sindh Revenue Board (SRB), wherein, it is mentioned that through scrutiny of the financial statements of the Modaraba (for the periods from July 2011 to March 2018 fiscal year years 2012-2017), it came to their notice that the Modaraba is engaged in providing / rendering taxable services which falls under the Second Schedule of Sindh Sales Tax on Services Act, 2011 (the Act), and the sales tax on such services, i.e. on lease rentals / lease financing transactions remains outstanding which aggregated to Rs 29.527 million. Such letters were also received by some other Modarabas and it was collectively decided that under the supervision of NBFI and Modaraba Association Pakistan, a petition against the same br filed through a common legal counsel in the Honorable High Court of Sindh (HCS) challenging levy of Services Sales Tax on lease rentals / lease financing transactions including the vires of various headings of the Second Schedule of the Act. A stay order in this regard has been granted by the HCS stating that no adverse order in respect of the proposed treatment shall be made against the Petitioners.

The management of the Modaraba based on legal advise is of the view that in light of the stay order of the HCS and the merits of the matter involved, no provision for any sales tax liability is required to be maintained in the condensed interim financial statements.

		(Un-audited) March 31, 2021 Rupees	(Un-audited) March 31, 2020 Rupees
22	FINANCIAL CHARGES		
	Bank charges	85,577	95,999
	Return on musharaka finance	19	-
		<u>270,723</u>	<u>95,999</u>

23 MANAGEMENT COMPANY'S REMUNERATION

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.

24 TAXATION

On March 22, 2021, the President of Pakistan promulgated the Tax Law (Second Amendment) Ordinance, 2021,(Ordinance 2021) whereby Clause 100 of the Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 relating to the Tax Exemption available to the Modarabas stands withdrawn.

Tax Exemption has been available to the Modarabas under Section 37 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, which is still operative and was specified under Clause 100 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, which exemption has been removed by Ordinance 2021. It is believed that the Ordinance 2021 will be placed before the Assembly to be ratified through a Finance Act. It is a settled law that the taxes can only be levied from prospective effect and any retrospective applicability thereof is ultra-vires under the Constitution. Based on the legal and professional advice, the Management along with other Modarabas, have made representations to the appropriate authorities to remove intended withdrawal of tax exemption available to the Modarabas, particularly any retrospective effect of the Ordinance 2021.

Accordingly, no provision for Income Tax has been made in the quarterly accounts for the period ended July 1, 2020 to March 31, 2021.”

25 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 Company. 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. Details of certificate holding of Holding Company, Management Company, Directors, Key Management Personnel and their family members are disclosed in pattern of certificate holding included in the annual report of the Modaraba.

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

Amounts outstanding as at period / year end			March 31, 2021 Rupees	June 30, 2020 Rupees
Name of the company / individual	Relationship with the Modaraba	Nature of Transactions		
Balances with related parties				
KASB Invest (Private) Limited	Ex- Modaraba management Company	Management fee	(169,872)	(169,872)
KASB Modaraba	Modaraba under common management	Payable against sharing of common expenses	(914,136)	(1,170,594)
First Pak Modaraba	Modaraba under common management	Receivable against sharing of common expenses	37,461	109,820
Pak Brunei Investment Company Limited	Holding Company of the Modaraba Management Company	-Payable against shared services cost	(307,350)	-
		-Payable against musharaka finance	(50,185,146)	-
Details of the transactions with related parties			(Un-audited) March 31, 2021 Rupees	(Un-audited) March 31, 2020 Rupees
Expenses during the period				
First Prudential Modaraba - Provident Fund Trust	Staff provident fund	Contribution made	408,540	497,790
KASB Modaraba	Modaraba under common management	Sharing of common expenses	1,755,470	4,669,872
First Pak Modaraba	Modaraba under common management	Sharing of common expenses	(251,250)	(322,152)
Jubilee Life Insurance Company Limited	Other related party	Takaful premium	436,904	-
Pak Brunei Investment Company Limited	Holding Company of the Modaraba Management Company	-Shared services cost	1,536,749	-
		-Return on musharaka finance	185,146	-
Khawaja Waheed Raza	Administrator (Note 1)	Salaries & other benefits	-	1,203,620
Payments made/(received) during the period				
First Prudential Modaraba - Provident Fund Trust	Staff provident fund	Contribution made	408,540	497,790
KASB Modaraba	Modaraba under common management	Sharing of common expenses	2,011,928	4,907,997
First Pak Modaraba	Modaraba under common management	Sharing of common expenses	(323,609)	(290,366)
Pak Brunei Investment Company Limited	Holding Company of the Modaraba Management Company	-Musharaka finance	(50,000,000)	-
		-Shared services cost	1,229,399	-
Jubilee Life Insurance Company Limited	Other related party	Takaful premium	436,904	-
Khawaja Waheed Raza	Administrator (Note 1)	Salaries and other benefits	-	1,701,620

26. 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.

27. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on April 29, 2021 by the Board of Directors of the Management Company.

28. GENERAL

- 28.1 Amounts have been presented and rounded off to the nearest Pak rupees unless otherwise stated.
- 28.2 On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is difficult to predict at this stage. As of the release date of this condensed interim financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Modaraba's financial condition or results of operations.

**For Awwal Modaraba Management Limited
(Management Company)**

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR