

# **FIRST PAK MODARABA**

**QUARTERLY REPORT  
MARCH 31, 2021**

**MANAGED BY  
AWWAL MODARABA MANAGEMENT LIMITED**

## 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**

Grant Thornton Anjum Rehman, Chartered Accountants

### **Bankers**

Habib Bank Limited

Dubai Islamic Bank

### **Certificate Registrar**

THK Associates (Private) Limited.

Plot No: 32-C, Jami Commercial, Street No: 2,  
DHA, Phase-VII, Karachi, Tel: 021-111-000-322  
Fax: 021-35310190, E-mail: sfc@thk.com.pk

### **Legal Advisor**

Ahmed & Qazi

S & B Durrani Law Associates

### **Shariah Advisor**

Al-Hamd Shariah Advisory Services (Pvt) Limited

### **Registered & Head Office**

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

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

### **Lahore Branch Office**

Office No. 318 3<sup>rd</sup> 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 Pak Modaraba, is pleased to present Directors' Report together with the unaudited financial results of First Pak 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 for revival of the modaraba through implementation of viable business plan.

Fresh exposures are being taken on a conservative basis with the view to ensure asset quality and sustain operations of the modaraba. The size of outstanding portfolio increased to PKR 29.2 Million on March 31, 2021 compared to PKR 14.4 million at the end of the first six months of FY2021. Excess liquidity of PKR 79.8 Million was placed with banks, which includes funds injected by PBIC. During the nine months under review, overall revenues have been recorded at PKR 5.9 million, reduced from PKR 8.6 million during the same period last year due to maturing high return portfolio while new disbursements are in line with the prevailing lower market return scenario. Total expenses for the period were contained at PKR 6.6 million. The Modaraba posted loss for the period of PKR 0.6 million compared to profit of PKR 1.4 million in the 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 منچمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز جو فرسٹ پاک مضاربہ کی منچمنٹ کمپنی ہے فرسٹ پاک 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۔

## معیشہ

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۔

مخاطب 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 29.2 ملین کی رقم تھی جبکہ سال 2021 کی پہلی ششماہی کے اختتام پر پاکستانی روپے 14.4 ملین تھی۔ تمام فاضل مالیات پاکستانی روپے 79.8 ملین جس میں پی بی آئی سی سے حاصل کردہ سرمایہ کاری بھی شامل ہے بینکوں میں رکھی گئی ہے۔ نومبر کے جائزے کے دوران مجموعی طور پر آمدنی پاکستانی روپے 5.9 ملین ریکارڈ کی گئیں، جو کہ پچھلی مدت میں پاکستانی روپے 8.6 روپے تھی جس کی وجہ بلند شرح منافع کے قرضوں کی تکمیل ہے جبکہ نئے قرضہ جات موجودہ مارکیٹ صورتحال کو مد نظر رکھ کر دیئے جا رہے ہیں۔ اس مدت کے لئے کل اخراجات پاکستانی روپے 6.6 ملین پر مشتمل تھے۔ مضاربہ نے زیر جائزہ مدت میں 0.6 ملین کا نقصان اٹھایا جو کہ پچھلے سال اسی مدت میں 1.4 ملین کا منافع 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 رجسٹرڈ 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

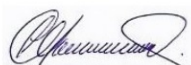
مورخہ: 29 اپریل 2021

**FIRST PAK MODARABA**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2021**

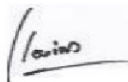
		Un-audited	Audited
		March 31, 2021	June 30, 2020
Note		Rupees	
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
	6	85,746,368	42,267,091
Cash and bank balances			
	7	85,580	51,650
Investments			
	8	162	60,387
Ijarah rentals receivable			
	11	11,530,503	14,006,962
Current portion of diminishing musharaka			
	9	-	-
Murabaha finance			
		1,661,809	1,168,075
Advances, deposits, prepayments and other receivables			
		4,201,277	4,201,277
Tax refundable			
		103,225,699	61,755,442
<b>NON - CURRENT ASSETS</b>			
	10	2,064,821	3,884,771
Property and equipment - ijarah			
		276,318	166,315
Property and equipment - owned			
	11	15,588,499	7,164,608
Diminishing musharaka			
		-	16,495
Long term advances			
		17,929,638	11,232,189
<b>TOTAL ASSETS</b>		<b>121,155,337</b>	<b>72,987,631</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
	12	50,000,000	-
Musharika finance			
		2,255,085	2,121,548
Accrued and other liabilities			
		5,896,288	5,463,869
Unclaimed profit distribution			
		1,681,500	2,036,500
Current portion of ijarah deposits			
		59,832,873	9,621,917
<b>NON - CURRENT LIABILITIES</b>			
		200,000	200,000
Long term ijarah deposits			
<b>TOTAL LIABILITIES</b>		<b>60,032,873</b>	<b>9,821,917</b>
<b>NET ASSETS</b>		<b>61,122,464</b>	<b>63,165,714</b>
<b>REPRESENTED BY</b>			
<b>CAPITAL AND RESERVES</b>			
		150,000,000	150,000,000
Authorized capital			
15,000,000 certificates of Rs.10/- each			
	13	125,400,000	125,400,000
Issued, subscribed and paid-up certificate capital			
		26,516,621	26,516,621
12,540,000 certificates of Rs.10/- each			
Statutory reserve			
		(85,919,157)	(83,875,907)
Accumulated loss			
		65,997,464	68,040,714
Deficit on revaluation of investments			
		(4,875,000)	(4,875,000)
<b>CONTINGENCIES AND COMMITMENTS</b>	14	<b>61,122,464</b>	<b>63,165,714</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements

For Awwal Modaraba Management Limited  
Management Company



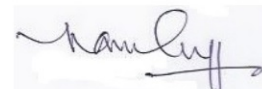
Chief Financial Officer



Chief Executive Officer



Director



Director

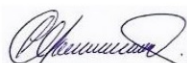
**FIRST PAK MODARABA**

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021**


	Note	Nine months ended		Quarter ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		Rupees			
<b>INCOME</b>					
Diminishing Musharaka		1,689,406	1,993,413	564,759	892,441
Ijarah rentals		1,218,387	3,428,628	316,184	991,206
Profit on PLS accounts		2,523,566	2,449,520	1,186,415	591,747
Others		469,696	712,682	80,547	86,840
		<u>5,901,055</u>	<u>8,584,243</u>	<u>2,147,905</u>	<u>2,562,234</u>
Un-realised gain on remeasurement of investments at FVTPL		33,930	(3,520)	(7,650)	(21,700)
		<u>5,934,985</u>	<u>8,580,723</u>	<u>2,140,255</u>	<u>2,540,534</u>
<b>EXPENDITURE</b>					
Administrative expenses		(5,601,375)	(5,270,195)	(2,138,165)	(1,469,311)
Depreciation on Ijarah assets		(997,460)	(1,871,400)	(178,525)	(530,397)
Workers' welfare fund		-	(28,219)	-	(10,605)
		<u>(6,598,835)</u>	<u>(7,169,814)</u>	<u>(2,316,690)</u>	<u>(2,010,313)</u>
(Loss) / profit before taxation		<u>(663,850)</u>	<u>1,410,909</u>	<u>(176,435)</u>	<u>530,221</u>
Taxation	15	-	-	-	-
Net (loss) / profit for the period		<u>(663,850)</u>	<u>1,410,909</u>	<u>(176,435)</u>	<u>530,221</u>
<b>Other comprehensive income</b>		-	-	-	-
Total comprehensive (loss) / income for the period		<u>(663,850)</u>	<u>1,410,909</u>	<u>(176,435)</u>	<u>530,221</u>
<b>(Loss) / earnings per certificate - Basic and diluted</b>		<u>(0.05)</u>	<u>0.11</u>	<u>(0.01)</u>	<u>0.04</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements

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



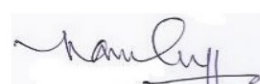
**Chief Financial Officer**



**Chief Executive Officer**



**Director**



**Director**

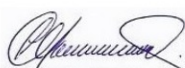


**FIRST PAK MODARABA**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021**

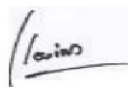
	March 31, 2021	March 31, 2020
	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(663,850)	1,410,909
<b>Adjustments for:</b>		
Un-realised gain on remeasurement of investments at FVTPL	(33,930)	(18,180)
Dividend income	(3,000)	(1,500)
Gain on disposal of ijarah assets	(119,361)	-
Financial charges	-	28,006
Depreciation and amortization	1,072,457	1,386,279
	916,166	1,394,605
Cash flows before movement in working capital		
<b>(increase) / Decrease in operating assets</b>		
Diminishing Musharaka	(5,947,432)	9,688,955
Ijarah rentals receivable	60,225	-
Advances, prepayments and other receivables	(477,239)	(145,324)
	(6,364,446)	9,543,631
<b>Increase / (Decrease) in operating liabilities</b>		
Long term ijarah deposits	(355,000)	(422,500)
Musharika financing	50,000,000	
Accrued and other liabilities	133,537	(676,052)
	49,778,537	(1,098,552)
Income tax paid	-	-
Financial charges paid	-	(28,006)
<b>Net cash generated from / (used) in operating activities</b>	<b>43,666,407</b>	<b>11,222,587</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	3,000	1,500
Purchase of intangible assets	(185,000)	-
Sale proceeds from ijarah assets	941,851	2,220,619
<b>Net cash generated from / (used) investing activities</b>	<b>759,851</b>	<b>2,222,119</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit distribution	(946,981)	-
<b>Net increase in cash and cash equivalents</b>	<b>43,479,277</b>	<b>13,444,706</b>
Cash and cash equivalents at the beginning of the period	42,267,091	19,004,878
<b>Cash and cash equivalents at the end of the period</b>	<b>85,746,368</b>	<b>32,449,584</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements

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



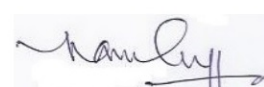
**Chief Financial Officer**



**Chief Executive Officer**



**Director**



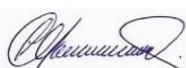
**Director**

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

	Certificate Capital	Capital reserve Statutory reserve	Revenue reserve Accumulated loss	Total
	----- Rupees -----			
Balance as at July 1, 2019	125,400,000	26,147,680	(85,351,669)	66,196,011
Total comprehensive income for the period	-	-	1,410,909	1,410,909
Transferred to statutory reserve	-	282,182	(282,182)	-
<b>Balance as at March 31, 2020</b>	<b>125,400,000</b>	<b>26,429,862</b>	<b>(84,222,942)</b>	<b>67,606,920</b>
Balance as at July 1, 2020	125,400,000	26,516,621	(83,875,907)	68,040,714
Final cash dividend @ Re.0.11 per certificate for the year ended June 30, 2020			(1,379,400)	(1,379,400)
Total comprehensive loss for the period	-	-	(663,850)	(663,850)
<b>Balance as at March 31, 2021</b>	<b>125,400,000</b>	<b>26,516,621</b>	<b>(85,919,157)</b>	<b>65,997,464</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements

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



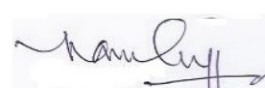
**Chief Financial Officer**



**Chief Executive Officer**



**Director**



**Director**

**FIRST PAK MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021**

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

- 1.1** First Pak Modaraba (the Modaraba) is a multipurpose, perpetual Modaraba. The Modaraba is registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981 and was managed by Royal Management Services (Pvt) Limited. In pursuance of instructions received from Securities and Exchange Commission of Pakistan (SECP), KASB Invest (Private) Limited (KIPL) had taken over the management and administrative control of First Pak Modaraba effective from November 13, 2014.
- 1.2** The Registrar (Modarabas), with the approval of the 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.
- 1.3** 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 affair of the Modaraba. AMML has taken over the management and administrative control of First Pak Modaraba effective from February 03, 2020.
- 1.4** The registered office of First Pak 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. The Modaraba is currently engaged in various modes of Islamic fundings and businesses which include ijarah financing, deployment of fund in Musharakah, morabaha and investment in securities.
- 1.5** These financial statements are presented in Pak rupees, which is the Modaraba's functional and presentation currency.

**2. STATEMENT OF COMPLIANCE**

- 2.1** The condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan and the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modaraba and directives issued by Securities and Exchange Commission of Pakistan (the Modaraba regulations).
- 2.2** This 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 adopted by the Modaraba in the preparation of these condensed interim financial statements are the same as those applied in preparation of the preceding published financial statements of the Modaraba for the year ended June 30, 2020.

#### **4. ACCOUNTING ESTIMATES AND JUDGMENTS**

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 carried at fair value
- Investment properties which have been measured at fair value
- Certain loans and receivables which have been measured at amortized cost

**FIRST PAK MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021**

		Un-audited March 31, 2021	Audited June 30, 2020
	Note	Rupees	
<b>6. CASH AND BANK BALANCES</b>			
Cash in hand		83	2,320
Cash at banks:			
- Current accounts	6.1	2,235,493	1,804,828
- Saving accounts		83,510,792	40,459,943
		85,746,285	42,264,771
		85,746,368	42,267,091
<b>6.1</b>	These carry mark-up rates ranging from 5.50% to 6% (June 30, 2020: 5.90% to 12%) per annum.		
		Un-audited March 31, 2021	Audited June 30, 2020
	Note	Rupees	
<b>7. INVESTMENTS</b>			
Fair value through other comprehensive income (FVTOCI)	7.1	-	-
Fair value through profit or loss (FVTPL)	7.2	85,580	51,650
		85,580	51,650
<b>7.1 Fair value through other comprehensive income</b>			
Prudential Securities Limited		4,875,000	4,875,000
Less: impairment		(4,875,000)	(4,875,000)
		-	-
<b>7.2 Fair value through profit or loss</b>			
International Steels Limited		85,580	51,650
<b>8. IJARAH RENTALS RECEIVABLE</b>			
Considered good		162	60,387
Considered doubtful		119,542	119,542
		119,704	179,929
Provision for doubtful receivables		(119,542)	(119,542)
		162	60,387
<b>9. MURABAHA FINANCE</b>			
Murabaha finance		15,319,705	15,319,705
Less: Provision for doubtful murabaha finance		(15,319,705)	(15,319,705)
		-	-
<b>10. PROPERTY AND EQUIPMENT -IJARAH</b>			
Opening WDV		3,884,771	9,461,157
Deletions - vehicles		(2,100,000)	(6,525,000)
Accumulated depreciation		1,277,510	3,306,140
		(822,490)	(3,218,860)
Depreciation charged for the period		(997,460)	(2,357,526)
Closing WDV		2,064,821	3,884,771

**FIRST PAK MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021**

		Un-audited March 31, 2021	Audited June 30, 2020
11. DIMINISHING MUSHARIKA	Note	Rupees	
Diminishing Musharaka	11.1	27,119,002	21,171,570
Less: Current portion of Diminishing Musharaka		(11,530,503)	(14,006,962)
		<u>15,588,499</u>	<u>7,164,608</u>

11.1 These carry profit rates ranging from 12.50% to 17% (June 30, 2020: 13% to 19%) per annum and are payable on monthly basis over a period from 3 to 4 years.

**12. MUSHARIKA FINANCING**

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.

**13. 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	
<u>15,000,000</u>	15,000,000	Modaraba Certificates of Rs. 10/- each	<u>150,000,000</u>	150,000,000
		<b>Issued, subscribed and paid-up capital</b>		
<u>10,000,000</u>	10,000,000	Modaraba Certificates of Rs. 10/- each fully paid in cash	<u>100,000,000</u>	100,000,000
<u>2,540,000</u>	2,540,000	Modaraba Certificates of Rs. 10/- each	-	-
<u>12,540,000</u>	12,540,000		<u>100,000,000</u>	100,000,000

13.1 As at March 31 2021, Pak Brunei Investment Company Limited, (holding company of the management company) held 1,200,500 (June 30, 2020: Nil) certificates .

**14. CONTINGENCIES AND COMMITMENTS**

There are no significant changes in the status of contingencies and commitments as disclosed in the annual financial statements for the year ended June 30, 2020.

**15. PROVISION FOR 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.



**FIRST PAK MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021**

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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.”

**16. 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:

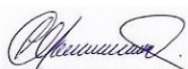
**FIRST PAK MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2021**

Transactions during the period		Un-audited	Un-audited
		March 31, 2021	March 31, 2020
Relationship	Nature of transactions	----- Rupees -----	
<b>Associates</b>			
KASB Modaraba	Sharing of common expenses	526,828	979,096
First Prudential Modaraba	Sharing of common expenses	251,250	322,152
Pak Brunei Investment Co. Ltd	- Musharaka finance obtained	50,000,000	-
	- Shared services cost	256,122	-
Administrator	Takaful premium	-	210,931
<b>Staff retirement fund</b>			
First Pak Modaraba Provident Fund Trust	Contribution made	66,942	66,942
Balances at period / year end		Un-audited	Audited
		March 31, 2021	June 30, 2020
Relationship	Nature of balances	----- Rupees -----	
<b>Associates</b>			
KASB Invest (Pvt) Limited	Accrued and other liabilities	29,491	29,491
KASB Modaraba	Accrued and other liabilities	163,284	285,989
First Prudential Modaraba	Accrued and other liabilities	37,461	109,820
Pak Brunei Investment Co. Ltd	- Payable against musharaka finance	50,000,000	-
	- Accrued and other liabilities	51,224	-

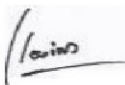
**17. DATE OF AUTHORIZATION OF ISSUE**

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

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



**Chief Financial Officer**



**Chief Executive Officer**



**Director**



**Director**