

# **AWWAL MODARABA**

QUARTERLY REPORT  
MARCH 31, 2022

MANAGED BY  
AWWAL MODARABA MANAGEMENT LIMITED

# Vision

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

## Mission

Awwal Modaraba Management Limited (AMML) aims to be at the vanguard of innovation in modaraba management services, offering the best solutions to our customers, value to our certificate holders and modaraba investors, complemented with a challenging, equal opportunity 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. Saiyid Najam Rizvi		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. Saiyid Najam Rizvi	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  
Soneri 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**

LAM Ebrahim Mohsin

### **Shariah Advisor**

Mufti Muhammad Hassaan Kaleem

### **Registered Office**

3<sup>rd</sup> Floor, Horizon Vista, Plot No:  
Commercial 10, Block-4, Clifton, Karachi  
Phone : 021- 38771685,  
Fax: 021-35374275

## **Directors' Report**

### **For the nine months period ended 31 March 2022**

On behalf of the Board of Directors of Awwal Modaraba Management Limited, the management company of Awwal Modaraba, we are pleased to present Directors' Report together with the unaudited financial results of Awwal Modaraba for the nine months period ended 31 Mar 2022.

#### **Economy**

Our economy faces several challenges this year arising from necessary monetary tightening to recent political turmoil in the country. According to Pakistan Bureau of Statistics, during 9MFY22, exports are up 25% to US\$23.298 billion while imports have risen by 49% to US\$58.691 billion, which has pushed trade deficit up by 70% to US\$35.39 billion. Oil prices remain high on back of Russia-Ukraine conflict fuelling both inflation and creating pressure on trade balance. Foreign exchange reserves fell to US\$18.5bn in March 2022, with significant decline in SBP reserves to US\$12 billion largely due to debt repayments and government payments pertaining to settlement of an arbitration award related to a mining project. Some of this decline in reserves is expected to be reversed as official creditors renew their loans. Currency pressures led PKR to depreciate to all time low of PKR 186 a US\$, taking cumulative depreciation to 15.3% since start of fiscal year.

The recent political crisis has added to the uncertainty in the economic environment on policy direction and stability. According to SBP, heightened domestic political uncertainty contributed to a 5 percent depreciation in the rupee and a sharp rise in domestic secondary market yields as well as Pakistan's Eurobond yields and CDS spreads since the last MPC meeting. Pakistan is undergoing its seventh review under the IMF's Extended Fund Facility program, which has disbursed USD 3 billion out of the total USD 6 billion. The future of continuity of program now depends on policies of new government and political situation of the Country in coming days.

State Bank of Pakistan increased the Policy Rate to 250 basis points in the last Monetary Policy meeting on April 07, 2022. Average inflation forecasts have been revised upwards to slightly above 11 percent in FY22 before moderating in FY23. The current account deficit is still expected to be around 4 percent of GDP in FY22. While the non-oil current account balance has continued to improve, the overall current account remains dependent on global commodity prices.

#### **Financial Performance**

Awwal Modaraba had scaled down lending activities in past two years due to the vulnerable economic situation leading to low profitability and excess liquidity build up in the Modaraba deployed in low risk, low return bank deposits and sukuks. In the last quarter, the management decided to step up lending activities in comparatively lower risk high yielding exposures to counter the hit from tax imposition on profits as a result of recent tax amendments. The size of Shariah compliant lending portfolio increased to PKR 852 Million as on March 31, 2022 from PKR 499 Million at the close of last financial year with a corresponding decrease in liquid assets from PKR 574 Million as on June 30, 2021 to PKR 219 Million at the end of quarter ended March 31, 2022.

While mark-up income increased due to higher lending activities, total revenues witnessed decline to PKR 69 Million in the quarter ended March 31, 2022 (FY2021: PKR 76 Million) due to absence of advisory fee income. Operating expenses were contained at PKR 35.36 Million, however, Modaraba had to book provisions against a defaulted customer of PKR 14.13 Million. The case is under litigation and management is confident that case shall be decided in favour of the Modaraba as underlying securities are sufficient to cover the exposure. Profit before tax amounted to PKR 34.37 Million, nearly stable from last year. However, with change in Modaraba tax laws, tax expense of PKR 14.23 Million was recorded during the period (nil in previous period) with Profit after Tax amounting to PKR 20.14 Million in the current period (3Q2021: PKR 34.14 Million).

#### **Future Plans**

As apprised earlier, the Board of Directors has decided to merge Awwal Modaraba into Awwal Corporate Restructuring Company ("ACRC") which is a wholly owned subsidiary of Pak Brunei Investment Company Limited. The regulatory formalities are being complied with and we expect the merger to conclude during the next few months.

#### **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. We 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



**Saiyid Najam Rizvi**  
Director

Date: 21<sup>st</sup> April, 2022

## ڈائریکٹر رپورٹ:

31 مارچ 2022 کو ختم ہونے والی نو ماہ کی مدت کے لیے

اول مضاربہ کی انتظامی کمپنی اول مضاربہ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے، ہمیں 31 مارچ 2022 کو ختم ہونے والی نو ماہ کی مدت کے لیے اول مضاربہ کے غیر آڈٹ شدہ مالیاتی نتائج کے ساتھ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

## معیشت:

ہماری معیشت کو اس سال کئی چیلنجوں کا سامنا ہے جو کہ ضروری مالیاتی کھچاؤ سے ملک میں حالیہ سیاسی بحران سے پیدا ہوئے ہیں۔ پاکستان بیورو آف سٹیٹسٹکس کے مطابق، 9MFY22 کے دوران، برآمدات %25 بڑھ کر 23.298 بلین امریکی ڈالر جبکہ درآمدات %49 اضافے سے 58.691 بلین امریکی ڈالر تک پہنچ گئی ہیں، جس سے تجارتی خسارہ %70 بڑھ کر 35.39 بلین امریکی ڈالر تک پہنچ گیا ہے۔ روس، یوکرین تنازعہ کی وجہ سے تیل کی قیمتیں بلند ہیں جس سے افراط زر میں اضافہ ہوا ہے اور تجارتی توازن پر دباؤ پڑا ہے۔ مارچ 2022 میں غیر ملکی زرمبادلہ کے ذخائر کم ہو کر US\$18.5bn ہو گئے، SBP کے ذخائر نمایاں کمی کے ساتھ US\$12bn ہو گئے جس کی بڑی وجہ قرضوں کی ادائیگی اور کان کنی کے منصوبے سے متعلق ثالثی کے فیصلے سے حکومتی ادائیگی ہے۔ سرکاری قرض دہندگان کے قرضوں کی تجدید کے نتیجے میں ذخائر میں اس کمی میں سے کچھ واپسی کی توقع ہے۔ کرنسی کے دباؤ کی وجہ سے 186PKR فی امریکی ڈالر کی کم ترین قدر پر آ گیا، جس سے مالی سال کے آغاز سے مجموعی فرسودگی %15.3 ہو گئی۔

حالیہ سیاسی بحران نے معاشی ماحول میں پالیسی کی سمت اور استحکام کے حوالے سے غیر یقینی صورتحال کو مزید بڑھا دیا ہے۔ SBP کے مطابق، بڑھتی ہوئی سیاسی غیر یقینی صورتحال نے روپے کی قدر میں %5 فیصد کمی اور مقامی ثانوی مارکیٹ کی شرح میں تیزی سے اضافے کے ساتھ ساتھ پاکستان کی یورو بانڈ کی شرح اور CDS کی آخری MPC میٹنگ کے بعد سے اضافہ میں اہم کردار ادا کیا۔ پاکستان آئی ایم ایف کے توسیعی فنڈ سہولت پروگرام کے تحت اپنے ساتویں جائزے سے گزر رہا ہے، جس نے کل 6 بلین امریکی ڈالر میں سے 3 بلین امریکی ڈالر ادا کیے ہیں۔ پروگرام کے تسلسل کا مستقبل اب نئی حکومت کی پالیسیوں اور آنے والے دنوں میں ملک کی سیاسی صورتحال پر منحصر ہے۔

اسٹیٹ بینک آف پاکستان نے 07 اپریل 2022 کو آخری مانیٹری پالیسی میٹنگ میں پالیسی ریٹ کو 250 پیسے پوائنٹس تک بڑھا دیا۔ 2023 میں متوقع اعتدال سے پہلے 2022 میں اوسط افراط زر کا تخمینہ 11 فیصد سے تھوڑا اوپر کر دیا گیا ہے۔ مالی سال 22 میں کرنٹ اکاؤنٹ خسارہ اب بھی جی ڈی پی کے %4 فیصد کے قریب رہنے کی توقع ہے۔ جبکہ نان آئل کرنٹ اکاؤنٹ بیلنس میں مسلسل بہتری آئی ہے، مجموعی کرنٹ اکاؤنٹ کا انحصار عالمی اجناس کی قیمتوں پر ہے۔

## مالیاتی کارکردگی

اول مضاربہ نے کمزور معاشی صورت حال کی وجہ سے گزشتہ دو سالوں میں قرض دینے کی سرگرمیوں کو کم کر دیا تھا جس کے نتیجے میں کم منافع اور زیادہ لیکویڈیٹی میں اضافہ ہوا تھا جو کم رسک، کم ریٹرن بینک ڈپازٹس اور سٹاک میں تعینات تھے۔ پچھلی سہ ماہی میں، انتظامیہ نے حالیہ ٹیکس ترامیم کے نتیجے میں منافع پر ٹیکس کے نفاذ سے ہونے والے نقصان کا مقابلہ کرنے کے لیے نسبتاً کم دشات اور زیادہ شرح منافع پر قرض دینے کی سرگرمیاں تیز کرنے کا فیصلہ کیا۔ شریعت کے مطابق قرضہ جات پچھلے مالی سال 499 ملین روپے کے مقابلے میں 31 مارچ 2022 کو بڑھ کر 852 ملین روپے ہو گئے جس کی وجہ سے نقد ذرائع بھی 30 جون 2021 کو 574 ملین روپے سے کم ہو کر 31 مارچ 2022 کو 219 ملین روپے رہ گئے۔

جبکہ مارک اپ آمدنی میں زیادہ قرض دینے کی سرگرمیوں کی وجہ سے اضافہ ہوا، ایڈوائزری فیس کی آمدنی کی عدم موجودگی کی وجہ سے 31 مارچ 2022 کو ختم ہونے والی سہ ماہی میں کل آمدنی 69PKR ملین تک گر گئی۔ آپریٹنگ اخراجات 35.36 ملین پر مشتمل تھے، تاہم، مضاربہ کو 14.13PKR ملین کے نادر ہندہ صارف کے خلاف پروویژن بک کرنا تھا۔ مقدمہ زیر سماعت ہے اور انتظامیہ کو یقین ہے کہ مقدمہ کا فیصلہ مضاربہ کے حق میں کیا جائے گا کیونکہ بنیادی سیکورٹیز قرضہ کو پورا کرنے کے لیے کافی ہیں۔ ٹیکس سے پہلے کا منافع 34.37PKR ملین ہے، جو پچھلے سال سے تقریباً مستحکم ہے۔ تاہم، مضاربہ ٹیکس قوانین میں تبدیلی کے ساتھ، مدت کے دوران 14.23PKR ملین کا ٹیکس ریکارڈ کیا گیا (پچھلی مدت میں کوئی نہیں) موجودہ مدت میں 20.14PKR ملین بعد از ٹیکس منافع (34.14PKR:3Q2021) حاصل کیا۔

### مستقبل کے منصوبے

جیسا کہ پہلے بتایا جا چکا ہے، بورڈ آف ڈائریکٹرز نے اول مضاربہ کو اول کارپوریٹ ری سٹرکچرنگ کمپنی ("ACRC") میں ضم کرنے کا فیصلہ کیا ہے جو کہ پاک برونائی انویسٹمنٹ کمپنی لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے۔ ریگولیٹری فارمیٹ کی تعمیل کی جا رہی ہے اور ہم امید کرتے ہیں کہ انضمام اگلے چند مہینوں میں مکمل ہو جائے گا۔

### گورننس

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

### اعتراف

بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور رجسٹرار مضاربہ کی مسلسل رہنمائی اور تعاون کا اعتراف کرنا چاہتا ہے۔ ہم مضاربہ پر اعتماد کرنے کے لیے اس کے صارفین اور سرمایہ کاروں کا شکریہ ادا کرنے کے لیے اس موقع سے فائدہ اٹھانا چاہتے ہیں۔

بورڈ کی جانب سے

کریم حاتم

چیف ایگزیکٹو

سید نجم رضوی


ڈائریکٹر

تاریخ: 21 اپریل، 2022

**AWWAL MODARABA  
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2022**

	Note	March 31, 2022 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Operating fixed assets	4	792,702	184,519
Intangible asset	5	-	1,169,495
Long term portion of Musharika Finance	6	269,400,000	-
Long term portion of Diminishing Musharika Finance	7	150,000,005	196,666,669
Long term portion of receivable against advisory fee	8	-	917,478
Long term loans	9	-	1,624,799
Long term deposit		75,000	75,000
		420,267,707	200,637,960
<b>CURRENT ASSETS</b>			
Current portion of Musharika Finance	6	242,800,000	199,000,000
Current portion of Diminishing Musharika Finance	7	111,811,945	103,333,331
Current portion of receivable against advisory fee	8	33,760,020	34,792,710
Current portion of long term loans	9	198,717	1,716,015
Investment against repurchase agreement	10	78,487,456	-
Investment in Sukuk certificates	11	-	179,162,606
Accruals, prepayments, advances and other receivables	12	61,612,703	69,895,749
Modaraba term deposit		-	239,000,000
Taxation recoverable		17,183,833	13,109,846
Bank balances	14	219,137,925	155,753,925
		764,992,599	995,764,182
		<u>1,185,260,306</u>	<u>1,196,402,142</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized certificate capital			
100,000,000 Modaraba Certificates of Rs. 10 each	15	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up certificate capital			
100,000,000 Modaraba Certificates of Rs. 10 each	15	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Statutory Reserves	16	128,355,101	124,326,410
Accumulated profit		21,155,580	37,040,815
		1,149,510,681	1,161,367,225
Unrealised gain on remeasurement of Sukuk Certificate	17	-	6,162,606
<b>CURRENT LIABILITIES</b>			
Accrued expenses	18	25,069,730	13,222,667
Payable to related parties	19	10,493,804	15,466,272
Unclaimed profit distribution		186,091	183,372
		35,749,625	28,872,311
		<u>1,185,260,306</u>	<u>1,196,402,142</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>			
	20		

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

  
CHIEF FINANCIAL OFFICER

For Awwal Modaraba Management Limited  
(Management Company)  
  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
DIRECTOR



**AWWAL MODARABA**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED MARCH 31, 2022**

		Nine month Ended March 31, 2022 (Un-audited) Rupees	Nine month Ended March 31, 2021 (Un-audited) Rupees	Quarter ended March 31, 2022 (Un-audited) Rupees	Quarter ended March 31, 2021 (Un-audited) Rupees
	Note				
<b>Income</b>					
Income from Musharika Finance		31,624,209	29,471,513	16,535,835	6,126,288
Income from Diminishing Musharika Finance - net	21	7,177,158	7,937,194	2,431,781	(9,911,429)
Income from Investment against repurchase agreement		6,330,604	3,273,199	3,096,491	187,254
Income from Modaraba Term Deposit		1,922,541	9,189,039	45,517	3,205,478
Income from Investment in Sukuk Certificates		9,331,098	-	948,703	-
Income from deposits with banks		11,155,315	7,649,832	3,619,973	4,049,891
Advisory fee		-	18,100,000	-	15,000,000
Other Income		1,710,143	-	507,791	-
		69,251,068	75,620,777	27,186,091	18,657,482
Provision against doubtful receivable- Diminshing Musharaka Finance	7.1 & 12	(14,131,658)	-	-	-
<b>Expenses</b>					
Administrative and operating expenses		(19,688,348)	(40,711,665)	(4,852,120)	(11,498,589)
Financial charges		(70,005)	(75,166)	(4,021)	(6,426)
		35,361,057	34,833,946	22,329,950	7,152,467
Management Company's remuneration		-	-	-	-
Provision for services sales tax on Management Company's remuneration		-	-	-	-
		-	-	-	-
Provision for Workers' Welfare Fund	18.1	(989,854)	(696,679)	(446,599)	(143,049)
Profit before the taxation		34,371,203	34,137,267	21,883,351	7,009,418
Taxation	22	(14,227,747)	-	(6,425,913)	-
Profit / (loss)for the period		20,143,456	34,137,267	15,457,438	7,009,418
<b>Earnings per certificate - basic and diluted</b>	23	0.20	0.34	0.15	0.07

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

  
**CHIEF FINANCIAL OFFICER**

For Awwal Modaraba Management Limited  
(Management Company)

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**DIRECTOR**

**AWWAL MODARABA  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED MARCH 31, 2022**

	Nine month Ended March 31, 2022 (Un-audited) Rupees	Nine month Ended March 31, 2021 (Un-audited) Rupees	Quarter ended March 31, 2022 (Un-audited) Rupees	Quarter ended March 31, 2021 (Un-audited) Rupees
Profit for the period	20,143,456	34,137,267	15,457,438	7,009,418
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>20,143,456</b>	<b>34,137,267</b>	<b>15,457,438</b>	<b>7,009,418</b>

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

  
CHIEF FINANCIAL OFFICER

For Awwal Modaraba Management Limited  
(Management Company)

 CHIEF EXECUTIVE OFFICER


 DIRECTOR

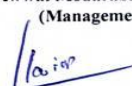
 DIRECTOR

**AWWAL MODARABA**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED MARCH 31, 2022**

	Note	Nine month Ended March 31, 2022 (Un-audited) Rupees	Nine month Ended March 31, 2021 (Un-audited) Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		34,371,203	34,137,267
Adjustments for:			
Depreciation on operating fixed assets	4	89,102	801,534
Amortisation on intangible asset	5	1,169,495	2,082,672
Provision against doubtful receivable		14,131,658	-
Net cash generated before working capital changes		49,761,458	37,021,473
<b>Decrease / (increase) in current assets</b>			
Accruals, prepayments, advances and other receivables		5,672,774	(18,436,860)
Modaraba Term Deposit		239,000,000	-
Sukuk - Proceeds from Sale of Meezan Sukuk		173,000,000	-
Receivable against advisory fee		1,950,168	38,667,875
Investment against repurchase agreement		(78,487,456)	-
Disbursement of Musharika Finance		(832,000,000)	(200,000,000)
Disbursement of Diminishing Musharika Finance			(135,000,000)
Proceeds from repayment / settlement of Musharika Finance		513,000,000	255,794,648
Proceeds from repayment / settlement of Musharika Finance		5,800,000	-
Proceeds from repayment / settlement of Diminishing Musharika Finance		26,666,664	-
Receivable from Related party		-	-
Long term loans		3,142,097	1,475,723
<b>(Decrease) / Increase in current liabilities</b>		<b>57,744,247</b>	<b>(57,498,614)</b>
Accrued expenses		(2,218,767)	1,748,219
Payable to related parties		(4,972,468)	(11,799,969)
Unclaimed profit distribution		-	14,866
Defined Benefit Obligation		-	-
		(7,188,515)	(10,012,387)
<b>Cash generated from operations</b>		<b>100,317,190</b>	<b>(10,036,884)</b>
Tax paid		(4,235,904)	(499,957)
<b>Net cash flows from operating activities</b>		<b>96,081,286</b>	<b>(10,536,841)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(697,285)	-
Investment in Sukuk Certificates		-	-
<b>Net cash used in investing activities</b>		<b>(697,285)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Profit paid to Certificate Holders		(32,000,000)	(80,000,000)
<b>Net cash used in from financing activities</b>		<b>(32,000,000)</b>	<b>(80,000,000)</b>
Net increase / (decrease) in cash and cash equivalents		63,384,000	(90,536,841)
Cash and cash equivalents at the beginning of the period		155,753,925	259,908,801
Cash and cash equivalents at the end of the period		219,137,925	169,371,960

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

  
**CHIEF FINANCIAL OFFICER**

For Awwal Modaraba Management Limited  
(Management Company)  
  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

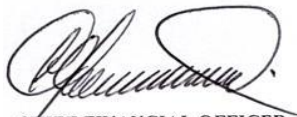
  
**DIRECTOR**

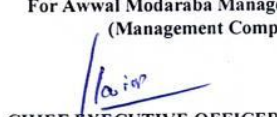
**AWWAL MODARABA  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED MARCH 31, 2022**

	Issued, subscribed, and paid up certificate capital	*Statutory reserve	Accumulated profit	Total
-----Rupees-----				
Balance as at July 01, 2020 (Audited)	1,000,000,000	116,120,771	83,377,353	1,199,498,124
Total comprehensive income for the Quarter				
Profit for the period	-	-	34,137,267	34,137,267
Other comprehensive income	-	-	-	-
	-	-	34,137,267	34,137,267
Transfer to statutory reserve	-	6,827,453	(6,827,453)	-
Transactions with Certificate Holders of the Modaraba - Distribution				
Profit distribution for the year ended June 30, 2020 @ Re. 0.80 per certificate	-	-	(80,000,000)	(80,000,000)
Balance as at March 31, 2021 (Un-audited)	1,000,000,000	122,948,224	30,687,167	1,153,635,391
Balance as at July 01, 2021 (Audited)	1,000,000,000	124,326,410	37,040,815	1,161,367,225
Total comprehensive income				
Profit for the period	-	-	20,143,456	20,143,456
Other comprehensive income	-	-	-	-
	-	-	20,143,456	20,143,456
Transfer to statutory reserve	-	4,028,691	(4,028,691)	-
Transactions with Certificate Holders of the Modaraba - Distribution				
Profit distribution for the year ended June 30, 2021 @ Re. 0.32 per certificate	-	-	(32,000,000)	(32,000,000)
Balance as at March 31, 2022 (Un-audited)	1,000,000,000	128,355,101	21,155,580	1,149,510,681

\*Statutory reserve represents profit set aside to comply with the Modaraba Regulations, 2021 issued by Securities and Exchange Commission of Pakistan.

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

  
CHIEF FINANCIAL OFFICER

For Awwal Modaraba Management Limited  
(Management Company)  
  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
DIRECTOR

**AWWAL MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED MARCH 31, 2022**

**1 STATUS AND NATURE OF BUSINESS**

- 1.1 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 (the Management Company), a Company wholly owned by Pak Brunei Investment Company Limited (the 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 3rd 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).

- 1.2 The management has principally decided to merge the Modaraba with and into, newly incorporated Corporate Restructuring Company, Awwal Corporate Restructuring Company Limited. The SECP had given approval to the Management Company to proceed further with the proposed merger subject to approval of draft Scheme of Merger from the Registrar Modaraba. The SECP vide letter No SC/M/PRDD/Awwal/2022/87 dated April 08, 2022 has given NOC for the proposed merger with certain condition/ammendments in the draft scheme and petition. Legal and other formalities to effect the proposed merger are under process. No adjustments are expected to the carrying amount of assets and liabilities of the Modaraba.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

- 2.1.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34 - Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to Modarabas, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) ['the Modaraba Regulations'].

Wherever the requirements of 'the Modaraba Regulations' differ from the requirements of International Accounting Standard (IAS) 34 - Interim Financial Reporting and Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to Modarabas, requirements of 'the Modaraba Regulations' have been followed.

- 2.1.2 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. These condensed interim financial statements does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Modaraba for the year ended June 30, 2021.
- 2.1.3 The comparative year presented in these condensed interim financial information has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2021, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity of the Modaraba are extracted from the unaudited condensed interim financial statement for the period ended March 31, 2021.
- 2.1.4 These condensed interim financial statements are being submitted to the certificate holders if requested as required by listing Regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

## **2.2 Basis of measurement**

These 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**

These 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 stated.

## **2.4 Critical 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 June 30, 2021.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The principal accounting policies applied in the presentation of these condensed interim financial statements are same as those applied in the preparation of annual financial statements of the Modaraba as at and for the year ended June 30, 2021.
- 3.2 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Modaraba's accounting period beginning on or after July 01, 2021. These standards, interpretations and amendments are either not relevant to the Modaraba's operations or are not expected to have a significant effect on these condensed interim financial statements.
- 3.3 The Modaraba's financial risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the Modaraba for the year ended June 30, 2021.

### 4 OPERATING FIXED ASSETS

	Furniture and Fittings	Office equipment, computer and allied equipment	Motor vehicles	Total
	----- (Rupees) -----			
<b>Cost</b>				
Balance as at July 01, 2020	73,725	2,578,430	1,613,740	4,265,895
Additions	-	-	-	-
Disposals	-	-	-	-
Balance as at June 30, 2021 (Audited)	<u>73,725</u>	<u>2,578,430</u>	<u>1,613,740</u>	<u>4,265,895</u>
Balance as at July 01, 2021	73,725	2,578,430	1,613,740	4,265,895
Additions	-	697,285	-	697,285
Disposals	-	-	-	-
Balance as at March 31, 2022 (Un-audited)	<u>73,725</u>	<u>3,275,715</u>	<u>1,613,740</u>	<u>4,963,180</u>
<b>Accumulated depreciation</b>				
Balance as at July 01, 2020	43,379	2,469,852	1,293,201	3,806,432
Charge for the year	14,748	101,032	159,164	274,944
Balance as at June 30, 2021 (Audited)	<u>58,127</u>	<u>2,570,884</u>	<u>1,452,365</u>	<u>4,081,376</u>
Balance as at July 01, 2021	58,127	2,570,884	1,452,365	4,081,376
Charge for the period	10,265	78,836	-	89,102
Balance as at March 31, 2022 (Un-audited)	<u>68,392</u>	<u>2,649,720</u>	<u>1,452,365</u>	<u>4,170,478</u>
Net book value as at June 30, 2021 (Audited)	<u>15,598</u>	<u>7,546</u>	<u>161,375</u>	<u>184,519</u>
Net book value as at March 31, 2022 (Un-audited)	<u>5,333</u>	<u>625,995</u>	<u>161,375</u>	<u>792,702</u>
<b>Annual rates of depreciation</b>	20%	33% - 50%	25%	

<b>5 INTANGIBLE ASSET</b>	<b>March 31, 2022 (Un-audited) Rupees</b>	<b>June 30, 2021 (Audited) Rupees</b>
<b>Cost</b>		
Opening balance	8,330,731	8,330,731
Closing balance	<u>8,330,731</u>	<u>8,330,731</u>
<b>Amortisation</b>		
Opening balance	7,161,236	4,524,572
Charge for the period / year	1,169,496	2,636,664
Closing balance	<u>8,330,732</u>	<u>7,161,236</u>
<b>Net book value</b>	<u>-</u>	<u>1,169,495</u>
<b>Annual rate of amortisation</b>	<u>33.33%</u>	<u>33.33%</u>

## **6 MUSHARIKA FINANCE**

Musharika finance - secured	6.1	512,200,000	199,000,000
Less: current portion of Musharika Finance		<u>(242,800,000)</u>	<u>(199,000,000)</u>
		<u>269,400,000</u>	<u>-</u>

6.1 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 10% to 90% (June 30, 2021: 5.71% to 74.36% ) and 10% to 90% (June 30, 2021: 25.64% to 94.29% ) 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 an 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 the Modaraba to the extent of its interest defined in such agreements. The Modaraba has also obtained various securities against these facilities including personal guarantees of sponsors or directors of customers, post-dated cheques issued by customers and hypothecation of assets.

6.2 These facilities have various maturities up to February 14, 2027. These facilities carry profit ranging from 3 months KIBOR plus 2.25% to 3 months KIBOR plus 3.5%.



6.3 Contractual rentals receivable on Musharika Finance facilities:

	March 31, 2022 (Un-audited)				June 30, 2021 (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) -----							
Musharika Finance facilities:								
Principal repayments	242,800,000	269,400,002	-	512,200,002	199,000,000	-	-	199,000,000
Profit	16,603,584	102,425,529	-	119,029,113	9,561,691	-	-	9,561,691
	259,403,584	371,825,531	-	631,229,115	208,561,691	-	-	208,561,691

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

	Note	March 31, 2022 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
<b>7 DIMINISHING MUSHARIKA FINANCE</b>			
Diminishing Musharika Finance - secured	7.2	261,811,950	300,000,000
Less: current portion of Diminishing Musharika Finance		(111,811,945)	(103,333,331)
		150,000,005	196,666,669
7.1 Diminishing Musharika Finance - secured			
Considered good	7.3	73,333,336	100,000,000
Considered doubtful	7.4	200,000,000	200,000,000
Less: Provision against doubtful debts	7.2	(11,521,386)	-
		188,478,614	200,000,000
		261,811,950	300,000,000
7.2 Opening balance		300,000,000	300,000,000
Less: Repayments during the period/year		(26,666,664)	-
Less: Provision during the period/year		(11,521,386)	-
Closing balance		261,811,950	300,000,000

7.3 The Modaraba has provided Diminishing Musharika Finance Facility to its corporate customer for the purpose of financing the construction of housing project. The facility is secured against various collaterals which mainly include transfer of personal properties of sponsors and/or their associates. Further this facility is secured with first pari passu hypothecation charge over the present and future fixed assets, including plant and machinery and land and building, present and future current assets of the housing project, lien on debt collection accounts of the customer and personal guarantees of the Sponsors.

7.4 The Modaraba has provided Diminishing Musharika Finance Facility to its corporate customer for the purpose of balance sheet re-profiling. This facility is secured against various collaterals which include mortgage over personal properties of sponsors. Further, the facility is also secured with first pari passu hypothecation and mortgage charges over present and future fixed and current assets of the customer, pledge over sponsor shares, personal guarantees of sponsors, sponsor support and lien over collection account. The customer has defaulted in repayments, therefore, Modaraba initiated legal proceeding against the customer in the Sindh High Court under Financial Institution (Recovery of Finances) Ordinance, 2001.

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

7.6 Contractual rentals receivable on Diminishing Musharika Finance facilities:

	March 31, 2022 (Un-audited)				June 30, 2021 (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) -----							
<b>Diminishing Musharika</b>								
Finance facilities								
Principal repayments	111,811,945	150,000,003	-	261,811,948	103,333,331	196,666,669	-	300,000,000
Profit	42,609,842	129,795,976	-	172,405,818	50,362,361	153,054,074	22,368,916	225,785,351
	154,421,787	279,795,979	-	434,217,766	153,695,692	349,720,743	22,368,916	525,785,351

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

	Note	March 31, 2022 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
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## 8 RECEIVABLE AGAINST ADVISORY FEE

Receivable against advisory fee	8.1	33,760,020	35,710,188
Less: current portion of advisory fee		(33,760,020)	(34,792,710)
		-	917,478

8.1 This represents advisory fee receivable from customers in connection with advisory services rendered by the Modaraba.

	Note	March 31, 2022 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
<b>9 LONG TERM LOANS</b>			
Considered good			
Loan to employees - unsecured	9.1	198,717	3,340,814
Less: receivable within one year		(198,717)	(1,716,015)
		<u>                    -</u>	<u>                    1,624,799</u>

9.1 Loans to executives are provided by the Modaraba for the purchase of motor vehicles and other purposes in accordance with the terms of their employment. These loans are interest free and have tenor of upto 5 years.

9.2 Maximum balance due from employees during the period was Rs. 3.32 million (June 30, 2021: 6.84 million).

	March 31, 2022 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
--	---	---

**10 INVESTMENT AGAINST REPURCHASE AGREEMENT**

Investment against repurchase agreement - secured	10.1	78,487,456	-
less: current portion of investment		(78,487,456)	-
		<u>                    -</u>	<u>                    -</u>

10.1 The Modaraba has entered into an agreement with a shareholder of a Company (investee company) for the purchase of 2,518,045 shares of the investee company. Concurrently, the Modaraba has entered into a separate agreement with another shareholder of the investee company for the selling of underlying shares after a period of eight months from the date of purchase at an agreed price. The underlying shares have been transferred in the name of the Modaraba. The facility shall mature on May 31, 2022.

	March 31, 2022 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
<b>11 INVESTMENT IN SUKUK CERTIFICATES</b>		
Investment in Sukuk Certificates		<u>                    179,162,606</u>

This represents investment in privately placed sukuk certificates, out rightly purchased from related party.

		<b>March 31, 2022 (Un-audited) Rupees</b>	<b>June 30, 2021 (Audited) Rupees</b>
<b>12</b>	<b>ACCRUALS, PREPAYMENTS, ADVANCES AND OTHER RECEIVABLES</b>		
	Accrued profit on Investment against Repurchase agreement	6,330,604	-
	Accrued profit on Musharika Finance	5,363,069	1,718,988
	Accrued profit on Diminishing Musharika Finance	45,859,431	45,859,727
	Accrued profit on Modaraba Term deposit	-	12,657,724
	Accrued profit on deposit accounts	1,189,565	376,056
	Accrued profit on Sukuk Certificates	-	1,367,885
	Receivable from employees	12.1 63,046	73,709
	Other advances	294,678	249,678
	Prepayments	12.2 614,897	447,066
	Other receivables	12.3 983,711	3,433,610
	Receivable from Modarabas under common management	12.4 2,637,648	2,648,973
	Receivable from Pak Brunei	-	14,888
	Receivable from Other Customers	253,232	
	Receivable from Gratuity Fund	633,094	1,047,445
		<u>64,222,975</u>	<u>69,895,749</u>
	Less: Provision against accrued profit on Diminishing Musharika Finance	7.4 <u>(2,610,272)</u>	<u>-</u>
		<u><u>61,612,703</u></u>	<u><u>69,895,749</u></u>

12.1 This represents expenses incurred by the Modaraba on behalf of its employees which will be adjusted against their respective salaries.

12.2 This includes Rs.10,767 (June 30, 2021: Rs. 11,223) pertaining to an account maintained with the State Bank of Pakistan for the collection of ECIB Charges.

12.3 This comprises of sums receivable from existing and potential customers on account of expenses incurred and paid for by the Modaraba on their behalf and other dues.

12.4 This includes staff cost of the employees deputed in Modarabas under common management.

		<b>March 31, 2022 (Un-audited) Rupees</b>	<b>June 30, 2021 (Audited) Rupees</b>
<b>13</b>	<b>MODARABA TERM DEPOSIT</b>	<u>-</u>	<u>239,000,000</u>

	Note	March 31, 2022 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
<b>14 BANK BALANCES</b>			
Balances with banks			
in current accounts		186,518	183,800
in deposit accounts	14.1	218,951,407	155,570,125
		<u>219,137,925</u>	<u>155,753,925</u>

14.1 These balances are held with Islamic Banks and Islamic Banking windows of commercial banks and carry profit at an average rate of 3.99% to 9% (June 30, 2021: 3.99% to 6.25%) per annum.

## 15 CERTIFICATE CAPITAL

March 31, 2022 (Un-audited)	30 June 2021 (Audited)		March 31, 2022 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
<b>Authorised certificate capital</b>				
Number of certificates			Rupees	
100,000,000	100,000,000	Modaraba certificates of Rs.10 each	1,000,000,000	1,000,000,000
<b>Issued, subscribed and paid-up certificate capital</b>				
100,000,000	100,000,000	Modaraba certificates of Rs. 10 each fully paid in cash	1,000,000,000	1,000,000,000

15.1 At 31 March 2022, Awwal Modaraba Management Limited (the Management Company) and Pak Brunei Investment Company Limited (the Holding Company) held 10,000,000 (June 30, 2021: 10,000,000) and 89,780,566 (June 30, 2021: 89,780,566) certificates of Rs. 10 each respectively.

## 16 STATUTORY RESERVE

Statutory reserves represent profits set aside by the Modaraba to comply with the Modaraba Regulations, 2021 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. 4.0287 million (June 30,2021: Rs. 8.206 million) which represents 20% (June 30, 2021: 20%) of the profit after taxation for the period.

<b>17 Unrealised gain on remeasurement of Sukuk Certificate</b>	<b>March 31, 2022 (Un-audited) Rupees</b>	<b>June 30, 2021 (Audited) Rupees</b>
Market value of investment	-	179,162,606
Less: Cost on investment	-	(173,000,000)
Unrealised gain on remeasurement of Sukuk Certificate	<u>-</u>	<u>6,162,606</u>

**17.1 Movement on Unrealised gain on remeasurement of Sukuk Certificate**

	<b>March 31, 2022 (Un-audited) Rupees</b>	<b>June 30, 2021 (Audited) Rupees</b>
Unrealised gain / (loss) on remeasurement at the beginning of the period / year	6,162,606	-
(Loss)/Gain on remeasurement during the period / year	757,394	6,162,606
Reversal of un-realized gain on disposal of sukuk certificates	(6,920,000)	-
Unrealised gain on remeasurement at the end of the period / year	<u>-</u>	<u>6,162,606</u>

<b>18 ACCRUED EXPENSES</b>	<b>Note</b>	<b>March 31, 2022 (Un-audited) Rupees</b>	<b>June 30, 2021 (Audited) Rupees</b>
Audit remuneration payable		433,611	389,880
Payable to Shari'ah Advisor		300,000	100,000
Bonus, leave fare allowance and other staff accrual		2,273,950	2,991,837
Sindh sales tax payable		67,669	7,705
Provision for Workers' Welfare Fund	18.1	7,502,575	6,512,721
Advances from Customers	18.2	378,528	3,175,659
Provision for taxation		14,065,830	-
Others		47,567	44,865
		<u>25,069,730</u>	<u>13,222,667</u>

18.1 The Sindh Workers' Welfare Fund Act, 2014 ('the SWWF Act') became effective from May 21, 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 SWWF 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.

In compliance of the order dated March 16, 2020, passed by the Court in respect of SWWF petitions including our petition bearing number CP.D.3867/2017; Awwal Modaraba has deposited amounting to Rs. 6.17 million in Sindh Workers' Welfare Fund (G-06313) for the years from 2016 to 2021.

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

	<b>March 31, 2022 (Un-audited) Rupees</b>	<b>June 30, 2021 (Audited) Rupees</b>
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## **19 PAYABLE TO RELATED PARTIES**

Awwal Modaraba Management Limited	19.1.1	9,329,900	14,049,799
Pak Brunei Investment Company Limited		914,093	1,060,029
Modarabas under common management		249,811	356,444
		<u>10,493,804</u>	<u>15,466,272</u>

19.1 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. Therefore, no Management Company's Remuneration has been accrued in these condensed interim financial statements.

### 19.1.1 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 Honourable 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.

## 20 CONTINGENCIES AND COMMITMENTS

- 20.1 Details of contingencies regarding Provision for Sindh Workers' Welfare Fund and Services Sales Tax on Management Company's remuneration are disclosed in notes 18.1 and 19.1.1 respectively. There are no other contingencies as at March 31, 2022.

		<b>March 31, 2022 (Un-audited) Rupees</b>	<b>March 31, 2021 (Un-audited) Rupees</b>
<b>21 INCOME FROM DIMINISHING MUSHARIKA FINANCE - NET</b>	<b>Note</b>		
Income from Diminishing Musharika Finance		23,437,597	26,075,114
Less: Income suspended	21.1	<u>(16,260,439)</u>	<u>(18,137,920)</u>
		<u>7,177,158</u>	<u>7,937,194</u>

- 21.1 One of the customer has defaulted in payment of dues against the extended facility (refer note 7.4). The income of the period pertained to such facility has been suspended in accordance with the Modaraba Regulation, 2021.

## 22 TAXATION

The tax exemption by virtue of Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 had been withdrawn through Tax Laws (Second amendment), 2021 dated March 21, 2021 which was subsequently adopted in Finance Act, 2021. By virtue of withdrawal of exemption, provision for taxation has been recorded in these condensed interim financial statements.



Provision for current taxation is based on taxable income for the period at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any.

## 23 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

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

	<b>March 31, 2022 (Un-audited)</b>	<b>March 31, 2021 (Un-audited)</b>
	<b>Rupees</b>	
<b>Basic</b>		
Profit for the period	<u>20,143,456</u>	<u>34,137,267</u>
Weighted average number of certificates outstanding during the period	<u>100,000,000</u>	<u>100,000,000</u>
Earnings per certificate - Basic (Rupee per certificate)	<u>0.20</u>	<u>0.34</u>

### **Diluted**

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

## 24 RELATED PARTY TRANSACTIONS

The related parties of the Modaraba comprise of the Management Company and its Holding Company, Modarabas under common management (KASB Modaraba, First Prudential Modaraba and First Pak Modaraba), 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 the financial statements are given below:

	<b>March 31, 2022 (Un-audited) Rupees</b>	<b>March 31, 2021 (Un-audited) Rupees</b>
<b>24.1 Details of the transactions with related parties</b>		
<b>Pak Brunei Investment Company Limited</b>		
<b>Holding Company of the Management company</b>		
Receipt against novation of Musharika Finance Facility (Encashment)/Placement of Modaraba Term Deposit	174,000,000	-
Profit earned from Modaraba Term Deposit during the period	(239,000,000)	200,000,000
Shared service expense	1,922,541	9,189,039
Other expenses	7,190,631	7,134,327
	-	359,619
<b>KASB Modaraba</b>		
Sharing of common expenses	(191,446)	-
Other expenses	249,811	-
<b>First Pak Modaraba</b>		
Sharing of common expenses	(63,815)	-
<b>First Prudential Modaraba</b>		
Sharing of common expenses	(382,892)	-
Other expenses	-	-
<b>Staff retirement benefits funds</b>		
Contribution to staff provident fund	45,565	946,968
Contribution to staff gratuity fund	414,351	637,830
<b>Jubilee Life Insurance Co. Ltd.</b>		
Takaful premium	47,160	45,642
<b>24.2 Amounts outstanding as at period/year end</b>		
<b>Pak Brunei Investment Company Limited</b>		
<b>Holding Company of the Management company</b>		
Payable in respect shared services	914,093	1,060,029
Modaraba Term Deposit	-	239,000,000
Accrued profit on Modaraba Term Deposit	-	12,657,724
Other Receivable	-	14,888

**Awwal Modaraba Management Limited  
Management Company**

Payable against Management Company's  
remuneration

9,329,900      14,049,799

**KASB Modaraba**

Receivable against Staff cost of deputed employee

-      658,957

Receivable/(payable) against sharing of common  
expenses

21,135      64,680

**First Pak Modaraba**

Receivable against sharing of common expenses

142,415      140,375

**First Prudential Modaraba**

Receivable against Staff cost of deputed employee

1,775,210      586,270

Receivable against sharing of common expenses

449,075      842,247

**Staff retirement benefits funds**

Contribution payable to staff provident fund

-      -

Receivable from staff gratuity fund


633,094      1,047,445

**25 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.

**26 DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on 21-April-2022 by the Board of Directors of the Management Company.

  
CHIEF FINANCIAL OFFICER

For Awwal Modaraba Management Limited  
(Management Company)

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
DIRECTOR

**AWWAL  
MODARABA**

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**QUARTERLY  
REPORT  
MARCH 31 , 2022**