

FIRST PAK MODARABA

**ANNUAL REPORT
JUNE 30, 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

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 :

3rd Floor, Horizon Vista, Plot No:
Commercial 10, Block-4, Clifton, Karachi
Phone : 021- 35361215-9,Fax: 021-
35374275

Chairman's Review

I am pleased to present my review of First Pak Modaraba as Chairman of the Board of Directors of Awwal Modaraba Management Limited, the management company of First Pak Modaraba.

Our country's economy is going through a challenging phase impacted by high inflationary forces arising from fuel and power costs, rupee depreciation against the dollar and compounded by the recent floods which caused severe devastation in the country. According to estimates by The Asian Development Bank, GDP growth could slow down to 3.5% in FY2023 from 6% in FY2022. The economic outlook will be shaped largely by the restoration of political stability and the continued implementation of reforms under the revived International Monetary Fund program to stabilize the economy and restore fiscal and external buffers. The State Bank of Pakistan (SBP) maintained the policy rate at 15% to support a contracting economy while inflation numbers appear to be declining and rupee depreciation seems to be reversed amid measures taken by the regulatory authorities.

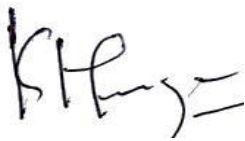
Withdrawal of tax exemption on income of the modaraba on declaration of 90% and above dividend is a major setback. The management is concentrating on funds deployment at viable rates in order to offset the tax impact and overall maintain profitable levels. The outstanding performing portfolio increased to PKR 68.57 million on June 30, 2022 (FY2021: PKR 29.22 million) with sound recoveries and higher level of new disbursements.

During the year under review, overall revenues have been recorded at PKR 14.68 million, from PKR 9.05 million during previous year with fresh deployment and new exposures being written at prevailing higher market rates. Total expenses for the period were contained at PKR 6.72 million. The Modaraba posted profit before tax for the period at PKR 1.81 million against PKR 0.27 million in the corresponding period last year. Net profit after tax amounted to PKR 1.64 million.

The process for merger of First Pak Modaraba and KASB Modaraba into First Prudential Modaraba is underway and expected to be concluded soon. Following the merger, the modaraba's operations will cease to exist.

The Board of Directors of the management company comprises of six members, including two Independent Non-Executive Directors and one female Director. The Board performs its statutory duties and fulfils its responsibilities by ensuring that the Modaraba has a capable leadership and an effective executive management team. The board, on quarterly basis, undertakes an overall review of business risks to ensure that Management maintains a sound system of risk identification, risk management and related systemic internal controls to safeguard assets, resources, reputation and interest of the company and its stakeholders.

On behalf of the Board, I take this opportunity to thank all our customers, investors, regulators and other stakeholders for placing their trust in the Modaraba.



Khalid Aziz Mirza
Chairman

Dated: 20 October 2022

DIRECTORS' REPORT

The Board of Directors of Awwal Modaraba Management Limited, the management company of First Pak Modaraba, is pleased to present the Directors' Report together with Audited Financial Statements of First Pak Modaraba for the year ended 30 June 2022.

Economic Review & Outlook

In the recent Monetary Policy Statement, the State Bank of Pakistan (SBP) kept the policy rate unchanged at 15%. The headline inflation fell to 23.2% in Sep'22 from Aug'22 readings of 27.3% driven by a reduction in electricity prices. The MPC cited encouraging developments as desired moderation in economic activity has become more visible and entrenched while Core inflation continued to drift upwards in both rural and urban areas fueled by supply side shocks. The current account and trade deficits narrowed significantly in Aug-Sep, respectively, and the Rupee has recouped some of its losses following the recent depreciation. In Sep '22, Pakistan's trade deficit reduced 20% YoY to USD2.8bn led by a sharp decline in imports. Moody's downgraded Pakistan's local and foreign debt ratings to Caa1 from B3 along with decline in the deposit rating of five commercial banks. The downgrade was due to increased government liquidity requirements, external vulnerability risks and higher debt sustainability risks, in the aftermath of devastating floods.

The Asian Development Bank's (ADB) expectation for GDP growth in FY2023 is 3.5% from approx. 6% in FY2022. The inflation rate in Pakistan is likely to decline in the coming months while interest rate scenario is expected to remain stable with expectations of downward trend next year to stimulate economy. Pak Rupee is expected to stabilize as SBP has launched an investigation into alleged manipulation by commercial banks of foreign exchange operations in the country. ADB has promised to provide USD2.5bn to Pakistan to help support flood relief activities by the end of Oct '22. Going forward, inflows from multilateral and bilateral lenders are expected to start materializing next month along with concessions from the IMF keeping the pressure off the FX market.

In this challenging scenario, the management of the modaraba has put in considerable efforts to maintain profitability and asset quality. The process for merger of KASB Modaraba and First Pak Modaraba into First Prudential Modaraba is underway and expected to materialize soon under the approved Scheme of Arrangement.

Financial Performance

Operating Results

	30 June 2022 (Rupees '000')	30 June 2021 (Rupees '000')
Balance Sheet		
Certificate capital	125,400	125,400
Total equity	68,565	66,929
Diminishing Musharaka	68,133	29,220
Investment – equities/sukuk/Modaraba term deposit	-	22,821
Profit & Loss		
Revenue	14,562	9,054
Operating expenses	6,717	7,479
Profit/(loss) before Management Fee	2,049	303
Taxation	173	-
Net profit for the year	1,636	268

Appropriations

Profit distribution @ 1.00% (2021: Nil)	1.25	Nil
Statutory reserve	327	54
Un-appropriated profit carried forward	1,309	214
Earnings per certificate	0.13	0.02

Financial snapshot

The outstanding performing portfolio increased to PKR 68.57 million on June 30, 2022 (FY2021: PKR 29.22 million) with sound recoveries and higher level of new disbursements. Withdrawal of tax exemption on income of the modaraba on distribution of 90% and above dividend is a major setback.

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Profit Distribution

The Board in its meeting held on 20 October 2022 has approved cash dividend of PKR 0.1 (1.00%) per certificate PKR 10 each, subject to deduction of zakat and tax at source where applicable, for the year ended 30 June 2022.

To comply with Modaraba Regulations 2021, the Board of Directors has transferred PKR 0.327 million to statutory reserve. As per the Regulations the Modaraba is required to transfer not less than 20% and not more than 50% of the Modaraba's after tax profit to statutory reserve till such time that the reserve equals 100% of the paid-up capital. Subsequently, a sum not less than 5% and not more than 20% of its after tax profit is to be transferred to such reserve.

Governance & Shariah Compliance

The Board of Directors is committed to ensure compliance with various requirements of the Pakistan Stock Exchange and Securities and Exchange Commission of Pakistan (SECP). The Modaraba is in compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, relevant for the year ended 30 June 2022.

Shariah Advisor is involved from the outset to ensure that prospective clients' business and proposed transaction structure are in line with Shariah principles. Strong emphasis is placed on good governance and implementation of all policies in spirit. The Board of Directors comprise independent directors to ensure external oversight.

Corporate and Financial Reporting Framework

The Board of Directors is pleased to report that:

- The financial statements, prepared by the management of the Modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable to Modarabas in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Modaraba's ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on 30 June 2022 except for those disclosed in the financial statements.
- During the year under review, four (4) meetings of the Board of Directors were held. Attendance by each director was as follows:

Name of Director	No. of Meetings attended
Mr. Khalid Aziz Mirza	6
Mr. Shahid Ghaffar	6
Ms. Ayesha Aziz	6
Mr. Abdul Jaleel Shaikh	6
Mr. Saiyid Najam Rizvi	6
Mr. Karim Hatim (CEO)	6

Change in Directors

There has been no change in the Board of Directors during the year.

The Board has formed an Audit Committee in compliance with the requirements of the Code of Corporate Governance. The Committee comprises of four members. The head of the Audit Committee is an Independent Director. The Committee reviews the periodic financial statements and examines the adequacy of financial policies and practices to ensure that an efficient and strong system of internal control is in place. The Committee also reviews the audit reports issued by the Internal Audit Department. The Audit Committee is also responsible for recommending to the Board of Directors the appointment of external auditors.

- During the year under review, four (4) meetings of the Audit Committee were held. Attendance by each member was as follows:

Name of Member	No. of Meetings attended
Mr. Shahid Ghaffar	4
Mr. Khalid Aziz Mirza	4
Mr. Abdul Jaleel Shaikh	4
Mr. Saiyid Najam Rizvi	4

- One meeting of Human Resource and Remuneration Committee (HR&RC) was held to finalize the recommendation for the yearly staff compensation amounts.
- The pattern of holding of certificates by the certificate-holders is included in this annual report.
- The Directors, CEO, CFO, Company Secretary, their spouses and minor children did not carry out any transaction in the certificates of Modaraba during the year under review.

The Board of Directors

The total number of directors are 6 including CEO as per the following:

- Male: 5
- Female: 1

The composition of Board is as follows:

Category	Names
Independent Directors	Mr. Khalid Aziz Mirza Mr. Shahid Ghaffar
Other Non-Executive Directors	Ms. Ayesha Aziz Mr. Abdul Jaleel Shaikh Mr. Saiyid Najam Rizvi
Chief Executive Officer	Mr. Karim Hatim

Director's Remuneration

The remuneration of a Director for attending meetings of the Board or any Committee of the Board is determined under the Director's Compensation Policy adopted by Awwal Modaraba Management Limited. Under the said policy, an independent director is entitled to receive the prescribed fee as determined by the Board of Directors only for attending the Board Meeting. Further, the nominee directors / Chief Executive Officer / any other director in whole time remunerated service with the Company are not entitled to any payment for attending meetings of the Board or any Committee of the Board. However, all the directors are entitled to be paid all traveling, hotel and other expenses incurred by them in attending and returning from meetings of the Directors or any committee of Directors or General Meeting of the company in connection with the business of the Company.

Auditors

On the recommendation of the Audit Committee, the Board has approved the present auditors M/s Grant Thornton Anjum Rahman Chartered Accountants, being eligible for appointment and upon their consent to act as auditors, have been appointed as external auditors of the Modaraba for the year ending 30 June 2023. However, their appointment will be subject to the approval of Registrar of Modaraba Companies and Modarabas.

Shariah Advisor's Report

The Modaraba continues to seek guidance from its Shari'ah Advisor, Mufti Muhammad Ibrahim Essa as and when required to ensure full compliance to Shari'ah Audit mechanism developed in consultation with Registrar Modaraba. The internal audit department has also been trained to handle the day-to-day affairs of the Modaraba ensuring complete adherence to Shari'ah policies and principles. The Shari'ah Advisor Report issued for the affairs of the Modaraba for the year ended 30 June 2022 is attached in the Annual Financial Statements.

Acknowledgments

The Board of Directors would like to acknowledge and appreciate SECP and Registrar Modaraba for their continuous guidance and support. Also, we would like to avail this opportunity to thank our customers and investors for placing their trust in the Modaraba.

On behalf of the Board



Karim Hatim
Chief Executive
Date: 20 October 2022



Abdul Jaleel Shaikh
Director

ڈائریکٹرز کی رپورٹ

اول مضاربہ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز، فرسٹ پاک مضاربہ کی انتظامی کمپنی، 30 جون 2022 کو ختم ہونے والے سال کے لئے فرسٹ پاک مضاربہ کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

اقتصادی جائزہ اور آؤٹ لک:

حالیہ مانیٹری پالیسی اسٹیٹمنٹ میں، اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی ریٹ کو 15 فیصد پر برقرار رکھا۔ بجلی کی قیمتوں میں کمی کی وجہ سے ہیڈ لائن افراط زر اگست 2022 میں 27.3 فیصد کی ریڈنگ سے ستمبر 2022 میں 27.3 فیصد کی ریڈنگ سے ستمبر 2022 میں 23.2 فیصد پر آگئی۔ MPC نے حوصلہ افزا پیش رفت کا حوالہ دیا کیونکہ معاشی سرگرمیوں میں مطلوبہ اعتدال زیادہ واضح اور مضبوط ہو گیا ہے جبکہ بنیادی افراط زر دیہی اور شہری دونوں علاقوں میں اوپر کی طرف بڑھتا چلا گیا جس کی وجہ سپلائی سائڈ شک ہے۔ کرنٹ اکاؤنٹ اور تجارتی خسارہ بالترتیب اگست، ستمبر میں نمایاں طور پر کم ہوا اور روپے نے حالیہ گراؤٹ کے بعد اپنے کچھ نقصانات کو پورا کیا ہے۔ ستمبر 2022 میں پاکستان کا تجارتی خسارہ سالانہ 20 فیصد کم ہو کر 2.8 بلین ڈالری تک پہنچ گیا جس کی وجہ درآمدات میں شدید کمی تھی۔ موڈیز نے پانچ کمرشل بینکوں کی ڈیپازٹ ریڈنگ میں کمی کے ساتھ پاکستانی کے مقامی اور غیر ملکی قرضوں کی درجہ بندی کو B3 سے گھٹا کر Caa1 کر دیا۔ یہ کمی تباہ کن سیلابوں کے نتیجے میں حکومتی لیکویڈیٹی کی بڑھتی ہوئی ضروریات، بیرونی خطرے کے خطرات اور قرضوں کی پائیداری کے زیادہ خطرات کی وجہ سے ہوئی۔

ایشیائی ترقیاتی بینک (ADB) کی مال سال 2023 میں جی ڈی پی کی نمو کی توقع تقریباً 3.5 فیصد ہے۔ مالی سال 2022 میں 6 فیصد۔ پاکستان میں آنے والے مہینوں میں مہنگائی کی شرح میں کمی کا امکان ہے جبکہ شرح سود کا منظر نامہ مستحکم رہنے کی توقع ہے اور معیشت کو متحرک کرنے کے لئے اگلے سال گرنے کے رجحان کی توقع ہے۔ پاکستانی روپے کے مستحکم ہونے کی توقع ہے کیونکہ اسٹیٹ بینک نے ملک میں غیر ملکی کرنسی کے آپریشنز میں کمرشل بینکوں کی طرف سے مبینہ ہیرا پھیری کی تحقیقات شروع کر دی ہیں۔ ADB نے اکتوبر 2022 کے آخر تک سیلاب سے متعلق امدادی سرگرمیوں میں مدد کے لئے پاکستان کو 2.5 بلین امریکی ڈالرز فراہم کرنے کا وعدہ کیا ہے۔ آگے بڑھتے ہوئے توقع کی جاتی ہے کہ کثیر جہتی اور دوطرفہ قرض دہندگان کی طرف سے آنے والی رقوم FX مارکیٹ پر دباؤ کو برقرار رکھتے ہوئے IMF سے رعایتوں کے ساتھ اگلے ماہ عملی شکل اختیار کرنا شروع کر دیں گی۔

اس مشکل حالات میں مضاربہ کی انتظامیہ نے منافع اور اثاثہ کے معیار کو برقرار رکھنے کے لئے کافی کوششیں کی ہیں۔ KASB مضاربہ اور فرسٹ پاک مضاربہ کے فرسٹ پروڈینشل مضاربہ میں انضمام کا عمل جاری ہے اور توقع ہے کہ انتظامات کی منظور شدہ اسکیم کے تحت جلد ہی عمل میں آجائے گا۔

مالیاتی کارکردگی
آپریٹنگ نتائج

30 جون 2021 (روپے)	30 جون 2022 (روپے)	
		بیلنس شیٹ
125,400	125,400	سٹریٹجک سرمایہ
66,929	68,565	کل ایکویٹی
29,220	68,133	مشارکہ کو کم کرنا
22,821	-	سرمایہ کاری - ایکویٹی/سلوک/مضاربہ ٹرم ڈیپازٹ
		نفع نقصان
9,054	14,562	آمدنی
7,479	6,717	آپریٹنگ اخراجات
303	2,049	منجمنٹ فیس سے پہلے منافع/ (نقصان)
-	173	ٹیکس لگانا
268	1,636	سال کے لئے خالص منافع
		مخصصات
Nil	1.25	منافع کی تقسیم 1.00% @ (Nil @ :2021)
54	327	قانونی ریزرو
214	1,309	غیر مختص منافع کو آگے بڑھایا گیا
0.02	0.13	آمدنی فی سٹریٹجک
		<u>مالی اسٹیٹمنٹ:</u>

شانداز کارکردگی کا پورٹ فولیو 30 جون 2022 (PKR: FY2021) 29.22 ملین) سے بڑھ کر 68.57 ملین پاکستانی روپے ہو گیا جس میں اچھی وصولیوں اور نئی تقسیم کی اعلیٰ سطح تھی۔ 90% اور اس سے زیادہ ڈیویڈنڈ کی تقسیم پر مضاربہ کی آمدنی پر ٹیکس چھوٹ واپس لینا ایک بڑا دھچکا ہے۔

زیر جائزہ سال کے دوران، مجموعی آمدنی 14.68 ملین پاکستانی روپے ریکارڈ کی گئی ہے، جو پچھلے سال کے دوران 9.05 ملین پاکستانی روپے تھی، نئی تعیناتی اور نئی نمائشیں موجودہ اعلیٰ مارکیٹ ریٹ پر لکھی جا رہی ہیں۔ اس مدت کے کل اخراجات 6.72 ملین پاکستانی روپے تھے۔ مضاربہ نے اس مدت کے لیے ٹیکس سے قبل 1.81 ملین پاکستانی روپے کا منافع کمایا جو گزشتہ سال کی اسی مدت میں 0.27 ملین پاکستانی روپے تھا۔ ٹیکس کے بعد خالص منافع 1.64 ملین پاکستانی روپے رہا۔

منافع کی تقسیم:

بورڈ نے 20 اکتوبر 2022 کو منعقدہ اپنے اجلاس میں 30 جون 2022 کو ختم ہونے والے سال کے لئے (1.00%) 0.1 ملین پاکستانی روپے فی سٹوکیٹ 10 پاکستانی روپے کے نقد منافع کی منظوری دی ہے، زکوٰۃ اور ذرائع پرنٹیکس کی کٹوتی سے مشروط ہے۔ مضاربہ ریگولیشنز 2021 کی تعمیل کرنے کے لئے، بورڈ آف ڈائریکٹرز نے 0.327 ملین پاکستانی روپے کو قانونی ریزرو میں منتقل کر دیا ہے۔ ضوابط کے مطابق مضاربہ کو مضاربہ کے بعد از ٹیکس منافع کا 20% سے کم اور 50% سے زیادہ اس وقت تک قانونی ریزرو میں منتقل کرنے کی ضرورت ہے جب تک کہ ریزرو ادا شدہ سرمائے کے 100% کے برابر نہ ہو۔ اس کے بعد ایک رقم 5% سے کم نہیں اور اس کے بعد از ٹیکس منافع کا 20% سے زیادہ نہیں اس طرح کے ریزرو میں منتقل کیا جاتا ہے۔

گورننس اور شریعت کی تعمیل:

بورڈ آف ڈائریکٹرز پاکستان اسٹاک ایکسچینج اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی مختلف ضروریات کی تعمیل کو یقینی بنانے کے لئے پرعزم ہے۔ مضاربہ 30 جون 2022 کو ختم ہونے والے سال کے لئے متعلقہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تقاضوں کے مطابق ہے۔

شریعتی ایدوائزر شروع سے اس بات کو یقینی بنانے کے لئے شامل ہے کہ ممکنہ کلائنٹس کا کاروبار اور مجوزہ لین دین کا ڈھانچہ شرعی اصولوں کے مطابق ہو۔ اچھی حکمرانی اور تمام پالیسیوں کو روح کے مطابق نافذ کرنے پر زور دیا جاتا ہے۔ بورڈ آف ڈائریکٹرز بیرونی نگرانی کو یقینی بنانے کے لئے آزاد ڈائریکٹرز پر مشتمل ہوتا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

بورڈ آف ڈائریکٹرز کو یہ اطلاع دیتے ہوئے خوشی ہو رہی ہے کہ:

- ☆ مضاربہ کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات، اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو کافی حد تک پیش کرتے ہیں۔
- ☆ مضاربہ کے حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔
- ☆ مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- ☆ بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں مدارس پر لاگو ہوتا ہے، مالی بیانات کی تیاری میں بیرونی نگرانی ہے۔
- ☆ اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- ☆ مضاربہ کے جاری رہنے کی قابلیت پر کوئی خاص شک نہیں ہے۔
- ☆ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔

☆ ٹیکسز، ڈیوٹی، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو کہ 30 جون 2022 تک بقایا ہیں سوائے ان مالیاتی گوشواروں میں جن کا انکشاف کیا گیا ہے۔

☆ زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کی چار (4) میٹنگیں ہوئیں۔ ہر ڈائریکٹر کی حاضری حسب ذیل تھی:-

ڈائریکٹر کا نام	اجلاس میں شرکت کرنے والے کی تعداد
جناب خالد عزیز مرزا	6
جناب شاہد غفار	6
محترمہ عائشہ عزیز	6
جناب عبدالجلیل شیخ	6
جناب سید نجم رضوی	6
جناب کریم حاتم (CEO)	6

ڈائریکٹرز میں تبدیلی:

سال کے دوران بورڈ آف ڈائریکٹرز میں کوئی تبدیلی نہیں ہوئی۔

بورڈ نے کوڈ آف کارپوریٹ گورننس کے تقاضوں کی تعمیل میں ایک آڈٹ کمیٹی تشکیل دی ہے۔ کمیٹی چار ارکان پر مشتمل ہے۔ آڈٹ کمیٹی کا سربراہ ایک آزاد ڈائریکٹر ہوتا ہے۔ کمیٹی وقتاً فوقتاً مالیاتی گوشواروں کا جائزہ لیتی ہے اور مالیاتی پالیسیوں اور طریقوں کی مناسبت کا جائزہ لیتی ہے تاکہ یہ یقینی بنایا جاسکے کہ اندرونی کنٹرول کا ایک موثر اور مضبوط نظام موجود ہے۔ کمیٹی انٹرنل آڈٹ ڈیپارٹمنٹ کی طرف سے جاری کردہ آڈٹ رپورٹس کا بھی جائزہ لیتی ہے۔ آڈٹ کمیٹی بورڈ آف ڈائریکٹرز کو بیرونی آڈیٹرز کی تقرری کی سفارش کرنے کی بھی ذمہ دار ہے۔

☆ زیر جائزہ سال کے دوران، آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ ہر ممبر کی حاضری حسب ذیل تھی:-

ممبر کا نام	اجلاس میں شرکت کرنے والوں کی تعداد
جناب شاہد غفار	4
جناب خالد عزیز مرزا	4
جناب عبدالجلیل شیخ	4
جناب سید نجم رضوی	4

☆ ہیومن ریسورسز اینڈ ریمونزیشن کمیٹی (HR&RC) کی ایک میٹنگ عملے کے سالانہ معاوضے کی رقوم کی سفارش کو حتمی شکل دینے کے لئے منعقد ہوئی۔

☆ اس سالانہ رپورٹ میں سرٹیفیکیٹ رکھنے والوں کی طرف سے سرٹیفیکیٹ رکھنے کا نمونہ شامل ہے۔

☆ ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، ان کی شریک حیات اور نابالغ بچوں نے زیر جائزہ سال کے دوران مضاربہ کے سرٹیفیکیٹس میں کوئی لین دین نہیں کیا۔

بورڈ آف ڈائریکٹرز

مندرجہ ذیل کے مطابق ڈائریکٹرز کی کل تعداد 6 ہے جن میں CEO بھی شامل ہیں:-

الف) مرد 5

ب) خاتون 1

بورڈ کی تشکیل حسب ذیل ہے:-

عہدہ	نام
آزاد ڈائریکٹرز	جناب خالد عزیز مرزا جناب شاہد غفار
دیگر نان ایگزیکٹو ڈائریکٹرز	محترمہ عائشہ عزیز جناب عبدالجلیل شیخ جناب سید نجم رضوی
چیف ایگزیکٹو آفیسر	جناب کریم حاتم

ڈائریکٹر کا معاوضہ:

بورڈ یا بورڈ کی کسی کمیٹی کے اجلاسوں میں شرکت کے لئے ڈائریکٹر کے معاوضے کا تعین اول مضاربہ منجمنٹ لمیٹڈ کی طرف سے اختیار کردہ ڈائریکٹر کی معاوضہ پالیسی کے تحت کیا جاتا ہے۔ مذکورہ پالیسی کے تحت ایک آزاد ڈائریکٹر صرف بورڈ میں میٹنگ میں شرکت کے لئے بورڈ آف ڈائریکٹرز کے ذریعے مقرر کردہ فیس وصول کرنے کا حقدار ہے۔ مزید برآں نامزد ڈائریکٹر کمپنی کے ساتھ کل وقتی معاوضہ کی خدمت میں بورڈ یا بورڈ کی کسی کمیٹی کے اجلاسوں میں شرکت کے لئے کسی ادائیگی کا حقدار نہیں ہے۔ تاہم تمام ڈائریکٹرز کمپنی کے کاروبار کے سلسلے میں ڈائریکٹرز یا ڈائریکٹرز کی کسی کمیٹی یا کمپنی کی جنرل میٹنگ میں شرکت اور واپسی میں ان کے تمام سفری، ہوٹل اور دیگر اخراجات ادا کرنے کے حقدار ہیں۔

آڈیٹرز:

آڈٹ کمیٹی کی سفارش پر بورڈ نے موجودہ آڈیٹرز میسرز گرانٹ تھورنٹن انجم رحمان چارٹرڈ اکاؤنٹنٹس کو تقرری کے اہل ہونے اور آڈیٹرز کے طور پر کام کرنے کے لئے ان کی رضامندی پر منظوری دے دی ہے۔ 30 جون 2023 کو ختم ہونے والے سال کے لئے مضاربہ کے بیرونی آڈیٹرز مقرر کئے گئے ہیں۔ ان کی تقرری رجسٹر آف مضاربہ کمپنیز اور مضاربہ کی منظوری سے مشروط ہوگی۔

شرعیہ ایڈوائزر کی رپورٹ:

مضاربہ اپنے شرعی مشیر مفتی محمد ابراہیم عیسیٰ سے رہنمائی حاصل کرتا رہتا ہے اور جب ضرورت پڑتی ہے تو رجسٹرار مضاربہ کی مشاورت سے تیار کردہ شرع آڈٹ میکانزم کی مکمل تعمیل کو یقینی بنایا جاتا ہے۔ اندرونی آڈٹ ڈیپارٹمنٹ کو بھی تربیت دی گئی ہے کہ وہ مضاربہ کے روزمرہ کے معاملات کو شرعی پالیسیوں اور اصولوں کی مکمل پابندی کو یقینی بنائے۔ 30 جون 2022 کو ختم ہونے والے سال کے لئے مضاربہ کے امور کے لئے جاری کردہ شرعی مشیر کی رپورٹ سالانہ مالیاتی گوشواروں میں منسلک ہے۔

اعترافات:

بورڈ آف ڈائریکٹرز SECP اور رجسٹرار مضاربہ کی مسلسل رہنمائی اور تعاون کا اعتراف اور تعریف کرنا چاہیں گے۔ اس کے علاوہ، ہم مضاربہ پر اعتماد کرنے کے لئے اپنے صارفین اور سرمایہ کاروں کا شکریہ ادا کرنے کے لئے اس موقع سے فائدہ اٹھانا چاہیں گے۔

بورڈ کی جانب سے

کریم حاتم

چیف ایگزیکٹو

عبدالجلیل شیخ

ڈائریکٹر

مورخہ: 20 اکتوبر 2022

First Pak Modaraba
Pattern of Certificate Holders
30-06-2022

Number of Certificate	Certificate Holding		Total Certificates
Holders	From	To	Held
871	1	100	43,774
1341	101	500	287,907
1093	501	1,000	722,933
526	1,001	5,000	1,162,524
92	5,001	10,000	677,724
45	10,001	15,000	576,186
20	15,001	20,000	357,500
6	20,001	25,000	138,160
12	25,001	30,000	328,950
7	30,001	35,000	225,908
4	35,001	40,000	154,327
3	40,001	45,000	127,454
9	45,001	50,000	438,619
4	60,001	65,000	246,200
1	65,001	70,000	65,835
1	75,001	80,000	78,000
2	85,001	90,000	179,503
1	95,001	100,000	97,000
1	105,001	110,000	109,725
1	110,001	115,000	111,860
2	115,001	120,000	239,000
2	125,001	130,000	251,202
1	145,001	150,000	149,790
1	160,001	165,000	160,500
1	170,001	175,000	171,000
1	195,001	200,000	200,000
2	245,001	250,000	500,000
1	285,001	290,000	290,000
1	335,001	340,000	337,919
1	360,001	365,000	360,500
1	370,001	375,000	373,500
1	865,001	870,000	868,500
2	1,250,001	1,255,000	2,508,000
4,057			12,540,000

First Pak Modaraba
Categories of Certificate Holders

30-06-2022

S/R	Category of	Number of	Certificate	%
NO.	Certificate Holders	Holder	Held	Held
1	INDIVIDUALS	4,030	9,927,402	79.17%
2	INVESTMENT COMPANIES	15	98,443	0.79%
3	INSURANCE COMPANIES	0	0	0.00%
4	JOINT STOCK COMPANIES	8	5,705	0.05%
5	FINANCIAL INSTITUTIONS	2	450	0.00%
6	MODARABA COMPANIES	1	1,254,000	10.00%
7	MANAGEMENT COMPANY	1	1,254,000	10.00%
	TOTAL	4,057	12,540,000	100.00%

Certificate Holding 5 % & above

	Name of Certificate Holders	Number of	%
		Certificates Held	
1	Awwal Modaraba Management Limited	1,254,000	10.00 %
2	Royal Management Services (Pvt) Limited	1,254,000	10.00 %
3	Ms.Wasia Rasheed	868,500	6.93 %
4	Mr. Rashidullah Yaqoob	711,419	5.67 %

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019
Awwal Modaraba Management Limited
Year ended June 30, 2022

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

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

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

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

2. The composition of Board is as follows:

Category	Names
Independent Directors	Mr. Khalid Aziz Mirza Mr. Shahid Ghaffar
Non-Executive Directors	Ms. Ayesha Aziz Mr. Abdul Jaleel Shaikh Mr. Saiyid Najam Rizvi
Executive Directors	Mr. Karim Hatim (Chief Executive Officer)
Female Director	Ms. Ayesha Aziz

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

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board meets the criteria of requirement of Directors' Training program.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

Audit Committee	Mr. Shahid Ghaffar (Chairman) Mr. Khalid Aziz Mirza Mr. Abdul Jaleel Shaikh Mr. Saiyid Najam Rizvi
HR and Remuneration Committee	Mr. Khalid Aziz Mirza (Chairman) Ms. Ayesha Aziz Mr. Karim Hatim

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

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

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Khalid Aziz Mirza', with a horizontal line underneath the name.

Khalid Aziz Mirza
Chairman

Dated: 20 October 2022

**Independent Auditor's Review Report
to the Certificate Holders of First Pak Modaraba**

**Review Report on the Statement of Compliance contained in
Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **First Pak Modaraba** for the year ended **June 30, 2022** in accordance with the requirements of regulation **36** of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended **June 30, 2022**.

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi
UDIN:
Date:

DRAFT



نحمده و نصلى على رسوله الكريم

Annual Shariah Advisor's Report

For the period ended June 30, 2022

We have reviewed the affairs of **First Pak Modaraba** for the year ended June, 2021 in accordance with the requirements of the Circular No.8 of 2012, issued by the Securities and Exchange Commission of Pakistan, regarding Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas.

SHARIAH COMPLIANCE AND REVIEW OF OPERATIONS:

Based on our review, the following were the major activities/developments in respect of Shariah that took place during this period:

BANK ACCOUNTS:

Modaraba does not maintain any saving account with any conventional bank. For investment and operational purpose, First Pak Modaraba is operating the Bank accounts only which are maintained with Islamic Banks or Islamic windows of conventional banks.

FRESH DISBURSEMENTS:

DIMINISHING MUSHARAKAH:

Modaraba disbursed number of Diminishing Musharakah facilities to its clients. We confirm that these transactions are in accordance with Shariah.

DIVIDEND PURIFICATION:

Modaraba has effectively performed process of dividend purification of equities and transferred charitable amount into charity payable account.

TAKAFUL:

For risk mitigation, all fixed assets whether own, Diminishing Musharakah or against any other financing facility are covered under takaful only.

CONCLUSION:

By the grace of Almighty ALLAH, after introduction of Shariah Compliance and Shariah Audit Mechanism for Modarabas by Securities & Exchange Commission of Pakistan (SECP), through Circular No. 8 of 2012 the Management of First Pak Modaraba has effectively shown its sincerity to comply with Shariah Rulings in its true spirit, therefore, the business operations of First Pak Modaraba are Shariah compliant up to the best of our knowledge.

MUFTI MUHAMMAD IBRAHIM ESSA

For and on behalf of

Alhamd Shariah Advisory Services (Pvt.) Limited

MUFTI UBAID UR RAHMAN ZUBAIRI



AUDITORS' REPORT TO THE CERTIFICATE HOLDERS OF FIRST PAK MODARABA

Introduction

We have audited the annexed balance sheet of FIRST PAK Modaraba (the Modaraba) as at June 30, 2022 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

These financial statements are the Modaraba Company's [Awwal Modaraba Management Company Limited] responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Modaraba Company in respect of FIRST PAK Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI OF 1980), and Modaraba Companies and Modaraba Rules, 1981;
- b) in our opinion
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - iii) the business conducted, investments made, and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;

- c) in our opinion and to the best of our information and according to explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof confirm with the approved accounting standards as applicable in Pakistan and give the information required by the Modaraba companies and the Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and the Modaraba Rules, 1981 in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2022 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Our report has been modified in respect of following:

As disclosed in note

Without modifying our report, we draw attention to the following matter:

Note 1.2 to the financial statement, which states, the management has principally decided to merge the three Modarabas i.e First Pak Modaraba, First Prudential Modaraba and First Pak Modaraba into one Modaraba to operate as single unit. Legal and other formalities to effect the proposed merger are in process of completion.

Date:
Karachi

Grant Thornton Anjum Rahman
Chartered Accountants
Engagement Partner: Muhammad Shaukat
Naseeb


**FIRST PAK MODARABA
BALANCE SHEET
AS AT JUNE 30, 2022**


	Note	2022	2021
		----- Rupees -----	
ASSETS			
Current Assets			
Cash and bank balances	5	45,038,250	55,959,696
Investments	6	-	9,320,598
Modaraba Term Deposit	7	-	13,500,000
Current portion of diminishing musharakah	14	23,780,751	11,545,417
Morabaha finance	8	-	-
Ijarah rentals receivable	9	-	162
Advances, deposits, prepayments and other receivables	10	1,022,014	4,976,512
Tax refundable - considered good	11	5,751,187	5,269,626
		<u>75,592,202</u>	<u>100,572,011</u>
Non - Current Assets			
Ijarah Assets	12	5,876,739	6,917,598
Fixed assets- in own use	13	69,456	231,120
Long term portion of Diminishing Musharakah	14	44,352,092	17,674,555
Long term advances	15	92,124	-
Deferred tax asset	16	218,298	-
		<u>50,608,709</u>	<u>24,823,273</u>
TOTAL ASSETS		<u>126,200,911</u>	<u>125,395,284</u>
LIABILITIES			
Current Liabilities			
Musharaka Finance	17	-	50,000,000
Short Term Finance	18	50,000,000	-
Accrued and other liabilities	19	3,762,024	3,074,594
Unclaimed profit distribution		5,895,284	5,895,393
Provision for taxation	28	391,338	-
Current portion of ijarah deposits	20	400,000	2,550,000
		<u>60,448,646</u>	<u>61,519,987</u>
Non-Current Liabilities			
Long term ijarah deposits	20	2,062,500	1,500,580
TOTAL LIABILITIES		<u>62,511,146</u>	<u>63,020,567</u>
NET ASSETS		<u>63,689,765</u>	<u>62,374,717</u>
REPRESENTED BY			
CAPITAL AND RESERVES			
Authorized certificate capital			
15,000,000 (2021:15,000,000) modaraba certificates of Rs.10/- each	21	150,000,000	150,000,000
Issued, subscribed and paid-up certificate capital			
12,540,000 (2021:12,540,000) modaraba certificates of rupees 10/- each		125,400,000	125,400,000
Statutory reserve		26,897,311	26,570,182
Accumulated loss		(83,732,546)	(85,041,063)
Certificate holder's equity		68,564,765	66,929,119
Deficit on revaluation of investments	6.4	(4,875,000)	(4,554,402)
		<u>63,689,765</u>	<u>62,374,717</u>

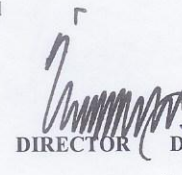
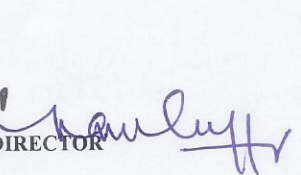
Contingencies and commitments 22

The annexed notes from 1 to 37 form an integral part of these financial statements. *Qim*

For Awwal Modaraba Management Limited
(Management Company)


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER

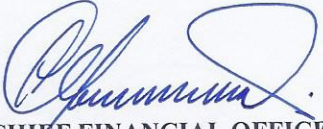
 DIRECTOR
 DIRECTOR

**FIRST PAK MODARABA
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2022**


		2022	2021
	Note	----- Rupees -----	
INCOME			
Income from deposits with Banks		2,364,354	3,342,354
Income from Modaraba term deposit		496,320	144,432
Income from Investment in Sukuk		485,430	137,547
Income from Diminishing Musharakah Finance		8,391,492	2,779,165
Gain on sale of investments		-	33,170
Dividend on shares		-	2,996
Ijarah rentals		2,042,412	1,264,737
Other income	23	<u>782,452</u>	<u>1,349,633</u>
		<u>14,562,460</u>	<u>9,054,034</u>
Reversal of provision against doubtful receivable	9	119,542	-
		<u>14,682,002</u>	<u>9,054,034</u>
EXPENDITURE			
Administrative expenses	24	(6,716,769)	(7,479,143)
Financial charges	25	(4,306,632)	(126,784)
Depreciation on Ijarah assets		(1,609,359)	(1,144,683)
		<u>(12,632,760)</u>	<u>(8,750,610)</u>
Profit for the year		2,049,242	303,424
Management Company's Remuneration	26	(180,869)	(26,781)
Provision for sales tax on Management Company's remuneration		(23,513)	(3,482)
Provision for Sindh Workers' Welfare Fund	27	(36,174)	(5,356)
Profit before taxation		1,808,686	267,805
Provision for taxation			
- Current	28	(173,040)	-
- Prior		-	-
Profit after taxation		<u>1,635,646</u>	<u>267,805</u>
Earnings per certificate - Basic and diluted	29	<u>0.13</u>	<u>0.02</u>

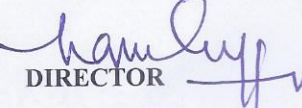
The annexed notes from 1 to 37 form an integral part of these financial statements. *l/m*

For Awwal Modaraba Management Limited
(Management Company)


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR

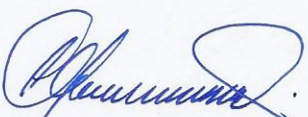

DIRECTOR

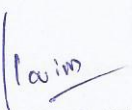
FIRST PAK MODARABA
 STATEMENT OF OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED JUNE 30, 2022

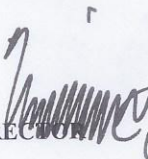
		2022	2021
	Note	----- Rupees -----	
Net Profit for the year		1,635,646	267,805
Other comprehensive income for the year			
Items that will subsequently be classified to profit & loss account			
Unrealized gain on remeasurement of sukuk certificates		39,402	320,598
Reversal of unrealized gain on disposal of sukuk certificate	6.4	(360,000)	-
Component of other comprehensive income reflected below equity			
		-	-
Items that may be reclassified subsequently to profit and loss account			
		-	-
Total comprehensive income for the year		1,315,048	588,403

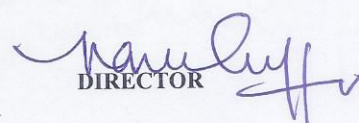
The annexed notes from 1 to 37 form an integral part of these financial statements. *21/06/22*

For Awwal Modaraba Management Limited
 (Management Company)


 CHIEF FINANCIAL OFFICER


 CHIEF EXECUTIVE OFFICER


 DIRECTOR



 DIRECTOR

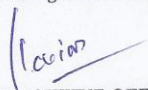
FIRST PAK MODARABA
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,808,686	267,805
Adjustments for non-cash changes and other items:		
Dividend income	-	(2,996)
Gain on disposal of ijarah assets	-	(119,361)
Reversal of provision against doubtful receivable	(119,542)	
Provision for Sindh Workers' Welfare Fund	36,174	5,356
Financial Charges	4,306,632	-
Depreciation on ijarah assets	1,609,359	1,144,683
Amortization on intangible assets	161,664	120,195
	<u>5,994,287</u>	<u>1,147,877</u>
Cash flows before movements in working capital	7,802,973	1,415,682
Decrease / (Increase) in operating assets		
Diminishing Musharakah	(38,912,871)	(8,048,402)
Ijarah rentals receivable	119,704	60,225
Advances, prepayments and other receivables	3,862,374	(4,320,155)
	<u>(34,930,793)</u>	<u>(12,308,332)</u>
Increase / (Decrease) in operating liabilities		
Long term ijarah deposits	(1,588,080)	1,814,080
Accrued and other liabilities	651,256	947,690
	<u>(936,824)</u>	<u>2,761,770</u>
Cash (used in) / generated from operations	(28,064,644)	(8,130,880)
Income tax paid / adjustment	(481,561)	(540,136)
Financial Charges paid	(4,306,632)	-
Net cash (used in) / generated from operating activities	(32,852,837)	(8,671,016)
CASH FLOWS FROM INVESTING ACTIVITIES		
-Dividend received	-	2,996
Investments net	-	(8,948,350)
Modaraba term deposit	13,500,000	(13,500,000)
Purchase of intangible assets	-	(185,000)
Purchase of Ijarah assets	(2,250,000)	(5,000,000)
Sales proceed against sukuk certificate	9,000,000	
Sale proceeds from Ijarah assets	1,681,500	941,851
Net cash generated from / (used in) investing activities	21,931,500	(26,688,503)
CASH FLOWS FROM FINANCING ACTIVITIES		
-Musharaka finance	(50,000,000)	50,000,000
-Short term Finance	50,000,000	-
Profit distribution	(109)	(947,876)
Net cash (used in)/generated from financing activities	(109)	49,052,124
Net increase in cash and cash equivalents	(10,921,446)	13,692,605
Cash and cash equivalents at the beginning of the year	55,959,696	42,267,091
Cash and cash equivalents at the end of the year	45,038,250	55,959,696

The annexed notes from 1 to 37 form an integral part of these financial statements. *Qian*

For Awwal Modaraba Management Limited
(Management Company)


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER

 
DIRECTOR DIRECTOR


FIRST PAK MODARABA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

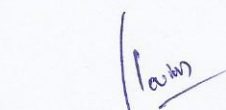
	Reserve		Revenue	Certificate holder's equity
	Capital	Statutory reserve		
	Certificate Capital	Statutory reserve	Accumulated loss	
----- Rupees -----				
Balance at July 01, 2020	125,400,000	26,516,621	(83,875,907)	68,040,714
Final cash dividend @ Re.0.11 per certificate for the year ended June 30, 2020			(1,379,400)	(1,379,400)
Total comprehensive income for the year	-	-	267,805	267,805
Transfer to statutory reserve (20%)	-	53,561	(53,561)	-
Balance at June 30, 2021	125,400,000	26,570,182	(85,041,063)	66,929,119
Balance at July 01, 2021	125,400,000	26,570,182	(85,041,063)	66,929,119
Total comprehensive income for the year	-	-	1,635,646	1,635,646
Transfer to statutory reserve (20%)	-	327,129	(327,129)	-
Balance at June 30, 2022	125,400,000	26,897,311	(83,732,546)	68,564,765

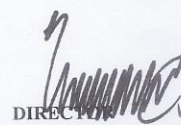
* Statutory reserve represents profit set aside to comply with the Modaraba Regulations 2021 issued by the SECP.

The annexed notes from 1 to 37 form an integral part of these financial statements. *Q. J. M.*

For Awwal Modaraba Management Limited
(Management Company)


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR

FIRST PAK MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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 (Private) 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 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 of the Modaraba 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 Securities & Exchange Commission of Pakistan, 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.

The registered office of First Pak Modaraba is situated at 3rd floor, Horizon Vista, Plot No. 10 Commercial, 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.

- 1.2 The Board of Directors of the Modaraba Management Company in their meeting held on March 11, 2022 have approved the draft scheme of arrangement for merger of the Modaraba with and into First Prudential Modaraba subject to completion of necessary Corporate/ Regulatory formalities, approvals from the Stakeholders/ Regulators and the sanction of scheme by the Honorable High Court along with fulfilment of all legal formalities.

After obtaining NOC from the SECP, Petition has been filed in the High Court of Sindh. The Honorable Court vide order dated July 05, 2022 directed to hold meeting of the certificate holders for approval of the merger scheme and submit the report thereon. Accordingly, meeting of the certificate holders convened on August 12, 2022, wherein the certificate holders have extended the desired approval. The compliance report on the proceeding of the said meeting has been submitted with the Honorable High Court.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Boards (IASB) as notified under the Companies Act 2017;
- Provisions and directions issued under the Companies Act 2017;
- Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulation 2021; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017.

Wherever provisions and directives issued under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021 and IFAS differ from IFRS Standards, the provision and directives issued under the Companies Act, 2017 the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and the Modaraba Rules, 1981, Modaraba Regulations 2021 and IFAS have been followed.

2.2 Basis of measurement

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

2.3 Presentation and functional currency

These financial statements are presented in Pak Rupees, which is Modaraba's functional and presentation currency.

FIRST PAK MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

3 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS

3.1 Standards, amendments and interpretations to the published standards that may be relevant to the company and adopted in the current year

There is no standard, amendments and interpretations of IFRSs which became effective during the current year.

3.2 Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IBOR Reform and its Effects on Financial Reporting—Phase 2	January 1, 2021
Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to IFRS 9)	January 1, 2022
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Subsidiary as a First-time Adopter (Amendment to IFRS 1)	January 1, 2022
Taxation in Fair Value Measurements (Amendment to IAS 41)	January 1, 2022
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Disclosure Initiative — Accounting Policies	January 1, 2023

The Modaraba is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

3.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts'	January 1, 2023
Amendments to IFRS 17 Insurance Contracts	January 1, 2023
IFRS 1 'First-time Adoption of International Financial Reporting Standards'	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023

SECP vide S.R.O. 1827 (I)/2022, has modified the effective date for applicability of IFRS 9 - Financial Instruments in place of International Accounting Standard 39 (Financial Instruments: Recognition and Measurement) for Non-Banking Finance Companies and Modarabas, as "Reporting period / year ending on or after June 30, 2024 (earlier application is permitted)".

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are consistently applied to all the periods presented.

4.1 Fixed assets

(i) Ijarah and depreciation

Ijarah assets are stated at cost less accumulated depreciation and impairment loss (if any). Depreciation is charged to income applying the straight line method whereby the cost of an asset, less its residual value, is written off over its lease period. In respect of additions and disposals during the year, depreciation is charged proportionately from the date of delivery of asset to the date of its maturity / termination.

(ii) In own use and depreciation

Operating assets are stated at cost less accumulated depreciation and impairment loss (if any). Depreciation is charged to profit and loss account applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and disposal during the year, depreciation is charged proportionately to the period of use.

Profit or loss on disposal of assets is recognized as income or expense.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to income statement as and when incurred.

(iii) Intangible assets

These are carried at cost less accumulated amortization and impairment, if any.

Amortization is charged to profit or loss account by using the straight line method whereby the cost of an asset is written off over its estimated useful life. In respect of addition or disposal during the year, amortization is charged proportionately to the period of use.

(iv) Impairment of assets

The Modaraba assesses, at each reporting date, whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account.

4.2 Financial Instruments

Initial measurement of financial asset

The Modaraba classifies its financial assets into following three categories:

- Fair Value Through Other Comprehensive Income (FVTOCI);
- Fair Value Through Profit or Loss (FVTPL); and
- measured at Amortised Cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in income statement.
Financial assets at Amortised Cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.

FIRST PAK MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

(Deficit) / Surplus on re-measurement of FVTOCI investment is presented separately from equity as (Deficit) / Surplus on revaluation of investments' in order to comply with the Modaraba Regulations 2021.

Derecognition of Financial Assets

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred.

Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Modaraba becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes diminishing musharakah finance, long term loans and advances, investment in securities, accruals, prepayments, advances and other receivables and cash and cash equivalent. The Modaraba derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

4.3 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Modaraba commits to purchase or sell the assets.

4.4 Impairment

4.4.1 Financial assets

The Modaraba recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost, except in the case of calculation of impairment provision on financial assets where the requirements of the Modaraba Regulations 2021 prevails.

The Modaraba measures loss allowances at an amount equal to lifetime ECLs, except for other securities and bank balances which are measured at 12 months expected credit losses. Since these assets are short term in nature, therefore, no credit loss is expected on these balances.

4.4.2 Non-financial assets

The carrying amounts of the Modaraba's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Modaraba has a legally enforceable right to offset and the Modaraba intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statements only when permitted by the accounting and reporting standards as applicable in Pakistan.

FIRST PAK MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Modaraba becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Modaraba derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

4.5 Ijarah rentals receivable, ijarah, morabaha and diminishing musharakah finances

Receivables considered doubtful are provided for in accordance with the requirement of the Modaraba Regulations 2021. Specific provision is also made for receivables considered doubtful.

4.6 Staff retirement benefits

Defined contribution plan

The Modaraba operates a defined contribution provident fund for all employees. Equal monthly contributions are made both by the Modaraba and the employees to the fund at the rate of 8.33% of basic salary.

4.7 Provisions and contingencies

The Modaraba reviews its provisions and contingencies at each reporting date to assess whether provisions should be recorded in the profit and loss account. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

4.8 Capital work-in-progress

Capital work-in-progress, if any, is stated at cost less accumulated impairment losses, if any, and represents expenditure on fixed assets in the course of construction and installation and advances for capital expenditure. Transfers are made to the relevant category of fixed assets / ijarah assets as and when the assets are available for intended use.

4.9 Revenue recognition

4.9.1 Ijarah rentals

Income from ijarah is recognized as and when lease rentals become due on a systematic basis over the lease and ijarah period.

4.9.2 Hire purchase transactions

For hire purchase transactions, the unearned finance income is deferred and taken to income over the period of hire purchase, applying the annuity method to produce a constant rate of return on the net investment.

4.9.3 Morabaha, musharakah and diminishing musharakah transactions

Profit from musharakah, diminishing musharakah transactions is recognized on the basis of pro rata accrual of the profit estimated for the transaction over the period.

Profit from morabaha finance is accounted for on culmination of morabaha transaction. However, the profit on that portion of morabaha finance not due for payment is deferred by accounting for "Deferred Morabaha Income" with a corresponding credit to "Unearned Morabaha Income" which is recorded as a liability. The same is then recognized on a time proportion basis.

4.9.4 Dividend income

Dividend is recognized as income when the right of receipt is established.

4.9.5 Markup income

Mark-up / return on deposits / investments is recognized on accrual basis using the effective interest rate method.

4.10 Taxation

Current

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

The tax exemption by virtue of Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 has been withdrawn through an amendment dated March 21, 2021 which is subsequently adopted in Finance Act, 2021.

FIRST PAK MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is generally recognized for all taxable temporary differences. Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

4.11 Foreign currencies translation

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange approximating to those prevalent on the balance sheet date. Foreign currency transactions are converted into Rupees at the rate of exchange prevailing on the date of transactions. Exchange gains and losses on translation are taken to income currently.

4.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, with banks on current, savings and deposit accounts, as well as balance held with the State Bank of Pakistan (SBP).

4.13 Profit distribution

Profit distribution to the Modaraba's Certificate Holders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Board of Modaraba Management Company.

4.14 Earning per certificate

The Modaraba presents basic and diluted earnings per certificate (EPC). EPC is calculated by dividing the profit or loss attributable to ordinary certificate holders of the Modaraba by the weighted average number of ordinary certificates outstanding during the year. Diluted EPC is determined by adjusting the profit or loss attributable to ordinary certificate holders and the weighted average number of ordinary certificates outstanding for the effects of all dilutive potential ordinary certificates, if any.

FIRST PAK MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 — Rupees —	2021
5 CASH AND BANK BALANCES			
Cash in hand		-	83
Cash at banks- current accounts		2,237,469	2,237,469
PLS accounts	5.1	42,800,781	53,722,144
		<u>45,038,250</u>	<u>55,959,613</u>
		<u>45,038,250</u>	<u>55,959,696</u>

5.1 Rate of return in respect of PLS accounts ranges from 3.70% to 12.00% (June 2021: 5.77% to 6.25%) per annum.

	Note	2022 — Rupees —	2021
6 INVESTMENTS			
Fair Value Through Other Comprehensive Income (FVTOCI)			
-in Unquoted securities	6.1	-	-
-investment in sukuk certificate	6.2	-	9,320,598
Fair Value Through Profit or Loss (FVTPL)			
-Investment in Quoted securities	6.3	-	-
		<u>-</u>	<u>9,320,598</u>

6.1 Investment in Unquoted securities

Fully paid ordinary shares of Rs 10 each.

2022	2021	2022 — Rupees —	2021
Number of Shares	Name of company		
Unquoted securities			
	Prudential Securities Limited		
<u>487,500</u>	<u>487,500</u> Cost	4,875,000	4,875,000
	Less: Loss on re-measurement	<u>(4,875,000)</u>	<u>(4,875,000)</u>
		<u>-</u>	<u>-</u>

6.1.1 The operations of Prudential Securities Limited remained suspended that indicates a significant and prolonged decline in the fair value of this investment below carrying value resulting in an objective evidence of impairment. Therefore, the investment has been considered as fully impaired.

6.2 This represents investment in privately placed perpetual sukuk certificates, out rightly purchased from the related party. The details of investment is as under:

	Note	2022 — Rupees —	2021
Meezan Bank Ltd-Additional Tier 1 Modaraba Sukuk Certificate	6.2.1	<u>-</u>	<u>9,320,598</u>

6.2.1 During the year the above investments were sold (to related party) to generate funds for extension of shariah compliant finance facilities on higher rate of return.

FIRST PAK MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

6.3 Fair Value Through Profit or Loss (FVTPL)
- Investment in Quoted securities

Unless stated otherwise, the holdings are in the fully paid ordinary shares / certificates / units of Rs 10/- each.

2022	2021		Note	2022	2021
Number of Certificates / Shares		Name of Company		— Rupees —	
		Suspended / Delisted Company			
120,000	120,000	Prudential Investment Bank Ltd		-	-
		Pakistan Industrial & Commercial			
<u>279,749</u>	<u>279,749</u>	Leasing Limited		-	-
<u>399,749</u>	<u>399,749</u>			<u>-</u>	<u>-</u>

6.4 Deficit on revaluation of investments classified as fair value through OCI investments

Deficit on re-measurement of unquoted securities	(4,554,402)	(4,875,000)
Unrealized gain on remeasurement of sukuk certificates	39,402	320,598
Reversal of unrealized gain on disposal of sukuk certificates	(360,000)	-
	<u>(4,875,000)</u>	<u>(4,554,402)</u>

7 MODARABA TERM DEPOSIT

7.1	-	13,500,000
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7.1 First Pak Modaraba (Rabb-ul-Maal) invested in the General Pool created by a Related Party (Mudarib or Investment Manager) in accordance with the principles of Shariah. As per terms of the agreement, the term deposit shall be rolled over on monthly basis and the Related Party shall pay profit to the Modaraba on each maturity as per profit sharing ratio between Modaraba and the Related Party. During the year, the term deposit was encashed to generate funds for extension of shariah compliant finance facilities on higher rate of return.

8 MORABAHA FINANCE

	Note	2022	2021
		— Rupees —	
Morabaha finance - Unsecured	8.1	15,319,705	15,319,705
Less: Provision for doubtful morabaha finance		<u>(15,319,705)</u>	<u>(15,319,705)</u>
		<u>-</u>	<u>-</u>

8.1 This include amount of Morabaha finance receivable from five different parties outstanding since many years. As per terms of the agreement, the profit against these finance ranged from 16.5% to 20%, however, based on the guidelines of Modaraba regulations 2021, the principal and profit against these finances have been fully provided and suspended accordingly.

FIRST PAK MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		— Rupees —	
9 IJARAH RENTALS RECEIVABLE			
Considered good		-	162
Considered doubtful		-	119,542
		-	119,704
Less: Provision for doubtful receivables		-	(119,542)
		-	162
9.1 Future minimum ijarah rentals receivable			
Within one year		1,988,556	4,167,634
After one year but not more than five years		3,054,401	4,318,968
		5,042,957	8,486,602
10 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Unsecured - Considered good			
Advance against purchase of assets		-	3,400,000
Profit Receivable on Diminishing Musharakah		541,816	101,330
Deposits		37,500	37,500
Advance to staff - current portion - (Secured)	10.1	70,029	16,495
Prepayments		100,809	164,416
Profit receivable on investments		-	135,103
Profit receivable on bank deposits		266,187	254,803
Others		5,673	866,865
		1,022,014	4,976,512
Considered doubtful			
Amount due from PSL	10.2	11,476,377	11,476,377
Amount due from PCML	10.3	999,832	999,832
Amount due from Royal Management Services (Private) Limited	10.4	886,442	886,442
Profit receivable on Morabaha finance	8.1	4,028,913	4,028,913
		17,391,564	17,391,564
		18,413,578	22,368,076
Less: Provision for doubtful receivables		(17,391,564)	(17,391,564)
		1,022,014	4,976,512

10.1 The balances are secured against Provident Fund balances of employees.

10.2 This represents amount receivable from Prudential Securities Limited (PSL) on account of advance for purchase of securities amounting to Rs. 1.0 million (June 2021: 1.0 million) and other receivable of Rs. 10,476 million (June 2021: 10,476). Since the operations of PSL were suspended and keeping in view the remote chance of recovery, provision against the full amount has been recorded.

10.3 This represents receivable from Pearl Capital Management Limited (PCML). The operations of PCML has been suspended by PSX. A claim was lodged with the PSX for the recovery of the said amount which was rejected on the grounds of having been filed after the lapse of the last date for the submission of claims as notified by PSX. Hence, provision has been made against the total amount of claim.

10.4 This represents receivable from Royal Management Services (Private) Limited (Ex-management Company) in respect of various expenses paid on their behalf. Provision has been made against the total amount of receivable as the chances of the recovery is remote.

11 This represents the advance tax deducted by the various withholding agents under various sections of income tax ordinance 2001. The management has claimed the tax deducted in the return for the tax year 2021, since the management is confident that the same shall be refunded.

FIRST PAK MODARABA
 NOTES TO THE FINANCIAL STATEMENTS
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12 IJARAH ASSETS

June 30, 2022	Cost		Depreciation				Carrying value at June 30, 2022	Rate %
	As at July 1, 2021	Additions/ (Disposals)	As at June 30, 2022	Accumulated at July 1, 2021	For the year	Accumulated at June 30, 2022		
Rupees								
Vehicle	11,719,000	2,250,000	8,250,000	4,801,402	1,609,359	2,373,261	5,876,739	25-33.33
		(5,719,000)			(4,037,500)			
	11,719,000	(3,469,000)	8,250,000	4,801,402	1,609,359	6,410,761	5,876,739	

June 30, 2021	Cost		Depreciation				Carrying value at June 30, 2021	Rate %
	As at July 1, 2020	Additions/ (disposals)	As at June 30, 2021	Accumulated at July 1, 2020	For the year	Accumulated at June 30, 2021		
Rupees								
Vehicle	8,819,000	5,000,000	11,719,000	4,934,229	1,144,683	4,801,402	6,917,598	25-33.33
		(2,100,000)			(1,277,510)			
	8,819,000	2,900,000	11,719,000	4,934,229	1,144,683	4,801,402	6,917,598	
					(1,277,510)			

FIRST PAK MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

13 FIXED ASSETS - own use

	Note	2022	2021
		Rupees	
Tangible assets	13.1	-	-
Intangible assets	13.2	69,456	231,120
		<u>69,456</u>	<u>231,120</u>

13.1 Tangible assets

	June 30, 2022			Depreciation			Carrying value at June 30, 2022	Rate %	
	As at July 1, 2021	Additions/ (Disposals)	As at June 30, 2022	Accumulated at July 1, 2021	For the year (on disposals)	Accumulated at June 30, 2022			
	Rupees								
Office equipment	387,329	-	387,329	387,329	-	387,329	-	33.33	
Furniture and fixtures	572,197	-	572,197	572,197	-	572,197	-	10	
	<u>959,526</u>	<u>-</u>	<u>959,526</u>	<u>959,526</u>	<u>-</u>	<u>959,526</u>	<u>-</u>		
	Rupees								
Office equipment	387,329	-	387,329	387,329	-	387,329	-	33.33	
Furniture and fixtures	572,197	-	572,197	572,197	-	572,197	-	10	
	<u>959,526</u>	<u>-</u>	<u>959,526</u>	<u>959,526</u>	<u>-</u>	<u>959,526</u>	<u>-</u>		

13.2 Intangible assets

	June 30, 2022			Accumulated Amortization			Book value As at June 30, 2022	Rate of amortization %	
	As at 01 July 2021	Additions/ Deletions	As at June 30, 2022	As at 01 July 2021	Charge for the year	As at June 30, 2022			
	(Rupees)								
Computer software	<u>485,000</u>	<u>-</u>	<u>485,000</u>	<u>253,880</u>	<u>161,664</u>	<u>415,544</u>	<u>69,456</u>	33.33	
	(Rupees)								
Computer software	300,000	185,000	485,000	133,685	120,195	253,880	231,120	33.33	

FIRST PAK MODARABA
NOTES TO THE FINANCIAL STATEMENTS
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		2022	2021
	Note	— Rupees —	
14 DIMINISHING MUSHARIKA			
Considered good	14.1	68,132,843	29,219,972
Less: Current Portion of Diminishing Musharakah		<u>(23,780,751)</u>	<u>(11,545,417)</u>
		<u>44,352,092</u>	<u>17,674,555</u>
14.1 These finance carry profit rate ranged from 12.54% to 19.90% (June 2021:12.57% to 19.00%)per annum and are payable on monthly basis over a period from 3 to 4 years. All diminishing musharaka arrangements are secured against hypothecation of assets, personal guarantees and promisory notes.			
15 LONG TERM ADVANCES			
Advance to staff		162,153	16,495
Due within one year shown under current assets	15.1	<u>(70,029)</u>	<u>(16,495)</u>
		<u>92,124</u>	<u>-</u>
15.1 The balances are secured against Provident Fund (PF) balances of employees.			
16 DEFERRED TAX ASSET			
The deferred tax asset is attributable to the following item:-			
Deductible temporary differences			
Property, plant & equipment		<u>218,298</u>	<u>-</u>
17 MUSHARAKA FINANCE			
	17.1	<u>-</u>	<u>50,000,000</u>
17.1 The Pak Brunei Investment Company Limited (PBICL) extended callable / convertible financing line of Rs.250 million to the Modaraba under Musharaka arrangement. As per the terms of the Agreement Rs.50 million was disbursed on January 28, 2021, which was fully repaid along with return on the date of maturity i.e., December 31, 2021.			
The return on finance was based on sharing of profit before tax and management company's remuneration 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 was secured by way of hypothecation charge on all movable assets and receivables and mortgage of immovable property of the Modaraba.			
18 SHORT TERM FINANCE			
	18.1	<u>50,000,000</u>	<u>-</u>
18.1 The Modaraba has availed finance facility of Rs. 50 million under Wakala Agreement dated December 30, 2021 from Pak Brunei Investment Company Ltd (PBICL). As per terms of the agreement, PBICL acts as Muwakkil (the principal) and Modaraba is the Wakil (the agent) to execute the Shariah Compliant transactions through and as a part of the Wakil's pool of assets for deployment of funds under the extended facility.			
The facility shall be matured on December 31, 2022 and may thereafter be extended by a further period or periods of one year each if approved by both parties. Return to the Muwakkil on investment is expected at 3 Month KIBOR+2% per annum.			
The facility is secured by way of First Hypothecation charge on all present and future assets of the Modaraba equivalent to PKR.66,666,667/- with 25% margin.			

FIRST PAK MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

19 ACCRUED AND OTHER LIABILITIES	Note	2022	2021
		— Rupees —	
Workers welfare fund		232,196	196,022
Management Company's remuneration	19.1	207,864	30,263
Return on musharaka finance		-	99,992
Auditors' remuneration		181,371	185,000
Shariah Advisor fee		168,000	163,000
Charity fund	19.2	3,987	215,810
Takaful		628,460	368,019
Advance against customer's share in financing		428,750	-
Other payables		1,911,396	1,816,488
		<u>3,762,024</u>	<u>3,074,594</u>

19.1 The Sindh Revenue Board (SRB) has imposed Sindh Sales Tax (SST) on the Modaraba Management Company's remuneration with effect from November 01, 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, obtained by one of the Modaraba under common management 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.

19.2 Movement of charity fund	Note	2022	2021
		— Rupees —	
Opening balance		215,810	196,046
Add: Amount credited during the year		53,987	19,764
		<u>269,797</u>	<u>215,810</u>
Less: Paid during the year		(265,810)	-
Closing balance		<u>3,987</u>	<u>215,810</u>

20 LONG TERM DEPOSITS	Note	2022	2021
		— Rupees —	
Ijarah security deposits	20.1	2,462,500	4,050,580
Less: current maturity		(400,000)	(2,550,000)
		<u>2,062,500</u>	<u>1,500,580</u>

20.1 This refers deposits from ijarah customers without any remuneration.

21 CERTIFICATE CAPITAL

June 30, 2022	June 30, 2021		June 30, 2022	June 30, 2021
Number of Certificates			— Rupees —	
<u>15,000,000</u>	<u>15,000,000</u>	Authorised Modaraba certificates of Rs.10/- each	<u>150,000,000</u>	<u>150,000,000</u>
<u>10,000,000</u>	<u>10,000,000</u>	Issued, subscribed and paid-up Modaraba certificates of Rs.10/- each fully paid in cash	<u>100,000,000</u>	<u>100,000,000</u>
<u>2,540,000</u>	<u>2,540,000</u>	Modaraba certificates of Rs.10/- each	<u>25,400,000</u>	<u>25,400,000</u>
<u>12,540,000</u>	<u>12,540,000</u>		<u>125,400,000</u>	<u>125,400,000</u>

FIRST PAK MODARABA
NOTES TO THE FINANCIAL STATEMENTS
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As at June 30, 2022, Awwal Modaraba Managerent Limited held 1,254,000 (June 2021: Nil) certificates of Rs. 10 each.

22 CONTINGENCIES AND COMMITMENTS

During the year 2018, some of the modarabas in the sector have received letter from Assistant Commissioner, Sindh Revenue Board (SRB), whereby it came to their notice that these Modarabas are 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. The modarabas who have received the said letter, collectively decided that under the supervision of NBF1 & Modaraba Association Pakistan, a petition against the same be filed through a common legal counsel in the Honorable High Court of Sindh (HCS) challenging levy of Services Sales Tax on lease rental/ lease financing transactions including the vires of various headings of the Second Schedule of the Act. Being similar in nature of business it was expected that the same type of letter shall be received by First Pak Modaraba. Therefore, management has taken cautious approach and become a party in collective effort undertaken by the other modarabas.

	Note	2022	2021
		— Rupees —	
23 OTHER INCOME			
Gain on disposal of vehicle- Ijarah		-	119,361
Termination charges on diminishing musharaka		362,757	98,493
Termination charges on Ijarah		-	12,032
Documentation Charges		163,762	
Miscellaneous income		255,933	1,119,747
		<u>782,452</u>	<u>1,349,633</u>

	Note	2022	2021
		— Rupees —	
24 ADMINISTRATIVE EXPENSES			
Salaries, allowances and benefits	24.1	1,890,329	1,829,436
Transaction cost on investment		-	147
Fees and subscription		1,235,134	1,300,778
Rent, rates and taxes		215,943	469,505
Telephone and postage		43,446	218,768
Legal and professional		187,335	624,362
Registrar services		295,215	293,242
Auditor's remuneration	24.2	376,577	235,500
Travelling and conveyance		1,115	500
Printing and stationary		91,923	111,555
Repair and maintenance		143,432	236,392
Entertainment		2,785	4,000
Amortization-intangibles		161,664	120,195
Takaful		188,037	207,479
Advertisement		96,800	212,200
Electricity, water and gas		60,663	73,823
Share in common expenses		748,772	1,067,487
Shared services cost		972,504	469,304
Miscellaneous		5,095	4,470
		<u>6,716,769</u>	<u>7,479,143</u>

FIRST PAK MODARABA
NOTES TO THE FINANCIAL STATEMENTS
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24.1 The aggregate amounts incurred during the year for remuneration including all benefits to officers and other employees of the Modaraba are given below:

	June 2022			June 2021		
	Officers	Other employees	Total	Officers	Other employees	Total
	Rupees			Rupees		
Remuneration	-	1,535,636	1,535,636	-	1,499,232	1,499,232
Provident fund	-	91,399	91,399	-	89,256	89,256
Medical expenses	-	109,384	109,384	-	107,088	107,088
Other	-	153,910	153,910	-	133,860	133,860
	-	1,890,329	1,890,329	-	1,829,436	1,829,436
No. of persons	-	4	4	-	4	4

24.1.1 The total number of employees as at June 30, 2022 are 4 (2021:4) and the average number of employees during the year equates to 4 (2021:4)

24.2 Auditors' remuneration	2022	2021
	Rupees	
Statutory audit fee	183,750	175,000
Half year review fee	15,750	15,000
Other services	109,200	-
Review of code of corporate governance	10,500	10,000
CDC certification	10,726	15,000
Out of pocket expenses	46,651	20,500
	376,577	235,500

25 FINANCIAL CHARGES	2022	2021
	Rupees	
Bank charges	4,188	26,792
Return on musharaka finance	1,019,938	99,992
Return on short term finance	3,282,506	-
	4,306,632	126,784

26 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.

27 SINDH WORKER'S WELFARE FUND

The Sindh Assembly passed a bill on May 4, 2015 and notified Sindh Worker's Welfare Act 2014 on June 4, 2015. As per the said Act the applicability of Sindh Worker's Welfare Fund is effective from the financial year of the entities ended on or after December 31, 2013. Accordingly provision has been made at the rate of 2% (June 30, 2021 : 2%) of profit before taxation or taxable income, whichever is higher, effective after June 30, 2014.

28 PROVISION FOR TAXATION	Note	2022	2021
		Rupees	
Current	28.1	391,338	-
Deferred		(218,298)	-
		173,040	-

**FIRST PAK MODARABA
NOTES TO THE FINANCIAL STATEMENTS
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Relationship between tax expense and accounting profit:-	— Rupees —
Profit before taxation	<u>1,808,686</u>
Tax at the rate of applicable rate of 29% (2021: Nil)	524,519
Tax effect of permanent differences due to reversal of provision and tax loss on sale of ijarah asset	(351,479)
	<u>173,040</u>

28.1 The tax exemption by virtue of Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 has been withdrawn through the Tax Laws (Second amendment), 2021 dated March 21, 2021 which is subsequently adopted in Finance Act, 2021.

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

29 EARNINGS PER CERTIFICATE - BASIC AND DILUTED	2022	2021
	— Rupees —	
Profit for the year (Rupees)	<u>1,635,646</u>	<u>267,805</u>
Weighted average number of ordinary certificates	<u>12,540,000</u>	<u>12,540,000</u>
Earnings per certificate -basic and diluted*	<u>0.13</u>	<u>0.02</u>

*The Modaraba does not have any dilutive potential certificates in issue as at the year end.

30 RELATED PARTY TRANSACTIONS

The related parties of the Modaraba comprise of the Management Company and its Holding Company, Modarabas under common management (Awwal Modaraba, KASB Modaraba and First Prudential 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:

Name of the company / individual	Relationship with the Modaraba	Nature of Transactions	June 30, 2022	June 30, 2021
			— Rupees —	
Balances with related parties				
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Modaraba Term Deposit	-	13,500,000
		Accrued return on modaraba term deposit	-	63,025
		Musharika Finance	-	(50,000,000)
		Short Term Finance	(50,000,000)	
		Accrued return on musharaka finance	-	(99,992)
		Accrued shared service cost	(80,979)	(80,979)
Awwal Modaraba Management Limited	Modaraba management company	Management Company's remuneration	(207,864)	(30,263)
Awwal Modaraba	Modaraba under common management	Payable against sharing of common expenses	(448,058)	(140,375)
KASB Modaraba	Modaraba under common management	Payable against sharing of common expenses	(138,186)	(282,468)
First Prudential Modaraba	Modaraba under common management	Receivable/(Payable) against sharing of common expenses	14,323	(69,347)
Expense/(income) for the year				
First Pak Modaraba - Provident Fund Trust	Staff provident fund	Contribution made	91,399	89,256
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Return on modaraba term deposit	(496,320)	(144,432)
		Return on musharaka finance	1,019,938	99,992
		Return on short term finance	3,282,506	-
		Shared services cost	972,504	469,304
Awwal Modaraba Management Limited	Modaraba management company	Management Company's remuneration	204,382	30,263
Awwal Modaraba	Modaraba under common management	Sharing of common expenses	456,780	140,375
KASB Modaraba	Modaraba under common management	Sharing of common expenses	278,000	646,012
First Prudential Modaraba	Modaraba under common management	Sharing of common expenses	13,992	281,100
Jubilee Life Insurance Co. Ltd	Other related party	Takaful premium	145,083	207,479
Payments (receipts) during the year				
First Pak Modaraba - Provident Fund Trust	Staff provident fund	Contribution made	91,399	89,256
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Modaraba Term Deposit	(13,500,000)	13,500,000
		Return on modaraba term deposit	(559,345)	(81,407)
		Musharika Finance	50,000,000	(50,000,000)
		Short Term Finance	(50,000,000)	-
		Return on Musharika Finance	1,119,930	-
		Return on Short Term Finance	3,282,506	-
		Shared service cost	972,504	388,325
		Receipt against novation of diminishing musharaka finance facility	(9,000,000)	-
Awwal Modaraba Management Limited	Modaraba management company	Management Company's remuneration	26,781	-
Awwal Modaraba	Modaraba under common management	Sharing of common expenses	149,097	-
KASB Modaraba	Modaraba under common management	Sharing of common expenses	422,282	649,533
First Prudential Modaraba	Modaraba under common management	Sharing of common expenses	97,662	321,573
Jubilee Life Insurance Co. Ltd	Other related party	Takaful premium	145,083	169,524

FIRST PAK MODARABA
NOTES TO THE FINANCIAL STATEMENTS
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31 FINANCIAL INSTRUMENTS BY CATEGORY

	June 30, 2022			
		Amount in Rupees		
	At Amortised Cost	FVTPL	FVTOCI	Other financial liabilities
FINANCIAL ASSETS				
Cash and cash equivalent	45,038,250	-	-	-
Long term advances	92,124	-	-	-
Diminishing Musharakah	68,132,843	-	-	-
Advances, prepayments and other receivables	921,205	-	-	-
Total Financial Assets	114,184,422	-	-	-
FINANCIAL LIABILITIES				
Short term finance	50,000,000	-	-	-
Accrued and other liabilities	-	-	-	3,317,977
Total Financial Liabilities	50,000,000	-	-	3,317,977
	June 30, 2021			
		Amount in Rupees		
	At Amortised Cost	FVTPL	FVTOCI	Other financial liabilities
FINANCIAL ASSETS				
Cash and cash equivalent	55,959,696	-	-	-
Investments	-	9,320,598	-	-
Modaraba Term Deposit	13,500,000	-	-	-
Diminishing Musharakah	29,219,972	-	-	-
Ijarah rentals receivable	162	-	-	-
Advances, prepayments and other receivables	4,812,096	-	-	-
Total Financial Assets	103,491,926	9,320,598	-	-
FINANCIAL LIABILITIES				
Musharaka finance	50,000,000	-	-	-
Accrued and other liabilities	-	-	-	2,489,324
Total Financial Liabilities	50,000,000	-	-	2,489,324

31.1 Financial risk management

The Modaraba's activities expose it to a variety of financial risks: market risk (including currency risk, fair value profit rate risk and price risk), credit risk and liquidity risk. The Board of Directors of the Management Management company has overall responsibility for the establishment and oversight of the Modaraba's risk management framework.

The Modaraba's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Modaraba's financial performance.

The Modaraba's principal financial liabilities comprise only accrued and other liabilities. The Modaraba's principal financial assets comprises of ijarah rentals receivable, diminishing musharakah & morabaha finances, investments, advance, prepayments and other receivables and cash and bank balances that arrive directly from its operations.

31.2 Liquidity risk management

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. Modaraba holds total current assets of Rs. 75.59 million against its current liability of Rs.60.45 million which lead to total surplus of Rs.15.14 million.

FIRST PAK MODARABA
NOTES TO THE FINANCIAL STATEMENTS
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The table below shows an analysis of Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. However, Modaraba has surplus funds to pay off its liabilities. The amounts in the table are the contractual undiscounted cash flows.

	Note	Total	Upto three months	months and upto one year	More than one year
----- Rupees -----					
June 30, 2022					
Short term finance	18	50,000,000	-	50,000,000	-
Accrued and other liabilities	19	3,317,977	3,317,977	-	-
		<u>53,317,977</u>	<u>3,317,977</u>	<u>50,000,000</u>	<u>-</u>
June 30, 2021					
Musharaka finance	17	50,000,000	-	50,000,000	-
Accrued and other liabilities	19	2,489,324	2,489,324	-	-
		<u>52,489,324</u>	<u>2,489,324</u>	<u>50,000,000</u>	<u>-</u>

31.3 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba controls credit risk by monitoring credit exposure, limiting transactions with specific counter parties and continually assessing the credit worthiness of counter parties.

The Modaraba is exposed to credit risk from its financing activities (Diminishing Musharakah & Morabaha finances and ijarah rental receivables), deposits with bank and financial institutions.

The Modaraba has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and, if not available, the Modaraba uses other publicly available financial information and its own trading records to rate its major customers.

The Modaraba follows two sets of guidelines. It has its own operating policy and the Board of the management company also adheres to the regulations issued by the SECP. The operating policy defines the extent of fund and non-fund based exposures with reference to a particular sector or group.

The Modaraba's maximum exposure to credit risk related to financial instruments at June 30, 2022 and June 30, 2021 is the carrying amounts of following financial assets

	Note	2022	2021
----- Rupees -----			
Diminishing Musharaka	14	68,132,843	29,219,972
Investments	6	-	9,320,598
Modaraba Term Deposit	7	-	13,500,000
Advances, deposits, prepayments and other receivables	10	921,205	4,812,096
Balances with banks and financial institutions	5	45,038,250	55,959,696
		<u>114,092,298</u>	<u>112,812,362</u>

The analysis below summarizes the quality rating of the major Banks in which the Modaraba deals:

Bank balances	Short Term	Long Term		
Habib Bank Limited	A-1+	AAA	4,633,030	4,727,147
Dubai Islamic Bank Limited	A-1+	AA	39,215,457	50,042,702
Summit Bank Limited	-	-	1,168,141	1,168,141
Faysal Bank Limited	A-1+	AA	7,977	7,977

Past due but not impaired financings are those for which contractual profit or principal payments are past due, but the Modaraba believes that impairment is not appropriate on the basis of the level of security/collateral available to the Modaraba.

FIRST PAK MODARABA
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An analysis of the financial assets that are individually impaired as per the accounting policy is as under:

	As at June 30, 2022				
	OAEM	Substandard	Doubtful	Loss	Total
Ijarah rentals receivable	-	-	-	-	-
Morabaha finance	-	-	-	15,319,705	15,319,705
	As at June 30, 2021				
	OAEM	Substandard	Doubtful	Loss	Total
Ijarah rentals receivable	-	-	-	119,542	119,542
Morabaha finance	-	-	-	15,319,705	15,319,705

Total impairment against these assets as at June 30, 2022 is Rs.15,319,705/- (June 2021:15,439,247/-)

31.3.1 Concentration of Credit Risk

For Ijarah Assets

	June 30, 2022		June 30, 2021	
	Rupees	%	Rupees	%
Others	5,876,739	100.00	6,917,598	100.00
	<u>5,876,739</u>	<u>100.00</u>	<u>6,917,598</u>	<u>100.00</u>

For Diminishing Musharika Finance

	June 30, 2022		June 30, 2021	
	Rupees	%	Rupees	%
Corporate	39,133,510	57.44	19,933,626	68.22%
Individuals	28,999,333	42.56	9,286,346	31.78%
	<u>68,132,843</u>	<u>100.00</u>	<u>29,219,972</u>	<u>100%</u>

31.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Modaraba incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Modaraba is exposed to profit risk.

31.4.1 Sensitivity Analysis

The sensitivity of the net income for the year is the effect of the assumed changes in profit rates on the floating rate financial instruments held at the year end. The following table demonstrates the sensitivity of the Modaraba's income for the year to a reasonably possible change in profit rates, with all other variables held constant.

Changes in basis point	Impact on profit	
	2022	2021
+100	117,376	64,035
-100	(117,376)	(64,035)

31.4.2 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Modaraba at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

31.4.3 Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the market profit rates. The Modaraba has adopted appropriate policies to minimize its exposure to this risk.

FIRST PAK MODARABA
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31.5 Fair Value of Financial Instruments

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arms length transaction. Carrying values of financial assets and financial liabilities approximate their fair values.

31.5.1 Fair Value Hierarchy

The table below analysis financial instruments carried at fair value by valuation method. The different levels has been defined as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the assets or liability that are not based.

2022	Level 1	Level 2	Level 3	Total
Financial Assets at FVTPL				
Quoted Companies	-	-	-	-
Sukuk Certificates	-	-	-	-
Modaraba Term Deposit	-	-	-	-
	-	-	-	-
2021	Level 1	Level 2	Level 3	Total
Financial Assets at FVTPL				
Quoted Companies	-	-	-	-
Sukuk Certificates	-	9,320,598	-	9,320,598
Modaraba Term Deposit	-	-	13,500,000	13,500,000
	-	-	-	-
	-	9,320,598	13,500,000	22,820,598

32 CAPITAL RISK MANAGEMENT

The Modaraba manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. As at balance sheet date Modaraba has exposure in short term borrowing and it has sufficient surplus funds to manage the affairs of the Modaraba effectively. Further Modaraba has positive current ratio of 1.25:1 which is assessed as not overstated (2021: 1.63:1).

The Modaraba is continuously endeavoring for invest in risk free business with maximizing returns in order to improve the position of its accumulated reserves, however, due to risky economic and market conditions, the Modaraba is following conservative approach and it is not actively making any major investments or financing of its allowed business.

Consistently with others in the industry, the Modaraba monitors capital on the basis of the debt-to-adjusted capital ratio. Modaraba focus towards the equity based financing and therefore consistent with the previous years. Currently, the Modaraba is not exposed to any external borrowings, except short term finance from the related party (note 18).

33 SEGMENT INFORMATION

As per IFRS 8, "operating segments" segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer of the Management Company has been identified as the chief operating decision-makers, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modarabas asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

FIRST PAK MODARABA
NOTES TO THE FINANCIAL STATEMENTS
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34 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors have proposed dividend for the year ended June 30, 2022 of Re. 0.10 per certificate (2021: "Nil"), amounting to Rs. 1,254,000 (2021: "Nil") at their meeting held on 20/10/2022. The financial statements for the year ended June 30, 2022 do not include the effect of the above which will be accounted for in the period in which it is declared.

35 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation. However, no significant rearrangements or reclassification have been made in these financial statements during the current year.

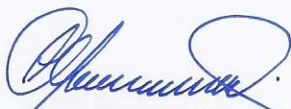
36 GENERAL

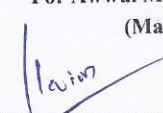
Figures have been rounded off to the nearest Rupee.

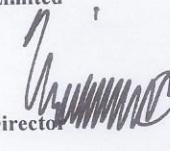
37 DATE OF AUTHORIZATION OF ISSUE

These financial statements has been authorized for issue on 20/10/22 by the Board of Directors of Awwal Modaraba Management Limited.

Q, Am


Chief Financial Officer

For Awwal Modaraba Management Limited
(Management Company)

Chief Executive Officer


Director


Director

First Pak Modaraba

NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that the Annual Review meeting of the Modaraba's Certificate Holders of First Pak Modaraba will be held on Tuesday, 15th November, 2022 at 11:00 am, at Auditorium Hall, Institute of Chartered Accountants of Pakistan (ICAP), Chartered Accountants Avenue, Clifton, Karachi to review the performance of the Modaraba for the year ended 30 June 2022.

On behalf of the Board

Misbah Asjad
Company Secretary

Karachi, 25 October, 2022

Notes:

1. The Certificate Transfer Books of the Modaraba will be closed from Wednesday, 02nd November, 2022 to Tuesday, 15th November, 2022 (both days inclusive). Transfers received at the office of our Share Registrar, /s THK Associates (Private) Limited, at 32-C, Jami Commercial, Street No: 2, Phase-VII, DHA, Karachi, phone : 021-111-000-322, at the close of business on Tuesday, 01st November, 2022 will be treated in time for the purpose of entitlement to dividend to the transferees and to attend the Annual Review Meeting.
2. The Certificate holders are advised to notify change in their address, if any, to M/s THK Associates (Private) Limited, at 32-C, Jami Commercial, Street No: 2, Phase-VII, DHA, Karachi, phone : 021-111-000-322
3. The Annual Report for the year ended 30 June 2022 will also be placed on Modaraba's website simultaneously with the dispatch of the same through CD to the certificate holders. Certificate holders who wish to receive Annual Report of Modaraba by E-mail or printed copy at their registered address are advised to send Request form available on the web of Modaraba.
4. Dividend income is liable to deduction of withholding tax under Section 150, of the Income Tax Ordinance, 2001 withholding of tax on dividend based on 'Active' and 'Non-Active' status of certificate holders shall be @ 25% and 50% respectively where 'Active' means a person whose name appears on the Active Taxpayers List available at e-portal of FBR (<http://www.fbr.gov.pk/>) and 'Non-Active' means a person whose name is not being appeared on the Active Taxpayers list.
5. In case a Folio/CDS Account is jointly held, each joint-holder is to be treated separately as Active or Non-Active, In terms of the said clarification, tax of each joint-holder has been deducted on the gross dividend amount determined by bifurcating the certificate holding of each joint-holder on equal proportions, except where certificate holding proportion of joint-holder(s) is pre-defined as per the records of our Share Registrar and thus tax rates are applied in line with respective proportions, Those certificate holders who are holding Folio/CDS jointly: are requested to notify (in writing) any change in their certificate holding proportions to our Share Registrar (in case of physical

certificate holding) or their Participants/CDC Investor Account Services so that their revised certificate holding proportions are considered by the Modaraba in all prospective dividend payouts, if any,

6. Certificate holders seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be to the Share Registrar of Modaraba.

7. Payment of Dividend through electronic mode (mandatory)

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. Therefore, all the certificate holders of Awwal Modaraba are hereby advised to provide dividend mandate of their respective banks in the "Dividend Mandate Form" available on the website of Modaraba. Certificate holders maintaining holding under Central Depository System (CDS) are advised to submit their bank mandate information directly to the relevant participant / CDC Investor Account Service. In the absence of bank account details or in case of incomplete details, Modaraba will be constrained to withhold the payment of cash dividend of those certificate holders who have not provided the same. For more information, contact our Share Registrar.

8. Unclaimed Dividends and physical Modaraba Certificates

Certificate holders, who by any reason, could not claim their dividends or did not collect their physical Modaraba certificates, are advised to contact our Share Registrar to enquire about their unclaimed dividend or pending Modaraba certificates.

9. Conversion of Physical Modaraba Certificates into Book-Entry Form:

As per requirement of Companies Act, 2017, all listed companies are required to replace the Certificates held in physical form with the Certificates to be issued in Book-Entry, all Certificate holders holding Certificates in physical form are requested to convert their shares in Book-Entry Form in order to comply with the provisions of the Companies Act, 2017. Certificate holders may contact the Modaraba's Share Registrar to understand the process of conversion of Certificates held in physical form, into the Book-Entry Form.

FIRST PAK MODARABA

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