

FIRST PAK MODARABA

**QUARTERLY REPORT
MARCH 31, 2023**

**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.

FIRST PAK MODARABA

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Audit Committee

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

Human Resource and Remuneration Committee

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

Company Secretary

Ms. Misbah Asjad

Chief Financial Officer

Mr. Aftab Afroz Mahmoodi

Auditor

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

FIRST PAK MODARABA

Directors' Report For the nine months period ended 31 March 2023

On behalf of the Board of Directors of Awwal Modaraba Management Limited, the management company of First Pak Modaraba, we are pleased to present Directors' Report together with the unaudited financial results of First Pak Modaraba for the nine months period ended 31 Mar 2023.

Economy

Pakistan's economy continues to face serious economic challenges exacerbated by increasing political instability. This is an alarming situation with a potential risk of default on external debt obligations in the absence of preemptive restructuring and a return to IMF program. The crisis is demonstrated by sustained decline in Rupee value which fell by 27% since December 2022, foreign exchange reserves of \$4.2 billion (as of March 31, 2023), record high inflation at 35.4%, highest ever policy rate at 21%, and a sharp downward revision in growth forecast from 2% to 0.4%. Resumption of the IMF program accompanied by support from China, Saudi Arabia and UAE in the form of new loans can provide a measure of immediate stability. With all the difficult conditions required by IMF largely implemented, including market-based exchange rate, mini-budget to cover shortfall in tax revenue, reduction in subsidies, increase in utility tariffs, hike in policy rate and commitment of bilateral support from friendly countries, it is expected that ninth review of IMF would be completed and staff level agreement reached in the next few weeks.

Pakistan's economy is expected to grow by only 0.4 percent in the current fiscal year ending June 2023. According to World Bank's latest Pakistan Development Update released on April 4, 2023. This slower growth reflects subdued private sector activity amid deteriorating confidence, import controls, belated fiscal tightening, and the impacts of the unprecedented floods of summer 2022.

Clarity on political front and a successful review of IMF can herald a gradual return to normalcy after this period of unprecedented instability.

Financial Performance

With the deployment of excess liquidity in lending operations, the outstanding portfolio size increased to PKR 98.06 million as at March 31, 2023 (June 30, 2022: PKR 68.13 million) with corresponding fall in liquid assets to PKR 8.94 million compared to PKR 45.04 million. There is strict emphasis on maintaining quality of portfolio. Portfolio build up is a challenge in First Pak Modaraba due to the limited per party exposure size which will be rectified by the proposed merger.

During the period under review, overall revenues have been recorded at PKR 16.91 million compared to PKR 10.33 million in corresponding period last year. Total expenses for the period were contained at PKR 14.68 million. Excluding management fee, the Modaraba posted profit after tax for the period at PKR 1.65 million compared to PKR 1.56 million in the corresponding period.

Current status of merger of KASB Modaraba and First Pak Modaraba with and into First Prudential Modaraba

On March 02, 2023, the Honourable High Court allowed our merger petition of KASB Modaraba and First Pak Modaraba with and into First Prudential Modaraba. As a next step towards completion of merger, announcement of final and permanent book closure of the certificate transfer register of KASB Modaraba and First Pak Modaraba has been made. The Certificate Holders books of KASB Modaraba and First Pak Modaraba will be closed on May 10, 2023 for the purpose of determining the identities of the certificate holders of KASB Modaraba and First Pak Modaraba, and consequently their respective entitlements to Modaraba certificates of First Prudential Modaraba. KASB Modaraba and First Pak Modaraba will then be delisted from PSX and the books of both KASB Modaraba, First Pak Modaraba will be amalgamated into First Prudential Modaraba.

Governance

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

Acknowledgement

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

On behalf of the Board

Karim Hatim
Chief Executive

Abdul Jaleel Shaikh
Director

Date: 27th April, 2023

فرسٹ پاک مضاربہ

ڈائریکٹرز کی رپورٹ

31 مارچ 2023 کو ختم ہونے والی نو ماہ کی مدت کے لیے

فرسٹ پاک مضاربہ کی انتظامی کمپنی اول مضاربہ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے، ہمیں 31 مارچ 2023 کو ختم ہونے والی نو ماہ کی مدت کے لیے پہلے پاک مضاربہ کے غیر آڈٹ شدہ مالیاتی نتائج کے ساتھ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

معیشت:

پاکستان کی معیشت کو بدستور سنگین معاشی چیلنجز کا سامنا ہے جو بڑھتے ہوئے سیاسی عدم استحکام سے بڑھ رہے ہیں۔ یہ ایک تشویشناک صورتحال ہے جس میں قبل از وقت تنظیم نو اور آئی ایم ایف پروگرام میں واپسی کی غیر موجودگی میں بیرونی قرضوں کی ذمہ داریوں پر ڈیفالٹ کا خطرہ ہے۔ اس بحران کا اظہار روپے کی قدر میں مسلسل کمی سے ہوتا ہے جو دسمبر 2022 کے بعد سے 27 فیصد تک گر گئی، زرمبادلہ کے ذخائر 4.2 بلین ڈالر (31 مارچ 2023 تک)، ریکارڈ بلند افراط زر 35.4 فیصد، پالیسی شرح 21 فیصد پر اب تک کی بلند ترین شرح، اور چین، سعودی عرب اور متحدہ عرب امارات کی جانب سے نئے قرضوں کی صورت میں آئی ایم ایف پروگرام کے دوبارہ شروع ہونے کے ساتھ شرح نمو کی پیشن گوئی میں 2 فیصد سے 0.4 فیصد تک تیزی سے نیچے کی طرف نظر ثانی فوری استحکام کا ایک پیمانہ فراہم کر سکتی ہے۔ آئی ایم ایف کی طرف سے درکار تمام شرائط کو بڑے پیمانے پر لاگو کیا گیا، جس میں مارکیٹ پر مبنی شرح تبادلہ، ٹیکس ریونیو میں کمی کو پورا کرنے کے لیے منی بجٹ، سبسڈی میں کمی، یوٹیلیٹی ٹیرف میں اضافہ، پالیسی ریٹ میں اضافہ اور دوست ممالک کی جانب سے دو طرفہ تعاون کا عزم شامل ہیں۔ توقع ہے کہ آئی ایم ایف کا نواں جائزہ مکمل ہو جائے گا اور عملے کی سطح پر معاہدہ اگلے چند ہفتوں میں طے پا جائے گا۔ جون 2023 کو ختم ہونے والے رواں مالی سال میں پاکستان کی معیشت میں صرف 0.4 فیصد اضافہ متوقع ہے۔ یہ سست شرح نمو بگڑتے ہوئے اعتماد، درآمدی کنٹرول، تاخیر سے مالیاتی سختی اور موسم گرما 2022 کے بے مثال سیلاب کے اثرات کے درمیان نجی شعبے کی پست سرگرمی کی عکاسی کرتی ہے۔

سیاسی محاذ پر وضاحت اور آئی ایم ایف کا کامیاب جائزہ بے مثال عدم استحکام کے اس دور کے بعد بتدریج معمول پر آنے کا

اعلان کر سکتا ہے۔

مالیاتی کارکردگی:

قرض دینے کے کاموں میں اضافی لیکویڈیٹی کی تعیناتی کے ساتھ، بقایا پورٹ فولیو کا حجم 31 مارچ 2023 (30 جون 2022: 68.13PKR ملین) تک بڑھ کر 98.06PKR ملین ہو گیا جس کے ساتھ مائع اثاثوں میں اسی طرح کی کمی 40PKR ملین PKR سے 48.5 ملین ہو گئی۔ پورٹ فولیو کے معیار کو برقرار رکھنے پر سخت زور دیا گیا ہے۔ فرسٹ پاک مضاربہ میں محدود فی پارٹی ایکسپوزر سائز کی وجہ سے پورٹ فولیو کی تعمیر ایک چیلنج ہے جسے مجوزہ انضمام سے درست کیا جائے گا۔

زیر جائزہ مدت کے دوران مجموعی آمدنی 16.91PKR ملین ریکارڈ کی گئی ہے جو گزشتہ سال کی اسی مدت میں 10.33PKR ملین تھی۔ اس مدت کے کل اخراجات 14.68PKR ملین تھے۔ انتظامی فیس کو چھوڑ کر، مضاربہ نے اسی مدت میں 1.56PKR ملین کے مقابلے 1.65PKR ملین کا بعد از ٹیکس منافع کمایا۔

کے اے ایس بی مضاربہ اور فرسٹ پاک مضاربہ کے انضمام کی موجودہ صورتحال پہلے پریڈینشل مضاربہ کے ساتھ:

02 مارچ 2023 کو، معزز ہائی کورٹ نے ہماری KASB مضاربہ اور فرسٹ پاک مضاربہ کے انضمام کی درخواست کو فرسٹ پریڈینشل مضاربہ کے ساتھ اور ان میں داخل کرنے کی اجازت دی۔ انضمام کی تکمیل کی جانب اگلے قدم کے طور پر، KASB مضاربہ اور فرسٹ پاک مضاربہ کے سٹوفکیٹ ٹرانسفر رجسٹر کی حتمی اور مستقل بک بند کرنے کا اعلان کیا گیا ہے۔ KASB مضاربہ اور فرسٹ پاک مضاربہ کے سٹوفکیٹ ہولڈرز کی کتابیں 10 مئی 2023 کو بند کر دی جائیں گی تاکہ KASB مضاربہ اور فرسٹ پاک مضاربہ کے سٹوفکیٹ ہولڈرز کی شناخت کا تعین کیا جاسکے اور اس کے نتیجے میں فرسٹ پریڈینشل مضاربہ کے مضاربہ سٹوفکیٹس کے ان کے متعلقہ حقدار ہوں۔۔۔ KASB مضاربہ اور فرسٹ پاک مضاربہ کو پھر PSX سے ڈی لسٹ کر دیا جائے گا اور KASB مضاربہ، فرسٹ پاک مضاربہ دونوں کی کتابوں کو فرسٹ پریڈینشل مضاربہ میں ضم کر دیا جائے گا۔

گورننس:

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

اعتراف:

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

بورڈ کی جانب سے

کریم حاتم عبدالجلیل شیخ

چیف ایگزیکٹو ڈائریکٹر

تاریخ: 27 اپریل 2023

FIRST PAK MODARABA
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2023

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		----- Rupees -----	
ASSETS	Note		
Current Assets			
Cash and bank balances	6	8,940,813	45,038,250
Investments	7	-	-
Current portion of diminishing musharakah	13	33,465,322	23,780,751
Morabaha finance	8	-	-
Ijarah rentals receivable	9	564,643	-
Advances, deposits, prepayments and other receivables	10	1,189,963	1,022,014
Taxation - net		5,526,684	5,359,849
		<u>49,687,425</u>	<u>75,200,864</u>
Non - Current Assets			
Ijarah Assets	11	13,552,785	5,876,739
Property and Equipment-Owned	12	-	69,456
Long term portion of Diminishing Musharakah	13	64,599,137	44,352,092
Long term advances	14	96,045	92,124
Deferred tax asset	15	679,951	218,298
		<u>78,927,918</u>	<u>50,608,709</u>
TOTAL ASSETS		<u>128,615,343</u>	<u>125,809,573</u>
LIABILITIES			
Current Liabilities			
Short Term Finance	16	50,000,000	50,000,000
Accrued and other liabilities	17	2,697,716	3,762,024
Unclaimed profit distribution		6,141,762	5,895,284
Provision for taxation		787,028	-
Current portion of ijarah deposits		200,000	400,000
		<u>59,826,506</u>	<u>60,057,308</u>
Non-Current Liabilities			
Long term ijarah deposits		4,700,000	2,062,500
TOTAL LIABILITIES		<u>64,526,506</u>	<u>62,119,808</u>
NET ASSETS		<u>64,088,837</u>	<u>63,689,765</u>
REPRESENTED BY			
Authorized certificate capital			
15,000,000 (June 30 2022:15,000,000) modaraba certificates of Rs.10/- each	18	150,000,000	150,000,000
Issued, subscribed and paid-up certificate capital			
12,540,000 modaraba certificates of rupees 10/- each		125,400,000	125,400,000
Statutory reserve		26,897,311	26,897,311
Accumulated loss		(83,333,474)	(83,732,546)
		<u>68,963,837</u>	<u>68,564,765</u>
Deficit on revaluation of investments	7.3	(4,875,000)	(4,875,000)
		<u>64,088,837</u>	<u>63,689,765</u>
CONTINGENCIES AND COMMITMENT	19		

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

For Awwal Modaraba Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

FIRST PAK MODARABA
CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	Note	Nine months Ended		Quarter Ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
----- Rupees -----					
INCOME					
Income from deposits with Banks		2,734,055	1,579,035	268,437	499,721
Income from Modaraba term deposit		-	496,320	-	13,130
Income from Investment in Sukuk		-	485,430	-	49,354
Income from Diminishing Musharakah Finance		10,134,799	5,505,336	4,328,326	2,444,341
Ijarah rentals		3,267,888	1,550,682	1,424,067	532,108
Other income		777,200	714,784	33,000	202,750
		16,913,942	10,331,587	6,053,830	3,741,404
Reversal against doubtful receivable-net		-	119,542	-	-
		16,913,942	10,451,129	6,053,830	3,741,404
EXPENDITURE					
Administrative expenses		(5,233,638)	(4,759,174)	(1,519,968)	(1,468,749)
Financial charges		(6,730,411)	(2,570,247)	(2,362,270)	(1,545,780)
Depreciation on Ijarah assets	11	(2,711,454)	(1,233,318)	(1,066,665)	(409,359)
		(14,675,503)	(8,562,739)	(4,948,903)	(3,423,888)
Profit for the period		2,238,439	1,888,390	1,104,927	317,516
Management Company's Remuneration	20	-	-	-	-
Provision for sales tax on Management Company's remuneration		-	-	-	-
Provision for Sindh Workers' Welfare Fund	21	(22,225)	(37,028)	-	(6,227)
Profit before taxation		2,216,214	1,851,362	1,104,927	311,289
Provision for taxation					
- Current	22	(563,142)	(290,301)	(580,816)	(48,811)
- Prior		-	-	-	-
Profit after taxation		1,653,072	1,561,061	524,111	262,478
Earnings per certificate - Basic and diluted	23	0.13	0.12	0.04	0.02

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

For Awwal Modaraba Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

**FIRST PAK MODARABA
CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023**

	<u>Nine months ended</u>		<u>Quarter ended</u>	
	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
	----- Rupees -----			
Profit after taxation	1,653,072	1,561,061	524,111	262,478
<i>Other comprehensive income/(loss)</i>				
-Unrealised gain on remeasurement of investment classified as fair value through other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>1,653,072</u>	<u>1,561,061</u>	<u>524,111</u>	<u>262,478</u>

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

For Awwal Modaraba Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

FIRST PAK MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	Certificate Capital	Capital	Revenue	Total
		Statutory reserve	Accumulated loss	
----- Rupees -----				
Balance at July 01, 2021 (Audited)	125,400,000	26,570,182	(85,041,063)	66,929,119
Net profit for the period	-	-	1,561,061	1,561,061
Transfer to statutory reserve (20%)	-	312,212	(312,212)	-
Balance at March 31, 2022 (Un-Audited)	125,400,000	26,882,394	(83,792,214)	68,490,180
Balance at July 01, 2022 (Audited)	125,400,000	26,897,311	(83,732,546)	68,564,765
Total comprehensive income for the period	-	-	1,653,072	1,653,072
Distribution @ 0.10% declared for the year ended June 30, 2022			(1,254,000)	(1,254,000)
Balance at March 31, 2023 (Un-Audited)	125,400,000	26,897,311	(83,333,474)	68,963,837

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

For Awwal Modaraba Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

FIRST PAK MODARABA
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

		March 31, 2023	March 31, 2022
	Note	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,216,214	1,851,362
Adjustments for non-cash changes and other items:			
-Gain on disposal-ijarah assets		(128,123)	-
-Financial Charges		6,730,411	2,570,247
-Depreciation on ijarah assets	11	2,711,454	1,233,318
-Amortization on intangible assets		69,456	121,248
		<u>9,383,198</u>	<u>3,924,813</u>
Cash flows before movements in working capital		<u>11,599,412</u>	<u>5,776,175</u>
Decrease / (Increase) in operating assets			
-Diminishing Musharakah	13	(29,931,616)	(39,649,027)
-Ijarah rentals receivable		(564,643)	162
-Advances, prepayments and other receivables	10	(171,870)	(1,735,861)
		<u>(30,668,129)</u>	<u>(41,384,726)</u>
Increase / (Decrease) in operating liabilities			
-Long term ijarah deposits		2,437,500	(1,588,080)
-Musharaka finance		-	(50,000,000)
-Short term Finance		-	50,000,000
-Accrued and other liabilities	17	(1,064,308)	1,886,439
		<u>1,373,192</u>	<u>298,359</u>
Cash generated from / (used in) operations		<u>(17,695,525)</u>	<u>(35,310,192)</u>
-Income tax paid / adjusted		(404,602)	(367,163)
-Financial Charges paid		(6,730,411)	(2,570,247)
Net cash generated / (used in) from operating activities		<u>(24,830,538)</u>	<u>(38,247,602)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
-Modaraba term deposit		-	13,500,000
-Purchase of Ijarah assets	11	(12,500,000)	(2,250,000)
-Sales proceed against sukuk certificate		-	9,000,000
-Sale proceeds from Ijarah assets		2,240,622	1,681,500
Net cash (used in)/generated from investing activities		<u>(10,259,378)</u>	<u>21,931,500</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Profit distribution		(1,254,000)	-
Dividend Payable		246,479	-
Net cash flow generated from financing activities		<u>(1,007,521)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		<u>(36,097,437)</u>	<u>(16,316,102)</u>
Cash and cash equivalents at the beginning of the period		<u>45,038,250</u>	<u>55,959,696</u>
Cash and cash equivalents at the end of the period	6	<u>8,940,813</u>	<u>39,643,594</u>

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

For Awwal Modaraba Management Limited
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director

Director

FIRST PAK MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT(UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

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.

During 2020, the Registrar (Modarabas), with the approval of the SECP, vide order dated January 31, 2020 appointed Awwal Modaraba Management Limited (AMML) to take over and manage the affair of the Modaraba. AMML (the Management Company) 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 Honourable 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. On March 02, 2023, the Honourable High Court approved/sanctioned the merger scheme and the procedures to materialize the merger are in process of completion.

FIRST PAK MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT(UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

2 STATEMENT OF COMPLIANCE

- 2.1** These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS)- 34 "Interim Financial Reporting" as applicable in Pakistan and the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980, Modaraba Companies and Modaraba Rules 1981 and Prudential Regulations for Modaraba and directives issued by Securities Exchange Commission of Pakistan (the Modaraba Regulations).
- 2.2** This condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with annual audited financial statements for the year ended June 30, 2022.
- 2.3** The comparative condensed balance sheet, presented in this condensed interim financial statements, as at June 30, 2022 has been extracted from the annual audited financial statement of the Modaraba for the year ended June 30,2022 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the period ended March 31, 2022 have been extracted from the condensed interim financial statement for the period ended March 31, 2022.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Modaraba in the preparation of these condensed interim financial statements are the same as those applied in preparation of the preceding published financial statements of the Modaraba for the year ended June 30, 2022.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

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

In preparing the condensed interim financial statements, the significant judgments made by management in applying the Modaraba's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Modaraba as at and for the year ended June 30, 2022.

5 BASIS OF PREPRATION

These condensed interim financial statement have been prepared under historical cost convention, except for:

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

FIRST PAK MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
6 CASH AND BANK BALANCES	Note	----- Rupees -----	
Cash in hand		-	-
Cash at banks-			
current accounts	6.1	2,472,995	2,237,469
saving accounts	6.2	6,467,818	42,800,781
		<u>8,940,813</u>	<u>45,038,250</u>
		<u>8,940,813</u>	<u>45,038,250</u>

6.1 Rate of return in respect of PLS accounts ranges from 5.28% to 13.00% (June 2022: 3.70% to 12.00%) per annum.

6.2 The cash at bank includes Rs. 6,141,762 (June 30, 2022: 5,895,284) in respect of unclaimed dividend.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
7 INVESTMENTS	Note	----- Rupees -----	
Fair Value Through Other Comprehensive Income (FVTOCI)			
-in Unquoted securities	7.1	-	-
Fair Value Through Profit or Loss (FVTPL)			
-Investment in Quoted securities	7.2	-	-
		<u>-</u>	<u>-</u>

7.1 Investment in Unquoted securities

Fully paid ordinary shares of Rs 10 each.

	March 31, 2022	June 30, 2022		(Un-audited) March 31, 2023	(Audited) June 30, 2022
Number of Shares			Name of company		
Unquoted securities			Prudential Securities Limited		
487,500	487,500		Cost	4,875,000	4,875,000
			Less: Loss on re-measurement	(4,875,000)	(4,875,000)
				<u>-</u>	<u>-</u>

7.1.1 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.

7.2 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.

	March 31, 2023	June 30, 2022		(Un-audited) March 31, 2023	(Audited) June 30, 2022
Number of Certificates / Shares			Name of Company	----- Rupees -----	
120,000	120,000		Suspended / Delisted Company		
			Prudential Investment Bank Ltd	-	-
			Pakistan Industrial & Commercial		
279,749	279,749		Leasing Limited	-	-
				<u>-</u>	<u>-</u>

FIRST PAK MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
7.3 Deficit on revaluation of investments classified as fair value through OCI investments	Note	----- Rupees -----	
Deficit on re-measurement of unquoted securities	7.1	(4,875,000)	(4,554,402)
Unrealised gain on remeasurement of Sukuk Certificates		-	39,402
Reversal of unrealised gain on disposal of Sukuk Certificate		-	(360,000)
		<u>(4,875,000)</u>	<u>(4,875,000)</u>
8 MORABAHA FINANCE			
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>
		-	-
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.		
		(Un-audited) March 31, 2022	(Audited) June 30, 2022
9 IJARAH RENTALS RECEIVABLE	Note	----- Rupees -----	
Considered good		564,643	-
Considered doubtful		-	-
		<u>564,643</u>	<u>-</u>
Less: Provision for doubtful receivables		-	-
		<u>564,643</u>	<u>-</u>
9.1 Future minimum ijarah rentals receivable			
Within one year		5,696,268	1,988,556
After one year but not more than five years		8,097,685	3,054,401
		<u>13,793,953</u>	<u>5,042,957</u>
10 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Considered good			
Profit Receivable on Diminishing Musharakah		630,722	541,816
Deposits		37,500	37,500
Advance to staff - current portion - Secured	10.1	125,352	70,029
Prepayments		274,772	100,809
Profit receivable on bank deposits		115,944	266,187
Others		5,673	5,673
		<u>1,189,963</u>	<u>1,022,014</u>
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 (Pvt.) Ltd.	10.4	886,442	886,442
Profit receivable on Morabaha finance		<u>4,028,913</u>	<u>4,028,913</u>
		<u>17,391,564</u>	<u>17,391,564</u>
		<u>18,581,527</u>	<u>18,413,578</u>
Less: Provision for doubtful receivables		<u>(17,391,564)</u>	<u>(17,391,564)</u>
		<u>1,189,963</u>	<u>1,022,014</u>

FIRST PAK MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

- 10.1** The balances are secured against Provident Fund (PF) 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 2022: 1.0 million) and other receivable of Rs. 10.476 million (June 2022: 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.

FIRST PAK MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
12	PROPERTY AND EQUIPMENT - OWNED		
	Tangible assets	-	-
	Intangible assets	-	69,456
		<u>-</u>	<u>69,456</u>

12.1 These tangible and intangible assets having cost of Rs. 959,526 and Rs. 485,000 respectively are completely depreciated and still in the use of Modaraba.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
13	DIMINISHING MUSHARIKA		
	Considered good	98,241,921	68,132,843
	Less: Suspended diminishing musharaka income	(177,462)	-
	Diminishing musharaka due after one year	(64,599,137)	(44,352,092)
	Current Portion of Diminishing Musharakah	<u>33,465,322</u>	<u>23,780,751</u>

13.1 These finance carry profit rate ranged from 14.00% to 25.19% (June 2022:12.57% 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.

		(Un-audited) March 31, 2022	(Audited) June 30, 2022
14	LONG TERM ADVANCES		
	Advance to staff	221,397	162,153
	Less: Due within one year shown under current assets	125,352	(70,029)
		<u>96,045</u>	<u>92,124</u>

14.1 The balances are secured against Provident Fund (PF) balances of employees.

15 DEFERRED TAXATION - NET

The deferred tax asset / (liability) is attributable to the following items

	(Un-audited) March 31, 2023	(Audited) June 30, 2022
Deductable temporary differences		
Property & Equipment	679,951	218,298
Opening	218,298	-
For the year	461,653	218,298
Closing	<u>679,951</u>	<u>218,298</u>

16	SHORT TERM FINANCE	16.1	<u>50,000,000</u>	<u>50,000,000</u>
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16.1 The Modaraba has availed finance facility of Rs. 50 million under Wakala Agreement dated December 29, 2022 from Pak Brunei Investment Company Ltd (PBIC). As per terms of the agreement, PBIC 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 28, 2023 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.

FIRST PAK MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

The facility is secured by way of First Hypothecation charge on all present and future assets of the Modaraba with 25% margin.

		(Un-audited) March 31, 2023	(Audited) June 30, 2022
		----- Rupees -----	
17 ACCRUED AND OTHER LIABILITIES	Note		
Workers welfare fund		254,421	232,196
Management Company's remuneration	17.1	26,995	207,864
Auditors' remuneration		120,462	181,371
Shariah Advisor fee		167,997	168,000
Charity payable	17.2	86	3,987
Takaful		385,680	628,460
Advance against customer's share in financing		-	428,750
Other payables		1,742,073	1,911,396
		<u>2,697,714</u>	<u>3,762,024</u>

17.1 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.

	(Un-audited) March 31, 2023	(Audited) June 30, 2022
		----- Rupees -----
17.2 Movement of charity payable		
Opening balance	3,987	215,810
Add: Amount credited during the period	57,382	53,987
	<u>61,369</u>	<u>269,797</u>
Less: Paid during the period	61,283	(265,810)
Closing balance	<u>86</u>	<u>3,987</u>

FIRST PAK MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

18 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

(Un-audited) March 31, 2023	(Audited) June 30, 2022		(Un-audited) March 31, 2023	(Audited) June 30, 2022
Number of Certificates			----- Rupees -----	
15,000,000	15,000,000	Authorised Modaraba certificates of Rs.10/- each	150,000,000	150,000,000
10,000,000	10,000,000	Issued, subscribed and paid-up Modaraba certificates of Rs.10/- each fully paid in cash	100,000,000	100,000,000
2,540,000	2,540,000	Modaraba certificates of Rs.10/- each	25,400,000	25,400,000
12,540,000	12,540,000		125,400,000	125,400,000

As at March 31, 2022, Awwal Modaraba Management Limited held 1,254,000 (June 2022: 1,254,000) certificates of Rs. 10 each.

19 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 NBFi & Modaraba Association of 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.

20 MANAGEMENT COMPANY'S REMUNERATION

The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 at the rate of 10% per annum of the annual profits of the Modaraba and hence no accrual is made in Condensed half yearly financial statements.

FIRST PAK MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

21 SINDH WORKER'S WELFERE 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% (March 31, 2022 : 2%) of profit before taxation or taxable income , whichever is higher , effective after June 30, 2014.

	(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
22 PROVISION FOR TAXATION	----- Rupees -----	
Current	1,024,795	290,301
Prior	-	-
Deferred	(461,653)	-
	<u>563,142</u>	<u>290,301</u>

	Nine months ended		Quarter ended	
	(Un-audited) March 31, 2023	(Un-audited) March 31, 2022	(Un-audited) March 31, 2023	(Un-audited) March 31, 2022
23 EARNINGS PER CERTIFICATE - BASIC AND DILUTED	----- Rupees -----		----- Rupees -----	
Profit for the period (Rupees)	<u>1,653,072</u>	<u>1,561,061</u>	<u>524,111</u>	<u>262,478</u>
Weighted average number of ordinary certificates	<u>12,540,000</u>	<u>12,540,000</u>	<u>12,540,000</u>	<u>12,540,000</u>
	----- Rupees -----		----- Rupees -----	
Earnings / (Loss) per certificate -basic and diluted*	<u>0.13</u>	<u>0.12</u>	<u>0.04</u>	<u>0.02</u>

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

FIRST PAK MODARABA**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)****FOR THE PERIOD ENDED MARCH 31, 2023****24 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 Parent 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 Balances	March 31, 2023	June 30, 2022
Balances with related parties:			-----Rupees-----	
- Pak Brunei Investment Company Limited	-Holding Company of the Management Company	-Short Term Finance	(50,000,000)	(50,000,000)
		-Return on Short Term Finance	(78,000)	-
		-Accrued shared service cost	(72,948)	(80,979)
- Awwal Modaraba Mangement Limited	-Modaraba management company	-Management Company's remuneration	(26,995)	(207,864)
- Awwal Modaraba	- Modaraba under common management	-Payable against sharing of common expenses	(143,260)	(448,058)
- KASB Modaraba	-Modaraba under common management	-Payable against sharing of common expenses	(153,864)	(138,186)
- First Prudential Modaraba	-Modaraba under common management	-Payable against sharing of common expenses	(80,321)	14,323

**FIRST PAK MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023**

25 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 period.

26 GENERAL

Figures have been rounded off to the nearest Rupee.

27 DATE OF AUTHORIZATION OF ISSUE

These financial statements has been authorized for issue on _____ by the Board of Directors of Awwal Modaraba Management Limited.

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

Chief Financial Officer

Chief Executive Officer

Director

Director

FIRST PAK MODARABA

First Pak Modaraba
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Plot No: Commercial 10,
Block-4, Clifton, Karachi
Phone : 021- 35374273-74,
Fax: 021-35374275

**QUARTERLY
REPORT
MARCH 31,
2023**