

FIRST PRUDENTIAL MODARABA

QUARTERLY REPORT
SEPTEMBER 30, 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 PRUDENTIAL MODARABA

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Khalid Aziz Mirza	Chairman	Independent Director
Mr. Shahid Ghaffar		Independent Director
Mr. Aamir Shamim		Non-Executive Director
Mr. Abdul Jaleel Shaikh		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

Human Resource and Remuneration Committee

Mr. Khalid Aziz Mirza	Chairman
Mr. Aamir Shamim	Member
Mr. Karim Hatim	Member

Company Secretary

Ms. Misbah Asjad

Chief Financial Officer

Mr. Aftab Afroz Mahmoodi

Auditor

BDO Ebrahim & Co, Chartered Accountants

Bankers

Habib Bank Limited
Dubai Islamic Bank

Certificate Registrar

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

Legal Advisor

Ahmed & Qazi
S & B Durrani Law Associates

Shariah Advisor

Al-Hamd Shariah Advisory Services (Pvt) Limited

Registered & Head Office

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

Directors' Report

For the three months period ended 30 September 2023

On behalf of the Board of Directors of Awwal Modaraba Management Limited ("AMML"), the management company of First Prudential Modaraba ("FPRM"), we are pleased to present Directors' Report together with the unaudited financial results of First Prudential Modaraba for the three months period ended 30 September 2023.

Economy

Economy continues to operate under several pressures arising from the high level of inflation and interest rates, significantly depreciated PKR, and power sector crisis. It is the view of a section of economists that inflation may decline in second half of FY2024 largely due to the base effect which may provide some relief in monetary policy. PKR has gained some strength in the previous two months. On the back of these expectations, KSE-100 Index has also seen an upward trend.

Material Developments

Towards the end of FY2023, First Pak Modaraba and KASB Modaraba were merged into First Prudential Modaraba. The merger was undertaken on the basis of management's intention to achieve an economic size to leverage for growth and rationalization of operating expenses.

Subsequent to quarter-end, Pak Brunei Investment Company Ltd., the parent company of Awwal Modaraba Management Limited has invited Expression of Interest for complete sell off of AMML which holds exclusive management rights of FPRM. In the meantime, the management of the modaraba continues to conduct its affairs with prudence.

Financial Performance

The outstanding portfolio size of First Prudential Modaraba amounted to PKR 734.26 million at September 30, 2023 (June 30, 2023: PKR 653.44 million) with sound recovery from outstanding portfolio and prudent new lending. During the first quarter of FY2024, overall revenues have been recorded at PKR 50.79 million compared to PKR 35.26 million in corresponding period last year. This largely reflects the increased level of financial rates of return compared to the previous period. Total operating expenses for the period were PKR 19.70 million. Financial expenses increased in line with increase in KIBOR to PKR 9.44 million from PKR 6.35 million in the comparable period in previous year. Overall, the modaraba is benefitting from low leverage and posted profit after tax at PKR 24.93 million compared to PKR 9.70 million in the corresponding period.

Karim Hatim

Chief Executive

Date: 28th October, 2023

Abdul Jaleel Shaikh

Director

**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023**

		<u>September 30, 2023</u>	<u>June 30, 2023</u>
		Un-audited	Audited
	Note	-----Rupees-----	
ASSETS			
NON CURRENT ASSETS			
Property and equipment - own use	6	1,768,584	1,815,466
Property, plant and equipment - Ijarah	7	77,264,579	82,676,743
Intangible assets	8	25,694	41,111
Investment properties	9	74,180,000	74,180,000
Long term portion of diminishing musharika finance	10	535,622,509	462,904,323
Long term investments	11	6,786,831	9,006,813
Long term advances and deposits	12	563,090	730,003
Deferred tax asset	13	16,553,662	10,993,677
		712,764,949	642,348,136
CURRENT ASSETS			
Modaraba, Musharika, Murabaha and other finance - net	14	-	-
Current portion of Diminishing Musharika Finance	10	198,640,492	190,537,594
Short term investments	15	8,627,068	6,539,334
Ijarah rentals receivable	16	4,564,991	3,136,775
Receivable against sale of agriculture produce - net	17	-	-
Advances, prepayments and other receivables	18	10,255,586	56,413,369
Taxation - Net	19	19,844,995	22,865,160
Cash and bank balances	20	76,862,802	86,330,327
		318,795,934	365,822,559
TOTAL ASSETS		1,031,560,883	1,008,170,695
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized certificate capital			
152,217,660 modaraba certificates of rupees 10/- each		1,522,176,600	1,522,176,600
Issued, subscribed and paid-up certificate capital			
129,391,676 modaraba certificates of rupees 10/- each	21	1,293,916,760	1,293,916,760
Statutory reserve		157,982,325	157,982,325
Reserve arising out of merger		(208,031,240)	(208,031,240)
Accumulated loss		(483,959,117)	(508,892,154)
		759,908,728	734,975,691
Unrealised gain on remeasurement of investment classified as fair value through other comprehensive income		(5,977,885)	(3,757,902)
		753,930,843	731,217,789
NON CURRENT LIABILITIES			
Long term portion of Ijarah deposits	22	23,363,249	23,363,249
CURRENT LIABILITIES			
Short term finance	23	150,000,000	150,000,000
Redeemable capital - participatory and unsecured		815,000	815,000
Current portion of Ijarah deposits	22	11,071,181	14,670,556
Accrued and other liabilities	24	46,184,745	41,907,083
Unclaimed profit distribution		46,195,865	46,197,018
		254,266,791	253,589,657
TOTAL EQUITY AND LIABILITIES		1,031,560,883	1,008,170,695
CONTINGENCIES AND COMMITMENTS	25		

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

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023

		<u>Quarter ended</u> <u>September 30</u> 2023	<u>Restated</u> <u>Quarter ended</u> <u>September 30</u> 2022
-----Rupees-----			
Income			
Ijarah rentals earned	26	7,869,823	4,318,406
Income from deposits with banks		781,556	4,238,408
Income from Diminishing Musharika Finance		41,199,493	24,086,327
Gain on sale of asset- own		-	855,000
Dividend income		-	239,267
Rental income from investment properties		310,185	845,958
Other income	27	627,538	676,477
		<u>50,788,595</u>	<u>35,259,843</u>
Unrealized (loss) / gain on investments classified as 'fair value through profit or loss	15.2.2	2,087,734	164,618
Reversal of provision against doubtful receivables - net	28	100,000	140,000
		<u>52,976,329</u>	<u>35,564,461</u>
Expenses			
Depreciation on Ijarah assets		(5,092,164)	(3,052,333)
Administrative expenses		(14,645,394)	(13,205,923)
Finance charges		(9,435,928)	(6,354,923)
		<u>(29,173,485)</u>	<u>(22,613,179)</u>
		23,802,844	12,951,282
Modaraba company's remuneration	29	-	
Provision for service sales tax on Management ' Company's remuneration	30		
		-	-
Provision for Workers' Welfare Fund		(482,300)	(253,950)
Profit before taxation		<u>23,320,544</u>	12,697,332
Provision for taxation	31	1,612,493	(3,000,192)
Profit after taxation		<u>24,933,037</u>	<u>9,697,140</u>
Earnings per certificate - basic and diluted	32	<u>0.19</u>	<u>0.07</u>

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

For Awwal Modaraba Management Limited
(Management Company)

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023**

	<u>Quarter ended</u> <u>September 30</u> 2023	<u>Restated</u> <u>Quarter ended</u> <u>September 30</u> 2022
	-----Rupees-----	
Profit for the period	24,933,037	9,697,140
Other Comprehensive income for the period:		
Item that will be reclassified subsequently to profit and loss		
Unrealised gain on remeasurement of investment classified as 'fair value through other comprehensive income	(2,219,983)	-
	<u>(2,219,983)</u>	<u>-</u>
Total comprehensive income for the period	<u><u>22,713,054</u></u>	<u><u>9,697,140</u></u>

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

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

FIRST PRUDENTIAL MODARABA
STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023

	Quarter ended September 30 2023	Restated Quarter ended September 30 2022
-----Rupees-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,320,544	12,697,333
Adjustments for:		
Dividend income	-	(239,267)
Unrealised (gain) on investments	(2,087,734)	(164,618)
Gain on disposal - ijarah assets	-	(128,123)
Gain on disposal - own assets	-	(855,000)
Financial charges	9,435,928	2,115,204
Depreciation - own use assets	46,882	165,219
Depreciation - Ijarah assets	5,092,164	3,052,333
Provision for Workers' Welfare Fund	-	83,133
Provision against gratuity	-	85,416
Amortization on intangible assets	15,417	55,833
	12,502,656	4,170,130
Cash flows before movements in working capital	35,823,200	16,867,463
Decrease / (increase) in current assets		
Diminishing Musharika Finance	(80,821,084)	13,020,949
Investment against repurchase agreement	-	23,624,891
Ijarah rentals receivable	(1,428,216)	(530,622)
Advances, prepayments and other receivables	40,764,711	(23,546,578)
	(41,484,590)	12,568,641
Increase / (decrease) in current liabilities		
Ijarah deposits	(3,599,375)	13,000,000
Unclaimed dividend	(1,153)	-
Accrued and other liabilities	5,890,155	13,673,466
	2,289,627	26,673,466
	(3,371,763)	56,109,570
Taxes paid	3,020,165	(583,162)
Financial charges	(9,435,928)	(2,115,204)
Net cash (used in) / flows from operating activities	(9,787,525)	53,411,204
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	-	239,267
Proceeds from disposal - ijarah assets	320,000	2,240,623
Proceeds from disposal - own assets	-	855,000
Purchase of ijarah assets	-	(49,055,559)
Net cash flows / (used in) from investing activities	320,000	(45,720,669)
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit paid to certificate holders	-	-
Net cash used in financing activities	-	-
Net decrease in cash and cash equivalents	(9,467,525)	7,690,535
Cash and cash equivalents at beginning of the period	86,330,327	146,066,656
Cash and cash equivalents at end of the period	76,862,802	153,757,191

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

For Awwal Modaraba Management Limited
(Management Company)

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2023**

	Issued, subscribed, and paid up certificate capital	Merger Reserve	Statutory reserve	Accumulated loss	Unrealised (loss) / gain on investment classified as fair value through other comprehensive income	Total
	----- (Rupees) -----					
Balance at July 1, 2022 (Restated)	1,293,916,760	(208,031,240)	157,982,325	(586,549,989)	7,769,197	665,087,053
Total comprehensive income for the period						
Profit for the period- FPRM	-		-	6,048,781		6,048,781
Profit for the period- KASB				3,298,912		3,298,912
Profit for the period- FPAK				349,447		349,447
Transfer to statutory reserve- FPRM			1,209,756	(1,209,756)		-
Transfer to statutory reserve- KASB			659,782	(659,782)		-
Transfer to statutory reserve- FPAKM			69,889	(69,889)		-
			1,939,427	7,757,713	-	9,697,140
Balance at September 30, 2022 (Un-audited)	<u>1,293,916,760</u>	<u>(208,031,240)</u>	<u>159,921,752</u>	<u>(578,792,276)</u>	<u>7,769,197</u>	<u>674,784,193</u>
Balance at July 1, 2023(Audited)	1,293,916,760	(208,031,240)	157,982,325	(508,892,154)	(3,757,902)	731,217,789
Profit for the period	-		-	24,933,037		24,933,037
Other comprehensive income					(2,219,983)	(2,219,983)
						22,713,054
						-
						-
						-
Balance at September 30, 2023 (Un-audited)	<u>1,293,916,760</u>	<u>(208,031,240)</u>	<u>157,982,325</u>	<u>(483,959,117)</u>	<u>(5,977,885)</u>	<u>753,930,843</u>

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

For Awwal Modaraba Management Limited
(Management Company)

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

**FIRST PRUDENTIAL MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2023**

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 First Prudential Modaraba is a multipurpose, perpetual Modaraba. The Modaraba is registered under the Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981. The Registrar (Modarabas) with the approval of SECP vide order dated April 03, 2019 appointed Awwal Modaraba Management Limited (AMML) to takeover and manage the affair of the Modaraba. AMML (the management company) has taken over the management and administrative control of the First Prudential Modaraba effective from February 03, 2020. AMML is the wholly owned subsidiary of Pak Brunei Investment Company Limited (Parent Company).

The registered office of First Prudential Modaraba is situated at 3rd floor, Horizon Vista, Plot No. Commercial 10, Block No. Scheme No. 5, Clifton, Karachi.

In addition to the First Prudential Modaraba (FPrM), the Registrar (Modarabas) also appointed AMML, to takeover and manage the affair of the First Pak Modaraba (FPM) and KASB Modaraba (KASBM) in a similar manner and the AMML simultaneously taken over the management and administrative control of these Modarabas.

- 1.2 The Board of Directors of AMML in their meeting held on March 11, 2022 have approved the scheme of arrangement for merger of FPM and KASBM with and into FPrM. On the March 02, 2023, the Honorable High Court of Sindh approved/sanctioned the merger scheme by way of amalgamation of FPM and KASBM (amalgamated modarabas) with and into FPrM (surviving modaraba) effective from December 31, 2021.

The entire undertakings comprising of all of assets, liabilities, and obligations of FPM and KASBM stand transferred to and be vested in and assumed by FPrM and consequently, FPM and KASBM stand dissolved without winding-up.

These financial statements have been prepared in accordance with the aforesaid order of the Honorable High Court of Sindh.

On the scheme becoming effective, the authorized certificate capital of FPM and KASBM of Rs 150,000,000 and Rs. 500,000,000 respectively stand merged with the authorized certificate capital of FPrM, consequently the authorized certificate capital of FPrM stand increased to Rs. 1,522,176,600 divided into 152,217,660 modaraba certificates of Rs. 10 each. Further, consequent on the scheme becoming effective the issued, subscribed, and paid-up capital of FPrM stands increased to Rs. 1,293,916,760/- divided into modaraba certificates of Rs. 10 each at swap ratio of 1.00: 0.997 (FPrM: FPM) and 1.00: 1.62 (FPrM: KASBM). The swap ratio was calculated based on audited financial statements for the period ended December 31, 2021

The Pakistan Stock Exchange Limited through its notice No. PSX/N-407 & 408 dated April 20, 2023 notified the suspension of trading in the certificates of amalgamated modarabas with effect from May 08, 2023 for the entitlement of certificates of surviving modaraba pursuant to amalgamation.

In consideration for the transfer of the entire undertakings of the amalgamated modarabas, the surviving modaraba has issued fully paid modaraba certificates to all the certificate holders of the amalgamated modarabas on May 26, 2023 as per the respective swap ratios.

Furthermore, the Pakistan Stock Exchange Limited through its notice No. PSX/N-637 & 638 dated June 21, 2023 notified the delisting of the certificates of amalgamated modarabas with effect from June 26, 2023.

During the period between the effective date (i.e December 31, 2021) and the order of the Honorable High Court of Sindh (i.e March 02, 2023), the management of the modarabas has also issued separate periodic financial statements of each entity to the respective certificate holders in compliance with the statutory

provisions. However, in order to implement the order of the Honorable High Court of Sindh, particularly the effective date of merger, these financial statements have been prepared with the consideration that the entire business of the amalgamated modarabas including properties, assets, liabilities and rights and obligations vested into the surviving modaraba on December 31, 2021.

As the amalgamated modarabas were the group entities under common control, the merger has been accounted for as a common control transaction and predecessor accounting has been applied. Under predecessor accounting, the acquired net assets of amalgamated modarabas are included in the financial statements of FPrM at the same carrying values as recorded in their own financial statements as on December 31, 2021. The results and the statements of financial position of the modarabas are consolidated prospectively from date of merger i.e December 31, 2021 in accordance with the requirements of "IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors" by restating the comparative amounts of the prior period.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities & Exchange Commission of Pakistan (SECP). In case where requirements differ, the requirements of Modaraba Companies and Modaraba (Floatation & Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP prevail.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Modaraba for the year ended June 30, 2023.

The comparative condensed balance sheet, presented in this condensed interim financial statements as at June 30, 2023 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2023 whereas the comparative condensed interim statement of profit or loss , condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the period ended September 30, 2022 have been extracted from the condensed interim financial statements for the period ended September 30, 2022. Due to effective date of merger as explained in note 1.2, the corresponding period amounts are restated.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted for the preparation of this condensed interim financial statements are the same as those applied in preparing the financial statements of the Modaraba for the year ended June 30, 2023.

4 SIGNIFICANT ACCOUNTING ESTIMATES , JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

In preparing the condensed interim financial statements, the significant judgments made by management in applying the Modaraba's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Modaraba as at and for the year ended June 30, 2023.

5 BASIS OF PREPARATION

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

6 **Property and equipment - own use**

The following is the statement of operating fixed assets - own use at the reporting date:

Description	September 30, 2023					
	Office premises	Office equipment	Furniture and fixtures	Computer equipments	Vehicles	Total
	Rupees					
At July 01, 2023						
Cost / revalued amount	3,100,000	153,400	2,102,716	281,130	2,789,154	8,426,400
Accumulated impairment / unrealized loss	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(783,466)	(153,400)	-	(186,248)	(2,789,154)	(3,912,268)
Carrying amount	1,720,584	-	-	94,882	-	1,815,466
Period ended September 30, 2023						
Opening carrying amount	1,720,584	-	-	94,882	-	1,815,466
Addition at Cost	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Depreciation charge for the period	(37,188)	-	-	(9,694)	-	(46,882)
Accumulated depreciation on disposal	-	-	-	-	-	-
Closing carrying amount	1,683,396	-	-	85,188	-	1,768,584
At September 30, 2023						
Cost / revalued amount	3,100,000	153,400	2,102,716	281,130	2,789,154	8,426,400
Accumulated impairment / unrealized loss	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(820,654)	(153,400)	-	(195,942)	(2,789,154)	(3,959,150)
Carrying amount	1,683,396	-	-	85,188	-	1,768,584
Depreciation rate (% per annum)	5	33	20	33	20	

Description	June 30, 2023					
	Office premises	Office equipment	Furniture and fixtures	Computer equipments	Vehicles	Total
	Rupees					
At July 01, 2022 (Restated)						
Cost / revalued amount	3,100,000	153,400	2,102,716	163,630	3,743,154	9,262,900
Accumulated impairment / unrealized loss	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(634,712)	(153,400)	-	(163,630)	(3,561,716)	(4,513,458)
Carrying amount	1,869,338	-	-	-	181,438	2,050,776
Year ended June 30, 2023						
Opening carrying amount	1,869,338	-	-	-	181,438	2,050,776
Disposal	-	-	-	-	(954,000)	(954,000)
Additions - at cost	-	-	-	117,500	0	117,500
Depreciation charge for the year	(148,754)	-	-	(22,618.00)	(181,438)	(352,810)
Accumulated depreciation on disposal	-	-	-	-	954,000	954,000
Closing carrying amount	1,720,584	-	-	94,882.00	0	1,815,466
At June 30, 2023						
Cost / revalued amount	3,100,000	153,400	2,102,716	281,130	2,789,154	8,426,400
Accumulated impairment / unrealized loss	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(783,466)	(153,400)	-	(186,248)	(2,789,154)	(3,912,268)
Carrying amount	1,720,584	-	-	94,882	-	1,815,466
Depreciation rate (% per annum)	5	33	20	33	20	

7 PROPERTY, PLANT AND EQUIPMENT - IJARAH

Description	September 30, 2023			
	Plant and machinery	Office equipment	Vehicles	Total
	Rupees			

As at July 01, 2023

Cost	86,558,681	801,000	109,931,839	197,291,520
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(38,945,544)	(512,150)	(48,957,744)	(88,415,438)
Carrying amount	38,845,125	-	43,831,618	82,676,743

Period ended September 30, 2023

Opening carrying amount	38,845,125	-	43,831,618	82,676,743
Additions - at cost	-	-	-	-
Disposal - carrying amount	-	-	(1,600,000)	(1,600,000)
Depreciation charge for the period	(2,083,332)	-	(3,008,832)	(5,092,164)
Depreciation on disposal	-	-	1,280,000	1,280,000
Closing carrying amount	36,761,793	-	40,502,786	77,264,579

As at September 30, 2023

Cost	86,558,681	801,000	108,331,839	195,691,520
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(41,028,876)	(512,150)	(50,686,576)	(92,227,602)
Carrying amount	36,761,793	-	40,502,786	77,264,579
Useful life (months)	36 to 60	24 to 60	24 to 60	

Description	June 30, 2023			
	Plant and machinery	Office equipment	Vehicles	Total
	Rupees			

As at July 01, 2022 (Restated)

Cost	51,558,681	801,000	114,921,839	167,281,520
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(32,001,988)	(512,150)	(50,241,712)	(82,755,850)
Carrying amount	10,788,681	-	47,537,650	58,326,331

Year ended June 30, 2023

Opening carrying amount	10,788,681	-	47,537,650	58,326,331
Additions - at cost	35,000,000	-	57,250,000	92,250,000
Disposal - at cost	-	-	(62,240,000)	(62,240,000)
Depreciation charge for the year	(6,943,556)	-	(14,203,116)	(21,146,672)
Accumulated depreciation on disposal	-	-	15,487,084	15,487,084
Closing carrying amount	38,845,125	-	43,831,618	82,676,743

As at June 30, 2023

Cost	86,558,681	801,000	109,931,839	197,291,520
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(38,945,544)	(512,150)	(48,957,744)	(88,415,438)
Carrying amount	38,845,125	-	43,831,618	82,676,743
Useful life (months)	36 to 60	24 to 60	24 to 60	

		September 30 2023 Un-audited	June 30 2023 Audited
		-----Rupees-----	
8 INTANGIBLE ASSETS	Note		
Computer software	8.1	25,694	41,111
PSX - Trading rights entitlement certificates (TREC)	8.2	-	-
		25,694	41,111
8.1 Computer software			
Opening balance		2,163,135	2,163,135
Addition / (disposal)		-	-
Closing balance		2,163,135	2,163,135
Amortization			
Opening balance		(2,122,024)	(1,990,901)
Charge for the period (rate 33.33%)		(15,417)	(131,123)
		(2,137,441)	(2,122,024)
Closing balance		25,694	41,111
8.2 PSX - Trading rights entitlement certificates (TREC)		5,344,352	5,344,352
Impairment of TREC	8.2.2	(5,344,352)	(5,344,352)
		-	-

8.2.1 Lahore Stock Exchange (LSE) membership card and room was obtained by the Modaraba in the year 2010 against the settlement of certain outstanding balance of a defaulted party.

Pursuant to demutualization of LSE, the membership card had been surrendered to the Exchange against the following;

- (a) 843,975 ordinary shares of face value of Rs.10 each of LSE; and
- (b) Trading Rights Entitlement Certificates (TREC).

As per the mechanism prescribed by the LSE, the carrying value of the membership card is allocated as follows:

		September 30 2023 Un-audited	June 30 2023 Audited
		-----Rupees-----	
Trading Right Entitlement Certificate (TREC).	8.2.2	5,344,352	5,344,352
Broker's room	8.2.3	4,217,500	4,217,500
Ordinary shares of face value of Rs. 10/- each of LSE	8.2.4	12,764,715	12,764,715
		22,326,567	22,326,567

- 8.2.2 As per section 16 of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012, every TREC holder was required to register itself as a broker within two years of the date of demutualization i.e. by August 26, 2014, failure to which would be resulted in the lapse of the TREC. The impairment has been recorded as the Modaraba did not register itself as a broker before the expiry of the said date.
- 8.2.3 The carrying amount of the Broker's room is included in "property and equipment - own use" under office premises (refer note 6).
- 8.2.4 The carrying amount of ordinary shares is included in "long term investment" (refer note 11).

9 INVESTMENT PROPERTIES - CARRIED AT FAIR VALUE

The following is the statement of investment property at the reporting date:

Description	Office suite	Four shops	Total
	Rupees		
Net carrying value basis			
period ended September 30, 2023			
Opening net book value	57,780,000	16,400,000	74,180,000
Closing net book value	57,780,000	16,400,000	74,180,000
Gross carrying value basis			
period ended September 30, 2023			
Cost / revalued amount	57,780,000	16,400,000	74,180,000
Surplus on revaluation of investment property	-	-	-
Closing net book value	57,780,000	16,400,000	74,180,000
Net carrying value basis			
year ended June 30, 2023			
Opening net book value	33,705,000	16,400,000	50,105,000
Closing net book value	33,705,000	16,400,000	74,180,000
Gross carrying value basis			
year ended June 30, 2023			
Cost / revalued amount	33,705,000	16,400,000	50,105,000
Surplus on revaluation of investment property	24,075,000	-	24,075,000
Closing net book value	57,780,000	16,400,000	74,180,000

- 9.1 Office suite represents two offices in Lakson Sqaure, Karachi, acquired through a settlement agreement.
- 9.2 Represents shops in Zarkoon Plaza, Sadar, Rawalpindi acquired through a settlement agreement.
- 9.3 Investment property is revalued by an independent valuer named Oceanic Surveyors (Private) Limited as at June 30, 2023.

10	DIMINISHING MUSHARIKA	Note	September 30	June 30
			2023	2023
			Un-audited	Audited
			-----Rupees-----	
	Diminishing musharaka finance - considered good	10.1	1,030,819,078	927,302,191
	Diminishing musharaka finance - doubtful		539,959	539,959
	Unearned Income		(296,556,077)	(273,860,274)
			<u>734,802,960</u>	<u>653,981,876</u>
	Less: provision for non-performing diminishing musharaka		(539,959)	(539,959)
			<u>734,263,001</u>	<u>653,441,917</u>
	Less: Current portion of diminishing musharika		(198,640,492)	(190,537,594)
			<u>535,622,509</u>	<u>462,904,323</u>

10.1 This represent diminishing musharaka financing for a term of 3 to 5 years. These carry profit rate ranging from 14.00% and 28.58% (2023: 14.00% and 26.58%). All diminishing musharaka arrangements are secured against hypothecation of assets, personal guarantees and promissory notes.

11	LONG TERM INVESTMENTS		September 30	June 30
			2023	2023
			Un-audited	Audited
			-----Rupees-----	
	Investment classified as 'fair value through other comprehensive income			
	Unquoted Companies	11.1	-	-
	Quoted Companies	11.2	6,786,831	9,006,813
			<u>6,786,831</u>	<u>9,006,813</u>

11.1 Unquoted companies

September 30	June 30		September 30	June 30
			2023	2023
			Un-audited	Audited
			-----Rupees-----	
		Prudential Securities Limited		
		Cost	9,048,707	9,048,707
		Less: Impairment	(9,048,707)	(9,048,707)
			-	-
		Prudential Discount and Guarantee		
		House Limited		
		Cost	1,041,815	1,041,815
		Less: Impairment	(1,041,815)	(1,041,815)
			-	-
			-	-

11.1.1 Due to adverse financial conditions of the investee Company, investments have been fully impaired.

11.1.2 The Honorable Islamabad High Court (IHC) has issued the winding up order on January 18, 2018 on petition of SECP. IHC vide its order dated November 15, 2021 have ordered to appoint official liquidator, in this regard, the official liquidator has been appointed on March 21, 2023. Accordingly, the liquidator initiated the proceeding and subsequently informed that the final return of Rs.1.166 per share, totalling to Rs.223,584/- shall be received by the modaraba. The impairment against the investment shall be reversed upon actual receipt from the liquidator.

11.2 Quoted Companies

September 30 2023	June 30 2023		September 30 2023	June 30 2023
Un-audited	Audited		-----Rupees----- Un-audited	Audited
Number of Shares				
295,536	295,535	LSE Proptech Limited		
		Cost	3,313,951	3,313,951
		Fair value adjustment	(2,131,807)	(1,892,428)
			1,182,144	1,421,523
		LSE Venture Limited		
842,810	842,810	Cost	9,450,764	9,450,764
		Fair value adjustment	(3,846,078)	(1,865,474)
			5,604,687	7,585,290
			6,786,831	9,006,813

11.2.1 The Lahore High Court vide order dated April 26, 2023 has approved the demerger of LSE Financial Services Limited (Formerly LSE) and split it into two following Companies:

- LSE Proptech Limited
- LSE Ventures Limited

Accordingly, the entire investment of modaraba in LSE Financial Services has been converted into the above-mentioned companies with actual number of shares allotted.

		September 30 2023	June 30 2023
		Un-audited	Audited
		-----Rupees-----	
12 LONG TERM ADVANCES AND DEPOSITS	Note		
Long term advances	12.1	74,790	241,703
Long term deposits	12.2	488,300	488,300
		563,090	730,003
12.1 Long term advances			
Secured and interest free			
To employees - considered good	12.1.1	689,606	1,171,464
Less: Due within one year shown under current assets		(614,816)	(929,761)
		74,790	241,703
12.2 Long term deposits			
Margin deposit	12.2.1	3,000,000	3,000,000
Other deposits		488,300	488,300
		3,488,300	3,488,300
Less: Provision against doubtful amounts	12.2.2	(3,000,000)	(3,000,000)
		488,300	488,300

12.1.1 This represents interest free loans to the employees as per terms of the employment and are secured against Provident Fund (PF) balances of employee.

12.2.1 This margin deposit was held with a defaulted broker, Prudential Securities Limited, whose operations have been ceased by PSX and the Modaraba has filed a claim with the PSX for the amount.

12.2.2 On confirmed existence of event of default, the provision was made accordingly.

13	DEFERRED TAXATION - NET	September 30 2023	June 30 2023
	Note	Un-audited	Audited
		-----Rupees-----	
		The deferred tax asset is attributable to the following items	
		Deductible temporary differences	
		2,902,413	2,902,413
		11,629,714	8,317,079
		-	82,569
		287,949	747,971
		1,733,586	
		Chargeable temporary differences	
		-	-
		-	(1,056,355)
		<u>16,553,662</u>	<u>10,993,677</u>
14	MODARABA, MUSHARIKA, MURABAHA AND OTHER FINANCE		
		Modaraba, Musharaka and morabaha finance	
		-	-
		446,599,606	468,341,342
	14.1	<u>446,599,606</u>	<u>468,341,342</u>
		-	-
		(446,599,606)	(468,341,342)
	14.2	<u>(446,599,606)</u>	<u>(468,341,342)</u>
		-	-
		Other finance - unsecured	
		-	-
		-	-
		-	-
		-	-
	14.3	<u>-</u>	<u>-</u>
		-	-
		-	-
		<u>-</u>	<u>-</u>
14.1	This include amount of Modaraba, Musharaka and Morabaha finance receivable from various parties, outstanding since many years. Based on the guidelines of Modaraba Regulations outstanding balances against these finances have been fully provided and suspended accordingly.		
		September 30 2023	June 30 2023
		Un-audited	Audited
		-----Rupees-----	
14.2	Movement of provision for Modaraba, Musharaka and morabah	Note	
		468,341,342	517,237,262
		(21,641,736)	(39,285,290)
		(100,000)	(9,610,630)
	14.3.1	<u>446,599,606</u>	<u>468,341,342</u>
14.3	Movement of provision for other finance		
		-	5,259,509
		-	(5,259,509)
	14.3.1	<u>-</u>	<u>-</u>
		-	-
		<u>-</u>	<u>-</u>
14.3.1	The reversal of provision has been made to extent of actual amount recovered from the customers.		
		September 30 2023	June 30 2023
		Un-audited	Audited
		-----Rupees-----	
15	SHORT TERM INVESTMENTS		
		Note	
		Amortised cost	
		-	-
	15.1	-	-
		Fair value through profit or loss	
		8,627,068	6,539,334
	15.2	<u>8,627,068</u>	<u>6,539,334</u>

- 15.1 Modaraba had entered into an agreement dated December 06, 2012, with the Invest Capital Investment Bank Limited (ICIBL) for settlement of the Term Deposit Receipt of Rs.10 million. As per the terms, the entire mark-up/profit/penalties accrued upto the date of settlement agreement were waived off by the Modaraba. The balance was receivable in 60 equal monthly instalments of Rs. 166,667 beginning from December 10, 2012 at Nil profit. Rescheduled amount was as follows:

	September 30 2023 Un-audited	June 30 2023 Audited
	-----Rupees-----	
Note		
Term Deposit Receipt as at December 06, 2012	10,000,000	10,000,000
Less: Amortization charge	(2,000,000)	(2,000,000)
Less: received in earlier period	<u>(3,219,433)</u>	<u>(3,219,433)</u>
Net receivable	4,780,567	4,780,567
Less: provision against doubtful recoveries	15.1.1 <u>(4,780,567)</u>	<u>(4,780,567)</u>
	<u>-</u>	<u>-</u>

- 15.1.1 During the course of due diligence conducted as of November 30, 2014 and on the basis of correspondence provided by ICIBL it was revealed that the Modaraba had entered into an arrangement of Portfolio Management Services with ICIBL and a limited liability company was incorporated for this purpose in 2010, under which ICIBL incurred an expenditure of Rs. 5.78 million on account of bidding for Pakistan Stock Exchange (PSX) then Karachi Stock Exchange Limited (KSE) membership as authorized by previous Board of Directors of the Modaraba Management Company in their meeting held on April 25, 2010. The Modaraba filed an application to SECP for relaxation of Regulation 7(7) of the Prudential Regulations for Modarabas for investing in an unlisted entity which was rejected. This resulted in forfeiture of amount paid for bidding for purchase of membership card by KSE. These facts were not on record nor reflected in the books of accounts of the Modaraba in subsequent years before incorporated in financial statements for the year ended June 30, 2014.

15.2 Quoted securities

Following is the detail of shares of listed entities - held by the Modaraba at the reporting date:

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

September 30 2023 Un-audited	June 30 2023 Audited		September 30 2023 Un-audited	June 30 2023 Audited
			-----Rupees-----	
Number of Shares / Units	Name of Investee Company / Fund	Note		
525	525 Nishat Mills Limited*		31,511	29,804
54,367	54,367 The Hub Power Company Limited		4,802,237	3,782,856
1,495	1,495 Sui Northern Gas Pipeline Limited*		70,235	58,858
16,468	16,468 Thal Limited*		3,723,085	2,667,816
348	348 Hussain Industries Limited*	15.2.1	-	-
1,670,720	1,670,720 Prudential Stock Fund	15.2.1	-	-
360,000	360,000 Zeal-Pak Cement Factory Limited	15.2.1	-	-
<u>2,103,923</u>	<u>2,103,923</u>		<u>8,627,068</u>	<u>6,539,334</u>

- 15.2.1 These investee Companies and Fund are suspended or delisted in prior years, and have been provided in full.

* These shares are not in the name of the Modaraba: Nishat Mills Limited 25 (June 30,2023: 25) shares (Second Prudential Modaraba), Sui Northern Gas Pipeline Limited 254 (June 30,2023: 254) shares and Hussain Industries Limited 348 (June 30,2023: 348) shares (Third Prudential Modaraba) and Thal Limited 16,468 (June 30,2023: 16,468) shares (KASB Modaraba).

15.2.2 Net unrealized (loss) / gain on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net

	September 30 2023 Un-audited	June 30 2023 Audited
	-----Rupees-----	
Note		
Weighted average cost of investments	6,539,335	8,236,248
Unrealized (loss) / gain on changes in fair value	<u>2,087,734</u>	<u>(1,696,913)</u>
Market value of investments	<u>8,627,068</u>	<u>6,539,335</u>

		September 30 2023 Un-audited	June 30 2023 Audited
		-----Rupees-----	
16	IJARAH RENTAL RECEIVABLE		
	Considered good	4,564,991	3,136,775
	Considered doubtful	61,847,457	61,847,457
		<u>66,412,448</u>	<u>64,984,232</u>
	Less: provision for doubtful receivables	<u>(61,847,457)</u>	<u>(61,847,457)</u>
		<u>4,564,991</u>	<u>3,136,775</u>
16.1	Future minimum ijarah rentals receivable		
	Within one year	30,497,409	30,947,887
	After one year but not more than five years	40,030,372	46,842,352
		<u>70,527,781</u>	<u>77,790,239</u>
16.2	Movement of Provision		
	Opening balance	61,847,457	69,759,016
	Reversal of provision during the year	-	(7,911,559)
	Closing balance	<u>61,847,457</u>	<u>61,847,457</u>
17	RECEIVABLE AGAINST SALE OF AGRICULTURE PRODUCE - SECURED		
	Considered doubtful	17.1 46,011,658	46,011,658
	Less: Provision for doubtful receivables	<u>(46,011,658)</u>	<u>(46,011,658)</u>
		<u>-</u>	<u>-</u>

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

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

18 **ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**

	Note	Considered good		Considered doubtful		Total	
		September 2023	June 2023	September 2023	June 2023	September 2023	June 2023
----- Rupees -----							
Advance							
To staff - Secured	12.1 & 18.1	614,816	929,761	1,814,000	1,814,000	2,428,816	2,743,761
Against purchase of assets		-	48,468,500	-	-	-	48,468,500
Prepayments		1,365,073	801,627	-	-	1,365,073	801,627
Other receivables from							
Brokers on account							
- of sale of shares	18.2	-	-	78,095,768	78,095,768	78,095,768	77,095,768
- of advance for shares	18.3	-	-	18,432,273	18,432,273	18,432,273	19,432,273
A bank	18.4	-	-	10,241,347	10,241,347	10,241,347	10,241,347
Return on deposits							
with banks		419,064	752,237	-	-	419,064	752,237
Others		7,856,633	5,461,244	18,381,590	18,381,590	26,238,223	23,842,834
Sub total		10,255,586	56,413,369	126,964,978	126,964,978	137,220,564	183,378,347
Provision for doubtful receivables		-	-	(126,964,978)	(126,964,978)	(126,964,978)	(126,964,978)
		10,255,586	56,413,369	-	-	10,255,586	56,413,369

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

18.1.1 The doubtful amount of Rs.1.8 million was paid to an ex-managing director of the Modaraba without prior approval of the board of directors of previous Modaraba Management Company (Prudential Capital Management Limited) for the purchase of a motor vehicle. The Modaraba has initiated legal proceedings for the recovery of said amount from the ex-managing director.

18.2 The doubtful amount includes claim of Rs. 64.62 million receivable from a defaulted stock broker – Investec Securities Limited. Various proposals were initiated in past but none of them was materialized for settlement. In one of the proposal, the said broker has offered / transferred shares and certificates of following entities which were not acknowledged by the Management of the Modaraba, owing to the weak financial position of the entities and significance of the amount of claim. Accordingly, the management of the Modaraba has not accepted the shares / certificates as satisfaction of claim and same is not recorded in the books of account. Detail of shares / certificates offered / transferred is as under:

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

This also includes an amount receivable from Prudential Securities Limited(PSL) and Pearl Captial Management Limited (PCML) on account of advance for purchase of securites amounting to Rs.1 million and other receivable amounting to Rs.11.475 million. Since operations of PSL & PCML were suspended and keeping in view the remote chances of recovery, provision against the full amount has been recorded.

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

Name of companies	No. of Shares
Al-Ghazi Tractors Limited	500
Javed Omer Vohra & Company Limited	1,000
Pakistan Petroleum Limited	2,100

Operations of PSL have been ceased by PSX and the Modaraba has filed a claim with the PSX for the whole amount. However on confirmed existence of event of default, the provision was made accordingly.

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

19	TAXATION - NET	September 30	June 30
		2023	2023
		Un-audited	Audited
		-----Rupees-----	
	Advance tax	23,792,487	31,503,671
	Provision for taxation	(3,947,492)	(8,638,511)
		<u>19,844,995</u>	<u>22,865,160</u>

20	CASH AND BANK BALANCES	Note	September 30	June 30
			2023	2023
			Un-audited	Audited
			-----Rupees-----	
	Cash in hand		30,000	-
	Balances with banks			
	Current accounts		25,212,084	25,230,031
	Saving accounts	20.1	51,620,718	61,100,296
			<u>76,832,802</u>	<u>86,330,327</u>
			<u>76,862,802</u>	<u>86,330,327</u>

- 20.1 The balance in saving accounts carry profit at an average rates ranging from 6.00% to 15.80% per annum (June 30, 2023: 3.75% to 15.00% per annum).

21 CERTIFICATE OF CAPITAL

September 30, 2023	June 30, 2023		September 30, 2023	June 30 2023
No. of certificates			-----Rupees-----	
<u>152,217,660</u>	<u>152,217,660</u>	Authorised Modaraba certificates of Rs.10 each	<u>1,522,176,600</u>	<u>1,522,176,600</u>
13,451,650	13,451,650	Issued, subscribed and paid-up Modaraba certificates of Rs.10 each fully paid in cash	134,516,500	134,516,500
8,864,716	8,864,716	Modaraba certificates of Rs.10/- each fully paid bonus	88,647,160	88,647,160
64,901,294	64,901,294	Modaraba certificates of Rs.10/- issued under scheme of arrangement for amalgamation with Second and Third Prudential Modaraba	649,012,940	649,012,940
42,174,016	42,174,016	Modaraba certificates issued under Scheme of Merger with KASB Modaraba and First Pak	421,740,160	421,740,160
<u>129,391,676</u>	<u>129,391,676</u>		<u>1,293,916,760</u>	<u>1,293,916,760</u>

As at September 30, 2023, Awwal Modaraba Management Limited, the management company, held 12,939,167 (June 30, 2023: 12,939,167) certificates of Rs. 10/- each.

		September 30 2023 Un-audited	June 30 2023 Audited
		-----Rupees-----	
22	IJARAH DEPOSITS		
	Ijarah deposits	34,434,430	38,033,805
	Less: Current portion ijarah deposit	(11,071,181)	(14,670,556)
		<u>23,363,249</u>	<u>23,363,249</u>

23	SHORT TERM FINANCE	23.1	<u>150,000,000</u>	<u>150,000,000</u>
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23.1 The Modaraba has availed finance facility of Rs.150 million under Wakala Agreement dated December 29, 2022 from Pak Brunei Investment Company Limited (PBICL). As per terms of the agreement, PBIC acts as Muwakkil (the principal) and Modaraba as Wakil (the agent) to execute the Shariah Compliant transactions through and as 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 Months KIBOR + 2% per annum.

The facility was secured by way of First Hypothecation charge on all present and future assets of the Modaraba equivalent to PKR. 200,000,000/- with 25% margin..

		September 30 2023 Un-audited	June 30 2023 Audited
		-----Rupees-----	
24	ACCRUED AND OTHER LIABILITIES		
	Accrued expenses	3,182,864	3,871,702
	Modaraba Company's remuneration	29 11,797,122	11,797,122
	Share in common expenses	8,014,599	5,616,754
	Takaful premium payable	3,081,302	3,291,369
	Workers' welfare fund	24.1 6,268,978	5,786,678
	Charity payable	24.2 14,571	396,346
	Gratuity payable	1,757,122	1,592,270
	Client share against diminishing musharika finance	3,112,489	2,314,922
	Others	8,955,698	7,239,920
		<u>46,184,745</u>	<u>41,907,083</u>

24.1 The Sindh Assembly passed a bill on May 4, 2015 and notified Sindh Worker's Welfare Act 2014 (the SWWF Act) on June 4, 2015. As per the said SWWF 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% of profit before taxation or taxable income, whichever is higher, effective after June 30, 2014. During the period an amount of Rs. 482,300 (2023: Rs.1,925,803) have been provided.

24.2 This includes amounts relating to charity accrued on various non-Shariah compliant avenues. The management utilizes the balances as per the requirements of Clause VI of circular no 8 of 2012 (Shari'ah Compliance and Shari'ah Audit Mechanism) for modarabas.

		September 30 2023 Un-audited	June 30 2023 Audited
		-----Rupees-----	
	Charity payable		
	Opening balance	396,346	556,765
	Add: Amount credited during the period	12,225	1,006,571
		<u>408,571</u>	<u>1,563,336</u>
	Less: Paid/ Adjusted during the period	(394,000)	(1,166,990)
	Closing balance	<u>14,571</u>	<u>396,346</u>

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 Taxation officer while making assessment in respect of tax years 2006, 2007 and 2008 disallowed certain expenses on account of apportionment between normal and presumptive income and created an additional demand of Rs. 6.53 million. The Modaraba filed an appeals and hence, no provision has been made in these financial statements in this regard as the management is confident that outcome of the appeals will be decided in favour of the Modaraba.

25.1.2 The Modaraba received a letter dated October 01, 2018 from the Assistant Commissioner (Unit-12) of the Sindh Revenue Board (SRB), wherein, it is mentioned that through scrutiny of the financial statements of the Modaraba (for the periods from July 2011 to March 2018 fiscal year years 2012-2017), it came to their notice that the Modaraba is engaged in providing / rendering taxable services which falls under the Second Schedule of Sindh Sales Tax on Services Act, 2011 (the SSTS Act), and the sales tax on such services, i.e. on lease rentals / lease financing transactions remains outstanding which aggregated to Rs. 29.527 million. Such letters were also received by some other Modarabas and it was collectively decided that under the supervision of NBFI and Modaraba Association Pakistan, a petition against the same was filed through a common legal counsel with Honorable High Court of Sindh (HCS) challenging levy of Services Sales Tax on lease rentals / lease financing transactions including the vires of various headings of the Second Schedule of the Act. A stay order in this regard has been granted by the HCS stating that no adverse order in respect of the proposed treatment shall be made against the Petitioners. The matter is pending adjudication at the reporting date.

25.2 Commitment

There was no commitment as at the reporting date.

		Restated September 30 2022 Un-audited	September 30 2023 Un-audited
		-----Rupees-----	
26	IJARAH RENTALS EARNED	Note	
		<u>7,869,823</u>	<u>4,318,406</u>
27	OTHER INCOME		
	Gain on disposal of property and equipment -Ijarah	-	128,123
	Differential of takaful premium recovered from customers	106,635	
	Documentation charges and others	404,348	10,000
	Miscellaneous Income	116,555	3,000
	Termination charges on diminishing Musharaka/ Ijarah	-	535,354
		<u>627,538</u>	<u>676,477</u>
28	REVERSAL OF PROVISION AGAINST DOUBTFUL RECEIVABLES-NET		
	Reversal against modaraba, morabaha finance	100,000	140,000
		<u>100,000</u>	<u>140,000</u>
29	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.

30 PROVISION FOR SERVICE SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION

The Sindh Revenue Board (SRB) has imposed Sindh Sales Tax (SST) on the Modaraba Management Company's remuneration with effect from 01 November 2011. However, certain modaraba management companies have approached the Honourable Sindh High Court (the Court) and Appellate Tribunal of SRB, challenging the levy of SST on management company's remuneration. The Modaraba Management Company has not received any demand notice from SRB for payment of SST on Management Company's remuneration and accordingly, based on legal advisor's opinion 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.

	September 30 2023 Un-audited	Restated September 30 2022 Un-audited
31 PROVISION FOR TAXATION	-----Rupees-----	
Current	3,947,492	2,135,448
Deferred	(5,559,985)	864,744
	<u>(1,612,493)</u>	<u>3,000,192</u>

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

	September 30 2023 Un-audited	Restated September 30 2022 Un-audited
32 EARNINGS PER CERTIFICATE - BASIC AND DILUTED		
Basic		
Profit for the year	24,933,037	9,697,140
Weighted average number of ordinary certificates	129,391,676	129,391,676
Earnings per certificate	0.19	0.07

Diluted

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

33 RELATED PARTY TRANSACTIONS

The related parties of the Modaraba comprise of the Management Company and its Holding Company, other associated companies, staff retirement funds, Directors and Key Management Personnel. Transactions with related parties are carried out at agreed rates.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Modaraba. 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.

Amounts outstanding as at period / year end			September 30 2023	June 30 2023
Name of the company / individual	Relationship with the Modaraba	Nature of Transactions	Un-audited	Audited
			-----Rupees-----	
Balances with related parties				
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Short Term Finance	(150,000,000)	(150,000,000)
		Return on Short Term Finance	(204,740)	(196,685)
		Payable shared service cost	(769,636)	(769,635)
Awwal Modaraba Management Limited	Modaraba Management Company	Management Company's remuneration	(11,797,122)	(11,797,122)
Awwal CRC	Company under common management	Sharing of common expenses	(1,949,705)	(1,537,312)
		Staff cost of deputed employee	(5,295,258)	(3,309,807)
			September 30 2023	Restated September 30 2022
			Un-audited	Un-audited
			-----Rupees-----	
Expenses/(income) during the period				
First Prudential Modaraba - Provident Fund Trust	Staff provident fund	Contribution made	143,058	70,104
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Return on Short Term Finance	9,426,082	6,344,221
		Against collection agent fee	(27,373)	-
		Shared services cost	2,308,908	2,477,732
Awwal Modaraba Management Limited	Modaraba Management Company	Management Company's remuneration	-	-
Awwal CRC	Company under common management	Sharing of common expenses	412,393	684,212
		Staff cost of deputed employee	1,985,451	1,617,824
Jubilee Life Insurance Co. Ltd	Other related party	Takaful premium	195,339	104,040
Payments/(receipts) made during the period				
First Prudential Modaraba - Provident Fund Trust	Staff provident fund	Contribution made	143,058	70,104
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Receipt against collection agent fee	(27,373)	-
		Return on Short Term Finance	9,418,027	6,344,221
		Shared service cost	2,308,907	2,489,927
Jubilee Life Insurance Co. Ltd	Other related party	Takaful premium	195,339	104,040

34 CAPITAL MANAGEMENT

The Modaraba's prime objective when managing capital is to safeguard the Modaraba's ability to continue as a going concern so that it can continue to provide optimum returns to its certificate holders' and benefits of other stake holders and to maintain a strong capital base to support the sustained development of its businesses.

The Modaraba manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. As at reporting date Modaraba has short term finance facility and has sufficient surplus funds to manage the affairs of the Modaraba effectively. Further, the Modaraba has very positive current ratio of 1.25:1 (2023: 1.44:1).

Consistently with others in the industry, the Modaraba monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. The Modaraba is not subject to externally exposed capital requirement.

35 FINANCIAL RISK MANAGEMENT

The Modaraba's activities expose it to a variety of financial risks liquidity risk, credit risk and market risk (including currency risk, profit rate risk and other price risk). The Board of the 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 minimise potential adverse effects on the Modaraba's financial performance.

The Modaraba's principal financial liabilities comprise Musharaka finance and other liabilities. The Modaraba's principal financial assets comprise of ijarah rentals receivable, musharaka, morabaha and other finance and cash and bank balances that arrive directly from its operations. The Modaraba also holds investments classified as fair value through profit or loss, fair value through other comprehensive income and at amortised cost.

36 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison and better presentation. There were no major reclassifications in these financial statements.

37 DATE OF AUTHORISATION

These financial statements were authorised for issue on _____ by the Board of Directors of the Management Company.

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

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**QUARTERLY
REPORT
SEPTEMBER 30,
2023**