

FIRST PRUDENTIAL MODARABA

HALF YEARLY REPORT
DECEMBER 31, 2021

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
Ms. Ayesha Aziz		Non-Executive Director
Mr. Abdul Jaleel Shaikh		Non-Executive Director
Mr. Saiyid Najam Rizvi		Non-Executive Director
Mr. Karim Hatim		Chief Executive Officer

Audit Committee

Mr. Shahid Ghaffar	Chairman
Mr. Khalid Aziz Mirza	Member
Mr. Abdul Jaleel Shaikh	Member
Mr. Saiyid Najam Rizvi	Member

Human Resource and Remuneration Committee

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

Company Secretary

Ms. Misbah Asjad

Chief Financial Officer

Mr. Aftab Afroz Mahmoodi

Auditor

BDO Ebrahim & Co, Chartered Accountants

Bankers

Habib Bank Limited
Dubai Islamic Bank

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

On behalf of the Board of Directors (Board) of Awwal Modaraba Management Limited, the management company of First Prudential Modaraba, we are pleased to present the Directors' Report together with unaudited financial results of First Prudential Modaraba, for the half year ended December 31, 2021.

Economy

Economic activity rebounded strongly in first half of fiscal year 2021 as policy makers pursued expansionary fiscal and monetary policies to mitigate the impact of Covid-19. However, strong import growth fuelled by higher international commodity prices led to a marked deterioration of the external position in the second half, giving pause in the policy being pursued. The current account deficit has widened, the rupee has depreciated markedly, and inflation remains persistently high. As a result, State Bank of Pakistan (SBP) started tightening of monetary policy with a hike in the policy rate from June 2020 level of 7% to 9.75% by December 2021.

In FY 2021, real GDP growth registered at 3.9 percent and is projected at 4 percent for FY 2022 given the weakening of the pandemic and government support packages. Inflation remains a source of concern.

A positive development in January 2022 is conclusion by IMF of the sixth review of the extended arrangement under the Extended Fund Facility (EFF) for Pakistan for release of about US\$1 billion, bringing total purchases for budget support under the program to about US\$3 billion. SBP's concerns on inflation are also contained as reflected in the recent Monetary Policy Statement. However, continued rise in global oil prices remains a risk.

The withdrawal of tax exemption on income of Modaraba sector on declaration of 90% and above dividend is effective from this fiscal year and is expected to create a significant dent on profitability of the Modaraba sector.

Financial Performance

The financing portfolio of the Modaraba is performing satisfactorily with sound recovery performance. The outstanding portfolio size more than doubled to PKR 210.55 million at December 31, 2021 (June 30, 2021: PKR 84.55 million). As mentioned earlier, the management is now focused to deploy the excess liquidity in high earning avenues which has resulted in decrease in liquid assets to PKR 243 million as on December 31, 2021 compared to PKR 367 million at end of FY2021. During the first half under review, overall revenues have been recorded at PKR 27.69 million compared to PKR 21.93 million in corresponding period last year. Total expenses for the period were contained at PKR 14.82 million. The Modaraba posted profit before tax for the period at PKR 7.77 million compared to Rs.5.39 million in the corresponding period.

Management is following cautious approach in underwriting new business to preserve the asset quality. The impact of portfolio build up on profitability is expected in second half of the year. Further, the management is also considering avenues to raise borrowing to finance the transaction pipeline.

Future Plans

The Board of Directors has decided to merge First Pak Modaraba, First Prudential Modaraba and KASB Modaraba. The intention is to cut costs and achieve an economic size to make the merged Modaraba more competitive in the current business environment. Since takeover of management rights in February 2020, the Modaraba sector underwent significant upheaval in terms of deterioration in business environment and adverse change in regulatory framework. The management focused on recoveries and streamlining of operations in line with the overall group policies during this time. Profitability has been consequently subdued with liquidity buildup deployed in low risk, low return avenues. Business revival is now being aggressively pursued with funds deployment while maintaining asset quality. The merger is also part of this strategy to improve profitability and strengthen the financial position of the Modarabas. The management is in the process of carrying out the regulatory formalities in this regard and expect the merger to conclude during this financial year.

Governance

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

Acknowledgement

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

On behalf of the Board



Karim Hatim
Chief Executive



Abdul Jaleel Shaikh
Director

Date: February 22, 2022

ڈائریکٹرز کی رپورٹ:

فرسٹ پروڈینشل مضاربہ کی انتظامی کمپنی اول مضاربہ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز (بورڈ) کی جانب سے، ہم 31 دسمبر 2021 کو ختم ہونے والی چھ ماہ کی مدت کے لیے فرسٹ پروڈینشل مضاربہ کے غیر آڈٹ شدہ مالیاتی نتائج کے ساتھ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

معیشت:

مالی سال 2021 کی پہلی ششماہی میں معاشی سرگرمیوں میں تیزی سے بہتری آئی کیونکہ پالیسی سازوں نے کووڈ-19 کے اثرات کو کم کرنے کے لیے توسیعی مالیاتی پالیسیوں پر عمل کیا۔ تاہم، بین الاقوامی سطح پر اجناس کی قیمتوں میں اضافہ اور نتیجتاً بڑھتی درآمدات نے دوسری ششماہی میں صورتحال کو واضح طور پر دھچکا دیا۔ کرنٹ اکاؤنٹ خسارہ بڑھ گیا ہے، روپے کی قدر میں نمایاں کمی ہوئی ہے، اور افراط زر مسلسل بلند ہے۔ اس کے نتیجے میں، اسٹیٹ بینک آف پاکستان (SBP) نے جون 2020 سے پالیسی ریٹ میں دسمبر 2021 تک 7% کی سطح سے 9.75% تک اضافے کے ساتھ مانیٹری پالیسی کو سخت کرنا شروع کیا۔

مالی سال 2021 میں، حقیقی جی ڈی پی کی شرح نمو 3.9 فیصد پر درج کی گئی اور وبائی امراض اور حکومتی امدادی پیکجوں کے کمزور ہونے کی وجہ سے مالی سال 2022 کے لیے اس کی شرح 4 فیصد رہنے کا امکان ہے۔ مہنگائی تشویش کا باعث بنی ہوئی ہے۔

جنوری 2022 میں ایک مثبت پیش رفت آئی ایم ایف کی طرف سے پاکستان کے لیے توسیعی فنڈ سہولت (ای ایف ایف) کے تحت توسیعی انتظامات کے چھٹے جائزے کا نتیجہ ہے جس سے تقریباً 1 بلین امریکی ڈالر جاری کیے گئے ہیں، جس سے پروگرام کے تحت بجٹ سپورٹ کے لیے کل خریداری تقریباً 3 بلین امریکی ڈالر تک پہنچ گئی ہے۔ مہنگائی پر اسٹیٹ بینک کے خدشات بھی موجود ہیں جیسا کہ حالیہ مانیٹری پالیسی سٹیٹمنٹ میں ظاہر کیا گیا ہے۔ تاہم، عالمی سطح پر تیل کی قیمتوں میں مسلسل اضافہ ایک خطرہ ہے۔

مضاربہ سیکٹر کی آمدنی پر 90% اور اس سے زیادہ ڈیویڈنڈ کے اعلان پر ٹیکس استثنیٰ کی واپسی اس مالی سال سے موثر ہے اور اس سے مضاربہ سیکٹر کے منافع میں نمایاں کمی آنے کی توقع ہے۔

مالیاتی کارکردگی:

مضاربہ کا فنڈنگ پورٹ فولیو بروقت وصولیاتی کی کارکردگی کے ساتھ تسلی بخش کارکردگی کا مظاہرہ کر رہا ہے۔ 31 دسمبر 2021 (30 جون 2021: 84.55 PKR ملین) کو بقایا پورٹ فولیو کا سائز دگنا ہو کر 210.55 PKR ملین ہو گیا۔ جیسا کہ پہلے ذکر کیا گیا ہے، انتظامیہ کی توجہ اضافی لیکویڈٹی کو زیادہ آمدنی والے ذرائع پر تعینات کرنے پر مرکوز ہے جس کے نتیجے میں مالی سال 2021 کے آخر میں 367 PKR ملین کے مقابلے میں 31 دسمبر 2021 تک مائع اثاثوں میں 243 ملین PKR کی کمی واقع ہوئی ہے۔ زیر جائزہ پہلی ششماہی کے دوران، مجموعی آمدنی 27.69 PKR ملین ریکارڈ کی گئی ہے جو گزشتہ سال کی اسی مدت میں 21.93 PKR ملین تھی۔ اس مدت کے کل اخراجات 14.82 PKR ملین تھے۔ مضاربہ نے اس مدت کے لیے 7.77 ملین روپے ٹیکس سے پہلے کا منافع حاصل کیا جو کہ پچھلے سال اسی مدت میں 5.39 ملین روپے تھا۔

انتظامیہ اثاثوں کے معیار کو برقرار رکھنے کے لیے نئے قرضہ جات کی فراہمی میں محتاط انداز اپنا رہی ہے۔ سال کے دوسرے نصف

میں منافع پر پورٹ فولیو کا مثبت اثر متوقع ہے۔ مزید برآں، انتظامیہ نئے قرضہ جات کی فراہمی کے لئے قرض لینے کے طریقوں پر بھی غور کر رہی ہے۔

مستقبل کے منصوبے:

بورڈ آف ڈائریکٹرز نے فرسٹ پاک مضاربہ، فرسٹ پرنٹشل مضاربہ اور KASB مضاربہ کو ضم کرنے کا فیصلہ کیا ہے۔ موجودہ کاروباری ماحول میں ضم شدہ مضاربہ کو مزید مسابقتی بنانے کے لیے اخراجات کو کم کرنا اور معاشی سائز حاصل کرنا مقصود ہے۔ فروری 2020 میں انتظامی حقوق کے حصول کے بعد سے، مضاربہ کے شعبے نے کاروباری ماحول میں بگاڑ اور ریگولیٹری فریم ورک میں منفی تبدیلی کے حوالے سے نمایاں ہلچل کا سامنا کیا۔ انتظامیہ نے اس دوران مجموعی گروپ پالیسیوں کے مطابق ریگوری اور آپریشنز کو ہموار کرنے پر توجہ مرکوز کی۔ کم رسک، کم منافع کا اصول منافع پر اثر انداز ہے۔ اثاثوں کے معیار کو برقرار رکھتے ہوئے اب فنڈز کی تعیناتی کے ساتھ کاروباری بحالی کو جارحانہ انداز میں آگے بڑھایا جا رہا ہے۔ انضمام بھی اس حکمت عملی کا حصہ ہے تاکہ منافع کو بہتر بنایا جاسکے اور مضاربہ کی مالی پوزیشن کو مضبوط کیا جاسکے۔ انتظامیہ اس سلسلے میں ریگولیٹری فارمیٹیز کو انجام دینے کے عمل میں ہے اور امید کرتی ہے کہ انضمام اس مالی سال کے دوران مکمل ہو جائے گا۔

گورننس

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

تسلیمات:

بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور رجسٹرڈ مضاربہ کی مسلسل رہنمائی اور تعاون کی تسلیمات اور تعریف کرنا چاہتا ہے۔ نیز، مضاربہ پر اعتماد کرنے کے لیے اپنے صارفین اور سرمایہ کاروں کا شکریہ ادا کرنے کے لیے اس موقع سے فائدہ اٹھانا چاہوں گا۔

بورڈ کی جانب سے

عبدالجلیل شیخ

ڈائریکٹر

کریم حاتم

چیف ایگزیکٹو

تاریخ: 22 فروری 2022

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE CERTIFICATE HOLDERS OF FIRST PRUDENTIAL MODARABA

Introduction

We have reviewed the accompanying condensed interim balance sheet of **FIRST PRUDENTIAL MODARABA** ("the Modaraba") as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year then ended (here-in-after referred as the "condensed interim financial statements"). The Modaraba Management Company (Awwal Modaraba Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at and for the half year ended December 31, 2021 are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to note 1.2 of notes to the condensed interim financial statements, whereby it has been disclosed that the management has decided to merge the three modarabas into one modaraba to operate as a single unit. We did not modify our conclusion regarding this matter.

Other matter

The figures for the quarter ended December 31, 2021 and December 31, 2020 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 22 FEB 2022

UDIN # RR2021100673o5JVIQa0



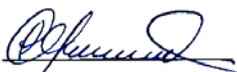
CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment - own use	4	2,381,187	2,723,644
Property, plant and equipment - Ijarah	5	18,762,932	10,350,262
Intangible assets	6	133,612	164,445
Investment properties	7	46,200,000	46,200,000
Diminishing Musharika Finance	8	107,589,489	39,893,900
Long term investments	9	20,533,912	19,608,230
Long term advances and deposits	10	330,142	227,500
		195,931,274	119,167,981
CURRENT ASSETS			
Musharika, Murabaha and other finance - net	11	-	-
Investment against repurchase agreement	12	22,210,500	-
Current portion of Diminishing Musharika Finance	8	61,982,093	34,304,232
Investments	13	121,165,329	121,095,565
Modaraba term deposit	14	84,000,000	84,000,000
Ijarah rentals receivable	15	156,455	156,923
Receivable against sale of agriculture produce - net	16	-	-
Advances, prepayments and other receivables	17	15,969,157	15,852,927
Taxation recoverable		12,039,284	12,039,284
Cash and bank balances	18	37,959,087	162,187,832
		355,481,905	429,636,763
		551,413,179	548,804,744
TOTAL ASSETS			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized certificate capital			
87,217,660 modaraba certificates of rupees 10/- each		872,176,600	872,176,600
Issued, subscribed and paid-up certificate capital			
87,217,660 modaraba certificates of rupees 10/- each	19	872,176,600	872,176,600
Statutory reserve		155,027,568	153,622,591
Accumulated loss		(597,209,224)	(595,851,717)
		429,994,944	429,947,474
Unrealised gain on remeasurement of investment classified as fair value through other comprehensive income	20	11,964,197	10,486,051
		441,959,141	440,433,525
NON CURRENT LIABILITIES			
Ijarah deposits	21	182,500	320,000
CURRENT LIABILITIES			
Musharaka finance	22	-	50,000,000
Short term finance	23	50,000,000	-
Current portion of Ijarah deposits	21	7,528,781	8,542,081
Accrued and other liabilities	24	15,861,145	16,807,929
Provision for taxation		2,603,882	1,858,981
Unclaimed profit distribution		33,277,730	30,842,228
		109,271,538	108,051,219
		551,413,179	548,804,744
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	25		

The annexed notes from 1 to 41 form an integral part of these financial statements.

For Awwal Modaraba Management Limited
(Management Company)


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR

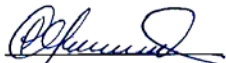

DIRECTOR

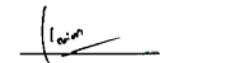
**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

		Half year ended December 31, 2021 (Un-audited) Rupees	Half year ended December 31, 2020 (Un-audited) Rupees	Quarter ended December 31, 2021 (Un-audited) Rupees	Quarter ended December 31, 2020 (Un-audited) Rupees
Income					
Ijarah rentals earned	26	919,071	3,369,487	342,928	1,635,615
Income from deposits with banks		3,217,929	6,833,961	1,167,934	3,578,637
Income from investment in sukuk		5,414,301	-	2,767,392	-
Income from Modaraba term deposit		3,006,510	-	1,486,914	-
Income from Diminishing Musharika Finance		6,778,396	9,125,721	4,245,577	4,497,517
Income from investment against repurchase agreement		697,963	-	697,963	-
Dividend income		726,991	217,468	726,991	217,468
Rental income from investment properties		1,691,916	1,640,646	845,958	871,593
Other income	27	234,991	742,402	190,255	181,400
		<u>22,688,068</u>	<u>21,929,685</u>	<u>12,471,912</u>	<u>10,982,230</u>
Unrealized (loss) / gain on investments classified as 'fair value through profit or loss	13.3.2	(482,699)	680,432	(142,970)	143,094
Reversal of provision against doubtful receivables - net	28	2,103,804	-	-	-
		<u>24,309,173</u>	<u>22,610,117</u>	<u>12,328,942</u>	<u>11,125,324</u>
Expenses					
Depreciation on Ijarah assets	5	(687,530)	(2,905,583)	(486,140)	(1,300,679)
Administrative expenses	29	(14,819,965)	(14,134,160)	(7,372,706)	(7,727,734)
Finance charges	30	(876,499)	(69,005)	(428,199)	(21,942)
		<u>(16,383,994)</u>	<u>(17,108,748)</u>	<u>(8,287,045)</u>	<u>(9,050,355)</u>
		<u>7,925,179</u>	<u>5,501,369</u>	<u>4,041,897</u>	<u>2,074,969</u>
Management Company's remuneration	31	-	-	-	-
Provision for service sales tax on Management Company's remuneration		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Provision for Workers' Welfare Fund	24.1	(155,395)	(107,870)	(79,252)	(40,686)
Profit before taxation		<u>7,769,784</u>	<u>5,393,499</u>	<u>3,962,645</u>	<u>2,034,283</u>
Provision for taxation	33	(744,901)	-	(250,934)	-
Profit after taxation		<u>7,024,883</u>	<u>5,393,499</u>	<u>3,711,711</u>	<u>2,034,283</u>
Earnings per certificate - basic and diluted	34	<u>0.08</u>	<u>0.06</u>	<u>0.04</u>	<u>0.02</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.

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


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR

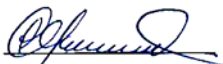

DIRECTOR

**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

		Half year ended December 31, 2021 (Un-audited) Rupees	Half year ended December 31, 2020 (Un-audited) Rupees	Quarter ended December 31, 2021 (Un-audited) Rupees	Quarter ended December 31, 2020 (Un-audited) Rupees
Profit for the period		7,024,883	5,393,499	3,711,711	2,034,283
Other comprehensive income for the period:					
Items that will be reclassified subsequently to profit and loss					
Unrealised gain on remeasurement of investment classified as fair value through other comprehensive income	20	1,478,146	9,261,097	1,518,076	-
Total comprehensive income for the period		<u>8,503,029</u>	<u>14,654,596</u>	<u>5,229,787</u>	<u>2,034,283</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.

For Awwal Modaraba Management Limited
(Management Company)


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR

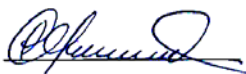

DIRECTOR

**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Half year ended December 31, 2021 (Un-audited) Rupees	Half year ended December 31, 2020 (Un-audited) Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,769,784	5,393,499
Adjustments for:		
Dividend income	(726,991)	(217,468)
Capital gain on sale of investments	-	-
Unrealised (gain) / loss on investments	482,699	(680,433)
Gain on disposal - own assets	(50,000)	-
Depreciation - own use assets	342,457	349,849
Depreciation - Ijarah assets	687,530	2,905,583
Amortization on intangible assets	30,833	-
	<u>766,528</u>	<u>2,357,531</u>
Cash flows before movements in working capital	8,536,312	7,751,030
(Increase) / decrease in current assets		
Diminishing Musharika Finance	(95,373,450)	(1,534,721)
Investment against repurchase agreement	(22,210,500)	-
Ijarah rentals receivable	468	(58,265)
Asset acquired in satisfaction of financing facility	-	2,375,000
Advances, prepayments and other receivables	1,777,959	10,762,845
	<u>(115,805,523)</u>	<u>11,544,859</u>
Increase / (decrease) in current liabilities		
Ijarah deposits	(1,150,800)	(4,994,903)
Musharaka finance	(50,000,000)	-
Short term finance	50,000,000	-
Accrued and other liabilities	1,488,718	(1,156,627)
	<u>337,918</u>	<u>(6,151,530)</u>
Cash (used in) / generated from operations	(106,931,292)	13,144,359
Taxes paid	(1,996,831)	(1,366,585)
Net cash (used in) / generated from operating activities	<u>(108,928,123)</u>	<u>11,777,774</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	726,991	217,468
Proceeds from disposal - ijarah assets	1,150,800	5,177,403
Proceeds from disposal - own assets	50,000	-
Purchase of ijarah assets	(10,251,000)	(1,825,000)
Net cash (used in) / generated from investing activities	<u>(8,323,209)</u>	<u>3,569,871</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit paid to certificate holders	(6,977,413)	-
Net cash used in financing activities	<u>(6,977,413)</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents	(124,228,745)	15,347,645
Cash and cash equivalents at beginning of the period	162,187,832	248,179,611
Cash and cash equivalents at end of the period	<u><u>37,959,087</u></u>	<u><u>263,527,256</u></u>

The annexed notes from 1 to 41 form an integral part of these financial statements.

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


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR

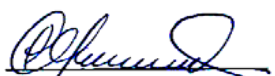
**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Issued, subscribed, and paid up certificate capital	*Statutory reserve	Accumulated loss	Total
	----- (Rupees) -----			
Balance at July 1, 2020 (Audited)	872,176,600	151,747,338	(603,352,728)	420,571,210
Total comprehensive income for the period				
Profit for the period	-	-	5,393,499	5,393,499
Transfer to statutory reserve	-	1,078,700	(1,078,700)	-
Balance at December 31, 2020 (Un-audited)	<u>872,176,600</u>	<u>152,826,038</u>	<u>(599,037,929)</u>	<u>425,964,709</u>
Balance at July 1, 2021 (Audited)	872,176,600	153,622,591	(595,851,717)	429,947,474
Total comprehensive income for the period				
Profit for the period	-	-	7,024,883	7,024,883
Final dividend @ Re.0.08 per certificate for the year ended June 30, 2021	-	-	(6,977,413)	(6,977,413)
Transfer to statutory reserve	-	1,404,977	(1,404,977)	-
Balance at December 31, 2021 (Un-audited)	<u>872,176,600</u>	<u>155,027,568</u>	<u>(597,209,224)</u>	<u>429,994,944</u>

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

The annexed notes from 1 to 41 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 CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR DECEMBER 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 First Prudential Modaraba (the Modaraba) is currently engaged in various modes of Islamic fundings and businesses which include Ijarah financing, deployment of fund in Musharika, Murabaha and investment in securities. 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 Prudential Capital Management Limited (PCML). 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 to take over and manage the affair of the Modaraba in place of KIPL. As per terms of the order, all the powers and duties of the Modaraba Management Company as well as those of its Board of Directors assumed by the Administrator. The term of the Administrator, for holding the Modaraba office, was initially for the period of six months which was gradually enhanced till February 03, 2020 as directed by the SECP.

The Registrar (Modarabas), with the approval of the SECP, vide order dated January 31, 2020 appointed Awwal Modaraba Management Limited (AMML) to take over and manage the affairs of the Modaraba. AMML has taken over the management and administrative control of the Modaraba effective from February 03, 2020.

The registered office of the Modaraba is situated at 3rd floor, Horizon Vista, Plot No. Commercial 10, Block No. 4, Scheme No.5, Clifton, Karachi. The Modaraba is listed on Pakistan Stock Exchange (PSX).

- 1.2 The management has principally decided to merge the three modarabas i.e. First Pak Modaraba, First Prudential Modaraba and KASB Modaraba into one modaraba to operate as single unit. Legal and other formalities to effect the proposed merger are in process of completion. Since there will be no change in operational activities of First Pak Modaraba, First Prudential Modaraba and KASB Modaraba pursuant to scheme of amalgamation, no adjustments are expected to the carrying amount of the assets and liabilities.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

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

- 2.1.2 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. These condensed interim financial statements does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Modaraba for the year ended June 30, 2021.
- 2.1.3 The comparative year presented in these condensed interim statement of financial position have been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2021, whereas the comparative condensed statement of profit or loss and other comprehensive income, condensed interim cash flows statement, condensed interim statement of changes in equity of the Modaraba are extracted from the unaudited condensed interim financial statements for the period ended December 31, 2020.
- 2.1.4 The SECP has issued directive (vide SRO 431 (I) / 2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS-2) shall be followed in preparation of these condensed interim financial statements by Companies and Modarabas while accounting for Lease Financing transactions as defined by the said standard. The Modaraba has adopted the said standard.
- 2.1.5 These condensed interim financial statements are being submitted to the certificate holders if requested as required by listing 'Regulations of PSX' vide section 237 of the Companies Act, 2017.

2.2 Basis of measurement

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

These condensed interim financial statements has been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees ('Rupees' or 'Rs.') which is the Modaraba's functional and presentation currency. All amounts have been rounded to the nearest rupee, unless otherwise stated.

2.4 Critical accounting estimates and judgements

In preparing these condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of the Modaraba's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Modaraba's accounting policies and the key sources of estimating the uncertainty were the same as those that apply to the audited financial statements as at and for the year ended June 30, 2021.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Modaraba as at and for the year ended June 30, 2021.

3.2 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Modaraba's accounting period beginning on or after July 01, 2021. These standards, interpretations and amendments are either not relevant to the Modaraba's operations or are not expected to have a significant effect on these condensed interim financial statements.

4 **PROPERTY AND EQUIPMENT - OWN USE**

The following are the details of operating fixed assets - own use at the reporting date:

Description	December 31, 2021 (Un-audited)					
	Office premises	Office equipment	Furniture and fixtures	Computer equipments	Vehicles	Total
	Rupees					
At July 01, 2021 (Audited)						
Cost	3,100,000	870,071	4,258,636	865,588	3,784,654	12,878,949
Cost / revalued amount	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(503,750)	(870,071)	(2,155,920)	(865,588)	(3,061,310)	(7,456,639)
Carrying amount	2,000,300	-	-	-	723,344	2,723,644
Period ended December 31, 2021						
Opening carrying amount	2,000,300	-	-	-	723,344	2,723,644
Depreciation charge for the period	(71,490)	-	-	-	(270,966)	(342,457)
Closing carrying amount	1,928,810	-	-	-	452,378	2,381,187
At December 31, 2021						
Cost / revalued amount	3,100,000	870,071	4,258,636	865,588	3,784,654	12,878,949
Accumulated impairment / unrealized loss	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(575,240)	(870,071)	(2,155,920)	(865,588)	(3,332,276)	(7,799,096)
Carrying amount	1,928,810	-	-	-	452,378	2,381,187
Depreciation rate (% per annum)	5	33	20	33	20	

Description	June 30, 2021 (Audited)					
	Office premises	Office equipment	Furniture and fixtures	Computer equipments	Vehicles	Total
	Rupees					
At July 01, 2020						
Cost / revalued amount	3,100,000	870,071	4,258,636	865,588	3,784,654	12,878,949
Accumulated impairment	-	-	(2,102,716)	-	-	(2,102,716)
Accumulated depreciation	(348,750)	(870,071)	(2,155,920)	(865,588)	(2,517,996)	(6,758,325)
Carrying amount	2,751,250	-	-	-	1,266,658	4,017,908
Year ended June 30, 2021						
Opening carrying amount	2,751,250	-	-	-	1,266,658	4,017,908
Unrealized loss for the year	(595,950)	-	-	-	-	(595,950)
Depreciation charge for the year	(155,000)	-	-	-	(543,314)	(698,314)
Closing carrying amount	2,000,300	-	-	-	723,344	2,723,644
At June 30, 2021						
Cost / revalued amount	3,100,000	870,071	4,258,636	865,588	3,784,654	12,878,949
Accumulated impairment / unrealized loss	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(503,750)	(870,071)	(2,155,920)	(865,588)	(3,061,310)	(7,456,639)
Carrying amount	2,000,300	-	-	-	723,344	2,723,644
Depreciation rate (% per annum)	5	33	20	33	20	

5 PROPERTY, PLANT & EQUIPMENT - IJARAH

Description	December 31, 2021 (Un-audited)			
	Plant and machinery	Office equipment	Vehicles	Total
	Rupees			

As at July 01, 2021

Cost	47,978,781	801,000	71,260,000	120,039,781
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(32,001,988)	(512,150)	(50,976,042)	(83,490,180)
Carrying amount	<u>7,208,781</u>	<u>-</u>	<u>3,141,481</u>	<u>10,350,262</u>

Period ended December 31, 2021

Opening carrying amount	7,208,781	-	3,141,481	10,350,262
Additions - at cost	-	-	10,251,000	10,251,000
Disposal - carrying amount	-	-	(1,150,800)	(1,150,800)
Depreciation charge for the period	-	-	(687,530)	(687,530)
Closing carrying amount	<u>7,208,781</u>	<u>-</u>	<u>11,554,151</u>	<u>18,762,932</u>

As at December 31, 2021

Cost	47,978,781	801,000	81,511,000	130,290,781
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(32,001,988)	(512,150)	(52,814,372)	(85,328,510)
Carrying amount	<u>7,208,781</u>	<u>-</u>	<u>11,554,151</u>	<u>18,762,932</u>
Useful life (months)	<u>36 to 60</u>	<u>24 to 60</u>	<u>24 to 60</u>	

Description	June 30, 2021 (Audited)			
	Plant and machinery	Office equipment	Vehicles	Total
	Rupees			

As at July 01, 2020

Cost	75,679,295	801,000	69,435,000	145,915,295
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(53,129,624)	(512,150)	(48,580,271)	(102,222,045)
Carrying amount	<u>13,781,659</u>	<u>-</u>	<u>3,712,252</u>	<u>17,493,911</u>

Year ended June 30, 2021

Opening carrying amount	13,781,659	-	3,712,252	17,493,911
Additions - at cost	-	-	1,825,000	1,825,000
Disposal - carrying amount	(5,177,403)	-	-	(5,177,403)
Depreciation charge for the year	(1,395,475)	-	(2,395,771)	(3,791,246)
Closing carrying amount	<u>7,208,781</u>	<u>-</u>	<u>3,141,481</u>	<u>10,350,262</u>

As at June 30, 2021

Cost	47,978,781	801,000	71,260,000	120,039,781
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(32,001,988)	(512,150)	(50,976,042)	(83,490,180)
Carrying amount	<u>7,208,781</u>	<u>-</u>	<u>3,141,481</u>	<u>10,350,262</u>
Useful life (months)	<u>36 to 60</u>	<u>24 to 60</u>	<u>24 to 60</u>	

	Note	December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
6 INTANGIBLE ASSETS			
Computer Software	6.1	133,612	164,445
PSX - Trading rights entitlement certificates (TREC)	6.2	-	-
		<u>133,612</u>	<u>164,445</u>
6.1 Computer software			
Opening balance		2,012,847	1,827,847
Addition / (disposal)		-	185,000
		<u>2,012,847</u>	<u>2,012,847</u>
Amortization			
Opening balance		(1,848,402)	(1,827,847)
Charge for the year (rate 33.33%)		(30,833)	(20,555)
		<u>(1,879,235)</u>	<u>(1,848,402)</u>
Closing balance		<u>133,612</u>	<u>164,445</u>
6.2 PSX - Trading rights entitlement certificates (TREC)		5,344,352	5,344,352
Impairment of TREC	6.2.1	(5,344,352)	(5,344,352)
		<u>-</u>	<u>-</u>

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 Right Entitlement Certificate (TREC).

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

		December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
Trading Right Entitlement Certificate (TREC).	6.2.1	5,344,352	5,344,352
Broker's room	6.2.2	4,217,500	4,217,500
Ordinary shares of face value of Rs. 10/- each of LSE	6.2.3	12,764,715	12,764,715
		<u>22,326,567</u>	<u>22,326,567</u>

- 6.2.1 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.
- 6.2.2 The carrying amount of the Broker's room is included in "property and equipment - own use" under office premises (refer note 4).
- 6.2.3 The carrying amount of ordinary shares is included in "long term investment" (refer note 9).

7 INVESTMENT PROPERTIES - CARRIED AT FAIR VALUE

The following are the details of investment properties at the reporting date:

Description	Office suite	Four shops	Total
	Rupees		
Net carrying value basis			
period ended December 31, 2021 (Un-audited)			
Opening net book value	29,800,000	16,400,000	46,200,000
Closing net book value	29,800,000	16,400,000	46,200,000
Gross carrying value basis			
period ended December 31, 2021 (Un-audited)			
Cost / revalued amount	29,800,000	16,400,000	46,200,000
Closing net book value	29,800,000	16,400,000	46,200,000
Net carrying value basis			
year ended June 30, 2021 (Audited)			
Opening net book value	29,800,000	16,400,000	46,200,000
Closing net book value	29,800,000	16,400,000	46,200,000
Gross carrying value basis			
year ended June 30, 2021 (Audited)			
Cost / revalued amount	29,800,000	16,400,000	46,200,000
Closing net book value	29,800,000	16,400,000	46,200,000

- 7.1 Office suite represents two offices in Lakson Square, Karachi, acquired through a settlement agreement. The property is let on rent and therefore, disclosed as an investment property.
- 7.2 Represents shops in Zarkoon Plaza, Sadar, Rawalpindi acquired through a settlement agreement.
- 7.3 Investment property is revalued by an independent valuer named Ocean Surveyors (Private) Limited as at June 30, 2021.

		December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
8	DIMINISHING MUSHARIKA		
	Diminishing Musharika		
	Principal	169,174,589	74,017,203
	Profit	396,993	180,929
		169,571,582	74,198,132
	Less: Current portion of diminishing musharika	(61,982,093)	(34,304,232)
		107,589,489	39,893,900

8.1 This represent diminishing musharaka financing for a term of 3 to 5 years. These carry profit rate ranging from 10.16% and 19.00% (June 30, 2021: 11.85% and 19.00%). All diminishing musharaka arrangements are secured against hypothecation of assets, personal guarantees and promissory notes.

		December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
9	LONG TERM INVESTMENTS		
	Investment classified as 'fair value through other comprehensive income		
	Unlisted Companies	20,533,912	19,608,230

9.1 Unlisted companies

December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)	
		Number of shares

1,107,244	1,107,244	Prudential Securities Ltd. (refer note 9.1.1)
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Cost	4,173,703	4,173,703
Less: Impairment	(4,173,703)	(4,173,703)

191,700	191,700	Prudential Discount & Guarantee House Ltd. (refer note 9.1.1)
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Cost	1,041,815	1,041,815
Less: Impairment	(1,041,815)	(1,041,815)

December 31, 2021 (Un-Audited)	June 30, 2021 (Audited)		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
Number of shares	Number of shares	Note	Rupees	Rupees
843,975	843,975	LSE Financial Services Ltd. (refer note 9.1.2)		
		Cost	12,764,715	12,764,715
		Fair value adjustment	7,769,197	6,843,515
			<u>20,533,912</u>	<u>19,608,230</u>

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

9.1.2 This represent shares acquired against the surrender of Pakistan Stock Exchange (PSX) formerly Lahore Stock Exchange Limited (LSE) membership card. The Modaraba has recognized a fair value adjustment based on audited financial statements of the Investee Company for the year ended June 30, 2021, the break up value of which is Rs. 24.33 per share. Under the current circumstances, the active market is not available for such shares, therefore the net asset value based valuation has been considered as the closest estimate of the fair value of the shares.

10	LONG TERM ADVANCES AND DEPOSITS		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		Note	Rupees	Rupees
10.1	Long term advances			
	Secured and interest free			
	To employees - considered good		211,666	58,625
	Less: Due within one year shown under current assets		<u>(109,024)</u>	<u>(58,625)</u>
			<u>102,642</u>	<u>-</u>
10.2	Long term deposits			
	Margin deposit	10.2.1	3,000,000	3,000,000
	Other deposits		227,500	227,500
			3,227,500	3,227,500
	Less: Provision against doubtful amounts	10.2.2	<u>(3,000,000)</u>	<u>(3,000,000)</u>
			<u>227,500</u>	<u>227,500</u>
			<u>330,142</u>	<u>227,500</u>

10.2.1 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.

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

		December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
11	MUSHARIKA, MURABAHA AND OTHER FINANCE	Note	
	Musharaka and morabaha finance		
	Considered doubtful	11.1	352,230,694
	Less: Provision against doubtful debts		(352,230,694)
			-
	Other finance - unsecured		
	Considered doubtful	11.2	7,363,313
	Less: Provision against doubtful debts	28	(7,363,313)
			-
			-

11.1 This include amount of 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.

		December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
11.2	Movement of provision for other finance	Note	
	Opening balance		11,002,281
	(Reversal) of provision during the	11.2.1	(3,638,968)
	Closing balance		7,363,313

11.2.1 During year 2020, the Modaraba concluded settlement agreement with a defaulted customer. The case was under litigation, therefore, compromise application has been submitted with the Court, which was duly allowed to effect the amicable settlement.

Provision against the receivable is reversed to the extent of actual recovery up to December 31, 2021.

		December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
12	INVESTMENT AGAINST REPURCHASE	Note	
	Investment against repurchase agreement - secured	12.1	-
			22,210,500

- 12.1 On October 18, 2021, the Modaraba has entered into an agreement with the shareholder of a Company (Investee Company) for the purchase of 690,108 shares of the Investee Company. Concurrently, the Modaraba entered into a separate agreement with another shareholder of the Investee Company for the sale of underlying shares after a period of eight months from the date of purchase at an agreed price. The underlying shares have been transferred in the name of the Modaraba.

13	INVESTMENTS	Note	December 31,	June 30, 2021
			2021 (Un-audited) Rupees	(Audited) Rupees
	Amortised cost			
	Term Deposits Receipts - considered doubtful	13.1	-	-
	Fair value through other comprehensive income			
	Investment in Sukuk certificates	13.2	117,195,000	116,642,536
	Fair value through profit or loss			
	Quoted securities	13.3	3,970,329	4,453,029
			<u>121,165,329</u>	<u>121,095,565</u>

- 13.1 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:

	Note	December 31,	June 30, 2021
		2021 (Un-audited) Rupees	(Audited) Rupees
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 / year		<u>(3,219,433)</u>	<u>(3,219,433)</u>
Net receivable		4,780,567	4,780,567
Less: provision against doubtful recoveries	13.1.1	<u>(4,780,567)</u>	<u>(4,780,567)</u>
		<u>-</u>	<u>-</u>

- 13.1.1 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.

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

					December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees	
				Note			
	Meezan Bank Ltd-Additional Tier I						
	Mudaraba Sukuk Certificate			13.2.1	65,520,000	65,244,186	
	Dubai Islamic Bank Pakistan Ltd -						
	Additional Tier 1 Capital Sukuk			13.2.2	51,675,000	51,398,350	
					<u>117,195,000</u>	<u>116,642,536</u>	
Description	Investment Date	Number of Units	Amount in Rupees	Monthly Profit	Investment Agent	Maturity Date	Fair Value in Rupees
13.2.1	Meezan Bank Limited - Additional Tier 1 Capital						
	19-May-21	63	63,000,000	3 months KIBOR + 1.75% per annum	Al Baraka Bank Limited	1-Aug-28	65,520,000
13.2.2	Dubai Islamic Bank Limited - Additional Tier 1 Capital						
	19-May-21	10000	50,000,000	3 months KIBOR + 1.75% per annum	Central Depository Company Limited	4-Jan-29	51,675,000
			<u>113,000,000</u>				<u>117,195,000</u>

The fair value of the investment has been determined using rate notified by the Mutual Funds Association of Pakistan. Management is not intended to hold the investments till their respective maturities. The surplus funds were deployed to earn better return on short term investment, which shall be liquidated as per the financial need of the Modaraba.

13.3 Quoted securities

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

December 31, 2021 (Un-audited)		June 30, 2021 (Audited)		Name of Investee Company / Fund	Note	December 31, 2021 (Un-audited)		June 30, 2021 (Audited)	
Number of Shares / Units		Number of Shares / Units				Rupees		Rupees	
525		525		Nishat Mills Limited*		41,780		48,983	
54,367		54,367		The Hub Power Company Limited		3,878,542		4,331,419	
1,495		1,495		Sui Northern Gas Pipeline Limited*		50,008		72,627	
348		348		Hussain Industries Limited*	13.3.1	-		-	
1,670,720		1,670,720		Prudential Stock Fund	13.3.1	-		-	
360,000		360,000		Zeal-Pak Cement Factory Limited	13.3.1	-		-	
<u>2,087,455</u>		<u>2,087,455</u>				<u>3,970,329</u>		<u>4,453,029</u>	

13.3.1 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, 2021: 25) shares (Second Prudential Modaraba), Sui Northern Gas Pipeline Limited 254 (June 30, 2021: 254) shares and Hussain Industries Limited 348 (2021: 348) shares (Third Prudential Modaraba).

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

	December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
Weighted average cost of investments	4,453,028	4,064,190
Unrealized gain / (loss) on changes in fair value	<u>(482,699)</u>	<u>388,839</u>
Market value of investments	<u><u>3,970,329</u></u>	<u><u>4,453,029</u></u>

		December 31, 2021	June 30, 2021
	Note	(Un-audited) Rupees	(Audited) Rupees
14 MODARABA TERM DEPOSIT	14.1	<u>84,000,000</u>	<u>84,000,000</u>

- 14.1 First Prudential Modaraba (Rabb-ul-Maal) invested in the General Pool created by the Pak Brunei Investment Company Limited, a Related Party, (Mudarib or Investment Manager) in accordance with the principles of Shariah. As per terms of the agreement, the term deposit shall be rolled over on monthly basis and the Related Party shall pay profit to the Modaraba on each maturity as per profit sharing ratio between Modaraba and the Related Party. The details of investments are as under:

Date	Investment		Profit Sharing Ratio		Profit Rate (per anum)	
	Amount in Rs.	Maturity	Rabb-ul - Maal	Mudarib	Rabb-ul - Maal	Mudarib
May 07, 2021	84,000,000	Monthly Rollover till May 07, 2022	77.34%	22.66%	7.10%	2.08%

		December 31, 2021	June 30, 2021
	Note	(Un-audited) Rupees	(Audited) Rupees
15 IJARAH RENTAL RECEIVABLE			
Considered good		156,455	156,923
Considered doubtful		48,620,090	49,083,826
		<u>48,776,545</u>	<u>49,240,749</u>
Less: provision for doubtful receivables		(48,620,090)	(49,083,826)
		<u>156,455</u>	<u>156,923</u>
15.1 Future minimum ijarah rentals receivable			
Within one year		5,369,290	1,108,284
After one year but not more than five years		9,172,435	982,772
		<u>14,541,725</u>	<u>2,091,056</u>
16 RECEIVABLE AGAINST SALE OF AGRICULTURE PRODUCE - SECURED			
Considered doubtful	16.1	27,811,518	27,811,518
Less: provision for doubtful receivables		(27,811,518)	(27,811,518)
		<u>-</u>	<u>-</u>

- 16.1 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

	KASBM	FPrM	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 produce	16.2	<u>(18,200,140)</u>	<u>(27,811,518)</u>
	-	-	-

	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	-----Rupees-----	
16.2 Movement of provision		
Opening balance	27,811,518	27,811,518
Provision made during the period / year	-	-
	<u>27,811,518</u>	<u>27,811,518</u>

17 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Note	Considered good		Considered doubtful		Total	
	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	-----Rupees-----					
Advance						
Income tax	11,751,618	9,754,787	-	-	11,751,618	9,754,787
To staff - Secured	109,024	58,625	1,814,000	1,814,000	1,923,024	1,872,625
Against purchase of assets	-	2,000,000	-	-	-	2,000,000
Prepayments	847,407	455,306	-	-	847,407	455,306

Note	Considered good		Considered doubtful		Total	
	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	-----Rupees-----					
Other receivables from						
Brokers on account						
- of sale of shares	-	-	65,619,559	65,619,559	65,619,559	65,619,559
- of advance for shares	-	-	18,432,273	18,432,273	18,432,273	18,432,273
A bank	-	-	10,241,347	10,241,347	10,241,347	10,241,347
Return on deposits with banks	236,755	661,799	-	-	236,755	661,799
Return on investment in Sukuk / TDR	1,424,526	1,278,291	-	-	1,424,526	1,278,291
Others	1,599,826	1,644,119	13,466,235	13,466,235	15,066,061	15,110,354
Sub total	<u>15,969,157</u>	<u>15,852,927</u>	<u>109,573,414</u>	<u>109,573,414</u>	<u>125,542,571</u>	<u>125,426,341</u>
Provision for doubtful receivables	-	-	(109,573,414)	(109,573,414)	(109,573,414)	(109,573,414)
	<u>15,969,157</u>	<u>15,852,927</u>	<u>-</u>	<u>-</u>	<u>15,969,157</u>	<u>15,852,927</u>

- 17.1 This includes an amount of Rs. 1.674 million forcefully withdrawn from bank by the Taxation Authorities on March 14, 2016 against which the Modaraba has filed an application for refund due to the fact that the amount was wrongly withdrawn on the ground that original return filed for the year 2009 was erroneous. The withdrawal was based on the original return filed whereas the revised return filed and order passed by the Additional Commissioner of Inland Revenue in favor of the Modaraba has been ignored. The management is confident that the amount will be recovered from the tax authority.
- 17.2 The balances are secured against Provident Fund (PF) balances of employees.
- 17.2.1 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.
- 17.3 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

- 17.4 This amount includes Rs. 17.889 million paid as advance for purchase of securities to 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.

- 17.5 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.

18	CASH AND BANK BALANCES	Note	December 31,	June 30, 2021
			2021 (Un-audited) Rupees	(Audited) Rupees
	Cash in hand		-	10,000
	Balances with banks:			
	Current accounts		15,866,955	13,502,199
	Saving accounts	18.1	22,092,132	148,675,633
			37,959,087	162,177,832
			<u>37,959,087</u>	<u>162,187,832</u>

18.1 The balance in saving accounts carry profit at an average rates ranging from 2.75% to 8.23% (June 30, 2021: 2% to 6.43%) per annum.

19 CERTIFICATE OF CAPITAL

December 31, 2021 (Un-audited)	June 30, 2021 (Audited)		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
No. of certificates			-----Rupees-----	
<u>87,217,660</u>	<u>87,217,660</u>	Authorised Modaraba certificates of Rs.10 each	<u>872,176,600</u>	<u>872,176,600</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 certificates	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
<u>87,217,660</u>	<u>87,217,660</u>		<u>872,176,600</u>	<u>872,176,600</u>

As at December 31, 2021, Awwal Modaraba Management Limited, the management company, held 8,721,766 (June 30, 2021: "nil") certificates of Rs. 10/- each.

20	UNREALISED GAIN / (LOSS) ON REMEASUREMENT OF INVESTMENTS CLASSIFIED AS 'FVTOCI'	Note	December 31,	June 30, 2021
			2021 (Un-audited) Rupees	(Audited) Rupees
	Market value of investments	9.1.2 & 13.2	137,728,912	136,250,766
	Less: cost of investments	9.1.2 & 13.2	(125,764,715)	(125,764,715)
			<u>11,964,197</u>	<u>10,486,051</u>
	Unrealised gain / (loss) on remeasurement at the beginning of the period / year		10,486,051	(2,417,582)
	Gain on remeasurement during the period / year		1,478,146	12,903,633
	Unrealised gain / (loss) on remeasurement at the end of the period / year		<u>11,964,197</u>	<u>10,486,051</u>
21	IJARAH DEPOSITS			
	Ijarah deposits		7,711,281	8,862,081
	Less: current portion ijarah deposit		(7,528,781)	(8,542,081)
			<u>182,500</u>	<u>320,000</u>

		December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
22	MUSHARAKA FINANCE	22.1	-
		<u> </u>	<u>50,000,000</u>

- 22.1 The Pak Brunei Investment Company Limited (PBICL) extended callable / convertible financing line of Rs.250 million to the Modaraba under Musharaka arrangement. As per the terms of the Agreement Rs.50 million was disbursed on January 28, 2021, which was fully repaid along with return on the date of maturity i.e., December 31, 2021.

The return on finance was based on sharing of profit before tax and management remuneration in the ratio of PBICL investment to total Musharaka Capital (i.e., the sum of PBICL finance and Modaraba equity as on September 30, 2020).

The facility was secured by way of hypothecation charge on all movable assets and receivables and mortgage of immovable property of the Modaraba.

		December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
23	SHORT TERM FINANCE	23.1	50,000,000
		<u> </u>	<u>-</u>

The Modaraba has availed finance facility of Rs. 50 million under Wakala Agreement dated December 31, 2021 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 31, 2022 and may thereafter be extended by a further period or periods of one year each if approved by both parties. Return to the Muwakkil on investment is expected at 3 Month KIBOR+2% per annum.

The facility is secured by way of First Hypothecation charge on all present and future assets of the Modaraba equivalent to PKR. 66,666,667/- with 25% margin.

24	ACCRUED AND OTHER LIABILITIES	Note	December 31,	June 30, 2021
			2021	
			(Un-audited)	(Audited)
			Rupees	Rupees
	Accrued expenses		764,378	1,624,055
	Management Company's remuneration	31	-	1,059,517
	Share in common expenses		5,011,645	3,462,042
	Takaful		5,446,831	5,517,869
	Workers' welfare fund	24.1	1,684,145	1,528,750
	Charity payable	24.2	311,362	1,304,466
	Others		2,642,785	2,311,230
			<u>15,861,145</u>	<u>16,807,929</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. 155,395 (December 31, 2020: Rs.107,870) 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.

	December 31,	June 30, 2021
	2021	
	(Un-audited)	(Audited)
	Rupees	Rupees
Charity payable		
Opening balance	1,304,466	667,513
Add: amount credited during the period / year	431,362	1,026,953
	<u>1,735,828</u>	<u>1,694,466</u>
Less: paid during the period / year	(1,424,466)	(390,000)
Closing balance	<u>311,362</u>	<u>1,304,466</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

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.

30 FINANCIAL CHARGES

Bank charges	15,070	69,005
Return on musharaka finance	861,429	-
	<u>876,499</u>	<u>69,005</u>

31 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.

32 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.

33 PROVISION FOR TAXATION

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

Provision for current taxation is based on taxable income for the period at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. Deferred tax asset amounting to Rs. 6,179,681 has not been recognised pursuant to event described in note 1.2 of these condensed interim financial statements.

	December 31, 2021 (Un-audited) Rupees	December 31, 2020 (Un-audited) Rupees
34 EARNINGS / (LOSS) PER CERTIFICATE - BASIC AND DILUTED		
Basic		
Profit for the period	7,024,883	5,393,499
Weighted average number of ordinary certificates	<u>87,217,660</u>	<u>87,217,660</u>
Earnings per certificate	<u>0.08</u>	<u>0.06</u>

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.

35 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 musharaka finance facility and has sufficient surplus funds to manage the affairs of the Modaraba effectively. Further, the Modaraba has very positive current ratio of 3.253:1 (June 30, 2021: 3.983:1).

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.

36 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2021.

37 **FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Modaraba determine fair values using valuation techniques unless the fair value cannot be reliably measured. For assets that are recognised in the financial statements at fair value on a recurring basis, the Modaraba recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

The table below shows the carrying amounts and fair values of a financial asset and financial liability including their fair value hierarchy for financial instruments measured at fair value. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

December 31, 2021 (Un-audited)							
	Carrying amount / cost			Fair value			
	FVTPL	At amortised cost	FVTOCI	Other liabilities	Level 1	Level 2	Level 3
----- (Rupees) -----							
Financial assets							
Cash and bank balances	-	37,959,087	-	-	-	-	-
Investments	3,970,329	-	117,195,000	-	3,970,329	117,195,000	-
Modaraba term deposit	-	84,000,000	-	-	-	-	-
Investment against repurchase agreement	-	22,210,500	-	-	-	-	-
Diminishing Musharika Finance	-	169,571,582	-	-	-	-	-
Ijarah rentals receivable	-	156,455	-	-	-	-	-
Advances, prepayments and other receivables	-	3,370,132	-	-	-	-	-
Long term investments	-	-	20,533,912	-	-	-	20,533,912
Long term advances and deposits	-	330,142	-	-	-	-	-
	3,970,329	317,597,898	137,728,912	-	3,970,329	117,195,000	20,533,912
Financial liabilities							
Short term finance	-	50,000,000	-	-	-	-	-
Ijarah deposits	-	7,711,281	-	-	-	-	-
Accrued and other liabilities	-	13,101,261	-	-	-	-	-
	-	70,812,542	-	-	-	-	-

June 30, 2021 (Audited)							
	Carrying amount / cost			Fair value			
	FVTPL	At amortised cost	FVTOCI	Other liabilities	Level 1	Level 2	Level 3
----- (Rupees) -----							
Financial assets							
Cash and bank balances	-	162,187,832	-	-	-	-	-
Investments	4,453,029	-	116,642,536	-	4,453,029	116,642,536	-
Modaraba term deposit	-	84,000,000	-	-	-	-	-
Diminishing Musharika Finance	-	74,198,132	-	-	-	-	-
Ijarah rentals receivable	-	156,923	-	-	-	-	-
Advances, prepayments and other receivables	-	3,642,834	-	-	-	-	-
Long term investments	-	-	19,608,230	-	-	-	19,608,230
Long term advances and deposits	-	227,500	-	-	-	-	-
	<u>4,453,029</u>	<u>324,413,221</u>	<u>136,250,766</u>	<u>-</u>	<u>4,453,029</u>	<u>116,642,536</u>	<u>19,608,230</u>
Financial liabilities							
Musharaka finance	-	50,000,000	-	-	-	-	-
Ijarah deposits	-	8,862,081	-	-	-	-	-
Accrued and other liabilities	-	10,723,316	-	-	-	-	-
	<u>-</u>	<u>69,585,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

For financial assets and financial liabilities not measured at fair value, management consider that their carrying amounts approximate fair value because of their short term nature and credit quality of counterparties. For investment against repurchase agreement, Musharika Finance and Diminishing Musharika Finance, management considers that their carrying amount approximate fair value as the transaction is entered in to at negotiated rate considering market prevailing rates and also assessing credit standings of counter parties.

38 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			December 31, 2021 (Un-audited) Rupees	June 30, 2021 Audited Rupees
Name of the company / individual	Relationship with the Modaraba	Nature of Transactions		
Balances with related parties				
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Modaraba Term Deposit	84,000,000	84,000,000
		Accrued return on modraba term deposit	424,831	392,153
		Short term finance	(50,000,000)	
		Musharika Finance	-	(50,000,000)
		Return on musharaka finance	-	(674,861)
		Payable shared service cost	(485,872)	(485,872)
Awwal Modaraba Management Limited	Modaraba Management Company	Management remuneration	(121,891)	(1,059,517)
Awwal Modaraba	Modaraba under common management	Payable against sharing of common expenses	(4,259,568)	(842,247)
		Payable against cost of deputed employee	-	(586,270)
KASB Modaraba	Modaraba under common management	Payable against sharing of common expenses	(587,622)	(1,547,652)
First Pak Modaraba	Modaraba under common management	Receivable against sharing of common expenses	36,100	69,347
			December 31, 2021 (Un-audited) Rupees	December 31, 2020 (Un-audited) Rupees
Expenses/(income) during the period				
First Prudential Modaraba - Provident Fund Trust	Staff provident fund	Contribution made	94,152	331,860
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Return on modraba term deposit	(3,006,510)	-
		Return on musharaka finance	861,429	-
		Shared services cost	2,919,768	614,699
Awwal Modaraba	Modaraba under common management	Sharing of common expenses	807,978	-
		Staff cost of deputed employee	3,451,590	-
KASB Modaraba	Modaraba under common management	Sharing of common expenses	587,622	877,484
First Pak Modaraba	Modaraba under common management	Sharing of common expenses	(61,767)	(215,100)
Jubilee Life Insurance Co. Ltd	Other related party	Takaful premium	189,292	295,198
Payments/(receipts) made during the period				
First Prudential Modaraba - Provident Fund Trust	Staff provident fund	Contribution made	94,152	331,860
		Return on modraba term deposit	(2,973,832)	-
		Musharika Finance	50,000,000	-
		Return on musharaka finance	1,536,290	-
		Shared service cost	2,919,768	-
Awwal Modaraba Management Limited	Modaraba Management Company	Management remuneration	1,059,517	-
Awwal Modaraba	Modaraba under common management	Sharing of common expenses	842,247	-
Awwal Modaraba	Modaraba under common management	Staff cost of deputed employee	586,270	-
KASB Modaraba	Modaraba under common management	Sharing of common expenses	1,547,652	1,603,464
First Pak Modaraba	Modaraba under common management	Sharing of common expenses	(95,014)	(324,920)
Jubilee Life Insurance Co. Ltd	Other related party	Takaful premium	189,292	436,904

39 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.

40 IMPACTS OF COVID-19 ON THE FINANCIAL STATEMENTS

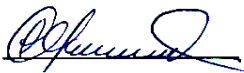
In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had no major effect on the Modaraba's results of operations and financial position as of December 31, 2021. The Modaraba is continuously evaluating the impacts of COVID-19, which has had global implications. In response to these developments, the Modaraba has taken action to ensure the safety of its employees and other stakeholders, and has taken up a number of initiatives.

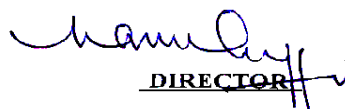
41 DATE OF AUTHORISATION

These financial statements were authorised for issue on February 22, 2022 by the Board of Directors of the Management Company.

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


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR

FIRST PRUDENTIAL MODARABA

First Prudential Modaraba
3rd Floor, Horizon Vista, Plot
No: Commercial 10, Block-4,
Clifton, Karachi
Phone : 021- 35374273-74,
Fax: 021-35374275

**HALF YEARLY
REPORT
DECEMBER 31,
2021**