

FIRST PRUDENTIAL MODARABA

QUARTERLY REPORT

MARCH 31, 2020

Managed By

Awwal Modaraba Management Limited

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. Ahmed Ateeq		Non-Executive Director
Mr. Karim Hatim		Chief Executive Officer

Audit Committee

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

Human Resource and Remuneration Committee

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

Company Secretary

Ms. Iqra Sajjad

Chief Financial Officer

Mr. Aftab Afroz Mahmoodi

Auditor

Crowe Hussain Chaudhury & Co, Chartered Accountants

Bankers

Habib Bank Limited
Summit 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 Office & Head Office

Office No:- B, 5th Floor, Lakson Square
Building No: 1, Sarwar Shaheed Road,
Karachi
Phone : 021- 35630621,021-35630623

Lahore Branch Office

Office No. 318 3rd Floor,
Lahore Stock Exchange Building,
19 Khayaban-e-Awan-e-Iqbal, Lahore
Phone : 042-36311001-02

Islamabad Branch Office

Basement, 90-91,
Razia Sharif Plaza ,Jinnah Avenue,
Blue Area, F-7, Islamabad.
Phone: 051-2344422-24

Directors' Report

For the nine months period ended 31 March 2020

On behalf of the Board of Directors 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 nine months period ended 31 March 2020.

Economy

The world is facing difficult times due to Covid-19 factor which needs no introduction. Economic disruption caused by the preventive and protective measures taken globally by leaders have major consequences for growth and sustainability, more so by their interconnection due to trade ties and investment flows. Overall, IMF has significantly downgraded its global growth outlook for 2020 from 3.3 percent growth previously to below zero.

Our economy has taken a huge hit as well. Consumer demand has fallen. Export industry has suffered due to cancellation of orders. There has been significant outflow of foreign funds from our capital markets as investors are panicking and facing liquidity issues. The PKR USD parity which had stabilized around PKR 155 to USD is now hovering around PKR 165 to USD. Targets agreed upon with IMF are being re-negotiated as the Government struggles to give relief to industry and consumers.

Our government and regulators are taking necessary steps to support the economy. The State Bank of Pakistan (SBP) has rapidly reduced the policy rate in two consecutive Monetary Policy Statements (MPS) from 13.25% in September 2019 to 11% in March 2020 to provide relief to borrowers. It was further reduced to 9% in April 2020. Special Covid-19 policy measures including concessionary financing to new projects as well as hospitals setting up Covid-19 treatment facilities and relief on debt servicing to borrowers. Similarly, Government of Pakistan is continuously taking measures to stimulate industry. Support given by multilateral lenders to fight the pandemic and fresh facility from IMF of USD 1.39 billion under Rapid Financing Instrument to meet the urgent balance of payment needs provide breathing space to focus on social sector as opposed to debt servicing.

Financial Performance

During the nine months under review, overall revenues were recorded at PKR 59.35 million inclusive of return on deposit of PKR 11.35 million, compared to PKR 51.40 million in corresponding period last year. Admin and operating expenses for the period amounted to PKR 25.46 million. The Modaraba posted loss before management fee expense and tax of PKR 7.01 million during Jul – March, 2020 compared to the profit before management fee expense and tax of PKR 5.14 million in the corresponding period of last year.

Future Prospects

Awwal Modaraba Management Limited has submitted viable business plan to SECP for revival of the Modaraba to be rolled out gradually within a two year time frame and is working towards it. Currently AMML's focus is to streamline existing operations and concentrate on recoveries of stuck up portfolio during this time.

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

-sd-

Karim Hatim
Chief Executive Officer

-sd-

Abdul Jaleel Shaikh
Director

Date: 24 April 2020

ڈائریکٹر رپورٹ

برائے اختتام نومبر 31 مارچ 2020

اول مضاربہ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز جو فرسٹ پروڈینشل مضاربہ کی منیجمنٹ کمپنی ہے فرسٹ پروڈینشل مضاربہ کے غیر آڈٹ شدہ مالی نتائج برائے اختتام نومبر 31 مارچ 2020 کے ڈائریکٹرز رپورٹ پیش کرتے ہوئے انتہائی مسرت محسوس کر رہے ہیں۔

معیشت

دنیا اس وقت Covid-19 کے باعث مشکل وقت سے دوچار ہے جس کے تعارف کی اب مزید ضرورت نہیں ہے۔ معاشی تناؤ جو کہ عالمی قائدین کی جانب سے اختیار کیے جانے والے احتیاطی اور حفاظتی اقدامات کے باعث عالمی ترقی اور استحکام پر گہرے اثرات مرتب کر رہا ہے خصوصاً تجارتی معاملات اور سرمایہ کاری کے بہاؤ کے باہمی رابطہ کے باعث مجموعی طور پر IMF نے 2020 کے لئے اپنی عالمی ترقی کے منظر نامے کو نمایاں تنزیلی کے ساتھ ترقی کی گزشتہ 3.3 فیصد کے شرح کے مقابلے میں صفر سے بھی کم کر دیا ہے۔

ہماری معیشت پر بھی کاری ضرب پڑی ہے صارفین کی طلب گرائی ہے آرڈرز کی منسوخی کے باعث برآمدی حالات و گروہوں میں سرمایہ کی عدم دستیابی اور خوف و ہراس کے باعث کیپٹل مارکیٹ سے کثیر بیرونی سرمایہ کا انخلاء ہوا۔ پاکستانی روپے اور امریکی ڈالر کا باہمی تناسب جو امریکی ڈالر کے مقابلے میں 155 پاکستانی روپے پر مستحکم ہو چکا تھا اب 165 پاکستانی روپے تک پہنچ چکا ہے صنعت اور صارفین کو سہولیات فراہم کرنے کے لئے حکومت IMF کے ساتھ متعلقہ اہداف پر دوبارہ گفت و شنید کر رہی ہیں۔

ہماری حکومت اور ریگولیٹر معیشت کو سنبھالنے کے لئے ضروری اقدامات کر رہے ہیں اسٹیٹ بینک آف پاکستان SBP نے قرض داروں کی ریلیف مہیا کرنے کے لئے زرعی پالیسی کے دو لگاتار بیانیوں MPS میں پالیسی کی شرح کو ستمبر 2019 کی 13.25 فیصد کے مقابلے میں مارچ 2020 میں 11 فیصد تک تیزی سے کم کیا اسے اپریل 2020 میں مزید کم کر کے 9 فیصد کر دیا گیا۔ Covid-19 خصوصی پالیسی اقدامات میں نئے پراجیکٹ اور وہ ہسپتال جو کہ Covid-19 کے علاج کی سہولیات مہیا کریں، کے لئے رعایتی قرضے اور قرض داروں کو ادائیگی پر ریلیف شامل ہے اسی طرح حکومت پاکستان صنعتوں میں تحریک پیدا کرنے کے لئے مسلسل اقدامات کر رہی ہے اس عالمگیر وبا سے مقابلہ کرنے کے لئے کثیر الجہتی قرض دہندگان کی معاونت اور آئی ایم ایف کی 1.39 بلین امریکی ڈالر ہنگامی قرضہ کی

سہولت ادائیگی کے توازن کو برقرار رکھنے میں معاون ہے۔ اس گنجائش کے نتیجے میں توجہ قرض کی ادائیگی کے مقابلے میں سماجی شعبہ پر بھی مرکوز ہوگی۔

مالیاتی کارکردگی

زیر جائزہ نو ماہی کے دوران، 59.35 ملین پاکستانی روپے آمدنی رہی جس میں 11.35 ملین روپے کا بینک ڈیپازٹ پر منافع شامل ہے جبکہ گذشتہ سال مماثل دورانیہ میں 51.40 ملین پاکستانی روپے تھا۔ انتظامی اور عملیاتی اخراجات برائے دورانیہ ہذا 25.46 ملین پاکستانی روپے حساب لگائے گئے ہیں۔ مضاربہ نے انتظامیہ کے سامنے فیس اور ٹیکس کے اخراجات سے قبل برائے دورانیہ جولائی تا مارچ 2020 نقصان مبلغ 7.01 ملین پاکستانی روپے پیش کیے ہیں جبکہ اس کے مقابلے گذشتہ سال مماثل دورانیہ میں یہ منافع 5.14 ملین روپے پاکستانی تھے۔

مستقبل کے امکانات

اول مضاربہ منجمنٹ لمیٹڈ نے مضاربہ کی بحالی کے لئے ایک قابل عمل کاروباری منصوبہ SECP کو پیش کیا ہے جو دو سال کے عرصے کے اندر بتدریج تیار کیا جائے گا اور وہ اس کے اوپر کام کر رہا ہے فی الحال AMML کی توجہ موجودہ کاروائیوں کو ہموار کرنے اور اس وقت کے دوران پھنسے ہوئے پورٹ فولیو کی بازیابی پر مرکوز ہے۔

نظامت

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

تسلیمات / اظہار تشکر

بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان اور رجسٹرار مضاربہ کی جانب سے ان کی مسلسل رہنمائی اور حمایت کو سراہتے ہیں اور انہیں تسلیم کرتے ہیں۔ اس کے علاوہ ہم مضاربہ کے صارفین اور سرمایہ کاروں کی جانب سے مضاربہ پر بھروسہ کرنے پر ان کا شکر یہ ادا کرتے ہیں۔
بورڈ کی جانب سے۔

عبدالجلیل شیخ

ڈائریکٹر

کریم حاتم

چیف ایگزیکٹو آفیسر

مورخہ: 24 اپریل 2020

FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
	Note	-----Rupees-----	
ASSETS			
Current assets			
Cash and bank balances	6	229,494,047	96,876,829
Investments	7	4,069,059	4,732,117
Musharika, morabaha and other finance	8	-	-
Current portion of diminishing musharika	9	70,935,858	92,520,170
Ijarah rentals receivable	10	1,432,600	1,519,667
Receivable against sale of agriculture produce	11	-	11,692,131
Advances, prepayments and other receivables	12	16,677,533	38,401,796
Asset acquired in satisfaction of financing facility	13	2,375,000	-
Tax refundable - considered good		12,913,879	12,913,879
		337,897,976	258,656,589
Non - current assets			
Long term investments	14	10,347,133	10,347,133
Long term portion of diminishing musharika	9	59,009,944	114,572,927
Long term advances and deposits	15	269,261	277,118
Intangible assets	16	-	-
Property and equipment - own use	17	4,194,238	4,724,200
Property, plant and equipment - ijarah	18	21,723,201	59,424,712
Investment properties	19	45,400,000	45,400,000
		140,943,777	234,746,090
TOTAL ASSETS		478,841,753	493,402,679
LIABILITIES			
Current liabilities			
Current portion of ijarah deposits		8,329,153	4,929,153
Accrued and other liabilities		13,217,690	14,419,881
Provision for taxation		1,577,836	1,577,836
Unclaimed profit distribution		30,842,228	30,842,228
		53,966,906	51,769,098
Non-current liabilities			
Long term portion of ijarah deposits		8,327,831	18,077,831
TOTAL LIABILITIES		62,294,737	69,846,929
NET ASSETS		416,547,016	423,555,750
Deficit on revaluation of investments classified as 'fair value through OCI investments'		(2,417,582)	(2,417,582)
REPRESENTED BY			
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		872,176,600	872,176,600
Statutory reserves		151,747,338	151,747,338
Accumulated losses		(604,959,340)	(597,950,606)
		418,964,598	425,973,332
		416,547,016	423,555,750
Contingencies and commitments	20		

The annexed notes form an integral part of these condensed interim financial statements

-sd-
Chief financial officer

-sd-
Chief executive officer

-sd-
Director

-sd-
Director

**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM PROFIT OR LOSS ACCOUNT AND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020**

	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Note	-----Rupees-----		-----Rupees-----	
INCOME				
Ijarah rentals earned	21,499,852	21,324,823	6,444,004	7,664,155
Return on deposits with bank	11,352,539	1,592,987	5,269,719	652,657
Income on diminishing musharika	19,528,690	21,306,511	5,627,291	7,575,539
Income on morabaha	-	1,454,797	-	281,590
Capital gain on sale of investments	-	836,670	-	41,378
Dividend income	952,398	247,600	-	-
Rental income from investment property	2,237,236	2,012,664	769,053	699,132
Other income	3,783,230	2,625,812	117,113	1,276,191
	59,353,945	51,401,864	18,227,180	18,190,642
Unrealized Gain/(loss) on investments - at fair value through profit or loss	(663,058)	(1,270,690)	(1,609,873)	(471,201)
Provision for doubtful receivable against sale of agriculture produce	(11,692,131)	-	-	-
Impairment on ijarah assets	(8,570,512)	-	-	-
Reversal / (charge) of provision against potential losses - net	-	450,527	-	-
	38,428,244	50,581,701	16,617,307	17,719,441
EXPENDITURE				
Depreciation on ijarah assets	(19,876,824)	(22,986,398)	(4,199,223)	(8,162,138)
Administrative expenses	(25,464,155)	(22,256,947)	(6,700,664)	(7,821,283)
Workers welfare fund	-	(92,260)	-	(30,066)
Bank and other charges	(95,999)	(102,589)	1,955	(23,564)
	(45,436,978)	(45,438,194)	(10,897,932)	(16,037,051)
Profit for the period	(7,008,734)	5,143,507	5,719,375	1,682,390
Modaraba company's management fee	-	(461,301)	-	(150,329)
Sales tax on management fee	-	(69,195)	-	(28,769)
Profit before taxation	(7,008,734)	4,613,011	5,719,375	1,503,292
Provision for taxation	-	-	-	-
Profit after taxation	(7,008,734)	4,613,011	5,719,375	1,503,292
Other comprehensive income				
Items that will be reclassified subsequently to profit and loss account				
Reclassification on sale of 'available for sale' investment	-	(549,897)	-	-
Total comprehensive income for the period	(7,008,734)	4,063,114	5,719,375	1,503,292
Earning per certificate	(0.08)	0.05	0.07	0.02

The annexed notes form an integral part of these condensed interim financial statements

-sd-
Chief financial officer

-sd-
Chief executive officer

-sd-
Director

-sd-
Director

FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

	Nine months ended	
	March 31, 2020	March 31, 2019
	-----Rupees-----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	(7,008,734)	4,613,011
Adjustments for non-cash changes and other items:		
-Dividend income	(952,398)	(247,600)
-Unrealised (gain) / loss on investments - at fair value through profit and loss	663,058	1,270,690
-Provision for doubtful receivable against sale of agriculture produce	11,692,131	-
-Impairment of ijarah asset	8,570,512	-
-(Gain) / loss on sale of investments	-	(836,670)
-Gain on disposal-ijarah assets	(351,419)	(24,213)
-Depreciation - own use assets	529,962	984,737
-Depreciation - ijarah assets	19,876,824	22,986,398
	<u>40,028,671</u>	<u>24,133,342</u>
Cash flows before movement in working capital	33,019,936	28,746,353
(Increase) / decrease in operating assets		
-Musharika, morabaha and other finance		18,115,890
-Diminishing musharika	77,147,295	5,270,998
-Ijarah rentals receivable	87,067	(1,728,121)
-Advances, prepayments and other receivables	23,645,314	(20,460,081)
-Asset acquired in satisfaction of financing facility	(2,375,000)	-
	<u>98,504,676</u>	<u>1,198,686</u>
(Decrease) / increase in operating liabilities		
-Ijarah deposits	(6,350,000)	(3,200,000)
-Accrued and other liabilities	(1,202,191)	(1,756,094)
	<u>(7,552,191)</u>	<u>(4,956,094)</u>
-Income tax paid	123,972,421	24,988,945
	<u>(1,913,195)</u>	-
Net cash generated from operating activities	122,059,226	24,988,945
B. CASH FLOWS FROM INVESTING ACTIVITIES		
-Dividend received	952,398	247,600
-Investments - net	-	8,724,085
-Proceeds from disposal - ijarah assets	9,605,594	6,524,229
-Purchase of ijarah assets		(17,800,000)
Net cash generated from investing activities	10,557,992	(2,304,086)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Profit distribution	-	(11,102)
Net cash used in financing activities	-	(11,102)
Net decrease in cash and cash equivalents (A+B+C)	132,617,218	22,673,757
Cash and cash equivalents at July 1	96,876,829	45,039,248
Cash and cash equivalents at March 31	229,494,047	67,713,005

The annexed notes form an integral part of these condensed interim financial statements

-sd-	-sd-	-sd-	-sd-
Chief financial officer	Chief executive officer	Director	Director

**FIRST PRUDENTIAL MODARABA
CONDENSED NOTES TO INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020**

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** First Prudential Modaraba (the Modaraba) is a multipurpose, perpetual Modaraba. The Modaraba is registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981 and was managed by Prudential Capital Management Limited (PCML). In pursuance of instructions received from Securities and Exchange Commission of Pakistan (SECP), KASB Invest (Private) Limited took over the management and administrative control of First Prudential Modaraba effective from November 13, 2014.
- 1.2** The Registrar (Modarabas), with the approval of the Securities & Exchange Commission of Pakistan, vide order dated April 03, 2019 appointed Mr. Khawaja Waheed Raza as Administrator of the Modaraba to take over and manage the affair of the Modaraba in place of KIPL (Management Company). 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.
- 1.3** The Registrar (Modarabas), with the approval of the Securities & Exchange Commission of Pakistan, vide order dated January 31, 2020 appointed Awwal Modaraba Management Limited (AMML) to take over and manage the affair of the Modaraba. AMML has taken over the management and administrative control of First Prudential Modaraba effective from February 03, 2020,
- 1.4** The principal office of First Prudential Modaraba was situated at 16-C, Khayaban-e-Bukhari, Bukhari Commercial Area, Phase VI, DHA, Karachi. It has been relocated to Office # B, 5th Floor, Lakson Square Building 1, Sarwar Shaheed Road, Karachi, with effect from August 5, 2019. The Modaraba is listed on Pakistan Stock Exchange. The Modaraba is currently engaged in various modes of Islamic fundings and businesses which include ijarah financing, deployment of fund in Musharakah, morabaha and investment in securities.
- 1.5** These financial statements are presented in Pak rupees, which is the Modaraba's functional and presentation currency.

2 STATEMENT OF COMPLIANCE

- 2.1** 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.
- 2.2** 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, 2019.
- 2.3** The comparative condensed balance sheet, presented in this condensed interim financial statements as at June 30, 2019 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2019 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the period ended March 31, 2019 have been extracted from the condensed interim financial statements for the period ended March 31, 2019.

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, 2019.

4 SIGNIFICANT ACCOUNTING ESTIMATES , JUDGEMENTS AND FINANCIAL RISK

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, 2019.

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.

FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

	Reserves		Revenue	Total
	Capital	Statutory reserve		
	Certificate capital	Statutory reserve	Accumulated loss	
----- Rupees -----				
Balance at July 1, 2018 (Audited)	872,176,600	151,282,924	(600,394,309)	423,065,215
Comprehensive income				
Profit / (loss) for the period	-	-	4,613,011	4,613,011
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	4,613,011	4,613,011
Transfer to statutory reserve	-	922,602	(922,602)	-
Balance at March 31, 2019 (Unaudited)	872,176,600	152,205,526	(596,703,900)	427,678,226
Balance at July 1, 2019 (Audited)	872,176,600	151,747,338	(597,950,606)	425,973,332
Comprehensive income				
Profit for the period	-	-	(7,008,734)	(7,008,734)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(7,008,734)	(7,008,734)
Transfer to statutory reserve	-	-	-	-
Balance at March 31, 2020 (Un-audited)	872,176,600	151,747,338	(604,959,340)	418,964,598

* Statutory reserve represents profit set aside to comply with the Prudential Regulations for Modarabas issued by SECP.

The annexed notes form an integral part of these condensed interim financial statements

-sd-
Chief financial officer

-sd-
Chief executive officer

-sd-
Director

-sd-
Director

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
	Note	-----Rupees-----	
6 CASH AND BANK BALANCES			
Cash in hand		10,000	3,810
Cash at banks			
Current accounts		13,449,457	13,449,457
Saving accounts	6.1	216,034,590	83,423,562
		229,484,047	96,873,019
		229,494,047	96,876,829

6.1 Effective mark-up rate in respect of saving accounts ranges from 2.00 % to 11.50 % per annum (June 2019: 2.00% to 10.25%) per annum.

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
	Note	-----Rupees-----	
7 INVESTMENTS			
Fair value through profit or loss (FVTPL)			
Quoted securities	7.1	4,069,059	4,732,117
Amortised cost			
Receivable against TDR	7.2		-
		4,069,059	4,732,117

7.1 Quoted securities

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

(Un-Audited) March 31, 2020	(Audited) June 30, 2019		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
			-----Rupees-----	
Number of Certificates / Shares / Units		Name of investee		
		Personal Goods		
525	525	Nishat Mills Limited	30,833	49,004
		Electricity		
54,367	54,367	The Hub Power Company Limited	3,711,635	4,281,401
		Multiutilities (Gas and Water)		
1,495	1,495	Sui Northern Gas Pipeline Limited	55,165	103,887
		Engineering		
7,500	7,500	International Steel Ltd	271,425	297,825
		Suspended/ Delisted Companies		
348	348	Hussain Industries Limited	-	-
1,670,720	1,670,720	Prudential Stock Fund	-	-
360,000	360,000	Zeal-Pak Cement Factory Limited	-	-
2,094,955	2,094,955		4,069,059	4,732,117

	(Un-Audited) March 31, 2020	(Audited) June 30, 2019
Note	-----Rupees-----	
7.2 Amortised cost - receivable against TDR		
Term Deposit Receipt as at December 06, 2012	10,000,000	10,000,000
Amortization charge	(2,000,000)	(2,000,000)
Received in earlier period	(3,219,433)	(3,219,433)
Total receivable	4,780,567	4,780,567
Provision against doubtful recoveries	(4,780,567)	(4,780,567)
	-	-

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) formerly Karachi Stock Exchange Limited (KSE) membership as authorised 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.

	(Un-Audited) March 31, 2020	(Audited) June 30, 2019
Note	-----Rupees-----	
8 MUSHARIKA, MORABAHA AND OTHER FINANCE		
Musharika and morabaha finance		
- considered good	-	-
- considered doubtful	352,230,694	352,230,694
Provision against doubtful amounts	(352,230,694)	(352,230,694)
	-	-
Other finance - unsecured		
- considered good	-	-
- considered doubtful	11,002,281	11,002,281
Provision against doubtful amounts	(11,002,281)	(11,002,281)
	-	-

8.1 Movement in provision

	(Un-Audited) March 31, 2020			(Audited) June 30, 2019		
	Principal	Profit	Total	Principal	Profit	Total
	----- Rupees -----					
Opening balance	189,350,151	162,880,543	352,230,694	189,800,678	162,880,543	352,681,221
Addition/(Reversal) of provision during the period / year	-	-	-	(450,527)	-	(450,527)
Closing balance	189,350,151	162,880,543	352,230,694	189,350,151	162,880,543	352,230,694

	(Un-Audited) March 31, 2020	(Audited) June 30, 2019
Note	-----Rupees-----	
9 DIMINISHING MUSHARAKA		
Diminishing musharika		
Principal	128,459,826	205,919,769
Profit	1,485,976	1,173,328
Long term portion of diminishing musharika	129,945,802	207,093,097
	(59,009,944)	(114,572,927)
	70,935,858	92,520,170

- 9.1 These carry profit rate ranging from 10.00% to 19.00% (June 2019: 10.00% to 19.00%) per annum and are repayable on monthly basis over a maximum period of three years.
- 9.2 This include outstanding amount of Rs.1.42 million extended to some employees as per HR policy of the Modaraba.

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
	Note	-----Rupees-----	
10 IJARAH RENTAL RECEIVABLE			
Considered good		1,432,600	1,519,667
Considered doubtful		49,083,826	49,083,826
		<u>50,516,426</u>	<u>50,603,493</u>
Provision for doubtful receivables		<u>(49,083,826)</u>	<u>(49,083,826)</u>
		<u>1,432,600</u>	<u>1,519,667</u>
11 RECEIVABLE AGAINST SALE OF AGRICULTURE PRODUCE - SECURED			
Receivable against sale of agriculture produce	11.1	-	<u>11,692,131</u>

- 11.1 During financial year 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 (Private) Limited (PPIPL) 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, 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 favourable outcome of the case. The details of the receivables are as under:

	KASBM	FPrM	Total
	----- Rupees -----		
Initial Investment	51,000,000	81,000,000	132,000,000
Gain on sale of agriculture produce	1,060,000	1,590,000	2,650,000
Receipt against sale of agriculture produce	(14,353,590)	(14,473,432)	(28,827,022)
Converted to ijarah financing	(19,311,320)	(40,000,000)	(59,311,320)
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	<u>(18,200,140)</u>	<u>(27,811,518)</u>	<u>(46,011,658)</u>
	<u>-</u>	<u>-</u>	<u>-</u>

12 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

		Considered Good		Considered Doubtful		Total	
		(Un-Audited) March 31, 2020	(Audited) June 30, 2019	(Un-Audited) March 31, 2019	(Audited) June 30, 2019	(Un-Audited) March 31, 2019	(Audited) June 30, 2019
----- Rupees -----							
Advance							
Income tax	12.1	6,406,296	4,493,101	-	-	6,406,296	4,493,101
To staff - Secured	12.2 & 12.2.1	237,894	392,227	1,814,000	1,814,000	2,051,894	2,206,227
Against purchase of assets		7,127,000	30,807,000	-	-	7,127,000	30,807,000
Deposits		-	-	-	-	-	-
Prepayments		1,002,732	1,261,255	-	-	1,002,732	1,261,255
Other receivables from							
Brokers on account							
- of sale of shares	12.3	-	-	65,619,559	65,619,559	65,619,559	65,619,559
- of advance for shares	12.4	-	-	18,432,273	18,432,273	18,432,273	18,432,273
A bank	12.5	-	-	10,241,347	10,241,347	10,241,347	10,241,347
Return on deposits with banks		1,756,000	343,091	-	-	1,756,000	343,091
Others	12.6	147,611	1,105,122	13,466,235	13,466,235	13,613,846	14,571,357
Sub total		16,677,533	38,401,796	109,573,414	109,573,414	126,250,947	147,975,210
Provision for doubtful receivables		-	-	(109,573,414)	(109,573,414)	(109,573,414)	(109,573,414)
		16,677,533	38,401,796	-	-	16,677,533	38,401,796

12.1 This includes an amount of Rs. 1,673,957 forcefully withdrawn from bank by the Taxation Authorities on 14th March, 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 Addl Commissioner IR in favor of the Modaraba has been ignored. The management is confident that the amount will be recovered from the Authority.

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

12.2.1 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 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.

12.3 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 than Management of Modaraba, owing to the weak financial position of the entities and significance of the amount of claim. Accordingly, the than management of the Modaraba has not accepted the shares / certificates as satisfaction of claim and same is not recorded in the books of accounts. Detail of shares / certificates offered / transferred is as under:

Name of entities	Number 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

- 12.4** This amount includes Rs. 17,889,240/- paid as advance for purchase of securities to Prudential Securities Limited (PSL). Remaining amount of Rs. 543,033/- is blocked in CDC-sub account of the said broker against various shares.

Operations of PSL had been ceased by Pakistan Stock Exchange Limited (PSX) and the Modaraba has filed a claim with the PSX of Rs. 18 million along with margin deposit of Rs. 3 million included in long term deposits.

- 12.5** 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 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.
- 13** This represents market value of the vehicle acquired by the Modaraba against settlement of Diminishing Musharaka facility extended to a client who was in default. The vehicle is surrendered by Mr. Adnan Zaman to settle the dues in the capacity of guarantor of such finance facility. Mr. Adnan Zaman is the partner of the audit firm RSM Avasi Hyder Liaquat Nauman, Chartered Accountants. The said firm are the auditors of KASB Modaraba.

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
	Note	-----Rupees-----	
14 LONG TERM INVESTMENTS			
At fair value through other comprehensive income			
Unlisted companies	14.1	<u>10,347,133</u>	<u>10,347,133</u>
		<u>10,347,133</u>	<u>10,347,133</u>

14.1 Unlisted companies

(Un-Audited) March 31, 2020	(Audited) June 30, 2019		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
No. of Shares of Rs. 10 each			Note -----Rupees-----	
1,107,244	1,107,244	Prudential Securities Limited Cost	4,173,707	4,173,707
		Impairment	(4,173,707)	(4,173,707)
			-	-
191,700	191,700	Prudential Discount and Guarantee Housae Ltd Cost	1,041,815	1,041,815
		Impairment	(1,041,815)	(1,041,815)
			-	-
843,975	843,975	LSE Financial Services Limited Cost	12,764,715	12,764,715
		Fair value adjustment	(2,417,582)	(2,417,582)
			<u>10,347,133</u>	<u>10,347,133</u>
<u>2,142,919</u>	<u>2,142,919</u>		<u>10,347,133</u>	<u>10,347,133</u>

14.1.1 Due to adverse financial condition of the investee Company, investments have been fully impaired.

14.1.2 This represent non-Shari'ah compliant shares acquired against the surrender of Lahore Stock Exchange Limited (LSE) membership card. Under the current circumstances the active market is not available for such shares as LSE has not listed yet, therefore the net asset value based valuation has been considered as the closest estimate of the fair value of the shares. The Modaraba has recognized a fair value adjustment based on audited financial statement of the investee company for the year ended June 30, 2017, the breakup value of which is Rs. 12.26 per share

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
	Note	-----Rupees-----	
15 LONG TERM ADVANCES & DEPOSITS			
Long term advances			
- Secured & interest free			
To executives - considered good		66,150	151,200
To employees - considered good		205,505	390,645
		271,655	541,845
Due within one year shown under current assets		(237,894)	(392,227)
		33,761	149,618
Long term deposits			
Margin deposit		3,000,000	3,000,000
Other deposits		235,500	127,500
		3,235,500	3,127,500
Less: Provision against doubtful amounts		(3,000,000)	(3,000,000)
		235,500	127,500
		269,261	277,118
16 INTANGIBLE ASSETS			
PSX - Trading right entitlement certificate (TREC)	16.1	5,344,352	5,344,352
Impairment of TREC		(5,344,352)	(5,344,352)
		-	-
16.1	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've resulted in the lapse of TREC. The impairment was recorded as the Modaraba did not register itself as a broker before the expiry of the said date.		
		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
	Note	-----Rupees-----	
17 PROPERTY AND EQUIPMENT - OWNED		4,194,238	4,724,200
17.1	There were no addition / (disposal) during the period.		
18 PROPERTY, PLANT AND EQUIPMENT - IJARAH		21,723,201	59,424,712
18.1	Details of addition / (disposal) during the period		
Addition			
-Plant & machinery		-	-
-Vehicle		-	17,800,000
		-	17,800,000
Disposal			
-Plant & machinery		-	-
-Vehicle		35,000,000	35,400,000
		35,000,000	35,400,000
Impairment			
-Plant & machinery		8,570,512	-
		8,570,512	-

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
	Note	-----Rupees-----	
19 INVESTMENT PROPERTIES			
Opening balance	19.1	45,400,000	45,400,000
Addition		-	-
Deletion		-	-
Unrealized gain on measurement of investment property		-	-
Closing balance		45,400,000	45,400,000

19.1 These includes properties which are acquired by the Modaraba against settlement of Morahaba facility from defaulted parties. in prior years.

20 CONTINGENCIES AND COMMITMENTS

The taxation officer while making assessment in respect of the 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.

No provision has been made in the financial statements in this regard as management is confident that ultimate outcome of the appeals in question will be in favor of the Modaraba.

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 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 NBF1 & Modaraba Association Pakistan, a petition against the same was filed through a common legal counsel in the 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 management of the Modaraba based on its discussions with its legal counsel is of the view that in light of the stay order of the HCS and the merits of the matter involved, no provision for any sales tax liability is required to be maintained in the financial statements.

21 TAXATION

The income of the Modaraba is exempt from tax, provided not less than 90% of their profits are distributed to the certificate holders. The management intends to distribute the profit and accordingly no provision for tax has been made in the current period. The Modaraba is also exempt from the provisions of section 113 (minimum tax) under clause 11 of Part IV of the Second Schedule of the Income Tax Ordinance, 2001.

22 RELATED PARTY TRANSACTIONS

The related parties and associated undertakings comprise the ex-modaraba management company [KASB Invest (Private) Limited], modarabas under common management (KASB Modaraba & First Pak Modaraba) First Prudential Modaraba staff provident fund, directors and key management personnel. Modaraba, in the normal course of business carries out transactions with these related parties at arm's length prices. Significant transactions with related parties are as follows: -

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
		-----Rupees-----	
Relationship with Modaraba	Nature of Transactions		
Balances with related parties			
Staff provident fund	Contribution made	-	-
Ex-Modaraba management company	Management fee payable	169,872	169,872
Modaraba under common management	Sharing of common expenses payable	2,537,825	1,850,179
Administrator (Note 1)	Salaries & other benefits	-	498,000

		(Un-Audited) March 31, 2020	(Un-Audited) March 31, 2019
		-----Rupees-----	
Relationship with Modaraba	Nature of Transactions		

Expense for the period			
Staff provident fund	Contribution made	497,790	459,394
Ex-Modaraba management company	Management fee	-	461,301
Modaraba under common management	Sharing of common expenses	5,242,671	3,557,524
Administrator (Note 1)	Salaries & other benefits	1,203,620	-

Payments made during the period			
Staff provident fund	Contribution made	497,790	459,394
Modaraba under common management	Sharing of common expenses	4,555,025	3,557,524
Administrator (Note 1)	Salaries & other benefits	1,701,620	-

23 DATE OF AUTHORISATION OF ISSUE

This condensed interim financial statements have been authorized for issue on April 24, 2020 by the Awwal Modaraba Management Limited.

24 GENERAL

Figures have been rounded off to the nearest Rupee.

-sd-
Chief financial officer

-sd-
Chief executive officer

-sd-
Director








-sd-
Director










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