

FIRST PRUDENTIAL MODARABA

QUARTERLY REPORT
MARCH 31, 2023

MANAGED BY
AWWAL MODARABA MANAGEMENT LIMITED

Vision

Awwal Modaraba Management Limited (AMML) will play a role in the economic process and development of Pakistan by providing a range of advisory services and financial support, through Sharia compliant modes; to viable projects in high growth, capital starved sectors of the economy.

Mission

Awwal Modaraba Management Limited (AMML) aims to be at the vanguard of innovation in modaraba management services, offering the best solutions to our customers, value to our certificate holders and modaraba investors, complemented with a challenging, equal opportunity to our employees.

FIRST 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. 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

FIRST PRUDENTIAL MODARABA

Directors' Report

For the nine months period ended 31 March 2023

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

Economy

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

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

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

Financial Performance

The financing portfolio of the Modaraba is performing satisfactorily with sound recovery performance. The outstanding portfolio size increased to PKR 423.51 million as at March 31, 2023 (June 30, 2022: PKR 309.37 million) as the management decided to deploy the excess liquidity in high earning avenues to improve profitability. However, there is strict adherence to quality of portfolio.

During the period under review, overall revenues have been recorded at PKR 67.44 million compared to PKR 36.30 million in corresponding period last year. Total expenses for the period were contained at PKR 41.99 million. Excluding management fee, the Modaraba posted profit after tax for the period at PKR 30.38 million compared to PKR 12.15 million in the corresponding period last year.

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

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

Governance

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

Acknowledgement

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

On behalf of the Board

Karim Hatim
Chief Executive

Abdul Jaleel Shaikh
Director

Date: 27th April, 2023

فرسٹ پروڈیشنل مضاربہ

ڈائریکٹرز کی رپورٹ

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

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

معیشت:

پاکستان کی معیشت کو بدستور سنگین معاشی چیلنجز کا سامنا ہے جو بڑھتے ہوئے سیاسی عدم استحکام سے بڑھ رہے ہیں۔ یہ ایک تشویشناک صورتحال ہے جس میں قبل از وقت تنظیم نو اور آئی ایم ایف پروگرام میں واپسی کی غیر موجودگی میں بیرونی قرضوں کی ذمہ داریوں پر ڈیفالٹ کا خطرہ ہے۔ اس بحران کا اظہار روپے کی قدر میں مسلسل کمی سے ہوتا ہے جو دسمبر 2022 کے بعد سے 27 فیصد تک گر گئی، زرمبادلہ کے ذخائر 4.2 بلین ڈالر (31 مارچ 2023 تک)، ریکارڈ بلند افراط زر 35.4 فیصد، پالیسی شرح 21 فیصد پر اب تک کی بلند ترین شرح، اور چین، سعودی عرب اور متحدہ عرب امارات کی جانب سے نئے قرضوں کی صورت میں آئی ایم ایف پروگرام کے دوبارہ شروع ہونے کے ساتھ شرح نمو کی پیشن گوئی میں 2 فیصد سے 0.4 فیصد تک تیزی سے نیچے کی طرف نظر ثانی فوری استحکام کا ایک پیمانہ فراہم کر سکتی ہے۔ آئی ایم ایف کی طرف سے درکار تمام مشکل شرائط کو بڑے پیمانے پر لاگو کیا گیا، جس میں مارکیٹ پر مبنی شرح تبادلہ، ٹیکس ریونیو میں کمی کو پورا کرنے کے لیے منی بجٹ، سبسڈی میں کمی، یوٹیلیٹی ٹیرف میں اضافہ، پالیسی ریٹ میں اضافہ اور دوست ممالک کی جانب سے دو طرفہ تعاون کا عزم شامل ہیں۔ توقع ہے کہ آئی ایم ایف کا نواں جائزہ مکمل ہو جائے گا اور عملے کی سطح پر معاہدہ اگلے چند ہفتوں میں طے پا جائے گا۔ جون 2023 کو ختم ہونے والے رواں مالی سال میں پاکستان کی معیشت کی شرح نمو صرف 0.4 فیصد رہنے کی توقع ہے۔ ورلڈ بینک کی تازہ ترین پاکستان ڈویلپمنٹ اپڈیٹ کے مطابق 4 اپریل 2023 کو جاری کیا گیا۔ یہ سست شرح نمو بگڑتے ہوئے اعتماد، درآمدی کنٹرول، تاخیر سے مالیاتی سختی، اور 2022 کے موسم گرما کے بے مثال سیلاب کے اثرات کے درمیان نجی شعبے کی پست سرگرمی کی عکاسی کرتی ہے۔

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

اعلان کر سکتا ہے۔

مالیاتی کارکردگی:

مضاربہ کا فنانشنگ پورٹ فولیو صوتی بحالی کی کارکردگی کے ساتھ تسلی بخش کارکردگی کا مظاہرہ کر رہا ہے۔ بقایا پورٹ فولیو کا سائز 31 مارچ 2023 (30 جون 2022: 309.37 PKR ملین) تک بڑھ کر 423.51 PKR ملین ہو گیا کیونکہ انتظامیہ نے منافع کو بہتر بنانے کے لیے زیادہ آمدنی والے راستوں میں اضافی لیکویڈٹی کو تعینات کرنے کا فیصلہ کیا۔ تاہم، پورٹ فولیو کے معیار پر سختی سے پابندی

ہے۔ زیر جائزہ مدت کے دوران مجموعی آمدنی 67.44PKR ملین ریکارڈ کی گئی ہے جو گزشتہ سال کی اسی مدت میں 36.30PKR ملین تھی۔ اس مدت کے کل اخراجات 41.99PKR ملین تھے۔ انتظامی فیس کو چھوڑ کر، مضاربہ نے PKR میں مدت کے لیے بعد از ٹیکس منافع پوسٹ کیا۔ گزشتہ سال کی اسی مدت میں 12.15 ملین روپے کے مقابلے میں 30.38 ملین روپے۔

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

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

گورننس:

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

اعتراف:

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

بورڈ کی جانب سے

عبدالجلیل شیخ

ڈائریکٹر

کریم حاتم

چیف ایگزیکٹو

تاریخ: 27 اپریل 2023

**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023**

		<u>March 31,</u> 2023	<u>June 30,</u> 2022
		<u>Un-audited</u>	<u>Audited</u>
	Note	-----Rupees-----	
ASSETS			
NON CURRENT ASSETS			
Property and equipment - own use	6	1,862,347	2,050,776
Property, plant and equipment - Ijarah	7	12,616,883	16,651,652
Intangible assets		56,529	102,778
Investment properties	8	50,105,000	50,105,000
Long term portion of diminishing musharika finance	9	293,608,402	171,621,644
Long term investments	10	16,407,320	20,533,912
Long term advances and deposits	11	427,700	537,790
Deferred tax asset	12	-	268,542
		375,084,180	261,872,094
CURRENT ASSETS			
Musharika, Murabaha and other finance - net		-	-
Current portion of Diminishing Musharika Finance	9	129,902,064	137,757,329
Investment against repurchase agreement		-	23,624,891
Investments	13	3,757,468	3,796,146
Ijarah rentals receivable	14	8,364	336,608
Advances, prepayments and other receivables	15	6,816,984	27,209,257
Taxation - net	16	16,060,369	20,340,345
Cash and bank balances	17	54,411,415	90,691,899
		210,956,664	303,756,476
TOTAL ASSETS		586,040,845	565,628,569
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	18	872,176,600	872,176,600
Statutory reserve		157,527,004	157,527,004
Accumulated loss		(577,616,357)	(587,211,476)
		452,087,247	442,492,128
Unrealised gain on remeasurement of investment classified as fair value through other comprehensive income		3,642,605	7,769,197
		455,729,852	450,261,325
NON CURRENT LIABILITIES			
Long term portion of Ijarah deposits		562,500	182,500
CURRENT LIABILITIES			
Short term finance	19	68,000,000	50,000,000
Current portion of Ijarah deposits		7,711,281	7,528,781
Accrued and other liabilities		18,150,807	25,285,826
Deferred tax	12	497,043	
Unclaimed profit distribution		35,389,361	32,370,137
		129,748,492	115,184,744
TOTAL EQUITY AND LIABILITIES		586,040,845	565,628,569
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes from 1 to 26 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 (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	Nine months ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	-----Rupees-----			
Income				
Ijarah rentals earned	4,590,259	1,915,980	2,043,040	996,909
Income from deposits with banks	4,090,328	5,993,987	609,769	2,776,058
Income from investment in sukuk	-	5,978,961	-	564,660
Income from Modaraba term deposit	-	3,088,211	-	81,701
Income from Diminishing Musharika Finance	51,223,419	13,996,931	21,855,540	7,218,535
Income from investment against repurchase agreement	-	1,434,170	-	736,207
Dividend income	1,394,566	1,078,390	312,610	351,399
Rental income from investment properties	2,537,874	2,537,874	845,958	845,958
Other income	3,603,008	274,939	2,147,297	39,948
	67,439,454	36,299,442	27,814,214	13,611,374
Unrealized (loss) / gain on investments classified as 'fair value through profit or loss	(38,677)	(468,946)	242,991	13,754
Reversal of provision against doubtful receivables - net	5,259,509	2,468,004	5,259,509	364,200
	72,660,286	38,298,500	33,316,714	13,989,328
Expenses				
Depreciation on Ijarah assets	(4,244,353)	(1,743,170)	(1,503,417)	(1,055,640)
Administrative expenses	(28,563,718)	(21,733,654)	(10,546,623)	(6,913,689)
Finance charges	(9,191,217)	(2,429,720)	(4,820,219)	(1,553,221)
	(41,999,288)	(25,906,544)	(16,870,259)	(9,522,550)
	30,660,998	12,391,957	16,446,455	4,466,778
Modaraba company's remuneration	-	-	-	-
Provision for service sales tax on Management ' Company's remuneration	-	-	-	-
	-	-	-	-
Provision for Workers' Welfare Fund	(278,717)	(242,981)	-	(87,586)
Profit before taxation	30,382,281	12,148,976	16,446,455	4,379,192
Provision for taxation	(5,960,159)	(1,164,741)	(4,753,863)	(419,840)
Profit after taxation	24,422,122	10,984,235	11,692,592	3,959,352
Earnings per certificate - basic and diluted	0.28	0.13	0.13	0.05

The annexed notes from 1 to 26 form an integral part of these financial statements

For Awwal Modaraba Management Limited
(Management Company)

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

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

	Nine months ended		Quarter ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	-----Un-audited-----			
Note	-----Rupees-----			
Profit for the period	24,422,122	10,984,235	11,692,592	3,959,352
Other Comprehensive income for the period:				
-Items that will be reclassified subsequently to profit and loss				
'-Unrealised gain/(loss) on remeasurement of investment classified as fair value through other comprehensive income	(4,126,592)	925,682	-	-
Total comprehensive income for the period	20,295,530	11,909,917	11,692,592	3,959,352

The annexed notes from 1 to 26 form an integral part of these financial statements

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2023**

	Issued, subscribed, and paid up certificate capital	*Statutory reserve	Accumulated loss	Total
	----- (Rupees) -----			
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	-	-	10,984,235	10,984,235
Distribution @ 0.8% declared for the year ended June 30, 2021	-		(6,977,413)	(6,977,413)
			4,006,822	4,006,822
Transfer to statutory reserve	-	2,196,847.00	(2,196,847)	-
Balance at March 31, 2022 (Un-audited)	<u>872,176,600</u>	<u>155,819,438</u>	<u>(594,041,742)</u>	<u>433,954,296</u>
Balance at July 1, 2022 (Audited)	872,176,600	157,527,004	(587,211,476)	442,492,128
Profit for the period	-	-	24,422,122	24,422,122
Distribution @ 1.7% declared for the year ended June 30, 2022	-	-	(14,827,003)	(14,827,003)
Transfer to statutory reserve	-		-	-
Balance at March 31, 2023 (Un-audited)	<u>872,176,600</u>	<u>157,527,004</u>	<u>(577,616,357)</u>	<u>452,087,247</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 26 form an integral part of these financial statements

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

**FIRST PRUDENTIAL MODARABA
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2023**

	<u>Nine months ended March 31, 2023</u>	<u>Nine months ended March 31, 2022</u>
	-----Un-audited-----	
	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	30,382,281	12,148,976
Adjustments for:		
Dividend income	(1,394,566)	(1,078,390)
Unrealised (gain) on investments	38,677	468,946
Gain on disposal - own assets	-	(50,000)
Depreciation - own use assets	305,928	507,675
Depreciation - Ijarah assets	4,244,353	1,743,170
Amortization on intangible assets	46,249	46,250
	3,240,641	1,637,650
Cash flows before movements in working capital	33,622,923	13,786,626
Decrease / (increase) in current assets		
Diminishing Musharika Finance	(114,131,493)	(125,182,800)
Investment against repurchase agreement	23,624,891	(22,946,707)
Ijarah rentals receivable	328,244	(70,540)
Advances, prepayments and other receivables	20,502,363	(6,747,001)
	(69,675,994)	(154,947,048)
Increase / (decrease) in current liabilities		
Ijarah deposits	562,500	(1,150,800)
Musharaka finance	18,000,000	(50,000,000)
Short term finance	(4,115,794)	50,000,000
Accrued and other liabilities	14,446,706	6,699,972
	(21,606,365)	(134,460,450)
Taxes paid	(914,597)	(2,628,920)
Net cash (used in) / flows from operating activities	(22,520,963)	(137,089,370)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	1,394,566	1,078,390
Proceeds from disposal - ijarah assets	44,540,416	1,150,800
Proceeds from disposal - own assets	-	50,000
Proceeds from disposal - sukuk certificates	-	113,000,000
Proceeds from disposal - modaraba term deposit	-	84,000,000
Purchase of own assets	(117,500)	-
Purchase of ijarah assets	(44,750,000)	(10,251,000)
Net cash flows / (used in) from investing activities	1,067,481	189,028,190
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit paid to certificate holders	(14,827,002)	(6,977,413)
Net cash used in financing activities	(14,827,002)	(6,977,413)
Net decrease in cash and cash equivalents	(36,280,483)	44,961,407
Cash and cash equivalents at beginning of the period	90,691,899	162,187,832
Cash and cash equivalents at end of the period	54,411,415	207,149,238

The annexed notes from 1 to 26 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 PERIOD ENDED MARCH 31, 2023

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 of the Modaraba to take over and manage the affair of the Modaraba in place of KIPL. As per terms of the order, all the powers and duties of the Modaraba Management Company as well as those of its Board of Directors assumed by the Administrator. The term of the Administrator, for holding the modaraba office, was initially for the period of six months which was gradually enhanced till February 03, 2020 as directed by the SECP.

The Registrar (Modarabas), with the approval of the 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 First Prudential 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.

- 1.2 The Board of Directors of Modaraba Management Company in their meeting held on March 11, 2022 have approved the draft scheme of arrangement for merger of First Pak Modaraba and KASB Modaraba with an into First Prudential Modaraba subject to completion of necessary corporate/ regulatory formalities, approval from the stakeholders/ regulators and the sanction of scheme by the Honorable High Court alongwith fulfilment of all legal formalities.

After obtaining NOC from the SECP, Petition has been filed in the High Court of Sindh. The Honorable Court vide order dated July 05, 2022 directed to hold meeting of the certificate holders for approval of the merger scheme and submit the report thereon. Accordingly, meeting of the certificate holders convened on August 12, 2022, wherein the certificate holders have extended the desired approval. The compliance report on the proceeding of the said meeting has been submitted with the Honorable High Court. On March 02, 2023 the Honorable High Court approved/sanctioned the merger scheme and the procedures to materialize the merger are in process of completion.

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.

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, 2022.

The comparative condensed balance sheet, presented in this condensed interim financial statements as at June 30, 2022 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2022 whereas the comparative condensed interim statement of profit or loss , condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the period ended March 31, 2022 have been extracted from the condensed interim financial statements for the period ended March 31, 2022.

2.2 Functional and presentation currency

These condensed interim financial statements are prepared in Pakistani Rupees which is Modaraba's functional and presentation currency. The figures in these condensed interim financial statements have been rounded off to the nearest rupee unless otherwise specified.

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, 2022.

4 SIGNIFICANT ACCOUNTING ESTIMATES , JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

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

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 fair value.

6 **Property and equipment - own use**

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

Description	March 31, 2023					Total
	Office premises	Office equipment	Furniture and fixtures	Computer equipments	Vehicles	
	Rupees					
At July 01, 2021						
Cost / revalued amount	3,100,000	153,400	2,102,716	163,630	3,743,154	9,262,900
Accumulated impairment / unrealized loss	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(634,712)	(153,400)	-	(163,630)	(3,561,717)	(4,513,458)
Carrying amount	1,869,338	-	-	-	181,437	2,050,776
Period ended March 31, 2023						
Opening carrying amount	1,869,338	-	-	-	181,437	2,050,775
Addition at Cost	-	-	-	117,500	-	117,500
Disposal	-	-	-	-	(954,000)	(954,000)
Depreciation charge for the period	(111,566)	-	-	(12,925)	(181,437)	(305,928)
Accumulated depreciation on disposal	-	-	-	-	954,000	954,000
Closing carrying amount	1,757,772	-	-	104,575	-	1,862,347
At March 31, 2023						
Cost / revalued amount	3,100,000	153,400	2,102,716	281,130	2,789,154	8,426,400
Accumulated impairment / unrealized loss	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(746,278)	(153,400)	-	(176,555)	(2,789,154)	(3,865,387)
Carrying amount	1,757,772	-	-	104,575	-	1,862,347
Depreciation rate (% per annum)	5	33	20	33	20	

Description	June 30, 2022					Total
	Office premises	Office equipment	Furniture and fixtures	Computer equipments	Vehicles	
	Rupees					
At July 01, 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
Year ended June 30, 2022						
Opening carrying amount	2,000,300	-	-	-	723,344	2,723,644
Disposal	-	(716,671)	(2,155,920)	(701,958)	(41,500)	(3,616,049)
Depreciation charge for the year	(130,962)	-	-	-	(541,907)	(672,868)
Accumulated depreciation on disposal	-	716,671	2,155,920	701,958	41,500	3,616,049
Closing carrying amount	1,869,338	-	-	-	181,437	2,050,776
At June 30, 2022						
Cost / revalued amount	3,100,000	153,400	2,102,716	163,630	3,743,154	9,262,900
Accumulated impairment / unrealized loss	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(634,712)	(153,400)	-	(163,630)	(3,561,717)	(4,513,458)
Carrying amount	1,869,338	-	-	-	181,437	2,050,776
Depreciation rate (% per annum)	5	33	20	33	20	

7 PROPERTY, PLANT AND EQUIPMENT - IJARAH

Description	March 31, 2023			
	Plant and machinery	Office equipment	Vehicles	Total
	Rupees			

As at July 01, 2022

Cost	47,978,781	801,000	72,515,500	121,295,281
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(32,001,988)	(512,150)	(45,930,152)	(78,444,290)
Carrying amount	7,208,781	-	9,442,871	16,651,652

Period ended March 31, 2023

Opening carrying amount	7,208,781	-	9,442,871	16,651,652
Additions - at cost	-	-	44,750,000	44,750,000
Disposal - carrying amount	-	-	(47,990,000)	(47,990,000)
Depreciation charge for the year	-	-	(4,244,353)	(4,244,353)
Depreciation on disposal	-	-	3,449,584	3,449,584
Closing carrying amount	7,208,781	-	5,408,102	12,616,883

As at March 31, 2023

Cost	47,978,781	801,000	69,275,500	118,055,281
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(32,001,988)	(512,150)	(46,724,921)	(79,239,059)
Carrying amount	7,208,781	-	5,408,102	12,616,883
Useful life (months)	36 to 60	24 to 60	24 to 60	

Description	June 2022			
	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	7,208,781	-	3,141,481	10,350,262

Year ended June 30, 2022

Opening carrying amount	7,208,781	-	3,141,481	10,350,262
Additions - at cost	-	-	10,251,000	10,251,000
Disposal - carrying amount	-	-	(8,995,500)	(8,995,500)
Depreciation charge for the year	-	-	(2,798,810)	(2,798,810)
Depreciation on disposal	-	-	7,844,700	7,844,700
Closing carrying amount	7,208,781	-	9,442,871	16,651,652

As at June 30, 2022

Cost	47,978,781	801,000	72,515,500	121,295,281
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(32,001,988)	(512,150)	(45,930,152)	(78,444,290)
Carrying amount	7,208,781	-	9,442,871	16,651,652
Useful life (months)	36 to 60	24 to 60	24 to 60	

8 INVESTMENT PROPERTIES - CARRIED AT FAIR VALUE

Investment property is revalued by an independent valuer named Ocean Surveyors (Private) Limited as at June 30, 2022.

		March 31 2023 Un-audited	June 30 2022 Audited
	Note	-----Rupees-----	
9 DIMINISHING MUSHARIKA			
Diminishing Musharika			
Principal		414,209,071	306,715,428
Profit	9.1	9,301,395	2,663,545
		423,510,466	309,378,973
Less: Current portion of diminishing musharika		129,902,064	137,757,329
Long term portion		293,608,402	171,621,644

9.1 This represent diminishing musharaka financing for a term of 3 to 5 years. These carry profit rate ranging from 14.00% p.a; and 24.81% p.a (2021: 11.85% and 19.00%). All diminishing musharaka arrangements are secured against hypothecation of assets, personal guarantees and promissory notes.

		March 31 2023 Un-audited	June 30 2022 Audited
		-----Rupees-----	
10 LONG TERM INVESTMENTS			
Investment classified as 'fair value through other comprehensive income			
Unlisted Companies	10.1	16,407,320	20,533,912

10.1 Unlisted companies

March 31 2023 Un-audited	June 30 2022 Audited		Note	March 31 2023 Un-audited	June 30 2022 Audited
-----Rupees-----				-----Rupees-----	
Number of Shares					
1,107,244	1,107,244	Prudential Securities Limited			
		Cost	10.1.1	4,173,707	4,173,707
		Less: Impairment		(4,173,707)	(4,173,707)
				-	-
		Prudential Discount and Guarantee			
		House Limited			
191,700	191,700	Cost	10.1.1	1,041,815	1,041,815
		Less: Impairment		(1,041,815)	(1,041,815)
				-	-
843,975	843,975	LSE Financial Services Limited			
		Cost	10.1.2	12,764,715	12,764,715
		Fair value adjustment		3,642,605	7,769,197
				16,407,320	20,533,912
				16,407,320	20,533,912

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

10.1.2 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, 2022, the break up value of which is Rs. 19.44 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.

11	LONG TERM ADVANCES AND DEPOSITS	Note	March 31	June 30
			2023	2022
			Un-audited	Audited
			-----Rupees-----	
11.1	Long term advances			
	Secured and interest free			
	To employees - considered good		901,911	559,094
	Less: Due within one year shown under current assets		701,711	248,804
			<u>200,200</u>	<u>310,290</u>
11.2	Long term deposits			
	Margin deposit	11.2.1	3,000,000	3,000,000
	Other deposits		227,500	227,500
			3,227,500	3,227,500
	Less: Provision against doubtful amounts	11.2.2	(3,000,000)	(3,000,000)
			<u>227,500</u>	<u>227,500</u>
			<u>427,700</u>	<u>537,790</u>

11.2.1 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.

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

12	DEFERRED TAXATION - NET		March 31	June 30
			2023	2022
			Un-audited	Audited
			-----Rupees-----	
The defferred tax asset / (liability) is attributable to the following items				
Deductible temporary differences				
	Tax losses carry forward		-	2,327,938
	Alternate corporate tax		293,460	1,935,692
Chargeable temporary differences				
	Property, Plant & Equipment		265,852	(1,742,021)
	Long term investments		(1,056,355)	(2,253,067)
			<u>(497,043)</u>	<u>268,542</u>

13	INVESTMENTS	Note	March 31	June 30
			2023	2022
			Un-audited	Audited
			-----Rupees-----	
	Amortised cost			
	Term Deposits Receipts - considered doubtful	13.1	-	-
	Fair value through profit or loss			
	Quoted securities	13.2	3,757,468	3,796,146
			<u>3,757,468</u>	<u>3,796,146</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:

		March 31	June 30
		2023	2022
		Un-audited	Audited
	Note	-----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		<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 Quoted securities

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

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

March 31	June 30			March 31	June 30
2023	2022			2023	2022
Un-audited	Audited			Un-audited	Audited
-----Rupees-----				-----Rupees-----	
Number of Shares / Units		Name of Investee Company / Fund	Note		
525	525	Nishat Mills Limited*		27,626	38,803
54,367	54,367	The Hub Power Company Limited		3,671,404	3,706,198
1,495	1,495	Sui Northern Gas Pipeline Limited*		58,439	51,144
348	348	Hussain Industries Limited*	13.2.1	-	-
1,670,720	1,670,720	Prudential Stock Fund	13.2.1	-	-
360,000	360,000	Zeal-Pak Cement Factory Limited	13.2.1	-	-
<u>2,087,455</u>	<u>2,087,455</u>			<u>3,757,468</u>	<u>3,796,146</u>

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

* These shares are not in the name of the Modaraba: Nishat Mills Limited 25 (June 30,2022: 25) shares (Second Prudential Modaraba), Sui Northern Gas Pipeline Limited 254 (June 30,2022: 254) shares and Hussain Industries Limited 348 (June 30,2022: 348) shares (Third Prudential Modaraba).

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

		March 31	June 30
		2023	2022
		Un-audited	Audited
	Note	-----Rupees-----	
Weighted average cost of investments		3,796,146	4,453,029
Unrealized (loss) / gain on changes in fair value		<u>(38,677)</u>	<u>(656,883)</u>
Market value of investments		<u>3,757,468</u>	<u>3,796,146</u>

	March 31	June 30
	2023	2022
14 IJARAH RENTAL RECEIVABLE	Un-audited	Audited
	-----Rupees-----	
Considered good	8,364	336,608
Considered doubtful	49,083,826	49,083,826
	49,092,190	49,420,434
Less: provision for doubtful receivables	(49,083,826)	(49,083,826)
	8,364	336,608
14.1 Future minimum ijarah rentals receivable		
Within one year	5,181,665	5,169,862
After one year but not more than five years	6,369,735	6,673,225
	11,551,400	11,843,087

15 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Note	Considered good		Considered doubtful		Total	
	March 2023	June 2022	March 2023	June 2022	March 2023	June 2022
	----- Rupees -----					
Advance						
Income tax	15.1	-	-	-	-	-
To staff - Secured	15.2 & 15.2.1	701,711	248,804	1,814,000	1,814,000	2,515,711
Against purchase of assets		-	22,661,500	-	-	22,661,500
Prepayments		365,520	249,304	-	-	365,520
Other receivables from						
Brokers on account						
- of sale of shares	15.3	-	-	65,619,559	65,619,559	65,619,559
- of advance for shares	15.4	-	-	18,432,273	18,432,273	18,432,273
A bank	15.5	-	-	10,241,347	10,241,347	10,241,347
Return on deposits						
with banks		332,642	1,089,958	-	-	332,642
Others		5,417,111	2,959,691	13,466,235	13,466,235	18,883,346
Sub total		6,816,984	27,209,257	109,573,414	109,573,414	116,390,398
Provision for doubtful receivables		-	-	(109,573,414)	(109,573,414)	(109,573,414)
		6,816,984	27,209,257	-	-	6,816,984

15.1 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.

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

15.2.1 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.

- 15.3 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

- 15.4 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.

- 15.5 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.

		March 31 2023 Un-audited	June 30 2022 Audited
		-----Rupees-----	
16	TAXATION-NET		
	Income Tax Refundable	25,925,387	25,010,789
	Provision for Taxation	(9,865,018)	(4,670,444)
		<u>16,060,369</u>	<u>20,340,345</u>

		March 31 2023 Un-audited	June 30 2022 Audited
		-----Rupees-----	
17	CASH AND BANK BALANCES		
	Cash in hand	10,000	-
	Balances with banks		
	Current accounts	<u>18,055,747</u>	15,019,362
	Saving accounts	<u>36,345,668</u>	75,672,537
		<u>54,401,415</u>	90,691,899
		<u>54,411,415</u>	<u>90,691,899</u>

17.1 The balance in saving accounts carry profit at an average rates ranging from 3.75% to 13.00% per annum (June 30, 2022: 2.75% to 11.75% per annum).

18 CERTIFICATE OF CAPITAL

March 31 2023 Un-audited	June 30 2022 Audited		March 31 2023 Un-audited	June 30 2022 Audited
-----Rupees-----			-----Rupees-----	
		No. of certificates		
<u>87,217,660</u>	<u>87,217,660</u>	Authorised	<u>872,176,600</u>	<u>872,176,600</u>
		Modaraba certificates of Rs.10 each		
13,451,650	13,451,650	Issued, subscribed and paid-up	134,516,500	134,516,500
		Modaraba certificates of Rs.10 each fully paid in cash		
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 March 31, 2023, Awwal Modaraba Management Limited, the management company, held 8,721,766 (June 30, 2022: 8,721,766) certificates of Rs. 10/- each.

March 31	June 30
2023	2022
Un-audited	Audited
-----Rupees-----	

19	SHORT TERM FINANCE	19.1	68,000,000	50,000,000
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19.1 The Modaraba has availed finance facility of Rs. 50 million under Wakala Agreement dated December 29, 2022 from Pak Brunei Investment Company Limited (PBICL). As per terms of the agreement, PBIC acts as Muwakkil (the principal) and Modaraba as Wakil (the agent) to execute the Shariah Compliant transactions through and as part of the Wakil's pool of assets for deployment of funds under the extended facility.

The facility shall be matured on December 28, 2023 and may thereafter be extended by a further period or periods of one year each if approved by both parties. Return to the Muwakkil on investment is expected at 3 Months KIBOR + 2% per annum.

The Modaraba availed an additional finance facility of Rs. 58 million (on revolving basis) from PBICL through addendum dated January 05, 2023 to the Wakala Agreement. The facility was obtained initially for a period of one month, which has been extended till April 10, 2023. Return to Muwakkil on investment is expected at 1 Month KIBOR+2% per anum.

These facilities are secured by way of First Hypothecation charge on all present and future assets of the Modaraba with 25% margin.

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

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

20.1.2 The Modaraba received a letter dated October 01, 2018 from the Assistant Commissioner (Unit-12) of the Sindh Revenue Board (SRB), wherein, it is mentioned that through scrutiny of the financial statements of the Modaraba (for the periods from July 2011 to March 2018 fiscal year years 2012-2017), it came to their notice that the Modaraba is engaged in providing / rendering taxable services which falls under the Second Schedule of Sindh Sales Tax on Services Act, 2011 (the SSTS Act), and the sales tax on such services, i.e. on lease rentals / lease financing transactions remains outstanding which aggregated to Rs. 29.527 million. Such letters were also received by some other Modarabas and it was collectively decided that under the supervision of NBFi and Modaraba Association Pakistan, a petition against the same was filed through a common legal counsel.

Honorable High Court of Sindh (HCS) challenging levy of Services Sales Tax on lease rentals / lease financing transactions including the vires of various headings of the Second Schedule of the Act. A stay order in this regard has been granted by the HCS stating that no adverse order in respect of the proposed treatment shall be made against the Petitioners. The matter is pending adjudication at the reporting date.

20.2 Commitment

There was no commitment as at the reporting date.

20 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.

21 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.

	March 31 2023 Un-audited	March 31 2022 Un-audited
22 PROVISION FOR TAXATION	-----Rupees-----	
Current	5,194,573	744,901
Deferred	765,586	-
	<u>5,960,159</u>	<u>744,901</u>

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

	Nine months ended (Un-audited)		Quarter ended (Un-audited)	
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
23 EARNINGS PER CERTIFICATE - BASIC AND DILUTED	----- Rupees -----		----- Rupees -----	
Profit for the period (Rupees)	<u>24,422,122</u>	<u>10,984,235</u>	<u>11,692,592</u>	<u>3,959,352</u>
Weighted average number of ordinary certificates	<u>87,217,660</u>	<u>87,217,660</u>	<u>87,217,660</u>	<u>87,217,660</u>

	----- Rupees -----	----- Rupees -----
Earnings / (Loss) per certificate -basic and diluted*	<u>0.28</u>	<u>0.13</u>
	<u>0.13</u>	<u>0.05</u>

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

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.

24 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

Name of the company / individual	Relationship with the Modaraba	Nature of Transactions	March 31	June 30
			2023	2022
			Un-audited	Audited
			-----Rupees-----	
Balances with related parties				
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Short Term Finance	(68,000,000)	(50,000,000)
		Return on Short Term Finance	(768,697)	-
		Payable shared service cost	(437,691)	(485,872)
Awwal Modaraba Management Limited	Modaraba Management Company	Management Company's remuneration	(408,736)	(2,615,235)
Awwal Modaraba	Modaraba under common management	Payable against sharing of common expenses	(693,732)	(1,344,539)
		Payable against cost of deputed employee	(1,952,630)	(3,730,397)
KASB Modaraba	Modaraba under common management	Payable against sharing of common expenses	(1,016,230)	(972,680)
First Pak Modaraba	Modaraba under common management	Receivable against sharing of common expenses	80,321	(14,323)
			March 31	March 31
			2023	2022
			Un-audited	Un-audited
			-----Rupees-----	
Expenses/(income) during the period				
First Prudential Modaraba - Provident Fund Trust	Staff provident fund	Contribution made	321,581	141,228
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Return on modaraba term deposit	-	(3,088,211)
		Return on musharaka finance	-	1,536,290
		Return on Short Term Finance	8,416,506	1,546,027
		Shared services cost	4,329,401	4,377,384
Awwal Modaraba	Modaraba under common management Company	Sharing of common expenses	2,361,623	382,892
		Staff cost of deputed employee	5,898,403	4,672,445
KASB Modaraba	Modaraba under common management	Sharing of common expenses	4,546,038	1,131,749
First Pak Modaraba	Modaraba under common management	Sharing of common expenses	80,321	(21,777)
Jubilee Life Insurance Co. Ltd	Other related party	Takaful premium	228,028	250,377
Payments/(receipts) made during the period				
First Prudential Modaraba - Provident Fund Trust	Staff provident fund	Contribution made	321,581	141,228
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Receipt against novation of diminishing musharaka finance facility	-	-
		Receipt against sale of Ijarah finance facility	(31,226,908)	-
		Modaraba Term Deposit	-	(84,000,000)
		Return on modaraba term deposit	-	(3,480,364)
		Short term finance	(58,000,000)	(50,000,000)
		Payment against short term finance	40,000,000	-
		Musharika Finance	-	50,000,000
		Return on Short Term Finance	9,185,203	1,536,290
		Return on musharaka finance	-	2,211,151
		Shared service cost	4,377,582	4,377,384
Awwal Modaraba Management Limited	Modaraba Management Company	Management Company's remuneration	2,206,499	937,626
Awwal Modaraba	Modaraba under common management	Sharing of common expenses	3,012,430	776,064
		Staff cost of deputed employee	7,676,170	3,483,504
KASB Modaraba	Modaraba under common management	Sharing of common expenses	4,502,488	1,527,647
First Pak Modaraba	Modaraba under common management	Sharing of common expenses	14,323	(105,447)
Jubilee Life Insurance Co. Ltd	Other related party	Takaful premium	228,028	250,377

25 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.

26 DATE OF AUTHORISATION

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

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

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**QUARTERLY
REPORT
MARCH 31, 2023**