

FIRST PAK MODARABA

HALF YEARLY REPORT
DECEMBER 31, 2020

MANAGED BY

AWWAL MODARABA MANAGEMENT LIMITED

Vision Statement

To contribute towards the development of Islamic Financial Products which are commensurate with modern commercial concepts

Mission Statement

Our mission is to create and maintain a progressive position in the Modaraba sector in Pakistan and endeavor to promote interest-free economy in the country. This will be achieved through quality services using innovative Sharia compliant products, financial discipline and good corporate governance with high levels of professional and ethical standards being maintained at all times.

FIRST PAK MODARABA

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Audit Committee

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

Human Resource and Remuneration Committee

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

Company Secretary

Ms. Misbah Asjad

Chief Financial Officer

Mr. Aftab Afroz Mahmoodi

Auditor

Grant Thornton Anjum Rehman, Chartered Accountants

Bankers

Habib Bank Limited
Dubai Islamic Bank

Certificate Registrar

THK Associates (Private) Limited.
Plot No: 32-C, Jami Commercial, Street No: 2,
DHA, Phase-VII, Karachi, Tel: 021-111-000-322
Fax: 021-35310190, E-mail: sfc@thk.com.pk

Legal Advisor

Ahmed & Qazi
S & B Durrani Law Associates

Shariah Advisor

Al-Hamd Shariah Advisory Services (Pvt) Limited

Registered & Head Office

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

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

On behalf of the Board of Directors (Board) of Awwal Modaraba Management Limited, the management company of First Pak Modaraba, we are pleased to present the Directors' Report together with unaudited financial results of First Pak Modaraba, for the six months period ended 31 Dec 2020.

Economy

The State Bank of Pakistan (SBP) remained positive about economic recovery in its recent Monetary Policy Statement issued on January 22, 2021. The Central Bank has kept the policy rate unchanged at 7% since June 2020, while also hinting that the status quo would be maintained barring any unexpected development.

Economic recovery has strengthened since November 2020 as signalled by growth in large-scale manufacturing; though this growth is still well below its FY19 level indicating spare capacity in the economy. Construction activity has picked up pace driven by strong incentives while service sector is also coming back to life following ease in lockdown and resumption of economic activity. Inflation has been under the estimated levels while exchange rate has also been relatively stable. Although economy still remains vulnerable to possible fallouts from second wave of Covid-19, potential availability of vaccines should be able to contain the pandemic.

Financial Performance

The financing portfolio of the Modaraba is performing satisfactorily with sound recovery performance. The outstanding portfolio size amounted to PKR 12.13 million at December 31, 2020 (June 30, 2020: PKR 21.17 million). During the first half under review, overall revenues have been recorded at PKR 3.75 million compared to PKR 6.02 million in corresponding period last year. Total expenses for the period were contained at PKR 3.46 million. The Modaraba suffered loss for the period at PKR 0.49 million compared to profit of Rs.0.88 million in the corresponding period. Management follows cautious approach in underwriting new business to preserve the asset quality. Subsequent to December 31, 2020, Pak Brunei Investment Company Limited has injected Rs.50 million through a callable convertible Musharaka facility. Our team continues to build secured financing portfolio which shall support the profitability in second half of the year.

Governance

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

Acknowledgement

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

On behalf of the Board



Karim Hatim
Chief Executive
Date: 23 Feb 2021



Ahmed Ateeq
Director

ڈائریکٹر رپورٹ

چھ ماہ کی مدت کے لئے 31 دسمبر 2020 کو ختم ہوا

اول مضاربہ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز (بورڈ) کی جانب سے، فرسٹ پاک مضاربہ کی انتظامیہ کمپنی نے 31 دسمبر 2020 کو ختم ہونے والے چھ ماہ کی مدت کے لئے فرسٹ پاک مضاربہ کے غیر سود مند مالی نتائج کے ساتھ ڈائریکٹرز کی رپورٹ پیش کرنے پر خوشی محسوس کر رہے ہیں۔

معیشت

اسٹیٹ بینک آف پاکستان (SBP) 22 جنوری 2021 کو جاری کردہ حالیہ مالیاتی پالیسی کے بیان میں معاشی بحالی کے بارے میں مثبت رہا۔ سینٹرل بینک نے جون 2020 سے اب تک پالیسی شرح میں 7 فیصد کی شرح کو بدلا ہے، جبکہ یہ بھی اشارہ دیا ہے کہ جمود برقرار رہے گا کسی غیر متوقع ترقی کو چھوڑ کر برقرار رکھا جائے۔ نومبر 2020 کے بعد معاشی بحالی مضبوط ہوئی ہے جو بڑے پیمانے پر مینوفیکچرنگ میں اضافے کا اشارہ ہے حالانکہ یہ نمو ابھی بھی مالی سال 2019 کے سطح سے بھی کم ہے جس کی نشاندہی معیشت میں فالتو صلاحیت کی ہے۔ تعمیراتی سرگرمی نے مضبوط مراعات سے کام لیا ہے جبکہ لاک ڈاؤن اور معاشی سرگرمیوں کی بحالی میں آسانی کے بعد سروس سیکٹر بھی زندگی میں واپس آ رہا ہے۔ افراط زر متوقع سطح کے نیچے رہا ہے جبکہ زرمبادلہ کی شرح بھی نسبتاً مستحکم رہی ہے۔ اگرچہ کوویڈ 19 کی دوسری لہر سے معیشت اب بھی ممکنہ خرابی کے خطرے سے دوچار ہے، ویکسینوں کی ممکنہ فراہمی وبائی مرض پر قابو پانے کے قابل ہو رہی ہے۔

مالیاتی کارکردگی

مضاربہ کا اثابہ پورٹ فولیو آواز کی بازیابی کی کارکردگی کے ساتھ اطمینان بخش کارکردگی کا مظاہرہ کر رہا ہے۔ پورٹ فولیو کا بقایا ساٹھ 31 دسمبر 2020 (30 جون، 2020: پاکستانی روپے 21.17 ملین) میں پاکستانی روپے 12.13 ملین تھا۔ زیر جائزہ پہلی سہ ماہی کے دوران، مجموعی طور پر محصولات پاکستانی روپے 3.75 ملین ریکارڈ کی گئیں جبکہ گذشتہ سال کے اسی عرصے میں پاکستانی روپے 6.02 ملین ڈالر تھے۔ جائزہ لینے کے دوران اس مدت میں 3.46 ملین روپے کی فراہمی کے مقابلے میں کوئی دفعات موجود نہیں ہیں۔ اس مدت کے کل اخراجات پاکستانی روپے میں 0.49 ملین تھے۔ مضاربہ نے اس عرصے میں ٹیکس سے پہلے منافع 0.88 ملین ڈالر تک کر دیا۔ مینجمنٹ اثاثوں کے معیار کو برقرار رکھنے کے لئے نئے کاروبار کو لکھنے میں محتاط انداز اپنایا۔ 31 دسمبر، 2020 کے بعد، پاک برونائی انویسٹمنٹ کمپنی لمیٹڈ نے قابل طلب تبادلہ مشارقہ سہولت کے ذریعہ 50 ملین روپے ٹیکس لگائے۔ ہماری ٹیم نے مالی اعانت کے لئے محفوظ پورٹ فولیو تیار کرنا جاری رکھا ہے جو سال کے دوسرے نصف حصے میں منافع کی حمایت کرے گی۔

گورننس

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

تسلیمات

بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور رجسٹرڈ مضاربہ کی مستقل رہنمائی اور مدد کے لئے ان کا اعتراف اور تعریف کرنا چاہتا ہے۔ نیز، اس موقع سے فائدہ اٹھانا چاہیں گے کہ وہ مضاربہ پر اعتماد کرنے کے لئے اپنے صارفین اور سرمایہ کاروں کا شکریہ ادا کرے۔

بورڈ کی جانب سے

احمد حنیق

ڈائریکٹر

کریم حاتم

چیف ایگزیکٹو

تاریخ: 23 فروری 2021



Grant Thornton

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**Independent auditor's review report
To the certificate holders of First Pak Modaraba**

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of First Pak Modaraba (the Modaraba) as at December 31, 2020, the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). The Management Company is responsible for the preparation and presentation of these interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Matter

The financial statements of the Modaraba for the half year ended December 31, 2019 and for the year ended June 30, 2020 were reviewed and audited by another firm of auditors who expressed an unmodified conclusion and opinion on those statements dated February 20, 2020 and September 24, 2020 respectively.

The engagement partner on the audit resulting in this independent auditor's report is Khurram Jameel.

Chartered Accountants
Karachi

Dated: February 23, 2021

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**FIRST PAK MODARABA
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**

		Un-audited December 31, 2020	Audited June 30, 2020
	Note	Rupees	
ASSETS			
CURRENT ASSETS			
Cash and bank balances	4	50,578,081	42,267,091
Investments	5	93,230	51,650
Ijarah rentals receivable	6	-	60,387
Current portion of diminishing musharaka	9	9,015,514	14,006,962
Murabaha finance	7	-	-
Advances, deposits, prepayments and other receivables		1,367,238	1,168,075
Tax refundable		4,201,277	4,201,277
		65,255,340	61,755,442
NON - CURRENT ASSETS			
Property and equipment - ijarah	8	2,243,346	3,884,771
Property and equipment - owned		116,317	166,315
Diminishing musharaka	9	3,116,968	7,164,608
Long term advances		-	16,495
		5,476,631	11,232,189
TOTAL ASSETS		70,731,971	72,987,631
LIABILITIES			
CURRENT LIABILITIES			
Accrued and other liabilities		1,531,763	2,121,548
Unclaimed profit distribution		6,019,809	5,463,869
Current portion of ijarah deposits		1,681,500	2,036,500
		9,233,072	9,621,917
NON - CURRENT LIABILITIES			
Long term ijarah deposits		200,000	200,000
TOTAL LIABILITIES		9,433,072	9,821,917
NET ASSETS		61,298,899	63,165,714
REPRESENTED BY			
CAPITAL AND RESERVES			
Authorized capital 15,000,000 certificates of Rs.10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up certificate capital 12,540,000 certificates of Rs.10/- each		125,400,000	125,400,000
Statutory reserve		26,516,621	26,516,621
Accumulated loss		(85,742,722)	(83,875,907)
		66,173,899	68,040,714
Deficit on revaluation of investments		(4,875,000)	(4,875,000)
		61,298,899	63,165,714

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The annexed notes from 1 to 15 form an integral part of these financial statements.

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



Chief Financial Officer



Chief Executive Officer



Director



Director

FIRST PAK MODARABA

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020**

	Note	Half year ended		Quarter ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
----- Rupees -----					
INCOME					
Diminishing Musharaka		1,124,647	2,437,422	527,046	1,189,640
Ijarah rentals		902,203	1,857,773	432,350	844,710
Profit on PLS accounts		1,337,151	1,100,972	699,106	690,933
Others		389,149	625,842	151,437	405,943
		3,753,150	6,022,009	1,809,939	3,131,226
Un-realised gain on remeasurement of investments at FVTPL		41,580	18,180	16,190	18,150
		3,794,730	6,040,189	1,826,129	3,149,376
EXPENDITURE					
Administrative expenses		(3,463,210)	(3,800,884)	(1,984,594)	(1,961,079)
Depreciation on Ijarah assets		(818,935)	(1,341,003)	(544,532)	(618,939)
Workers' welfare fund		-	(17,614)	4,227	(11,164)
		(4,282,145)	(5,159,501)	(2,524,899)	(2,591,182)
(Loss) / profit before taxation		(487,415)	880,688	(698,770)	558,194
Taxation	11	-	-	-	-
Net (loss) / profit for the period		(487,415)	880,688	(698,770)	558,194
Other comprehensive income		-	-	-	-
Total comprehensive (loss) / income for the period		(487,415)	880,688	(698,770)	558,194
(Loss) / earnings per certificate - Basic and diluted		(0.04)	0.07	(0.06)	0.04

The annexed notes from 1 to 15 form an integral part of these financial statements.

For Awwal Modaraba Management Limited
(Modaraba Management Company)



Chief Financial Officer



Chief Executive Officer



Director



Director

FIRST PAK MODARABA
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	December 31, 2020	December 31, 2019
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(487,415)	880,688
Adjustments for:		
Un-realised gain on remeasurement of investments at FVTPL	(41,580)	(18,180)
Dividend income	-	(1,500)
Gain on disposal of ijarah assets	(119,361)	-
Financial charges	23,519	28,006
Depreciation and amortization	868,933	1,386,279
	731,511	1,394,605
Decrease / (increase) in current assets		
Diminishing Musharaka	9,039,088	9,688,955
Ijarah rentals receivable	60,387	-
Advances, prepayments and other receivables	12,606	(145,324)
	9,112,081	9,543,631
Decrease in current liabilities		
Current portion of ijarah deposits	(355,000)	(422,500)
Accrued and other liabilities	(589,785)	(676,052)
	(944,785)	(1,098,552)
Income tax paid	(195,275)	-
Financial charges paid	(23,519)	(28,006)
Net cash generated from operating activities	8,192,598	10,692,366
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	-	1,500
Sale proceeds from ijarah assets	941,852	2,220,619
Net cash generated from investing activities	941,852	2,222,119
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit distribution	(823,460)	-
Net increase in cash and cash equivalents	8,310,990	12,914,485
Cash and cash equivalents at the beginning of the period	42,267,091	19,004,878
Cash and cash equivalents at the end of the period	50,578,081	31,919,363

The annexed notes from 1 to 15 form an integral part of these financial statements.

For Awwal Modaraba Management Limited
(Modaraba Management Company)


Chief Financial Officer


Chief Executive Officer


Director


Director

FIRST PAK MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Certificate Capital	Capital reserve Statutory reserve	Revenue reserve Accumulated loss	Total
	----- Rupees -----			
Balance as at July 1, 2019	125,400,000	26,147,680	(85,351,669)	66,196,011
Total comprehensive income for the period	-	-	880,688	880,688
Transferred to statutory reserve	-	176,138	(176,138)	-
Balance as at December 31, 2019	125,400,000	26,323,818	(84,647,119)	67,076,699
Balance as at July 1, 2020	125,400,000	26,516,621	(83,875,907)	68,040,714
Final cash dividend @ Re.0.11 per certificate for the year ended June 30, 2020			(1,379,400)	(1,379,400)
Total comprehensive loss for the period	-	-	(487,415)	(487,415)
Balance as at December 31, 2020	125,400,000	26,516,621	(85,742,722)	66,173,899

The annexed notes from 1 to 15 form an integral part of these financial statements.

FIRST PAK MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

First Pak Modaraba (the Modaraba) is a multipurpose, perpetual modaraba registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981. It is managed by Awwal Modaraba Management Limited (the Management Company). The registered office of the Modaraba is situated at 6th floor, Horizon Vista, Plot No. Commercial 10, Block No. 4, Scheme No.5, Clifton, Karachi. The Modaraba is listed on Pakistan Stock Exchange and is engaged in various modes of Islamic fundings and businesses which include ijarah financing, deployment of fund in musharaka, murabaha and investment in securities.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim financial statements of the Modaraba for the half year ended on December 31, 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standards (IAS) 34, interim financial reporting issued by the International Accounting Standards Boards (IASB) as notified under the Companies Act, 2017;
- Provisions of and directions issued under the Companies Act, 2017;
- Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017.

Where the provisions of and directives issued under the Companies Act 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas and IFAS differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas and IFAS have been followed.

- 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, 2020.
- 2.3** The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2020 and December 31, 2019 and notes forming part thereof have not been reviewed by the auditors of the Modaraba, as they have reviewed the cumulative figures for the half year ended December 31, 2020 and December 31, 2019.

3. ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2020 except for the adoption of the following new and amended standards, which became effective for the current period:

Standards	Effective date (Annual periods beginning on or after)
IFRS 3 Definition of a Business (Amendment to IFRS 3)	January 1, 2020
IAS 1 and IAS 8 Definition of Material (Amendment to IAS 1 and IAS 8)	January 1, 2020
IFRS 9, IAS 39 and IFRS 7 Investment rate benchmark Reform (Amendment to IFRS 9 IAS 39 and IFRS 7)	January 1, 2020
IFRS 16 - Covid-19 Related rent concessions (Amendments to IFRS 16)	June 1, 2020

The adoption of the above standards and amendments are not expected to have any material impact on the Modaraba's condensed interim financial statements.

During the preparation of these condensed interim financial statements, the significant judgements made by management in applying the Modaraba's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2020.

FIRST PAK MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

		Un-audited December 31, 2020	Audited June 30, 2020
4. CASH AND BANK BALANCES	Note	----- Rupees -----	
Cash in hand		1,120	2,320
Cash at banks:			
- Current accounts		2,359,241	1,804,828
- Saving accounts	4.1	48,217,720	40,459,943
		50,576,961	42,264,771
		<u>50,578,081</u>	<u>42,267,091</u>
4.1	These carry mark-up rates ranging from 5.50% to 6% (June 30, 2020: 5.90% to 12%) per annum.		
		Un-audited December 31, 2020	Audited June 30, 2020
5. INVESTMENTS	Note	----- Rupees -----	
Fair value through other comprehensive income (FVTOCI)	5.1	-	-
Fair value through profit or loss (FVTPL)	5.2	93,230	51,650
		<u>93,230</u>	<u>51,650</u>
5.1 Fair value through other comprehensive income			
Prudential Securities Limited		4,875,000	4,875,000
Less: impairment		(4,875,000)	(4,875,000)
		<u>-</u>	<u>-</u>
5.2 Fair value through profit or loss			
International Steels Limited		<u>93,230</u>	<u>51,650</u>
6. IJARAH RENTALS RECEIVABLE			
Considered good		-	60,387
Considered doubtful		119,542	119,542
		<u>119,542</u>	<u>179,929</u>
Provision for doubtful receivables		(119,542)	(119,542)
		<u>-</u>	<u>60,387</u>
7. MURABAHA FINANCE			
Murabaha finance		15,319,705	15,319,705
Less: Provision for doubtful murabaha finance		(15,319,705)	(15,319,705)
		<u>-</u>	<u>-</u>
8. PROPERTY AND EQUIPMENT -IJARAH			
Opening WDV		3,884,771	9,461,157
Deletions - vehicles		(2,100,000)	(6,525,000)
Accumulated depreciation		1,277,510	3,306,140
		<u>(822,490)</u>	<u>(3,218,860)</u>
Depreciation charged for the period		(818,935)	(2,357,526)
Closing WDV		<u>2,243,346</u>	<u>3,884,771</u>

FIRST PAK MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

		<u>Un-audited</u>	<u>Audited</u>
		<u>December 31,</u>	<u>June 30,</u>
		<u>2020</u>	<u>2020</u>
	Note	----- Rupees -----	
9. DIMINISHING MUSHARIKA			
Diminishing Musharaka	9.1	12,132,482	21,171,570
Less: Current portion of Diminishing Musharaka		(9,015,514)	(14,006,962)
		<u>3,116,968</u>	<u>7,164,608</u>

9.1 These carry profit rates ranging from 12.50% to 17% (June 30, 2020: 13% to 19%) per annum and are payable on monthly basis over a period from 3 to 4 years.

10. CONTINGENCIES AND COMMITMENTS

There are no significant changes in the status of contingencies and commitments as disclosed in the annual financial statements for the year ended June 30, 2020.

11. PROVISION FOR TAXATION

As per the Second Schedule to the Income Tax Ordinance, 2001, the income of a non-trading modaraba is exempt from income tax provided that it distributes at least 90% of its profits to its certificate holders for the year after making appropriation for statutory reserves. The Modaraba intends to continue to avail this exemption by distributing 90% of its profits to its certificate holders. Accordingly, no provision in respect of current and deferred taxation has been made in these condensed interim financial statements.

12. RELATED PARTY TRANSACTIONS

Related parties comprise of the Management Company, associates, directors and close family members, executives, major certificate holders and staff retirement fund.

Transactions during the period		<u>Un-audited</u>	<u>Un-audited</u>
		<u>December 31,</u>	<u>December 31,</u>
		<u>2020</u>	<u>2019</u>
		----- Rupees -----	
Relationship	Nature of transactions		
Associates			
KASB Modaraba	Sharing of common expenses	363,544	661,391
First Prudential Modaraba	Sharing of common expenses	215,100	290,366
Pak Brunei Investment Co	Sharing of common expenses	102,450	-
Jubilee Life Insurance Co. Ltd	Takaful premium	121,646	76,449
Staff retirement fund			
Provident fund	Contribution made	44,628	44,628
Balances at period / year end		<u>Un-audited</u>	<u>Audited</u>
		<u>December 31,</u>	<u>June 30,</u>
		<u>2020</u>	<u>2020</u>
		----- Rupees -----	
Relationship	Nature of balances		
Associates			
KASB Invest (Pvt) Limited	Accrued and other liabilities	29,491	29,491
KASB Modaraba	Accrued and other liabilities	-	285,989
First Prudential Modaraba	Accrued and other liabilities	-	109,820
Pak Brunei Investment Co	Accrued and other liabilities	102,450	-

**FIRST PAK MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020**

13. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Modaraba's activities expose it to a variety of financial risks. These condensed interim financial statements do not include all financial risk management information and disclosure which are required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Modaraba as at June 30, 2020. There has been no change in any risk management policies since the year end.

14. FAIR VALUE OF ASSETS AND LIABILITIES

The carrying value of all financial assets and liabilities are estimated to approximate their fair values. There were no transfers amongst levels during the period.

15. DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial statements were approved and authorized for issue on February 23, 2021 by the Board of Directors of the Management Company

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



Chief Financial Officer



Chief Executive Officer



Director



Director

FIRST PAK MODARABA

First Pak Modaraba

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**HALF YEARLY
REPORT
December , 2020**