

FIRST PAK MODARABA

QUARTERLY REPORT

MARCH 31, 2020

Managed By

Awwal Modaraba Management Limited

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. Iqra Sajjad

Chief Financial Officer

Mr. Aftab Afroz Mahmoodi

Auditor

Crowe Hussain Chaudhury & Co, Chartered Accountants

Bankers

Habib Bank Limited
Summit Bank

Certificate Registrar

F.D. Registrar Services (SMC-Pvt) Limited.
Office No: 1705, 17th Floor, Saima Tower-A,
I.I.Chundrigar Road, Karachi-74000
Phone: 021-32271905-6 Fax: 021- 32621233

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 Pak Modaraba, we are pleased to present the Directors' Report together with unaudited financial results of First Pak 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 8.58 million inclusive of return on deposit of PKR 1.99 million, compared to PKR 10.50 million in corresponding period last year. Admin and operating expenses for the period amounted to PKR 5.27 million. The Modaraba posted profit before management fee expense and tax of PKR 1.41 million during Jul –March, 2020 compared to the profit before management fee expense and tax of PKR 1.67 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 پاک مضاربہ کی منیجمنٹ کمپنی ہے فرسٹ پاک 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، 8.58 ملین پاکستانی روپے آمدنی رہی جس میں 1.99 ملین روپے کا بینک ڈیپازٹ پر منافع شامل ہے جبکہ گذشتہ سال مماثل دورانیہ میں 10.50 ملین پاکستانی روپے تھا۔ انتظامی اور عملیاتی اخراجات برائے دورانیہ ہذا 5.27 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 منافع مبلغ 1.41 ملین پاکستانی روپے پیش کیے ہیں جبکہ اس کے مقابلے گذشتہ سال مماثل دورانیہ میں یہ منافع 1.67 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 PAK MODARABA
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
		Rupees	
ASSETS			
Current Assets			
Cash and bank balances	6	37,744,823	19,004,878
Investments	7	36,190	39,710
Current portion of diminishing musharaka	8	13,804,761	17,899,169
Morabaha finance	9	-	-
Ijarah rentals receivable	10	60,387	118,367
Advances, deposits, prepayments and other receivables	11	1,443,240	1,137,857
Tax refundable - considered good		4,929,854	4,929,854
		58,019,255	43,129,835
Non - Current Assets			
Property and equipment - Ijarah	12	4,370,897	9,461,157
Property and equipment - owned	13	198,665	266,579
Long term portion of diminishing musharaka	8	10,559,255	19,688,501
Long term advance		35,830	93,835
		15,164,647	29,510,072
TOTAL ASSETS		73,183,902	72,639,907
LIABILITIES			
Current Liabilities			
Accrued and other liabilities		2,054,737	1,919,151
Unclaimed profit distribution		5,463,869	5,463,869
Provision for taxation		696,876	696,876
Current portion of deposits		1,746,500	445,000
		9,961,982	8,524,896
Non-Current Liabilities			
Long term deposits		490,000	2,794,000
TOTAL LIABILITIES		10,451,982	11,318,896
NET ASSETS		62,731,920	61,321,011
REPRESENTED BY			
Deficit on revaluation of investments classified as "FVTOCI"		(4,875,000)	(4,875,000)
Certificate holders' equity			
Certificate Capital		125,400,000	125,400,000
Statutory reserve		26,429,862	26,147,680
Accumulated loss		(84,222,942)	(85,351,669)
		67,606,920	66,196,011
		62,731,920	61,321,011
Contingencies and commitments	14		

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

	Note		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	-----Rupees-----		-----Rupees-----	
INCOME				
Return on PLS accounts	1,993,413	488,896	892,441	109,552
Income on diminishing musharaka	3,428,628	4,129,972	991,206	1,622,477
Gain on sale of investments	-	-	-	-
Dividend income	-	-	-	-
Ijarah rentals	2,449,520	4,863,395	591,747	1,535,996
Other income	712,682	1,021,354	86,840	35,410
	8,584,243	10,503,617	2,562,234	3,303,435
Unrealised gain/(loss) on investments at fair value through profit or loss	(3,520)	(42,121)	(21,700)	2,730
	8,580,723	10,461,496	2,540,534	3,306,165
EXPENDITURE				
Administrative expenses	(5,270,195)	(4,935,642)	(1,469,311)	(1,743,718)
Depreciation on Ijarah assets	(1,871,400)	(3,819,942)	(530,397)	(1,228,314)
Workers welfare fund	(28,219)	(30,113)	(10,605)	(5,898)
	(7,169,814)	(8,785,697)	(2,010,313)	(2,977,930)
Profit for the period	1,410,909	1,675,799	530,221	328,235
Modaraba Company's Management Fee	-	(150,566)	-	(29,491)
Provision for sales tax on management fee	-	(19,574)	-	(3,834)
Profit before taxation	1,410,909	1,505,659	530,221	294,910
Provision for taxation	-	-	-	-
Profit after taxation	1,410,909	1,505,659	530,221	294,910
Other Comprehensive income	-	-	-	-
Total income for the period	1,410,909	1,505,659	530,221	294,910
Earnings per certificate	0.11	0.12	0.04	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 PAK MODARABA
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

	For the period ended	
	March 31, 2020	March 31, 2019
	-----Rupees-----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,410,909	1,505,659
Adjustments for non-cash changes and other items:		
-Unrealised (gain)/loss on remeasurement of 'held for trading investments	3,520	42,121
-Dividend income	(1,500)	-
-Gain on sale of ijarah assets	(274,475)	-
-Depreciation on ijarah assets	1,871,400	3,819,942
-Depreciation-owned	67,914	60,471
	1,666,859	3,922,534
	3,077,768	5,428,193
Cash flows before movement in working capital		
Decrease / (increase) in operating assets		
-Diminishing Musharika	13,223,654	(10,998,707)
-Ijarah rentals receivable	57,980	48,090
-Advances, prepayments and other receivables	(72,370)	(978,551)
	13,209,264	(11,929,168)
Increase / (decrease) in operating liabilities		
-Long term Ijarah deposits	(1,002,500)	(1,780,000)
-Accrued and other liabilities	135,586	61,932
	(866,914)	(1,718,068)
Cash generated from / (used in) operations	15,420,118	(8,219,043)
-Income tax paid / adjustment	(175,008)	(48,183)
Net cash generated from / (used in) operating activities	15,245,110	(8,267,226)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	1,500	-
Investments encashed / (made) -net	-	1,164,633
Sale / (Purchase) of Ijarah assets	3,493,335	5,195,000
Net cash (used in) investing activities	3,494,835	6,359,633
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Profit distribution	-	(1,088,624)
Net cash used in financing activities	-	(1,088,624)
Net (decrease) in cash and cash equivalents (A+B+C)	18,739,945	(2,996,217)
Cash and cash equivalents at July 01	19,004,878	15,590,972
Cash and cash equivalents at December 31	37,744,823	12,594,755

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

	Reserves			Total
	Capital	Statutory reserve*	Accumulated loss	
	Certificate capital	Statutory reserve*	Accumulated loss	Total
	----- Rupees -----			
Balance as at July 1, 2018 (Audited)	125,400,000	26,044,844	(88,882,415)	62,562,429
Profit for the period ended March 31, 2019	-	-	1,505,659	1,505,659
Final dividend Re.0.14 per certificate for the year ended June 30, 2018	-	-	(1,755,600)	(1,755,600)
Transfer to statutory reserve	-	301,132	(301,132)	-
Balance as at March 31, 2019 (Unaudited)	125,400,000	26,345,976	(89,433,488)	62,312,488
Balance as at July 1, 2019 (Audited)	125,400,000	26,147,680	(85,351,669)	66,196,011
Profit for the period ended March 31, 2020	-	-	1,410,909	1,410,909
Transfer to statutory reserve	-	282,182	(282,182)	-
Balance as at March 31, 2020 (Unaudited)	125,400,000	26,429,862	(84,222,942)	67,606,920

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

FIRST PAK 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 Pak 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 Royal Management Services (Pvt) Limited (RMSL). 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 Pak 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 Pak Modaraba effective from February 03, 2020.
- 1.4** The principal office of First Pak 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 issues 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 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, 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.

6 CASH AND BANK BALANCES

	Note	(Un-Audited) Mar 31, 2020	(Audited) Jun 30, 2019
-----Rupees-----			
Cash in hand		2,970	5,400
Cash at banks			
Current accounts		1,804,828	1,804,828
Saving accounts	6.1	35,937,025	17,194,650
		<u>37,741,853</u>	<u>18,999,478</u>
		<u>37,744,823</u>	<u>19,004,878</u>

- 6.1 Effective mark-up rate in respect of PLS accounts ranges from 4.00% to 11.50% (June 2019: 4.00% to 10.25%) per annum.

	Note	(Un-Audited) Mar 31, 2020	(Audited) Jun 30, 2019
-----Rupees-----			

7 INVESTMENTS

Fair value through other comprehensive income (FVTOCI)	7.1	-	-
Fair value through profit or loss (FVTPL)	7.2	36,190	39,710
		<u>36,190</u>	<u>39,710</u>

7.1 Fair value through other comprehensive income (FVTOCI)

Fully paid ordinary shares of Rs 10 each.

(Un-Audited) March 31, 2020	(Audited) June 30, 2019		Note	(Un-Audited) March 31, 2020	(Audited) June 30, 2019
-----Rupees-----					
Number of Shares		Name of company			
Unquoted securities		Prudential Securities Limited			
487,500	487,500	Cost		4,875,000	4,875,000
		Permanent Diminution	7.1.1	(4,875,000)	(4,875,000)
<u>487,500</u>	<u>487,500</u>			<u>-</u>	<u>-</u>

- 7.1.1 The operations of Prudential Securities Limited remained suspended that indicates a significant and prolonged decline in the fair value of this investment below carrying value resulting in an objective evidence of impairment. Therefore, the investment has been considered as fully impaired.

7.2 Fair value through profit or loss (FVTPL)

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		Name of Company		
1,000	1,000	Steel International Steels Ltd	36,190	39,710
		Suspended / Delisted Company		
120,000	120,000	Prudential Investment Bank Limited	-	-
		Pakistan Industrial & Commercial Leasing Limited	-	-
<u>279,749</u>	<u>279,749</u>		<u>36,190</u>	<u>39,710</u>
<u>400,749</u>	<u>400,749</u>			

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
8 DIMINISHING MUSHARIKA			
		-----Rupees-----	
Diminishing Musharika	8.1	24,364,016	37,587,670
Current portion of diminishing musharika		(13,804,761)	(17,899,169)
		<u>10,559,255</u>	<u>19,688,501</u>

8.1 These finance carry profit rate ranged from 13.00% to 19.00% per annum and are payable on monthly basis over a period from 3 to 4 years.

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
9 MORABAHA FINANCE			
		-----Rupees-----	
Morabaha finance - Unsecured	9.1	15,319,705	15,319,705
Provision for doubtful morabaha finance		(15,319,705)	(15,319,705)
		<u>-</u>	<u>-</u>

9.1 This include amount of Morabaha finance receivable from five different parties outstanding since many years. As per term of agreement, the profit against these finance ranged from 16.5% to 20%, however, based on the guidelines of prudential regulation for Modaraba, the principal and profit against these finances have been fully provided and suspended accordingly.

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
10 IJARAH RENTALS RECEIVABLE			
		-----Rupees-----	
Considered good		60,387	118,367
Considered doubtful		119,542	119,542
		<u>179,929</u>	<u>237,909</u>
Provision for doubtful receivables		(119,542)	(119,542)
		<u>60,387</u>	<u>118,367</u>

		(Un-Audited) March 31, 2020	(Audited) June 30, 2019
11 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
		-----Rupees-----	
Considered good			

Profit Receivable on Diminishing Musharakah	124,645	189,970
Advance income tax	513,890	338,882
Advance to staff	81,840	157,090
Prepayments	353,885	343,515
Profit receivable on bank deposits	313,480	67,900
Others	55,500	40,500
	<u>1,443,240</u>	<u>1,137,857</u>

Considered doubtful		
Amount due from PSL	11,476,377	11,476,377
Amount due from PCML	999,832	999,832
Amount due from Royal Management Services(Pvt) Ltd	886,442	886,442
Profit receivable on Morabaha finance	4,028,913	4,028,913
	<u>17,391,564</u>	<u>17,391,564</u>
	<u>18,834,804</u>	<u>18,529,421</u>
Less: Provision for doubtful receivables	(17,391,564)	(17,391,564)
	<u>1,443,240</u>	<u>1,137,857</u>

12 PROPERTY AND EQUIPMENT - IJARAH	(Un-Audited)	(Audited)
	March 31, 2020	June 30, 2019
	-----Rupees-----	
Net Book value	4,370,897	9,461,157
Details of addition / (disposal) during the period		
Addition	-	-
Deletion	6,525,000	10,480,000

13 PROPERTY AND EQUIPMENT - OWN

Net Book value	198,665	266,579
Details of addition / (disposal) during the period		
Addition		300,000
Deletion		519,517

14 CONTINGENCIES AND COMMITMENTS

Some of the modarabas in the sector have received letter from Assistant Commissioner, Sindh Revenue Board (SRB), whereby it came to their notice that these Modarabas are 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. The modarabas who have received the said letter, collectively decided that under the supervision of NBF & Modaraba Association Pakistan, a petition against the same be filed through a common legal counsel in the Honorable High Court of Sindh (HCS) challenging levy of Services Sales Tax on lease rental/ lease financing transactions including the vires of various headings of the Second Schedule of the Act. Being similar in nature of business it was expected that the same type of letter shall be received by First Pak Modaraba. Therefore, management has taken cautious approach and become a party in collective effort undertaken by the other modarabas.

15 PROVISION FOR TAXATION

The income of the Modaraba is exempt from tax provided that not less than 90% of total profits in the year as reduced by the amount transferred to statutory reserve, required under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980, are distributed amongst the certificate holders. Since section 113 of the Income Tax Ordinance, 2001 is not applicable on the Modaraba, no provision for taxation has been made in these financial statements.

16 RELATED PARTY TRANSACTIONS

The related parties and associated undertakings comprise the modaraba management company, modarabas under common management (KASB Modaraba & First Prudential Modaraba) First Pak 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: -

Relationship with the Company	Nature of Transactions	(Un-Audited)	(Un-Audited)
		March 31, 2020	March 31, 2019
Expense for the period			
Modaraba Management Company	Management fee	-	-
Ex-Modaraba Management Company	Management fee	-	121,075
Modarabas under common management	Sharing of common expense	1,301,248	703,947
Provident Fund	Contribution made	66,942	34,482
Administrator	Salaries & other benefits	210,931	-
Payments made during the period			
Ex-Modaraba Management Company	Management fee	-	221,312
Modarabas under common management	Sharing of common expense	1,201,690	
Provident Fund	Contribution made	66,942	34,482
Administrator	Salaries & other benefits	290,931	-
		(Un-Audited)	(Audited)
		March 31,	June 30,
		2020	2019
		-----Rupees-----	
Balance as at the end of period			
Payable to Modaraba Management Company	Management fee	-	-
Payable to Ex-Modaraba Management Company	Management fee	29,491	29,491
Payable to Modarabas under common management	Sharing of common expense	623,148	523,590
Administrator	Salaries & other benefits	-	80,000

17 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of appropriate presentation. There have been no significant reclassification in these financial statements.

18 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.

19 GENERAL

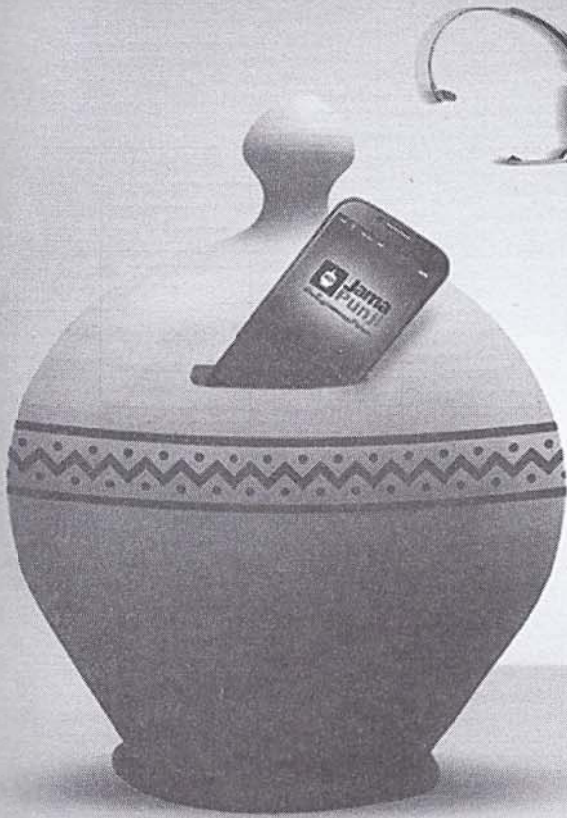
Figures have been rounded off to the nearest Rupee.

-sd-
Chief Financial Officer

-sd-
Chief Executive Officer

-sd-
Director








-sd-
Director










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