

# **FIRST PAK MODARABA**

HALF YEARLY REPORT  
DECEMBER 31, 2021

MANAGED BY  
AWWAL MODARABA MANAGEMENT LIMITED

# Vision

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

## Mission

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

# FIRST 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. Saiyid Najam Rizvi		Non-Executive Director
Mr. Karim Hatim		Chief Executive Officer

### **Audit Committee**

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

### **Human Resource and Remuneration Committee**

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

### **Company Secretary**

Ms. Misbah Asjad

### **Chief Financial Officer**

Mr. Aftab Afroz Mahmoodi

### **Auditor**

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 :**

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

## Directors' Report

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

### **Economy**

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

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

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

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

### **Financial Performance**

As mentioned earlier, the management is now focusing to deploy excess liquidity in lending operations while maintaining sound asset quality. The outstanding portfolio size nearly doubled to PKR 67.26 million at December 31, 2021 (June 30, 2021: PKR 36.14 million) with corresponding fall in liquid assets to PKR 45 million. Portfolio build up is a challenge in FPM due to the limited per party exposure size which will be rectified by the proposed merger. During the first half under review, overall revenues have been recorded at PKR 6.59 million compared to PKR 3.75 million in corresponding period last year. Total expenses for the period were contained at PKR 3.29 million. The Modaraba posted profit before tax for the period at PKR 1.54 million compared to loss of Rs.0.49 million in the corresponding period. Post-merger, we expect cost structure to considerably improve by eliminating the operational inefficiency of maintaining three separate Modarabas.

### **Future Plans**

The Board of Directors has decided to merge First Pak Modaraba, First Prudential Modaraba and KASB Modaraba. The intention is to cut costs and achieve an economic size to make the merged Modaraba more competitive in the current business environment. Since takeover of management rights in February 2020, the Modaraba sector underwent significant upheaval in terms of deterioration in

business environment and adverse change in regulatory framework. The management focused on recoveries and streamlining of operations in line with the overall group policies during this time. Profitability has been consequently subdued with liquidity buildup deployed in low risk, low return avenues. Business revival is now being aggressively pursued with funds deployment while maintaining asset quality. The merger is also part of this strategy to improve profitability and strengthen the financial position of the Modarabas. The management is in the process of carrying out the regulatory formalities in this regard and expect the merger to conclude during this financial year.

### **Governance**

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

### **Acknowledgement**

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

On behalf of the Board



**Karim Hatim**  
Chief Executive



**Abdul Jaleel Shaikh**  
Director

Date: February 22, 2022

## ڈائریکٹرز کی رپورٹ:

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

### معیشت:

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

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

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

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

### مالیاتی کارکردگی:

جیسا کہ پہلے ذکر کیا گیا ہے، انتظامیہ اب اثاثہ جات کے بہتر معیار کو برقرار رکھتے ہوئے قرضہ جات میں فراہمی میں اضافہ پر توجہ مرکوز کر رہی ہے۔ بقایا پورٹ فولیو سائز 31 دسمبر 2021 (30 جون 2021: 36.14 PKR ملین) کو تقریباً دوگنا ہو کر 67.26 PKR ملین ہو گیا جس میں مائع اثاثوں میں اسی طرح کی کمی 45 PKR ملین ہو گئی۔ فی پارٹی ایکسپوزر سائز محدود ہونے کی وجہ سے FPM میں پورٹ فولیو کی تعمیر ایک چیلنج ہے جسے مجوزہ انضمام سے درست کیا جائے گا۔ زیر جائزہ پہلی ششماہی کے دوران، مجموعی آمدنی 6.59 PKR ملین ریکارڈ کی گئی ہے جو گزشتہ سال کی اسی مدت میں 3.75 PKR ملین تھی۔ اس مدت کے کل اخراجات 3.29 PKR ملین تھے۔ مضاربہ نے پچھلے سال اسی مدت میں 0.49 ملین روپے کے نقصان کے مقابلے 1.54 PKR ملین روپے کا قبل از ٹیکس منافع کمایا۔ انضمام کے بعد، ہم توقع کرتے ہیں کہ تین الگ الگ مضاربہ کو برقرار رکھنے کے انتظامی مسائل کو ختم کر کے لاگت کے ڈھانچے میں واضح بہتری آئے گی۔

## مستقبل کے منصوبے:

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

## گورننس

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

## تسلیمات:

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

بورڈ کی جانب سے

عبدالجلیل شیخ  
ڈائریکٹر

کریم حاتم  
چیف ایگزیکٹو

تاریخ: 22 فروری 2022

# INDEPENDENT AUDITORS' REVIEW REPORT TO THE CERTIFICATE HOLDERS OF FIRST PAK MODARABA

## Introduction

We have reviewed the accompanying condensed interim balance sheet of **First Pak Modaraba** (the Modaraba) as at **December 31, 2021** and the related condensed interim profit or loss, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as "the interim financial statements"). The Modaraba Management Company [Awwal Modaraba Management Company Limited] is responsible for the preparation and presentation of the interim financial statements in accordance with approved accounting and reporting 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 information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

## Emphasis of Matter

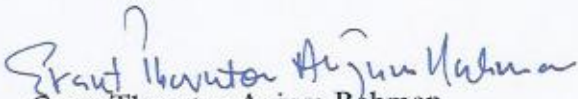
We draw attention to Note 1.1 of the condensed interim financial statement, which states, the management has principally decided to merge the three Modarabas i.e First Pak Modaraba, First Prudential Modaraba and KASB Modaraba in to one Modaraba to operate as single unit. Legal and other formalities to effect the proposed merger are in process of completion. Our conclusion is not modified in respect of this matter.



### Other Matter

The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

The engagement partner on the review resulting in this independent auditors' review report is **Muhammad Shaukat Naseeb**.

  
Grant Thornton Anjum Rahman  
Chartered Accountants  
Date: 22 FEB 2022  
Karachi

**FIRST PAK MODARABA  
CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2021**

		(Un Audited) December 31, 2021	(Audited) June 30, 2021
		----- Rupees -----	
<b>ASSETS</b>	<b>Note</b>		
<b>Current Assets</b>			
Cash and bank balances	4	21,773,436	55,959,696
Investments	5	9,360,000	9,320,598
Modaraba term deposit	6	13,500,000	13,500,000
Current portion of diminishing musharakah	11	19,945,850	11,545,417
Morabaha finance	9	-	-
Ijarah rentals receivable		-	162
Advances, deposits, prepayments and other receivables	10	11,991,562	6,044,861
Tax refundable - considered good		4,201,277	4,201,277
		<u>80,772,125</u>	<u>100,572,011</u>
<b>Non - Current Assets</b>			
Ijarah assets	7	6,662,139	6,917,598
Fixed assets in own use-intangible	8	150,288	231,120
Long term portion of diminishing musharakah	11	40,651,104	17,674,555
Long term advances	12	122,856	-
		<u>47,586,387</u>	<u>24,823,273</u>
<b>TOTAL ASSETS</b>		<u>128,358,512</u>	<u>125,395,284</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Musharaka finance	13	-	50,000,000
Short term finance	14	50,000,000	-
Accrued and other liabilities	15	6,046,427	3,074,594
Unclaimed profit distribution		5,895,393	5,895,393
Provision for taxation	23	241,490	-
Current portion of ijarah deposits	16	400,000	2,550,000
		<u>62,583,310</u>	<u>61,519,987</u>
<b>Non-Current Liabilities</b>			
Long term ijarah deposits	16	2,062,500	1,500,580
<b>TOTAL LIABILITIES</b>		<u>64,645,810</u>	<u>63,020,567</u>
<b>NET ASSETS</b>		<u>63,712,702</u>	<u>62,374,717</u>
<b>REPRESENTED BY</b>			
<b>Authorized certificate capital</b>			
15,000,000 (June 30, 2021:15,000,000) modaraba certificates of Rs.10/- each		<u>150,000,000</u>	<u>150,000,000</u>
<b>Issued, subscribed and paid-up certificate capital</b>			
12,540,000 (June 30, 2021:12,540,000) modaraba certificates of rupees 10/- each		<u>125,400,000</u>	<u>125,400,000</u>
Statutory reserve		26,829,899	26,570,182
Accumulated loss		(84,002,197)	(85,041,063)
		<u>68,227,702</u>	<u>66,929,119</u>
Deficit on revaluation of investments	5.4	(4,515,000)	(4,554,402)
		<u>63,712,702</u>	<u>62,374,717</u>
Contingencies and commitments	17		

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
DIRECTOR

**FIRST PAK MODARABA**  
**CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UNAUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

	Note	Half year ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		Rupees			
<b>INCOME</b>					
Income from deposits with banks		1,079,314	1,337,151	396,560	699,106
Income from modaraba term deposit		483,190	-	244,221	-
Income from investment in sukuk		436,076	-	224,538	-
Income from diminishing musharakah finance		3,060,995	1,124,647	1,893,550	527,046
Ijarah rentals		1,018,574	902,203	547,295	432,350
Other income	18	512,034	389,149	480,034	151,437
		<u>6,590,183</u>	<u>3,753,150</u>	<u>3,786,198</u>	<u>1,809,939</u>
Unrealised gain on remeasurement of fair value through profit or loss investments		-	41,580	-	16,190
Reversal against doubtful receivable - net		119,542	-	119,542	-
		<u>6,709,725</u>	<u>3,794,730</u>	<u>3,905,740</u>	<u>1,826,129</u>
<b>EXPENDITURE</b>					
Administrative expenses	19	(3,290,425)	(3,439,691)	(1,685,820)	(1,984,594)
Financial charges	20	(1,024,467)	(23,519)	(670,782)	-
Depreciation on Ijarah assets		(823,959)	(818,935)	(426,042)	(544,532)
		<u>(5,138,851)</u>	<u>(4,282,145)</u>	<u>(2,782,644)</u>	<u>(2,529,126)</u>
Profit/ (loss) for the period		1,570,874	(487,415)	1,123,096	(702,997)
Management company's remuneration	21	-	-	-	-
Provision for sales tax on Management Company's Remuneration		-	-	-	-
Provision for Sindh Workers' Welfare Fund	22	(30,801)	-	(22,021)	4,227
Profit/ (loss) before taxation		1,540,073	(487,415)	1,101,075	(698,770)
Provision for taxation					
- Current	23	(241,490)	-	(114,181)	-
- Prior		-	-	-	-
Profit/ (loss) after taxation		<u>1,298,583</u>	<u>(487,415)</u>	<u>986,894</u>	<u>(698,770)</u>
<b>Earnings per certificate - Basic and diluted</b>		<u>0.10</u>	<u>(0.04)</u>	<u>0.08</u>	<u>(0.06)</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

For Awwal Modaraba Management  
(Management Company)

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
DIRECTOR

**FIRST PAK MODARABA  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE PERIOD ENDED DECEMBER 31, 2021**

	Note	Half year ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		----- Rupees -----			
<b>Profit/ (loss) after taxation</b>		<b>1,298,583</b>	<b>(487,415)</b>	<b>986,894</b>	<b>(698,770)</b>
Other comprehensive income for the period					
Items that will subsequently be classified to profit & loss account					
Unrealised gain on remeasurement of investment classified as fair value through other comprehensive income	5.4	<b>360,000</b>	-	45,342	-
<b>Total comprehensive income/ (loss) for the period</b>		<b><u>1,658,583</u></b>	<b><u>(487,415)</u></b>	<b><u>1,032,236</u></b>	<b><u>(698,770)</u></b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

For Awwal Modaraba Management  
(Management Company)

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
DIRECTOR

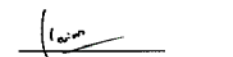
**FIRST PAK MODARABA  
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE PERIOD ENDED DECEMBER 31, 2021**

	December 31, 2021	December 31, 2020
	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before taxation	1,540,073	(487,415)
<b>Adjustments for non-cash changes and other items:</b>		
Unrealized investments at FVTPL	-	(41,580)
Gain on disposal of ijarah assets	-	(119,361)
Financial charges	1,024,467	23,519
Depreciation on ijarah assets	823,959	868,933
Reversal against doubtful receivable	(119,542)	
Amortization on intangible assets	80,832	-
	<u>1,809,716</u>	<u>731,511</u>
<b>Cash flows before movements in working capital</b>	<b>3,349,789</b>	<b>244,096</b>
<b>Decrease / (increase) in operating assets</b>		
Diminishing Musharakah	(31,376,982)	9,039,088
Ijarah rentals receivable	162	60,387
Advances, prepayments and other receivables	(5,788,945)	12,606
	<u>(37,165,765)</u>	<u>9,112,081</u>
<b>Increase / (decrease) in operating liabilities</b>		
Current Portion of ijarah deposits	-	(355,000)
Long term ijarah deposits	(1,588,080)	-
Musharaka finance	(50,000,000)	-
Short term Finance	50,000,000	-
Accrued and other liabilities	2,971,833	(589,785)
	<u>1,383,753</u>	<u>(944,785)</u>
<b>Cash (used in) / generated from operations</b>	<b>(32,432,223)</b>	<b>8,411,392</b>
Income tax paid	(280,612)	(195,275)
Financial charges paid	(1,024,467)	(23,519)
Net cash (used in) /generated from operating activities	<u>(33,737,302)</u>	<u>8,192,598</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Ijarah assets	(2,250,000)	-
Receipts from settlement of ijarah	119,542	
Sale proceeds from Ijarah assets	1,681,500	941,852
Net cash (used in) /generated from investing activities	<u>(448,958)</u>	<u>941,852</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit distribution	-	(823,460)
Net increase in cash and cash equivalents	(34,186,260)	8,310,990
Cash and cash equivalents at the beginning of the period	55,959,696	42,267,091
<b>Cash and cash equivalents at the end of the period</b>	<u><b>21,773,436</b></u>	<u><b>50,578,081</b></u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
DIRECTOR

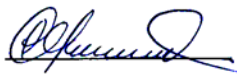
**FIRST PAK MODARABA**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

	Reserve		Total	
	Capital	Revenue		
Certificate Capital	Statutory reserve	Accumulated loss		
----- Rupees -----				
Balance at July 01, 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)
Net loss for the period	-	-	(487,415)	(487,415)
<b>Balance at December 31, 2020 (Unaudited)</b>	<b>125,400,000</b>	<b>26,516,621</b>	<b>(85,742,722)</b>	<b>66,173,899</b>
Balance at July 01, 2021 (Audited)	125,400,000	26,570,182	(85,041,063)	66,929,119
Net profit for the period	-	-	1,298,583	1,298,583
Transfer to statutory reserve	-	259,717	(259,717)	-
<b>Balance at December 31, 2021 (Unaudited)</b>	<b>125,400,000</b>	<b>26,829,899</b>	<b>(84,002,197)</b>	<b>68,227,702</b>

\* Statutory reserve represents profit set aside to comply with the Modaraba Regulations issued by the SECP.

The annexed notes from 1 to 27 form an integral part of these financial statements.

For Awwal Modaraba Management  
(Management Company)

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
DIRECTOR

**FIRST PAK MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

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**1 LEGAL STATUS AND NATURE OF BUSINESS**

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 (Private) Limited. 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 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.

The registered office of First Pak Modaraba is situated at 3rd floor, Horizon Vista, Plot No. 10 Commercial, Block No. 4, Scheme No.5, Clifton, Karachi. 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.

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

**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, 2021 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, 2021.
- 2.3 The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2021 and December 31, 2020 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, 2021 and December 31, 2020.

**FIRST PAK MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE PERIOD ENDED DECEMBER 31, 2021**

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**3. STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS**

**3.1 Standards, amendments and interpretations to the published standards that may be relevant to the Company and adopted in the current year**

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

<b>New or Revised Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021
IFRS 16 'Covid-19-Related Rent Concessions beyond 30 June 2021'	April 1, 2021

**3.2 Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Company**

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

<b>Standard or Interpretation</b>	<b>Effective Date (Annual periods beginning on or after)</b>
Annual improvements to IFRSs 2018 - 2020 Cycle	January 1, 2022
IFRS 3 References to Conceptual Framework	January 1, 2022
IAS 16 Proceeds before intended use	January 1, 2022
IAS 37 Onerous Contracts- Cost of Fulfilling a contract	January 1, 2022
IAS 1 Classification of Liabilities as Current or Non-current	January 1, 2023
IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

**3.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)**

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standard or Interpretation</b>	<b>IASB effective date (Annual periods beginning on or after)</b>
IFRS 17 'Insurance Contracts'	January 1, 2023



**FIRST PAK MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION ( UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

		(Un Audited)	(Audited)
		December 31,	June 30,
		2021	2021
		----- Rupees -----	
<b>4</b>	<b>CASH AND BANK BALANCES</b>		
	Cash in hand	-	83
	Cash at banks		
	-current accounts	2,237,469	2,237,469
	-saving accounts	19,535,967	53,722,144
		21,773,436	55,959,613
		<u>21,773,436</u>	<u>55,959,696</u>

4.1 Rate of return in respect of PLS accounts ranges from 3.70% to 8.23% (June 30, 2021: 5.77% to 6.25%) per

		(Un Audited)	(Audited)
		December 31,	June 30,
		2021	2021
		----- Rupees -----	
<b>5</b>	<b>INVESTMENTS</b>		
	<b>Fair Value Through Other Comprehensive Income (FVTOCI)</b>		
	- Investment in un-quoted securities	-	-
	- Investment in sukuk certificate	9,360,000	9,320,598
	<b>Fair Value Through Profit or Loss (FVTPL)</b>		
	-Investment in quoted securities	-	-
		<u>9,360,000</u>	<u>9,320,598</u>

**5.1 Investment in un-quoted securities**

Fully paid ordinary shares of Rs 10 each.

		(Un Audited)	(Audited)
		December 31,	June 30,
		2021	2021
		----- Rupees -----	
	<b>Number of Shares</b>		
	<b>Name of company</b>		
	<b>Unquoted securities</b>		
	Prudential Securities Limited		
	Cost	4,875,000	4,875,000
	Less: loss on re-measurement	(4,875,000)	(4,875,000)
		<u>-</u>	<u>-</u>

5.1.1 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.

**5.2 Investment in sukuk certificate**

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

Description	Investment Date	Number of units	Amount Rupees	Monthly profit	Investment Agent	Maturity	Fair value in rupees
Meezan Bank Ltd - Additional Tier 1 Capital	May 19, 2021	9	9,000,000	3 months KIBOR + 1.75% per	Al Baraka Bank Ltd	August 1, 2028	9,360,000

**FIRST PAK MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION ( UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

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

**5.3 Investment in quoted securities**

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

(Un Audited) December 31, 2021	(Audited) June 30, 2021	Name of Company	(Un Audited) December 31, 2021	(Audited) June 30, 2021
Number of Certificates / Shares			----- Rupees -----	
		<b>Suspended / Delisted Company</b>		
120,000	120,000	Prudential Investment Bank Ltd	-	-
		Pakistan Industrial & Commercial		
279,749	279,749	Leasing Limited	-	-
			<u>-</u>	<u>-</u>

**5.4 Deficit on revaluation of investments classified as fair value through OCI investments** Note

Deficit on re-measurement of unquoted securities:	5.1	(4,875,000)	(4,875,000)
Surplus on re-measurement of investment in sukuk certificates	5.2	<u>360,000</u>	<u>320,598</u>
		<u>(4,515,000)</u>	<u>(4,554,402)</u>
Deficit on revaluation at the beginning of the period / year		(4,554,402)	(4,875,000)
Surplus on revaluation at the end of the period / year		<u>39,402</u>	<u>320,598</u>
		<u>(4,515,000)</u>	<u>(4,554,402)</u>

**6 MODARABA TERM DEPOSIT**

The Modaraba (Rabb-ul-Maal) invested in the General Pool created by related party (Mudarib or investment manager) in accordance with the principles of Shariah. As per terms of the agreement, these term deposit will mature on respective dates and the related party shall pay profit to the Modaraba on maturity as per profit sharing ratio between the Modaraba and related party. The details of investment are as under:

Investment			Profit Sharing Ratio		Profit Rate (per anum)	
Date	Amount	Maturity	Rabb-ul -Maal	Mudarib	Rabb-ul -Maal	Mudarib
May 07,2021	13,500,000	Monthly Rollover till May 07, 2022	77.34%	22.66%	7.10%	2.08%

**FIRST PAK MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION ( UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

**7 IJARAH ASSETS**

December 31, 2021 (Unaudited)	Cost			Depreciation				Carrying value at December 31, 2021	Rate %	
	As at July 1, 2021	Additions	Disposals	As at December 31, 2021	Accumulated at July 1, 2021	Charge for the period	Disposal			Accumulated at December 31, 2021
	-----Rupees-----									
Vehicle	11,719,000	2,250,000	(5,719,000)	8,250,000	4,801,402	823,959	(4,037,500)	1,587,861	6,662,139	<b>25-33.33</b>
	11,719,000	2,250,000	(5,719,000)	8,250,000	4,801,402	823,959	(4,037,500)	1,587,861	6,662,139	
June 30, 2021 (Audited)	Cost			Depreciation				Carrying value at June 30, 2021	Rate %	
	As at July 1, 2020	Additions	Disposals	As at June 30, 2021	Accumulated at July 1, 2020	Charge for the year	Disposal			Accumulated at June 30, 2021
	-----Rupees-----									
Vehicle	8,819,000	5,000,000	(2,100,000)	11,719,000	4,934,229	1,144,683	(1,277,510)	4,801,402	6,917,598	25-33.33
	8,819,000	5,000,000	(2,100,000)	11,719,000	4,934,229	1,144,683	(1,277,510)	4,801,402	6,917,598	

**FIRST PAK MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION ( UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

8	FIXED ASSETS IN OWN USE	Note	(Un Audited) December 31, 2021	(Audited) June 30, 2021
			----- Rupees -----	
	Tangible assets	8.1	-	-
	Intangible assets	8.2	150,288	231,120
			<u>150,288</u>	<u>231,120</u>

**8.1 Tangible assets**

Dec 31, 2021						
	Cost		Depreciation		Book value	
	As at July 1, 2021	As at December 31, 2021	Accumulated at July 1, 2021	For the period (on disposals)	Accumulated at December 30, 2021	Carrying value at December 31, 2021
	-----Rupees-----					
Office equipment	387,329	387,329	387,329	-	387,329	-
Furniture and fixtures	572,197	572,197	572,197	-	572,197	-
	<b>959,526</b>	<b>959,526</b>	<b>959,526</b>	<b>-</b>	<b>959,526</b>	<b>-</b>
						<b>Rate %</b>
						<b>33.33</b>
						<b>10</b>

June 30, 2021						
	Cost		Depreciation		Book value	
	As at July 1, 2020	As at June 30, 2021	Accumulated at July 1, 2020	For the period (on disposals)	Accumulated at June 30, 2021	Carrying value at June 30, 2021
	-----Rupees-----					
Office equipment	387,329	387,329	387,329	-	387,329	-
Furniture and fixtures	572,197	572,197	572,197	-	572,197	-
	<b>959,526</b>	<b>959,526</b>	<b>959,526</b>	<b>-</b>	<b>959,526</b>	<b>-</b>
						<b>Rate %</b>
						<b>33.33</b>
						<b>10</b>

**FIRST PAK MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION ( UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

**8.2 Intangible assets**

		December 31, 2021							
		Cost		Accumulated Amortization		Book value			
	As at 01 July 2021	Additions	As at December 31, 2021	As at 01 July 2021	Charge for the period	As at December 31, 2021	As at December 31, 2021	Rate of amortization %	
------(Rupees)-----									
Computer software	485,000	-	485,000	253,880	80,832	334,712	150,288	33.33	
		June 30, 2021							
		Cost		Accumulated Amortization		Book value			
	As at 01 July 2020	Additions	As at 30 June 2021	As at 01 July 2020	Charge for the year	As at 30 June 2021	As at 30 June 2021	Rate of amortization %	
------(Rupees)-----									
Computer software	300,000	185,000	485,000	133,685	120,195	253,880	231,120	33.33	

**FIRST PAK MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION ( UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

		(Un Audited) December 31, 2021	(Audited) June 30, 2021
<b>9 MORABAHA FINANCE</b>	<b>Note</b>	<b>----- Rupees -----</b>	
Morabaha finance - Unsecured	9.1	15,319,705	15,319,705
Less: Provision for doubtful morabaha finance		<u>(15,319,705)</u>	<u>(15,319,705)</u>
		<u>-</u>	<u>-</u>

9.1 This include amount of Morabaha finance receivable from five different parties outstanding since many years. As per terms of the agreement, the profit against these finance ranged from 16.5% to 20%, however, based on the guidelines of Modaraba regulations 2021, the principal and profit against these finances have been fully provided and suspended accordingly.

		(Un Audited) December 31, 2021	(Audited) June 30, 2021
<b>10 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		<b>----- Rupees -----</b>	
<b>Considered good</b>	<b>Note</b>		
Advance against purchase of assets		9,796,000	3,400,000
Profit receivable on diminishing musharakah		260,807	101,330
Advance income tax		1,348,961	1,068,349
Deposits		37,500	37,500
Advance to staff - current portion - Secured	10.1	80,349	16,495
Prepayments		205,260	164,416
Profit receivable on investments		153,276	135,103
Profit receivable on bank deposits		103,736	254,803
Others		5,673	866,865
		<b>11,991,562</b>	<b>6,044,861</b>
<b>Considered doubtful</b>			
Amount due from PSL	10.2	11,476,377	11,476,377
Amount due from PCML	10.3	999,832	999,832
Amount due from Royal Management Services (Private) Limited	10.4	886,442	886,442
Profit receivable on morabaha finance	9.1	4,028,913	4,028,913
		<b>17,391,564</b>	<b>17,391,564</b>
		<b>29,383,126</b>	<b>23,436,425</b>
Less: Provision for doubtful receivables		<u>(17,391,564)</u>	<u>(17,391,564)</u>
		<u><b>11,991,562</b></u>	<u><b>6,044,861</b></u>

**FIRST PAK MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION ( UNAUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

- 10.1 The balances are secured against Provident Fund (PF) balances of employees.
- 10.2 This represents amount receivable from Prudential Securities Limited (PSL) on account of advance for purchase of securities amounting to Rs. 1.0 million (June 2021: 1.0 million) and other receivable of Rs. 10.476 million (June 2021: 10.476). Since the operations of PSL were suspended and keeping in view the remote chance of recovery, provision against the full amount has been recorded.
- 10.3 This represents receivable from Pearl Capital Management Limited (PCML). The operations of PCML has been suspended by PSX. A claim was lodged with the PSX for the recovery of the said amount which was rejected on the grounds of having been filed after the lapse of the last date for the submission of claims as notified by PSX. Hence, provision has been made against the total amount of claim.
- 10.4 This represents receivable from Royal Management Services (Private) Limited (Ex-management Company) in respect of various expenses paid on their behalf. Provision has been made against the total amount of receivable as the chances of the recovery is remote.

		(Un Audited) December 31, 2021	(Audited) June 30, 2021
<b>11 DIMINISHING MUSHARIKA</b>	<b>Note</b>	----- Rupees -----	
Considered good	11.1	60,596,954	29,219,972
Less: current portion of diminishing musharakah		<u>(19,945,850)</u>	<u>(11,545,417)</u>
		<u>40,651,104</u>	<u>17,674,555</u>

- 11.1 These finance carry profit rate ranged from 12.54% to 19.00% (June 2021:12.57% to 19.00%) per annum and are payable on monthly basis over a period from 3 to 4 years. All diminishing musharaka arrangements are secured against hypothecation of assets, personal guarantees and promissory notes.

		(Un Audited) December 31, 2021	(Audited) June 30, 2021
<b>12 LONG TERM ADVANCES</b>	<b>Note</b>	----- Rupees -----	
Advance to staff		203,205	16,495
Due within one year shown under current assets	12.1	<u>(80,349)</u>	<u>(16,495)</u>
		<u>122,856</u>	<u>-</u>

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

**13 MUSHARAKA FINANCE**

Due within one year	13.1	<u>-</u>	<u>50,000,000</u>
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- 13.1 The Pak Brunei Investment Company Limited (PBICL) extended callable / convertible financing line of Rs.250 million to the Modaraba under Musharaka arrangement. As per the terms of the Agreement Rs.50 million was disbursed on January 28, 2021, which was fully repaid along with return on the date of maturity i.e., December 31, 2021.

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

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

**FIRST PAK MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION ( UNAUDITED)**  
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	Note	(Un Audited) December 31, Rupees	(Audited) June 30, 2021 Rupees
<b>14 SHORT TERM FINANCE</b>	14.1	<u>50,000,000</u>	<u>-</u>

**14.1** The Modaraba has availed finance facility of Rs. 50 million under Wakala Agreement dated December 30, 2021 from Pak Brunei Investment Company Ltd (PBIC). As per terms of the agreement, PBIC acts as Muwakkil (the principal) and Modaraba is the Wakil (the agent) to execute the Shariah Compliant transactions through and as a part of the Wakil's pool of assets for deployment of funds under the extended facility.

The facility shall be matured on December 31, 2022 and may thereafter be extended by a further period or periods of one year each if approved by both parties. Return to the Muwakkil on investment is expected at 3 Month KIBOR+2% per annum.

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

	Note	(Un Audited) December 31, 2021 ----- Rupees -----	(Audited) June 30, 2021
<b>15 ACCRUED AND OTHER LIABILITIES</b>			
Sindh workers welfare fund		226,823	196,022
Management Company's remuneration	15.1	3,482	30,263
Return on musharaka finance		-	99,992
Auditors' remuneration		99,999	185,000
Shariah Advisor fee		169,500	163,000
Charity fund	15.2	3,710	358,985
Takaful		593,562	368,019
Payable to associated entities		632,327	857,604
Advance against customer's share in financing		3,395,375	-
Other payables		921,649	815,709
		<u>6,046,427</u>	<u>3,074,594</u>

**15.1** The Sindh Revenue Board (SRB) has imposed Sindh Sales Tax (SST) on the Modaraba Management Company's remuneration with effect from November 01, 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.



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	(Un Audited) December 31, 2021	(Audited) June 30, 2021
<b>15.2 Movement of charity fund</b>	----- Rupees -----	
Opening balance	215,810	112,443
Add: Amount credited during the period	<u>53,710</u>	<u>103,367</u>
	269,520	215,810
Less: Paid during the period	<u>(265,810)</u>	<u>-</u>
Closing balance	<u><u>3,710</u></u>	<u><u>215,810</u></u>

**16 LONG TERM DEPOSITS**

Ijarah security deposits	2,462,500	4,050,580
Less: current maturity	<u>(400,000)</u>	<u>(2,550,000)</u>
	<u><u>2,062,500</u></u>	<u><u>1,500,580</u></u>

**17 CONTINGENCIES AND COMMITMENTS**

During the year 2018, 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

	(Un Audited) December 31, 2021	(Un-Audited) December 31, 2020
<b>18 OTHER INCOME</b>	----- Rupees -----	
Gain on disposal of vehicle- Ijarah	-	119,361
Termination charges on diminishing musharaka	264,028	59,382
Termination charges on Ijarah	-	12,032
Documentation Charges	119,262	
Miscellaneous income	<u>128,744</u>	<u>198,374</u>
	<u><u>512,034</u></u>	<u><u>389,149</u></u>

**19 ADMINISTRATIVE EXPENSES**

Salaries, allowances and benefits	861,403	847,788
Fees and subscription	571,824	639,170
Repair and maintenance	67,154	76,115
Rent, rates and taxes	101,393	211,591
Registrar services	170,056	155,896
Telephone and postage	39,517	74,891
Travelling and conveyance	1,115	200
Amortisation	80,832	49,998
Auditor's remuneration	173,827	117,500
Electricity, water and gas	35,784	50,948
Printing and stationary	43,187	109,180
Legal and professional	112,505	144,582
Entertainment	-	4,001
Advertisement	96,800	154,200
Insurance	92,677	119,882
Reimbursement of common expenses	352,386	681,094
Shared service cost- PBICL	486,630	-
Miscellaneous	3,335	2,655
	<u><u>3,290,425</u></u>	<u><u>3,439,691</u></u>

**FIRST PAK MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION ( UNAUDITED)**  
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**20 FINANCIAL CHARGES**

Bank charges		
Return on musharaka finance	4,529	23,519
	<u>1,019,938</u>	<u>-</u>
	<u>1,024,467</u>	<u>23,519</u>

**21 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.

Management records accrual in respect of remuneration of the Management Company out of the net annual profit of the Modaraba on the basis of annual audited accounts. Therefore, no Management Company's Remuneration has been accrued in these condensed interim financial statements.

**22 SINDH WORKER'S WELFARE FUND**

The Sindh Assembly passed a bill on May 4, 2015 and notified Sindh Worker's Welfare Act 2014 on June 4, 2015. As per the said Act the applicability of Sindh Worker's Welfare Fund is effective from the financial year of the entities ended on or after December 31, 2013. Accordingly provision has been made at the rate of 2% (June 30, 2021 : 2%) of profit before taxation or taxable income , whichever is higher , effective after June 30, 2014.

	(Un Audited) December 31, 2021	(Un-Audited) December 31, 2020
	----- Rupees -----	
<b>23 PROVISION FOR TAXATION</b>		
Current	241,490	-
Prior	-	-
	<u>241,490</u>	<u>-</u>

The tax exemption by virtue of Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 has been withdrawn through the Tax Laws (Second amendment), 2021 dated March 21, 2021 which is subsequently adopted in Finance Act, 2021.

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

Deferred tax asset amounting to Rs. 526,112 has not been recognized pursuant to event described in note 1.1 of these condensed interim financial statements

**24 RELATED PARTY TRANSACTIONS**

The related parties of the Modaraba comprise of the Management Company and its Holding Company, Modarabas under common management (Awwal Modaraba, KASB Modaraba and First Prudential Modaraba) 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 Company. 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.

**FIRST PAK MODARABA**  
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Transactions and balances with related parties during the period other than those disclosed elsewhere in the financial statements are given below:

Name of the company / individual	Relationship with the Modaraba	Nature of Transactions	December 31, 2021	June 30, 2021
			-----Rupees-----	
<b>Balances with related parties</b>				
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Modaraba Term Deposit	13,500,000	13,500,000
		Accrued return on modaraba term deposit	68,277	63,025
		Musharaka Finance	-	(50,000,000)
		Short term finance	(50,000,000)	-
		Accrued return on musharaka finance	-	(99,992)
		Accrued share d service cost	(80,979)	(80,979)
Awwal Modaraba Management Limited	Modaraba management company	Management Company's remuneration	(3,482)	(30,263)
Awwal Modaraba	Modaraba under common management	Payable against sharing of common expenses	(178,072)	(140,375)
KASB Modaraba	Modaraba under common management	Payable against sharing of common expenses	(338,176)	(282,468)
First Prudential Modaraba	Modaraba under common management	Payable against sharing of common expenses	(36,100)	(69,347)
			<b>December 31,</b>	<b>December 31,</b>
			<b>2021</b>	<b>2020</b>
			-----Rupees-----	
Name of the company / individual	Relationship with the Modaraba	Nature of Transactions	December 31, 2021	December 31, 2020
			-----Rupees-----	
			<b>Expense/(income) for the period</b>	
First Pak Modaraba - Provident Fund Trust	Staff provident fund	Contribution made	45,343	44,628
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Return on modaraba term deposit	(483,190)	-
		Return on musharaka finance	1,019,938	-
		Shared services cost	486,630	102,450
Awwal Modaraba	Modaraba under common management	Sharing of common expenses	178,072	-
KASB Modaraba	Modaraba under common management	Sharing of common expenses	338,176	363,544
First Prudential Modaraba	Modaraba under common management	Sharing of common expenses	36,100	215,100
Jubilee Life Insurance Co. Ltd	Other related party	Takaful premium	92,677	121,646
<b>Payments (receipts) during the period</b>				
First Pak Modaraba - Provident Fund Trust	Staff provident fund	Contribution made	45,343	44,628
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Modaraba Term Deposit	1,119,930	-
		Return on modaraba term deposit	(477,938)	-
		Short term finance	(50,000,000)	-
		Musharaka finance	50,000,000	-
		Return on musharaka finance	1,119,930	-
		Shared service cost	486,630	-
Awwal Modaraba Management Limited	Modaraba management company	Management Company's remuneration	33,745	-
Awwal Modaraba	Modaraba under common management	Sharing of common expenses	140,375	-
KASB Modaraba	Modaraba under common management	Sharing of common expenses	282,468	649,533
First Prudential Modaraba	Modaraba under common management	Sharing of common expenses	69,347	324,920
Jubilee Life Insurance Co. Ltd	Other related party	Takaful premium	92,677	121,646

**25 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation. However, no significant rearrangements or reclassification have

**26 GENERAL**

Figures have been rounded off to the nearest Rupee.

**27 DATE OF AUTHORIZATION OF ISSUE**

These financial statements has been authorized for issue on February 22, 2022 by the Board of Directors of Awwal Modaraba Management Limited.

For Awwal Modaraba Management  
(Management Company)

  
CHIEF FINANCIAL OFFICER

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
DIRECTOR

# **FIRST PAK MODARABA**

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**HALF YEARLY  
REPORT  
DECEMBER 31,  
2021**