



# FIRST PAK MODARABA

QUARTERLY REPORT

30-Sep-2019

# CORPORATE INFORMATION

## **Administrator of First Pak Modaraba**

The Registrar Modaraba, Securities & Exchange Commission of Pakistan, Islamabad has appointed Mr. Khawaja Waheed Raza as Administrator of KASB Modaraba vide order dated April 03, 2019. All the powers and duties of the Modaraba Company as well as those of its Board of Directors have been assumed by the Administrator effective April 08, 2019.

## **Chief Financial Officer**

Aftab Afroz Mahmoodi

## **Company Secretary**

Syed Shahid Owais

## **Auditor**

RSM Avais Hyder Liaquat Nauman, Chartered Accountants

## **Internal Auditor**

EY Ford Rhodes

## **Certificate Transfer Office**

F. D. Registrar Services (SMC-Pvt.) Limited  
Office No. 1705, 17<sup>th</sup> Floor, Saima Trade Tower-A,  
I. I. Chundrigar Road,  
Karachi – 7400  
Phone: 021-32271905-6 Fax: 021-32621233

## **Legal Advisor**

Ahmed & Qazi  
S & B Durrani Law Associates

## **Shariah Advisor**

Al-Hamd Shariah Advisory Services (Pvt.) Ltd.

## **Registered Office**

Office # B, 5<sup>th</sup> Floor,  
Lakson Square Building # 1,  
Sarwar Shaheed Road,  
Karachi.  
Phone: 021-35630621  
35630623, 35630625, 35630626

## **Lahore Branch Office**

Office No. 318 3<sup>rd</sup> 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

## **Web Address**

[www.firstpakmodaraba.com](http://www.firstpakmodaraba.com)

## DIRECTORS' QUARTERLY REPORT

The Financial Highlights of First Pak Modaraba for the quarter ended September 30, 2019 are as under:-

### FINANCIAL HIGHLIGHTS

<b>BALANCE SHEET</b>	<b>September 30, 2019 Rs "000"</b>	<b>June 30, 2019 Rs "000"</b>
Cash and bank balances	27,638	19,004
Diminishing Musharaka Finance	32,382	37,588
Ijarah assets	6,397	9,461
Total Assets	72,930	72,640
Net Assets	61,643	61,321

<b>PROFIT &amp; LOSS ACCOUNT</b>	<b>September 30, 2019 Rs "000"</b>	<b>September 30, 2018 Rs "000"</b>
Gross Income	2,890	3,738
Operating & Financial Charges	(2,568)	(2,705)
Management Company Fee	0	(93)
Net Profit for the Quarter	322	939
Earning per Modaraba Certificate (Rupees)	0.03	0.07

### OPERATIONS AND PERFORMANCE

By the grace of Almighty Allah, the First quarter of the financial year of the Modaraba ended successfully. The Modaraba registered net profit of Rs.0.32 million as compared to net profit of Rs.0.93 million for the corresponding period of the last year. Earning per certificate was Rs.0.03 as compared to Rs 0.07 for the corresponding period of the last year.

The decline in the net profit of the quarter under review is due to reduction in the gross income as the management is focusing on recovery from defaulted clients and investment of available funds in the secured business.

The Administrator and management are committed towards continuous improvement of the operating and financial performance of the Modaraba for its long term sustainability and to meet the expectations of the stakeholders especially to protect the interest of the certificate holders.

## **FUTURE PROSPECTS**

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With the aim and strategy of growing with Sharia compliant businesses, we would keep exploring and opting high yield businesses where we find secure and safe investment venues only. We trust that we would under changed circumstance formulate appropriate policies per our short and longer term plans with innovative approach for better returns for the Certificate holders.

## **ACKNOWLEDGEMENT**

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The support co-operation of the regulatory authorities, certificate holders, employees of Modaraba, customers and bankers is gratefully appreciated.

We pray to Almighty Allah for the success of your Modaraba.

**For First Pak Modaraba**

**-SD-**

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Khawaja Waheed Raza  
Administrator  
Dated: October 30, 2019  
Karachi

## ڈائریکٹرز رپورٹ

فرسٹ پاک مضاربہ کے 30 ستمبر 2019 کو اختتام پذیر ہونے والی پہلی سہ ماہی کا مالیاتی گوشوارہ درج ذیل ہے:-

### مالیاتی جھلکیاں

زیر جائزہ مدت کے لئے مالیاتی جھلکیوں کا خلاصہ درج ذیل ہے:-

30 ستمبر 2019 روپے "مے" میں	30 جون 2019 روپے "مے" میں	بیلنس شیٹ
27,638	19,004	نقد اور بینک بیلنس
32,382	37,588	شرکت متناقصہ مالیات
6,397	9,461	اجارہ اثاثہ جات
72,930	72,640	مجموعی اثاثہ جات
61,643	61,321	خالص اثاثہ جات
30 ستمبر 2019 روپے "مے" میں	30 ستمبر 2018 روپے "مے" میں	نفع و نقصان کا حساب
2,890	3,738	مجموعی آمدنی
(2,568)	(2,705)	انتظامی و مالیاتی اخراجات
(-)	(93)	منہجیت فیس
322	939	خالص سالانہ منافع (نقصان)
0.03	0.07	فی حصہ آمدنی (روپے)

### انتظامی کارکردگی

اللہ تعالیٰ کے فضل سے پہلی سہ ماہی برائے سال 2019 مضاربہ کا مجموعی منافع 0.32 ملین روپے رہا، جبکہ پہلی سہ ماہی برائے سال 2018، 0.93 ملین روپے کا منافع تھا۔ فی حصہ منافع 0.03 روپیہ رہا جبکہ پچھلے سال اسی مدت میں فی حصہ منافع 0.07 روپیہ تھا۔

زیر مدت منافع میں کمی کی وجہ مجموعی آمدنی میں کمی ہے۔ مضاربہ کی انتظامیہ مضاربہ کے انتظامی اور مالیاتی کارکردگی میں بہتری کے لئے یکسو ہے تاکہ تمام اسٹیک ہولڈر خصوصاً سٹیفنڈ ہولڈر کے اعتماد پر پورا اتر سکیں۔

ماظم اور انتظامیہ کی توجہ مضاربہ کی انتظامی اور مالیاتی کارکردگی میں بہتری پر مرکوز ہے۔ جاری شدہ قرضہ جات کی بروقت وصولی کے لئے انتظامیہ پوری طرح چوکس اور مستعد رہی۔ تاکہ اس کے ذریعے مزید منافع بخش سرمایہ کاری کے لئے راہ ہموار کی جائے۔

## مستقبل کے امکانات

شریعت کے مطابق کاروبار کے ذریعے ترقی کرنے کے مقصد اور حکمتِ عملی کے ساتھ ہم اعلیٰ پیداواری اور منافع بخش کاروبار کی تلاش اور جستجو کرتے رہیں گے۔

ہم اس یقین کے ساتھ آگے بڑھتے رہیں گے کہ ہمارے طویل المعیاد اور طویل المدت اہداف حاصل ہو جائیں، ہم جدید طرز کاروبار کے ساتھ جدوجہد میں مصروف رہیں گے تاکہ موجودہ کاروباری نتائج اور درجہ بندی کے مقابلے میں بہتر نتائج حاصل کر سکیں جس کے ذریعے حصہ داروں کو بہتر منافع پہنچا سکیں۔

## اعتراف

بورڈ ریگولیٹری اتھارٹی، حصہ داروں، کسٹمرز اور بینکرز کی معاونت اور تعاون کو بہت سراہتا ہے اور مستقبل میں بھی ان کی معاونت اور مشورے کا منتظر رہے گا۔

ہم اللہ کے حضور آپ کے مضاربہ کی کامیابی کے لئے دُعا کو ہیں۔  
برائے کماے ایس بی مضاربہ

خواجہ وحید رضا

ناظم

30 اکتوبر 2019

کراچی

**FIRST PAK MODARABA  
CONDENSED INTERIM BALANCE SHEET  
AS AT SEPTEMBER 30, 2019**

<b>ASSETS</b>	<b>Note</b>	<i>(Unaudited)</i> September 30, <b>2019</b>	<i>(Audited)</i> June 30, <b>2019</b>
		Rupees	
<b>Current Assets</b>			
Cash and bank balances	5	27,638,248	19,004,878
Investments	6	39,740	39,710
Current portion of diminishing Musharakah	11	15,601,696	17,899,169
Morabaha finance	7	-	-
Ijarah rentals receivable		70,788	118,367
Advances, deposits, prepayments and other receivables	8	1,162,830	1,137,857
Tax refundable - considered good		4,929,854	4,929,854
<b>Total Current Assets</b>		<b>49,443,156</b>	<b>43,129,835</b>
<b>Non - Current Assets</b>			
Property and equipment -Ijarah	9	6,397,725	9,461,157
Property and equipment - owned	10	243,941	266,579
Diminishing Musharakah	11	16,780,674	19,688,501
Long term advances		65,500	93,835
<b>Total Non - Current Assets</b>		<b>23,487,840</b>	<b>29,510,072</b>
<b>TOTAL ASSETS</b>		<b>72,930,996</b>	<b>72,639,907</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accrued and other liabilities		2,310,246	1,919,151
Unclaimed profit distribution		5,463,869	5,463,869
Provision for taxation		696,876	696,876
Current portion of deposits		445,000	445,000
		<b>8,915,991</b>	<b>8,524,896</b>
<b>Non-Current Liabilities</b>			
Long term deposits		2,371,500	2,794,000
<b>TOTAL LIABILITIES</b>		<b>11,287,491</b>	<b>11,318,896</b>
<b>NET ASSETS</b>		<b>61,643,505</b>	<b>61,321,011</b>
<b>REPRESENTED BY</b>			
<b>Authorized certificate capital</b>			
15,000,000 (2018:15,000,000) modaraba certificates of Rs.10/- each		<b>150,000,000</b>	<b>150,000,000</b>
Deficit on revaluation of investments classified as 'FVTOCI'		<b>(4,875,000)</b>	(4,875,000)
<b>Certificate holders' equity</b>			
Certificate Capital		<b>125,400,000</b>	125,400,000
Statutory reserve		<b>26,212,179</b>	26,147,680
Accumulated loss		<b>(85,093,674)</b>	(85,351,669)
		<b>66,518,505</b>	66,196,011
		<b>61,643,505</b>	<b>61,321,011</b>

Contingencies and commitments

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

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Administrator

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Chief Financial Officer

**FIRST PAK MODARABA**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	<b>September 30,</b>	<b>September 30,</b>
	<b>2019</b>	<b>2018</b>
<b>Note</b>	<b>Rupees</b>	
<b>INCOME</b>		
Return on PLS accounts	410,039	184,702
Income on Diminishing Musharakah	1,247,782	1,136,968
Ijarah rentals	1,013,063	1,851,966
Other income	219,899	602,041
	2,890,783	3,775,677
Unrealised gain / (loss) on remeasurement of fair value through profit or loss investments	30	(37,087)
	2,890,813	3,738,590
<b>EXPENDITURE</b>		
Administrative expenses	(1,839,805)	(1,310,839)
Depreciation on Ijarah assets	(722,064)	(1,363,314)
Workers welfare fund	(6,450)	(18,790)
	(2,568,319)	(2,692,943)
Profit for the period	322,494	1,045,647
Modaraba Company's Management Fee	-	(93,949)
Provision for sales tax on management fee	-	(12,213)
Profit before taxation	322,494	939,485
Provision for taxation	13 -	-
Profit after taxation	322,494	939,485
<b>Other Comprehensive income</b>	-	-
Total income for the period	322,494	939,485
<b>Earnings per certificate - Basic and diluted</b>	<b>0.03</b>	<b>0.07</b>

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

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**Administrator**

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**Chief Financial Officer**



**FIRST PAK MODARABA**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	<i>September 30,</i> 2019	<i>September 30,</i> 2018
	Rupees	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	322,494	939,485
Adjustments for non-cash changes and other items:		
Unrealised gain on remeasurement of held for trading investments	(30)	37,087
Amortization on ijarah assets	722,064	1,363,314
Depreciation-owned	22,638	20,418
	744,672	1,420,819
Cash flows before movements in working capital	1,067,166	2,360,304
Decrease / (increase) in operating assets		
Diminishing Musharakah	5,205,300	(4,098,079)
Ijarah rentals receivable	47,579	-
Advances, prepayments and other receivables	35,492	(305,539)
	5,288,371	(4,403,618)
Increase / (decrease) in operating liabilities		
Long term Ijarah deposit	(422,500)	(1,600,000)
Accrued and other liabilities	391,095	555,474
Cash generated from / (used in) operations	6,324,132	(3,087,840)
Income tax paid / adjustment	(32,130)	(16,434)
Net cash generated from / (used in) operating activities	6,292,002	(3,104,274)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale proceeds from Ijarah assets	2,341,368	-
Net cash (used in) / generated from investing activities	2,341,368	3,889,278
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit distribution	-	(72,160)
Net cash used in financing activities	-	(72,160)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	8,633,370	712,844
Cash and cash equivalents at July 01, 2019	19,004,878	15,590,172
Cash and cash equivalents at September 30, 2019	27,638,248	16,303,016

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

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**Administrator**

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**Chief Financial Officer**

**FIRST PAK MODARABA**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

	<i><b>Certificate capital</b></i>	<i><b>Statutory reserve*</b></i>	<i><b>Accumulated loss</b></i>	<i><b>Total</b></i>
	<i><b>Rupees</b></i>			
Balance as at July 01, 2018	125,400,000	26,044,844	(88,882,415)	62,562,429
Profit for the quarter ended September 30, 2018	-	-	939,485	939,485
Transfer to Statutory Reserves	-	187,897	(187,897)	-
Balance as at September 30, 2018	125,400,000	26,232,741	(88,130,827)	63,501,914
Balance as at July 1, 2019	125,400,000	26,147,680	(85,351,669)	66,196,011
Profit for the quarter ended September 30, 2019	-	-	322,494	322,494
Transfer to statutory reserve	-	64,499	(64,499)	-
Balance as at September 30, 2019	125,400,000	26,212,179	(85,093,674)	66,518,505

\*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 this condensed interim financial statements.

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**Administrator**

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**Chief Financial Officer**

**FIRST PAK MODARABA**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2019**

**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. In pursuance of instructions received from Securities and Exchange Commission of Pakistan (SECP), KASB Invest (Private) Limited (KIPL) has taken 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). Accordingly, all the powers and duties of the Modaraba Management Company as well as those of its Board of Directors shall be exercised and performed by the Administrator. The Administrator will hold the office for the period of six months as directed by the SECP, which may be extended further upon the discretion of the Registrar/Commission. Subsequently, the Registrar Modaraba vide order dated October 4, 2019 has extended the tenure of appointment of the Administrator for a period of three months effective from October 3, 2019.
- 1.3 The principal office of First Pak Modaraba is situated at office # B, 5th Floor, Lakson Square Building 1, Sarwar Shaheed Road, 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.
- 1.4 The Financial Statements is 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.

### 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 BASIS OF PREPARATION

These condensed interim financial statements have been prepared under the historical cost convention, except as stated otherwise in these financial statements..

5. CASH AND BANK BALANCES	Note	Unaudited	Audited
		September 30, 2019 Rupees	June 30, 2019 Rupees
Cash in hand		4,020	5,400
Cash at banks			
Current accounts		1,804,828	1,804,828
Saving accounts	5.1	25,829,400	17,194,650
		27,634,228	18,999,478
		<u>27,638,248</u>	<u>19,004,878</u>

5.1 Effective mark-up rate in respect of PLS accounts ranges from 5.57% to 11.15% (June 2019: 4.00% to 10.25%) per annum.

6. INVESTMENTS	Note	Unaudited	Audited
		September 30, 2019 Rupees	June 30, 2019 Rupees
Fair value through other comprehensive income (FVTOCI)	6.1	-	-
Fair value through profit or loss (FVTPL)	6.2	39,740	39,710
		<u>39,740</u>	<u>39,710</u>

#### 6.1 Fair value through other comprehensive income (FVTOCI)

Fully paid ordinary shares of Rs 10 each.

Number of Shares	Name of company	Note	Unaudited	Audited
			September 30, 2019 Rupees	June 30, 2019 Rupees
<b>Unquoted securities</b>				
	Prudential Securities Limited			
487,500	Cost		4,875,000	4,875,000
	Less: Permanent Diminution	6.1.1	(4,875,000)	(4,875,000)
			<u>-</u>	<u>-</u>

6.1.1 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.

## 6.2 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.

<i>Unaudited</i> September 30, 2019	<i>Audited</i> June 30, 2019	Name of Company	<i>Unaudited</i> September 30, 2019 Rupees	<i>Audited</i> June 30, 2019 Rupees
<b>1,000</b>	1,000	<b>Engineering</b> International Steels Ltd	<b>39,740</b>	39,710
		<b>Suspended / Delisted Company</b>		
<b>120,000</b>	120,000	Prudential Investment Bank Limited	-	-
<b>279,749</b>	279,749	Pakistan Industrial & Commercial Leasing Limited	-	-
			<b>39,740</b>	<b>39,710</b>

### 6.2.1 Unrealized loss on changes in fair value through profit or loss

Weighted average cost of investments	<b>39,710</b>	106,151
Unrealized gain/ (loss) on changes in fair value through profit or loss	<b>30</b>	(66,441)
Market value of investments	<b>39,740</b>	39,710

## 7. MORABAHA FINANCE

Morabaha finance - Unsecured	7.1	<b>15,319,705</b>	15,319,705
Less: Provision for doubtful morabaha finance		<b>(15,319,705)</b>	(15,319,705)
		-	-

7.1 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.

	<i>Unaudited</i>	<i>Audited</i>
	<i>September 30,</i>	<i>June 30,</i>
	<i>2019</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
<b><i>Considered good</i></b>		
Profit Receivable on Diminishing Musharakah	<b>158,488</b>	189,970
Advance income tax	<b>371,012</b>	338,882
Deposits	<b>37,500</b>	37,500
Advance to staff - current portion-secured	<b>157,090</b>	157,090
Prepayments	<b>279,109</b>	343,515
Profit receivable on bank deposits	<b>156,631</b>	67,900
Others	<b>3,000</b>	3,000
	<b>1,162,830</b>	1,137,857
<b><i>Considered doubtful</i></b>		
Amount due from PSL	<b>11,476,377</b>	11,476,377
Amount due from PCML	<b>999,832</b>	999,832
Amount due from Royal Management Services(Pvt) Ltd	<b>886,442</b>	886,442
Profit receivable on Morabaha finance	<b>4,028,913</b>	4,028,913
	<b>17,391,564</b>	17,391,564
	<b>18,554,394</b>	18,529,421
Less: Provision for doubtful receivables	<b>(17,391,564)</b>	(17,391,564)
	<b>1,162,830</b>	1,137,857
<b>9. PROPERTY AND EQUIPMENT -IJARAH</b>	<b>6,397,725</b>	9,461,157
Details of addition / (disposal) during the period		
<b>Addition</b>	<b>-</b>	-
<b>Deletion</b>	<b>3,063,432</b>	10,480,000
<b>10. PROPERTY AND EQUIPMENT - OWN</b>	<b>243,941</b>	266,579
Details of addition / (disposal) during the period		
<b>Addition</b>	<b>-</b>	-
<b>Deletion</b>	<b>-</b>	-
<b>11. DIMINISHING MUSHARIKA</b>		
Diminishing Musharakah	<b>32,382,370</b>	37,587,670
Less: Current Portion of Diminishing Musharakah	<b>(15,601,696)</b>	(17,899,169)
	<b>16,780,674</b>	19,688,501
<b>11.1</b> These finance carry profit rate ranged from 12.50% to 17.00% per annum and are payable on monthly basis over a period from 3 to 4 years.		
<b>12. CONTINGENCIES AND COMMITMENTS</b>		

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 NBF1 & 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.

**13. 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.

**14. RELATED PARTY TRANSACTIONS**

Relationship with the Company	Nature of Transactions	<i>Unaudited</i>	<i>Unaudited</i>
		<i>September 30, 2019</i>	<i>September 30, 2018</i>
		<i>Rupees</i>	<i>Rupees</i>
<b>Expense for the period</b>			
Modaraba Management Company	Management fee	-	93,949
Modaraba under common management	Sharing of common expenses	<b>314,238</b>	398,481
Provident Fund	Contribution made	<b>22,314</b>	16,425
Administrator	Salaries & other benefits	<b>90,000</b>	-
<b>Payments made during the period</b>			
Provident Fund	Contribution made	<b>22,314</b>	16,425
Administrator	Salaries & other benefits	<b>140,000</b>	-
		<i>Unaudited</i>	<i>Audited</i>
		<i>September 30, 2019</i>	<i>June 30, 2019</i>
<b>Balance as at the end of period</b>		<i>Rupees</i>	<i>Rupees</i>
Modaraba Management Company	Management fee payable	<b>29,491</b>	29,491
Modaraba under common management	Sharing of common expenses payable	<b>837,828</b>	523,590
Administrator	Salaries & other benefits payable	<b>30,000</b>	80,000

**15. DATE OF AUTHORIZATION OF ISSUE**

These condensed interim financial statements has been authorized for issue on October 30, 2019 by the Administrator.

**16. 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.

**17. GENERAL**

Figures have been rounded off to the nearest Rupee.

-SD-

\_\_\_\_\_  
Administrator

-SD-

\_\_\_\_\_  
Chief Financial Officer

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