

KASB MODARABA

QUARTERLY REPORT
MARCH 31, 2021

MANAGED BY
AWWAL MODARABA MANAGEMENT LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Audit Committee

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

Human Resource and Remuneration Committee

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

Company Secretary

Ms. Misbah Asjid

Chief Financial Officer

Mr. Aftab Afroz Mahmoodi

Auditor

Grant Thornton Anjum Rehman, Chartered Accountants

Bankers

Dubai Islamic Bank
Soneri Bank

Certificate Registrar

C&K Management Associates (Pvt.) Limited
404, Trade Tower, Abdullah Haroon Road,
Near Metropole Hotel, Karachi – 75530
Phone: 021-35687839 & 021-35685930

Legal Advisor

Ahmed & Qazi
S & B Durrani Law Associates

Shariah Advisor

Al-Hilal Shariah Advisors (Private) Limited

Registered & Head Office

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

Lahore Branch Office

Office No. 318 3rd Floor, Lahore Stock
Exchange Building, 19 Khayaban-e-
Awan-e-Iqbal, Lahore,
Phone : 042-36311001-02

Islamabad Branch Office

Basement, 90-91,
Razia Sharif Plaza ,Jinnah Avenue,
Blue Area, F-7, Islamabad.
Phone: 051-2344422-24

Director Report

For the nine months period ended 31 March 2021

On behalf of the Board of Directors (Board) of Awwal Modaraba Management Limited, the management company of KASB Modaraba, is pleased to present Directors' Report together with the unaudited financial results of KASB Modaraba for the nine months period ended 31 Mar 2021.

Economy

According to the Pakistan Development Update issued by the World Bank in April 2021, GDP growth has been projected for 1.3% for the current year which is in line with the estimate given by International Monetary Fund (IMF), recovering to 4% in FY2022. The State Bank of Pakistan (SBP) remains more optimistic about economic recovery. However, there are major concerns on the outbreak of third wave of Covid-19, the UK variant, which has resulted in rising cases in the country. This poses a downside risk to economic recovery and the vaccination campaign is in full swing to contain the adverse impact. The Central Bank has continued to be supportive and kept the policy rate unchanged at 7% since June 2020 and introduced further subsidized lending schemes for low cost housing. Exchange rate has also strengthened during this period.

Pakistan also received the third tranche of approx. USD 500 Million by end of March 2021, bringing the total to USD 2 billion so far since the inception of the scheme in May 2019. Tough economic measures were taken in line with the program including increase in electricity tariff and withdrawal of income tax exemptions of nearly PKR 140 billion along with structural reforms of the Central Bank. The tax exemption on income of modaraba sector on declaration of 90% and above dividend has also been withdrawn which is a great setback for the sector to result in significant hit on profitability of the modarabas in future.

Financial Performance

The management's efforts are focused on revival through streamlining operations, strengthening controls and recovery of old non performing loans while keeping the modaraba liquid in a time of economic volatility. Pak Brunei Investment Company (PBIC) also injected callable convertible musharaka facility of PKR 50 Million in the modaraba on January 28, 2021 in line with its commitment to SECP for revival of the modaraba through implementation of viable business plan.

The management is undertaking fresh exposures on a conservative basis and outstanding portfolio size slightly increased to PKR 25.5 Million on March 31, 2021 compared to PKR 24.5 million at the end of previous quarter. The asset quality remains sound with strong recovery. Additionally, the modaraba made recoveries of PKR 85 Million during this period against non-performing portfolio. Excess liquidity amounted to PKR 193.1 Million. and was placed with banks, inclusive of funds injection by PBIC and recoveries.

During the nine months under review, overall revenues were recorded at PKR 8.50 million compared to PKR 7.27 Million in the corresponding quarter of previous year. Expenses were significantly reduced to PKR 16.8 million compared to PKR 24.68 million. Reversal in provisioning against settlement amounted to PKR 37.92 Million resulting in profit before tax for the period at PKR 30.6 million compared to net loss of PKR 101.33 mn in the corresponding period last year.

The recent amendments in tax laws are a major setback for the modaraba sector whereby the tax exemption on income of the modaraba on declaration of 90% and above dividend has been withdrawn. The new business plan for the revival of the modaraba incorporated the tax exemption and this adverse development has severely impacted the feasibility. We are now working on new tax efficient business plans in consultation with SECP in this new scenario.

Governance

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

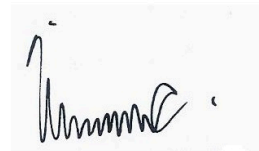
Acknowledgement

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: April 29, 2021

ڈائریکٹر رپورٹ

برائے اختتام نومبر 31 مارچ 2021

اول مضاربہ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز جو KASB مضاربہ کی منجمنٹ کمپنی ہے KASB مضاربہ کے غیر آڈٹ شدہ مالی نتائج برائے اختتام نومبر 31 مارچ 2021 کے ڈائریکٹرز رپورٹ پیش کرتے ہوئے انتہائی مسرت محسوس کر رہے ہیں۔

معیشت

ورلڈ بینک کی طرف سے اپریل 2021 میں جاری کردہ پاکستان ڈویلپمنٹ اپڈیٹ کے مطابق رواں سال کے لئے جی ڈی پی میں 1.3 فیصد اضافے کی پیشن گوئی کی گئی ہے جو کہ بین الاقوامی مالیاتی فنڈ کے تخمینے کے مطابق ہے جو مالی سال 2022 میں 4 فیصد ہوگئی ہے۔ اسٹیٹ بینک آف پاکستان معاشی بحالی کے بارے میں زیادہ پر امید ہے۔ تاہم کوویڈ 19 کی تیسری لہر کے پھیلنے پر ملک میں بڑے پیمانے پر خدشات ہیں جس کے نتیجے میں ملک میں کیسز بڑھ رہے ہیں اس سے معاشی بحالی کا ایک منفی خطرہ لاحق ہے اور اس کے منفی اثرات پر قابو پانے کے لئے ویکسینیشن مہم زوروں پر ہے۔ مرکزی بینک معاون رہا ہے اور پالیسی شرح کو 2020 سے 7 فیصد پر مستحکم رکھا ہے اور کم لاگت ہاؤسنگ کے لئے مزید رعایتی قرضوں کی اسکیمیں متعارف کروائی ہیں۔ اس دوران شرح مبادلہ بھی مستحکم ہوئی ہے۔

پاکستان کو مارچ 2021 کے آخر تک تقریباً 500 ملین امریکی ڈالر کی تیسری قسط بھی ملی، جس نے مئی 2019 میں اس اسکیم کے آغاز سے اب تک مجموعی طور پر 2 ارب ڈالر تک پہنچا دیا۔ اس پروگرام کے مطابق سخت معاشی اقدامات کیے گئے تھے جن میں بجلی کے نرخوں میں اضافہ اور سینٹرل بینک کی ساختی اصلاحات کے ساتھ تقریباً پاکستانی روپے 140 ارب کے انکم ٹیکس چھوٹ کو واپس لینے سمیت جیسے اقدامات شامل ہیں۔ 90 فیصد اور اس سے زیادہ لابانش کے اعلان پر مضاربہ سیکٹر کی آمدنی پر ٹیکس چھوٹ واپس لی گئی ہے جو اس شعبے کے لئے بہت بڑا دھچکا ہے۔

مالیاتی کارکردگی

تجدید نو کے لئے انتظامیہ کی کاوشیں کارکردگی کو منظم بنانے، کنٹرول کو مستحکم کرنے اور غیر فعال قرضہ جات کی وصولیابی پر مرکوز ہے۔ پاک برونائی انویسٹمنٹ کمپنی (پی بی آئی سی) نے ایس ای سی پی سے وعدہ کے عین مطابق 28 جنوری 2021 کو مضاربہ میں پاکستانی روپے 50 ملین کی قابل تبادلہ مشارکہ سہولت فراہم کی ہے۔

انتظامیہ محتاط بنیادوں پر نئے قرضہ جات فراہم کر رہی ہے اور 31 مارچ 2021 کو پورٹ فولیو کا سائز قدرے بڑھ کر پاکستانی روپے 25.5 ملین ہو گیا جبکہ اس سے پچھلے سہ ماہی کے اختتام پر پاکستانی روپے 24.5 ملین تھا۔

مضبوط وصولی کے ساتھ ہی اثاثوں کا معیار مستحکم ہے۔ اضافی طور پر، مضاربہ نے اس عرصے میں پاکستانی روپے 85 ملین کی وصولیابی غیر فعل قرضہ جات میں سے کی گئی۔ تمام فاضل مالیات جس میں پی بی آئی سی سے حاصل شدہ مالیات بھی شامل ہیں بینکوں میں رکھی گئی ہیں۔

زیر غور نو مہینوں کے دوران، مجموعی طور پر آمدنی پاکستانی روپے میں 8.50 ملین ریکارڈ کی گئیں جبکہ گذشتہ سال کی اسی سہ ماہی میں پاکستانی روپے 7.27 ملین تھیں اور پاکستانی روپے 24.68 ملین کے مقابلے میں اخراجات کو نمایاں طور پر پاکستانی روپے 16.8 ملین کر دیا گیا۔ تصفیہ کے ذریعے ماضی میں غیر فعل قرار دی گئی 37.92 ملین پاکستانی روپے کی وصولیابی کے نتیجے میں منافع 30.6 ملین رہا جبکہ گذشتہ سال کے اسی عرصے میں اسے پاکستانی روپے 101.33 ملین کا نقصان ہوا تھا۔

ٹیکس قوانین میں حالیہ ترامیم مضاربہ سیکٹر کے لئے ایک بڑا دھچکا ہیں جس کے تحت مضاربہ کی آمدنی پر 90 فیصد اور اس سے زیادہ منافع کے اعلان پر ٹیکس چھوٹ واپس لے لی گئی ہے۔ مضاربہ کے احیاء کے لئے نئے کاروباری منصوبے میں ٹیکس میں چھوٹ کو مد نظر رکھا گیا ہے اور اس منفی تبدیلی نے منصوبہ بندی پر سخت اثر ڈالا ہے۔ اب ہم اس نئے منظر نامے میں ایس ای سی پی کے ساتھ مشاورت سے ٹیکسوں کے موثر کاروبار کے نئے منصوبوں پر کام کر رہے ہیں۔

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 رجسٹرڈ 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 شکریہ ادا کرتے ہیں۔
بورڈ کی جانب سے۔

ڈائریکٹر

چیف ایگزیکٹو آفیسر

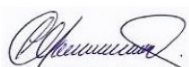
مورخہ: 29 اپریل 2021

**KASB MODARABA
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2021**

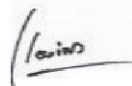
		Un-Audited March 31, 2021	Audited June 30, 2020
	Note	----- Rupees -----	
ASSETS			
CURRENT ASSETS			
Cash and bank balances	5	195,862,384	71,872,499
Investments	6	6,732,015	5,680,702
Ijarah rentals receivable	7	-	-
Modaraba finance	8	-	-
Musharaka finance	9	-	-
Murabaha finance	10	-	-
Property acquired in satisfaction of financing facility	11	-	47,082,936
Receivable against sale of agricultural produce	12	-	-
Advances, prepayments and other receivables		13,272,631	6,059,869
Current portion of long-term diminishing musharaka finance	13	8,834,021	11,123,671
		224,701,051	141,819,677
NON - CURRENT ASSETS			
Long-term diminishing musharaka finance	13	13,114,004	7,453,970
Long term advances		-	8,333
Ijarah assets		3,579,900	3,579,900
Fixed assets		1,304,876	1,545,070
		17,998,780	12,587,273
TOTAL ASSETS		242,699,833	154,406,951
LIABILITIES			
CURRENT LIABILITIES			
Redeemable capital		1,315,000	1,315,000
Musharaka finance	14	50,000,000	-
Security deposits		3,579,899	3,579,900
Accrued and other liabilities		12,361,457	4,508,253
Unclaimed profit distribution		2,815,956	2,834,156
		70,072,312	12,237,308
NON - CURRENT LIABILITIES			
Deferred liabilities - staff gratuity		3,594,454	3,770,020
TOTAL LIABILITIES		73,666,766	16,007,328
NET ASSETS		169,033,069	138,399,622
REPRESENTED BY			
CAPITAL AND RESERVES			
Authorized capital 50,000,000 certificates of Rs.10/- each		500,000,000	500,000,000
Issued, subscribed and paid-up certificate capital 48,066,480 certificates of Rs.10/- each	15	480,664,800	480,664,800
Discount on issuance of certificates		(98,960,400)	(98,960,400)
Statutory reserve		89,631,827	83,505,138
Accumulated loss		(302,303,159)	(326,809,916)
		169,033,069	138,399,622
CONTINGENCIES AND COMMITMENTS			
	16		

The annexed notes from 1 to 20 form an integral part of these financial statements.

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



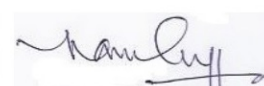
Chief Financial Officer



Chief Executive Officer



Director



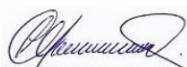
Director

**KASB MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021**

	Note	Nine months ended		Quarter ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
----- Rupees -----					
INCOME					
Diminishing musharakah		1,970,117	2,713,619	699,121	799,143
Murabaha finance		440,000	104,394	150,000	9,064
Profit on PLS accounts		4,483,979	3,544,773	2,489,197	1,674,928
Others		1,605,886	907,972	219,707	165,281
		8,499,982	7,270,758	3,558,025	2,648,416
Un-realised gain / (loss) on remeasurement of investments at FVTPL		1,051,314	(1,233,169)	(1,901,382)	(793,413)
		9,551,296	6,037,589	1,656,643	1,855,003
Financial charges	17	(2,015,888)	(366,109)	(1,981,805)	55,896
Depreciation on ijarah assets		-	(1,379,382)	-	-
		(2,015,888)	(1,745,491)	(1,981,805)	55,896
		7,535,408	4,292,098	(325,162)	1,910,899
EXPENDITURE					
Administrative and operating expenses		(14,206,356)	(24,314,002)	(5,784,328)	(5,124,750)
Provision / suspension against potential losses murabaha		-	(72,808,617)	-	-
Provision for receivable against sale of agriculture produce		-	(7,651,449)	-	-
Reversal of provision against murabaha finance	10.1	37,917,064	3,290,000	-	2,390,000
Impairment of ijarah asset		-	(4,138,125)	-	-
		23,710,708	(105,622,193)	(5,784,328)	(2,734,750)
		31,246,117	(101,330,095)	(6,109,489)	(823,851)
Provision for Workers' Welfare Fund		(612,670)	-	119,794	-
Profit / (loss) before taxation		30,633,447	(101,330,095)	(5,989,695)	(823,851)
Taxation	18	-	-	-	-
Net profit / (loss) for the period		30,633,447	(101,330,095)	(5,989,695)	(823,851)
Earnings / (loss) per certificate - basic and diluted		0.64	(2.11)	(0.12)	(0.02)

The annexed notes from 1 to 20 form an integral part of these financial statements.

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



Chief Financial Officer



Chief Executive Officer



Director



Director

KASB MODARABA
 CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE PERIOD ENDED MARCH 31, 2021

	Nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	----- Rupees -----			
Net profit / (loss) for the period	30,633,447	(101,330,095)	(5,989,695)	(823,851)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	30,633,447	(101,330,095)	(5,989,695)	(823,851)

The annexed notes from 1 to 20 form an integral part of these financial statements.

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



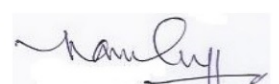
Chief Financial Officer



Chief Executive Officer



Director



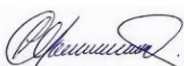
Director

KASB MODARABA
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

	March 31, 2021	March 31, 2020
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	30,633,447	(101,330,095)
Adjustments for:		
Gain on disposal of fixed assets	(1,000,000)	-
Un-realised gain on remeasurement of investments at FVTPL	(1,051,314)	1,233,169
Reversal of provision against murabaha finance	(37,917,064)	
Provision/suspension against potential losses - Morabaha	-	72,808,617
Depreciation	240,195	2,076,736
Impairment of ijarah assets	-	4,138,125
Write off of own assets	-	3,215,645
Provision for doubtful receivable against sale of agriculture produce	-	7,651,449
Amortisation	-	69,375
Gratuity	652,950	490,866
Provision for Workers' Welfare Fund	612,670	-
Financial charges	2,015,888	422,005
	(36,446,675)	92,105,987
Decrease / (increase) in current assets		
Musharaka finance	-	3,100,000
Murabaha finance	-	10,987,538
Diminishing Musharaka	(3,370,384)	14,396,708
Ijarah rentals receivable	-	52,003
Advances, prepayments and other receivables	(6,617,142)	7,683,489
	(9,987,526)	36,219,739
Increase / (decrease) in current liabilities		
Accrued and other liabilities	7,240,534	(1,715,114)
Taxes paid	(587,292)	-
Dividend paid	(18,200)	-
Gratuity paid	(828,516)	-
Financial charges paid	(2,015,888)	(422,005)
Net cash (used in) / generated from operating activities	(12,010,115)	24,858,512
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales proceeds from disposal of fixed assets	1,000,000	-
Proceeds from settlement of Morabaha finance	85,000,000	-
	86,000,000	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Musharaka Financing	50,000,000	(12,566,727)
Net increase in cash and cash equivalents	123,989,885	12,291,785
Cash and cash equivalents at the beginning of the period	71,872,499	51,147,044
Cash and cash equivalents at the end of the period	195,862,384	63,438,829

The annexed notes from 1 to 20 form an integral part of these financial statements.

For Awwal Modaraba Management Limited
(Modaraba Management Company)



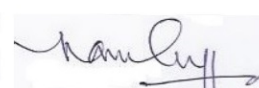
Chief Financial Officer



Chief Executive Officer



Director




Director

KASB MODARABA
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE PERIOD ENDED MARCH 31, 2021

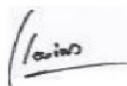
	Certificate capital	Discount on Issuance of certificates	Capital reserve	Revenue reserve	Total
			Statutory Reserve	Accumulated losses	
----- Rupees -----					
Balance as at July 01, 2019	480,664,800	(98,960,400)	83,505,138	(224,501,455)	240,708,083
Total comprehensive income for the period	-	-	-	(101,330,095)	(101,330,095)
Balance as at March 31, 2020	480,664,800	(98,960,400)	83,505,138	(325,831,550)	139,377,988
Balance as at July 01, 2020	480,664,800	(98,960,400)	83,505,138	(326,809,916)	138,399,622
Total comprehensive income for the period	-	-	-	30,633,447	30,633,447
Transfer to statutory reserve	-	-	6,126,689	(6,126,689)	-
Balance as at March 31, 2021	480,664,800	(98,960,400)	89,631,827	(302,303,159)	169,033,069

The annexed notes from 1 to 20 form an integral part of these financial statements.

For Awwal Modaraba Management Limited
 (Modaraba Management Company)



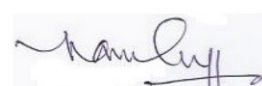
Chief Financial Officer



Chief Executive Officer



Director



Director

1. LEGAL STATUS AND NATURE OF BUSINESS

KASB Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder and was managed by KASB Invest (Private) Limited (the Management Company) - KIPL, a company incorporated in Pakistan.

The Registrar (Modarabas), with the approval of the SECP, vide order dated April 03, 2019 appointed an Administrator 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 KASB Modaraba effective from February 03, 2020.

The registered office of KASB Modaraba is situated at 3rd floor, Horizon Vista, Plot No. Commercial 10, Block No. 4, Scheme No.5, Clifton, Karachi. The Modaraba is a multipurpose perpetual modaraba and is primarily engaged in ijarah financing, musharaka financing, murabaha financing, modaraba financing, diminishing musharaka and investing in sukuk bonds, mutual funds and listed securities. The Modaraba is listed on the Pakistan Stock Exchange.

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 the requirements of the 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 and Exchange Commission of Pakistan (SECP). In case where requirements differ, the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued 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, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in preparation of annual statements of the Modaraba for the year ended June 30, 2020.

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.

KASB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

	Un-audited March 31, 2021	Audited June 30, 2020
5. CASH AND BANK BALANCES	----- Rupees -----	
Cash in hand	98,183	98,183
Cash at banks:		
- Current accounts	2,844,480	2,844,003
- Saving accounts	192,919,722	68,930,313
	195,764,201	71,774,316
	195,862,384	71,872,499

5.1 These carry profit rates ranging from 2% to 6% (June 30, 2020: 4% to 11%) per annum.

	Un-audited March 31, 2021	Audited June 30, 2020
6. INVESTMENTS	----- Rupees -----	
Fair value through profit or loss		
Thal Limited	6,061,541	5,351,112
Indus Motor Company Limited	231,210	198,998
Service Fabrics Limited	439,264	130,592
	6,732,015	5,680,702

KASB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

		Un-audited March 31, 2021	Audited June 30, 2020
	Note	----- Rupees -----	
7. IJARAH RENTALS RECEIVABLE			
Considered doubtful		23,890,164	23,890,164
Less: Provision for doubtful receivables		(23,890,164)	(23,890,164)
		-----	-----
		-	-
8. MODARABA FINANCE			
Modaraba finance		37,791,201	37,791,201
Less: Provision for non-performing modaraba arrangements		(37,791,201)	(37,791,201)
		-----	-----
		-	-
9. MUSHARAKA FINANCE			
Musharaka finance - considered doubtful		14,702,297	14,702,297
Less: Provision for non-performing musharaka arrangements		(14,702,297)	(14,702,297)
		-----	-----
		-	-
10. MURABAHA FINANCE			
Murabaha finance		107,224,272	158,951,515
Less: provision for doubtful receivables	10.1	(107,224,272)	(158,951,515)
		-----	-----
		-	-
10.1 Provision for doubtful receivables			
Opening balance		158,951,515	88,682,898
(Reversal) / Provision during the period		(37,917,064)	70,268,617
Write-off during the period		(13,810,179)	-
		-----	-----
		107,224,272	158,951,515

11. PROPERTY ACQUIRED IN SATISFACTION OF FINANCING FACILITY

During the year ended June 30, 2016, the Modaraba acquired a real estate property in Karachi for partial satisfaction of murabaha finance facility extended to a customer. As per the settlement agreement, the customer had an option to buy back the property with in a period of three years. The Modaraba filed recovery suit against the customer for remaining balance of facility and prayed to the Honorable High Court for possession of property. During the period, facility has been settled out of court and Modaraba has withdrawn all legal suits against the customer and accordingly released the property in favor of the customer. The Modaraba has, therefore; reversed the provision made their against (Refer note 10.1).

12. Receivable against sale of agriculture produce

During financial year 2016 KASB Modaraba (KASBM) & First Prudential Modaraba (FPRM) entered into a joint project for crushing of banola seed and sale of oil cake (Khal) in the market. M/s Pakistan Phutti International Limited (PPIL) was engaged as seller & service provider responsible for sale of agriculture produce.

Subsequently, natural cyclical shortage in productivity of cotton crop affected the availability of the banola seed and therefore the project was prudently discontinued by the management to safeguard the interest of the Modaraba.

As per settlement agreement dated April 27, 2016, with PPIL advance for purchase of banola seed was converted into ijarah finance (secured) leaving a balance of Rs. 27.81 million receivable against sale of agriculture produce.

Receivable amount is secured against Registered Mortgage on Property of service provider. After continuous default of payment the management of Modaraba has filed recovery suits in the Banking Courts which is pending adjudication.

The management and the legal counsel are optimistic on favorable outcome of the case. However, on prudence basis the management has fully provided the outstanding balance.

KASB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

		<u>Un-audited</u> March 31, 2021	<u>Audited</u> June 30, 2020
	Note	----- Rupees -----	
13. LONG-TERM DIMINISHING MUSHARAKA FINANCE			
Diminishing musharaka finance - considered good	13.1	26,256,791	21,596,527
Diminishing musharaka finance - doubtful		6,384,294	6,384,294
Un-earned income		(4,308,766)	(3,018,886)
		<u>28,332,319</u>	<u>24,961,935</u>
Less: Provision for non-performing diminishing musharaka		(6,384,294)	(6,384,294)
		<u>21,948,025</u>	<u>18,577,641</u>
Less: Current portion		(8,834,021)	(11,123,671)
		<u><u>13,114,004</u></u>	<u><u>7,453,970</u></u>

13.1 These carry profit rates ranging between 10% to 19% (June 30, 2020: 10% to 19%).

14 MUSHARAKA FINANCE

The Pak Brunei Investment Company Limited (PBICL) extended callable/ convertible financing line of Rs. 250 million to modaraba under Musharakah Arrangement. As per the agreement the first tranche of Rs.50 million is disbursed on January 28, 2021.

The return on finance shall be payable after finalization of annual financial statements of the modaraba by way of allocation of net 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 is secured by way of hypothecation charge on all movable assets and receivables of the modaraba.

15 Authorised certificate capital

<u>Un-audited</u> March 31, 2021	<u>Audited</u> June 30, 2020		<u>Un-audited</u> March 31, 2021	<u>Audited</u> June 30, 2020
Number of certificates			----- Rupees -----	
<u>50,000,000</u>	50,000,000	Modaraba Certificates of Rs. 10/- each	<u>500,000,000</u>	500,000,000
Issued, subscribed and paid-up capital				
<u>24,958,400</u>	24,958,400	Modaraba Certificates of Rs. 10/- each fully paid in cash	<u>249,584,000</u>	249,584,000
<u>3,316,000</u>	3,316,000	Modaraba Certificates of Rs. 10/- each issued as fully paid bonus certificates	<u>33,160,000</u>	33,160,000
<u>19,792,080</u>	19,792,080	Modaraba Certificates of Rs. 10/- each issued at 50% discount as right certificates	<u>197,920,800</u>	197,920,800
<u><u>48,066,480</u></u>	<u>48,066,480</u>		<u><u>480,664,800</u></u>	<u>480,664,800</u>

15.1 As at March 31 2021, Pak Brunei Investment Company Limited, (holding company of the management company) held 4,300,000 (June 30, 2020: Nil) certificates .

KASB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

16. CONTINGENCIES AND COMMITMENTS

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

		<u>Un-audited</u> March 31, 2021	<u>Un-audited</u> March 31, 2020
	Note	----- Rupees -----	
17. FINANCIAL CHARGES			
Bank charges		39,573	44,422
Return on musharaka finance	14	1,976,315	-
Return on term finance		-	321,687
		<u>2,015,888</u>	<u>366,109</u>

18. TAXATION

On March 22, 2021, the President of Pakistan promulgated the Tax Law (Second Amendment) Ordinance, 2021,(Ordinance 2021) whereby Clause 100 of the Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 relating to the Tax Exemption available to the Modarabas stands withdrawn.

Tax Exemption has been available to the Modarabas under Section 37 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, which is still operative and was specified under Clause 100 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, which exemption has been removed by Ordinance 2021. It is believed that the Ordinance 2021 will be placed before the Assembly to be ratified through a Finance Act. It is a settled law that the taxes can only be levied from prospective effect and any retrospective applicability thereof is ultra-vires under the Constitution. Based on the legal and professional advice, the Management along with other Modarabas, have made representations to the appropriate authorities to remove intended withdrawal of tax exemption available to the Modarabas, particularly any retrospective effect of the Ordinance 2021.

Accordingly, no provision for Income Tax has been made in the quarterly accounts for the period ended July 1, 2020 to March 31, 2021.”

19. RELATED PARTY TRANSACTIONS

The related parties of the Modaraba comprise of the Management Company and its Holding Company, other associated companies, staff retirement funds, Directors and Key Management Personnel. Transactions with related parties are carried out at agreed rates.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the 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.

Transactions and balances with related parties during the period other than those disclosed elsewhere in these condensed interim financial statements are given below:

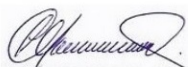
KASB MODARABA
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
 FOR THE PERIOD ENDED MARCH 31, 2021

Transactions during the period		Un-audited March 31, 2021	Un-audited March 31, 2020
Relationship	Nature of transactions	-----Rupees-----	
Associates			
First Prudential Modaraba	Reimbursement of expenses	1,755,470	4,669,872
First Pak Modaraba	Reimbursement of expenses	526,828	979,096
Pak Brunei Investment Company Limited	-Musharaka finance obtained	50,000,000	-
	-Shared services cost	768,374	-
	-Return on musharaka finance	1,976,315	-
Administrator	Salaries & other benefits	-	872,793
Balances at period / year end		Un-audited March 31, 2021	Audited June 30, 2020
Relationships	Nature of Balances	----- Rupees -----	
Associates			
KASB Invest (Pvt) Limited	Discount on issuance of certificates	98,946,390	98,946,390
First Prudential Modaraba	Advances, prepayments and other receivables	914,136	1,170,594
First Pak Modaraba	Advances, prepayments and other receivables	163,284	285,989
Pak Brunei Investment Company Limited	-Payable against musharaka finance	51,976,315	-
	-Shared services cost	153,675	-
Silk Bank Limited	Cash and bank balances	896	896

20. DATE OF AUTHORIZATION

This condensed interim financial statements have been authorized for issue on April 29, 2021 by the Awwal Modaraba Management Limited.

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



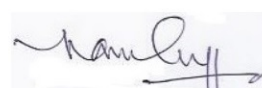
Chief Financial Officer



Chief Executive Officer



Director



Director