

KASB 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.

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

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

Directors' Report

On behalf of the Board of Directors (Board) of Awwal Modaraba Management Limited, the management company of KASB Modaraba, we are pleased to present the Directors' Report together with unaudited financial results of KASB 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

The portfolio size witnessed strong growth amounting to PKR 120.03 million at December 31, 2021 (June 30, 2021: PKR 35.56 million) as excess liquidity was deployed in lending operations. During the first half under review, overall revenues have been recorded at PKR 12.46 million compared to PKR 3.79 million in corresponding period last year. Total expenses for the period were contained at PKR 8.92 million. The Modaraba posted profit before tax for the period at PKR 4.86 million compared to Rs.36.62 million in the corresponding period, which was mainly due to reversal of provision of Rs.37.92 million in the previous period. The full impact of increased portfolio size is expected in second half of the year. Liquid assets amounted to PKR 100 million as on December 31, 2021 while management is also considering options to leverage in view of the healthy transaction pipeline.

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:

KASB 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 KASB 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 سیلٹر 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 سیلٹر کے منافع میں نمایاں کمی آنے کی توقع ہے۔

مالیاتی کارکردگی:

پورٹ فولیو کے سائز میں 31 دسمبر 2021 (30 جون 2021: 35.56PKR ملین) کو 120.03PKR ملین کی مضبوط نمود دیکھی گئی کیونکہ قرضہ جات کی فراہمی میں اضافی لیکویڈیٹی تعینات کی گئی۔ زیر جائزہ پہلی ششماہی کے دوران، مجموعی آمدنی PKR 12.46 ملین ریکارڈ کی گئی ہے جو گزشتہ سال کی اسی مدت میں 3.79PKR ملین تھی۔ اس مدت کے کل اخراجات 8.92PKR ملین تھے۔ مضاربہ نے اسی مدت میں 36.62 ملین روپے کے مقابلے 4.86PKR ملین روپے کا قبل از ٹیکس منافع کمایا، جس کی بنیادی وجہ گزشتہ مدت میں 37.92 ملین روپے کی مشکوک قرض کی وصول تھی۔ سال کے دوسرے نصف میں بڑھے ہوئے پورٹ فولیو سائز کا مثبت اثر متوقع ہے۔ 31 دسمبر 2021 تک مانع اثاثے 100PKR ملین تھے جبکہ انتظامیہ نئے قرضہ جات کی فراہمی کے لئے لیورٹیجنگ پر بھی غور کر رہی ہے۔

مستقبل کے منصوبے:

بورڈ آف ڈائریکٹرز نے فرسٹ پاک مضاربہ، فرسٹ پریڈیمنٹل 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 KASB MODARABA

Introduction

We have reviewed the accompanying condensed interim balance sheet of **KASB 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.

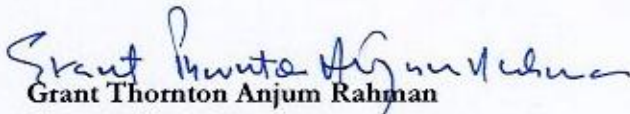
Emphasis of Matter

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:

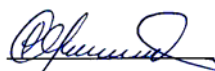
Karachi **22 FEB 2022**

KASB MODARABA
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2021

		Un audited December 31, 2021	Audited June 30, 2021
	Note	----- Rupees -----	
ASSETS			
Current assets			
Cash and bank balances	4	45,717,738	147,114,654
Short term investment	5	27,101,938	29,277,745
Modaraba term deposit	6	27,000,000	27,000,000
Modaraba finance	7	-	-
Musharaka finance	8	-	-
Murabaha finance	9	-	-
Current portion of long term diminishing musharaka finance	10	32,990,554	10,630,132
Receivable against sale of agricultural produce	11	-	-
Ijarah rentals receivable		119,403	-
Advances, prepayments and other receivables	12	14,431,523	8,335,114
		147,361,156	222,357,645
Non-current assets			
Long-term diminishing musharaka finance	10	75,593,013	21,348,645
Long term advances		-	-
Ijarah assets	13	11,448,300	3,579,900
Fixed assets - owned	14	-	103,666
		87,041,313	25,032,211
TOTAL ASSETS		234,402,469	247,389,856
LIABILITIES			
Current liabilities			
Redeemable capital - participatory and unsecured		1,315,000	1,315,000
Musharaka finance	15	-	50,000,000
Short term finance	16	50,000,000	-
Ijarah deposit		3,579,900	3,579,900
Creditors, accrued and other liabilities	17	15,012,342	13,776,888
Financial charges payable to PBICL		-	5,762,187
Provision for taxation		637,416	-
Unclaimed profit distribution		10,497,558	2,815,955
		81,042,215	77,249,930
Non-current liabilities			
Long term portion of ijarah deposit		1,992,000	-
Deferred liabilities - staff gratuity		1,372,036	1,382,916
		3,364,036	1,382,916
TOTAL LIABILITIES		84,406,251	78,632,846
NET ASSETS		149,996,218	168,757,010
REPRESENTED BY			
CAPITAL AND RESERVES			
Authorized certificate capital			
50,000,000 (June 30, 2021 : 50,000,000) certificates of Rs. 10/- each		500,000,000	500,000,000
Issued, subscribed and paid-up capital		480,664,800	480,664,800
Revenue reserve		(322,698,476)	(303,005,573)
Capital reserve		(8,769,905)	(9,614,657)
		149,196,419	168,044,570
Unrealized gain of revaluation of investment	5.3	799,799	712,440
TOTAL CERTIFICATE HOLDERS' EQUITY		149,996,218	168,757,010
CONTINGENCIES AND COMMITMENTS	18		

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements

For Awwal Modaraba Management
(Management Company)


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR

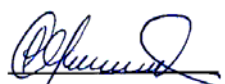

DIRECTOR

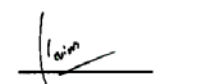
KASB MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half year ended December 31, 2021	Half year ended December 31, 2020	Quarter ended December 31, 2021	Quarter ended December 31, 2020
Note	----- Rupees -----			
Income from:				
Deposit with Banks	3,628,498	1,994,782	1,487,287	1,120,054
Investment in sukuk	969,062	-	499,768	-
Term deposit	966,378	-	493,693	-
Murabaha Finance	-	290,000	-	140,000
Diminishing musharaka finance	3,954,175	1,270,996	2,391,055	590,195
Ijarah finance	119,403	-	119,403	-
Realized gain on sale of shares	2,727,298	-	22,997	-
Dividend on shares	94,984	235,719	94,984	-
	12,459,798	3,791,497	5,109,187	1,850,249
Financial charges	19 (1,697,752)	(34,083)	(375,309)	(33,735)
Depreciation on assets under ijarah arrangements	13.1 (99,600)	-	(99,600)	-
	(1,797,352)	(34,083)	(474,909)	(33,735)
	10,662,446	3,757,414	4,634,278	1,816,514
Other income	20 232,615	1,150,460	115,459	242,293
Unrealized gain / (loss) on investment - at FVTPL	(660,202)	2,952,696	(93,209)	1,063,600
Reversal of provision against murabaha finance	265,000	37,917,064	140,000	37,917,064
Reversal of provision / suspension against ijarah	3,377,832	-	-	-
Administrative and operating expenses	21 (8,919,292)	(8,422,028)	(3,749,509)	(4,773,244)
	4,958,399	37,355,606	1,047,019	36,266,227
Management Company's remuneration	22 -	-	-	-
Sindh Worker's Welfare Fund	23 (97,224)	(732,464)	(20,530)	(732,464)
	(97,224)	(732,464)	(20,530)	(732,464)
Profit before taxation	4,861,175	36,623,143	1,026,489	35,533,763
Taxation	24 (637,416)	-	(541,178)	-
Net Profit for the period	4,223,759	36,623,143	485,311	35,533,763
Earning per certificate - basic and diluted	0.10	0.76	0.02	0.74

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements

For Awwal Modaraba Management
(Management Company)


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR

KASB MODARABA
CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Note	Half year ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
----- Rupees-----					
Net Profit for the period		4,223,759	36,623,143	485,311	35,533,763
<i>Other comprehensive income</i>					
<i>Items that will be subsequently reclassified to profit and loss account</i>					
Unrealized gain on remeasurement of sukuk certificates	8.2	87,359	-	712,440	-
Total comprehensive income for the period		4,311,118	36,623,143	1,197,751	35,533,763

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements

For Awwal Modaraba Management
(Management Company)


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR

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

	Audited	Un-audited
	December 31, 2021	December 31, 2020
Note	----- Rupces -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	4,223,759	36,623,143
Adjustments for non-cash charges and other items:		
Depreciation for the period - own asset	9,725	188,838
Depreciation for the period - ijarah	99,600	-
Unrealized gain / (loss) on investment - at FVTPL	660,202	(2,952,696)
Reversal of provision against morabaha finance	(265,000)	(37,917,064)
Reversal of provision against ijarah	(3,377,832)	-
Gain on sale of fixed assets	(56,959)	(1,000,000)
Gain on sale of investments	(2,727,298)	-
Financial charges	1,697,752	34,083
Provision for worker's welfare fund	97,224	732,464
Provision against gratuity	170,832	435,300
	532,005	(3,855,932)
Decrease / (increase) in assets		
Diminishing musharaka finance	(76,604,790)	(2,304,659)
Ijarah rentals receivable	(119,403)	-
Advances, prepayments and other receivables	(5,322,405)	(6,975,834)
	(82,046,598)	(9,280,493)
Increase / (decrease) in liabilities		
Creditors, accrued and other liabilities	1,618,145	3,526,270
Musharaka finance	(50,000,000)	-
Short term finance	50,000,000	-
Ijarah deposit	1,992,000	-
Unclaimed profit distribution	7,681,603	-
	11,291,748	3,526,270
Financial charges paid	(7,459,939)	(34,083)
Tax paid	(774,004)	(283,265)
Staff gratuity paid	(181,712)	(828,516)
	(8,415,655)	(1,145,864)
Net cash used in operating activities	(78,638,500)	(10,756,019)
CASH FLOW FROM INVESTING ACTIVITIES		
Sales proceeds from disposal of fixed assets	150,900	1,000,000
Receipt from settlement of morabaha finance	265,000	85,000,000
Receipt from settlement of ijarah	3,377,832	-
Sale proceeds from investments	4,487,762	-
Purchase of ijarah assets	(7,968,000)	-
Net cash (used in)/ generated from investing activities	313,494	86,000,000
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(23,071,910)	(18,200)
Net cash used in financing activities	(23,071,910)	(18,200)
Net (decrease)/ increase in cash and cash equivalents period	(101,396,916)	75,225,781
Cash and cash equivalents at the beginning of the year	147,114,654	71,872,499
Cash and cash equivalents at the end of the period	45,717,738	147,098,280

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements

For Awwal Modaraba Management
(Management Company)


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR

KASB MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Certificate capital	<i>Capital reserves</i>		<i>Revenue reserve</i>	Total
		Discount on Issuance of certificates	Statutory reserve	Accumulated losses	
----- Rupees -----					
Balance as at July 01, 2020 (Audited)	480,664,800	(98,960,400)	83,505,138	(326,809,916)	138,399,622
Net profit for the period	-	-	-	36,623,143	36,623,143
Transfer to statutory reserve	-	-	7,324,629	(7,324,629)	-
Balance as at December 31, 2020 (Un-audited)	480,664,800	(98,960,400)	90,829,767	(297,511,402)	175,022,765
Balance as at July 1, 2021 (Audited)	480,664,800	(98,960,400)	89,345,743	(303,005,573)	168,044,570
Net Profit for the period	-	-	-	4,223,759	4,223,759
Final dividend @ Re.0.48 per certificate for the year ended June 30, 2021	-	-	-	(23,071,910)	(23,071,910)
Transfer to statutory reserve	-	-	844,752	(844,752)	-
Balance as at December 31, 2021 (Un-audited)	480,664,800	(98,960,400)	90,190,495	(322,698,476)	149,196,419

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements

For Awwal Modaraba Management
(Management Company)


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR

KASB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

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 Securities & Exchange Commission of Pakistan, vide order dated April 03, 2019 appointed Administrator for the Modaraba to take over and manage the affair of the Modaraba in place of KIPL (Management Company). As per terms of the order, all the powers and duties of the Modaraba Management Company as well as those of its Board of Directors assumed by the Administrator. The term of the Administrator, for holding the modaraba office, was initially for the period of six months which was gradually enhanced till February 03, 2020 as directed by the SECP.

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.

- 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.

KASB MODARABA

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

- 2.2** These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2021. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2021 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative cash flows statement and comparative statement of changes in equity are extracted from unaudited interim financial statements for the half year ended December 31, 2020.
- 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.
- 2.4** The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2021.

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.

New or Revised Standard or Interpretation	Effective Date (Annual periods beginning on or after)
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

KASB MODARABA**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 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.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
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.

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

KASB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

		Un audited December 31, 2021	Audited June 30, 2021
4. CASH AND BANK BALANCES	Note	----- Rupees -----	
<i>Cash at bank in :</i>			
Current accounts		10,598,821	2,930,026
Saving accounts	4.1	35,118,917	144,163,838
		45,717,738	147,093,864
Cash in hand		-	20,790
		<u>45,717,738</u>	<u>147,114,654</u>

4.1 Effective profit rates on these accounts range between 3.75% and 8.34% (June 30, 2021: 3.74% and 6.25%) per annum.

		Un-audited December 31, 2021	Audited June 30, 2021
5. SHORT TERM INVESTMENT	Note	----- Rupees -----	
Fair value through profit or loss (FVTPL) - quoted securities	5.1	6,302,139	8,565,305
Fair value through other comprehensive income (FVTOCI) - Un-quoted	5.2	20,799,799	20,712,440
		<u>27,101,938</u>	<u>29,277,745</u>

5.1 Fair value through profit or loss (FVTPL) - quoted securities

----- Shares -----		Automobile Parts & Accessories			
16,468	16,468	Thal Limited	6,302,139	6,962,341	
-	200	Indus Motor Company Ltd	-	250,828	
		Textile & Weaving			
-	42,400	Service Fabrics Limited	-	1,352,136	
<u>16,468</u>	<u>59,068</u>		<u>6,302,139</u>	<u>8,565,305</u>	

5.2 Fair value through other comprehensive income (FVTOCI) - Un-quoted

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

Description	Investment Date	Number of Units	Amount Rupees	Monthly Profit	Investment Agent	Maturity	Fair Value on December 31, 2021
Meezan Bank Additional Tier 1 Sukuk	May 19, 2021	20	20,000,000	3 months KIBOR +1.75% pa	Al Baraka Bank Limited	August 1, 2028	20,799,799

The fair value of the investment has been determined using rate notified by the Mutual Funds Association of Pakistan. The Modaraba's business model for the investment is to hold the asset to obtain benefits by collecting the contractual cash flows associated with the financial asset and selling the financial asset as per financial needs of the Modaraba.

		Un audited December 31, 2021	Audited June 30, 2021
5.3 Unrealized gain on revaluation of investment	Note	----- Rupees -----	
Market value of investment at the end of the period / year		20,799,799	20,712,440
Less: Cost of investment		<u>(20,000,000)</u>	<u>(20,000,000)</u>
Unrealized gain on revaluation of investment at the end of the period / year		<u>799,799</u>	<u>712,440</u>

KASB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

6. MODARABA DEPOSIT RECEIPT

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 annum)	
Date	Amount	Maturity	Rabb-ul-Maal	Mudarib	Rabb-ul-Maal	Mudarib
May 07, 2021	27,000,000	Monthly roll over till May 07, 2022	8%	92%	7.10%	Return exceeding 7.10%

		Un audited December 31, 2021	Audited June 30, 2021
7. MODARABA FINANCE	Note	----- Rupees -----	
Modaraba Finance		37,791,201	37,791,201
Less: provision for non-performing Modaraba arrangements	7.1	<u>(37,791,201)</u>	<u>(37,791,201)</u>
		<u>-</u>	<u>-</u>

7.1 The Modaraba had provided funds under modaraba arrangements on profit and loss sharing basis to various entities outstanding since long. Based on the guidelines of the Modaraba Regulations 2021, receivables against these finances have been fully provided.

		Un audited December 31, 2021	Audited June 30, 2021
8. MUSHARAKA FINANCE	Note	----- Rupees -----	
Musharaka finance		14,702,297	14,702,297
Less: provision for non-performing musharaka arrangement	8.1	<u>(14,702,297)</u>	<u>(14,702,297)</u>
		<u>-</u>	<u>-</u>

8.1 This represents waiver given to a client Z.H. Piprani & Co. under settlement agreement dated December 24, 2016.

		Un audited December 31, 2021	Audited June 30, 2021
9. MURABAHA FINANCE	Note	----- Rupees -----	
Murabaha finance		97,438,365	97,784,311
Less: provision for non-performing murabaha arrangements	9.1	<u>(97,438,365)</u>	<u>(97,784,311)</u>
		<u>-</u>	<u>-</u>
9.1 Movement of provision			
Opening balance		97,784,311	171,829,551
Reversal of provision during the period		(345,496)	(38,426,119)
Write-off of during the year		-	(35,619,121)
Closing balance		<u>97,438,815</u>	<u>97,784,311</u>

The Modaraba had provided funds under morabaha arrangements on profit and loss sharing basis to various entities outstanding since long. Based on the guidelines of the Modaraba Regulations 2021, receivables against these finances have been fully provided.

		Un audited December 31, 2021	Audited June 30, 2021
10. DIMINISHING MUSHARKA FINANCE	Note	----- Rupees -----	
Diminishing musharaka finance - considered good	10.1	132,663,574	39,111,432
Diminishing musharaka finance - doubtful		666,134	666,134
Unearned Income		<u>(24,080,007)</u>	<u>(7,132,655)</u>
		109,249,701	32,644,911
Less: provision for non-performing diminishing musharaka	10.2	<u>(666,134)</u>	<u>(666,134)</u>
		108,583,567	31,978,777
Diminishing musharaka due after one year		<u>(75,593,013)</u>	<u>(21,348,645)</u>
Current portion of diminishing musharaka		<u>32,990,554</u>	<u>10,630,132</u>

KASB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

10.1 The profit rates on these diminishing musharaka arrangements range between 11.66% and 19.00% (June 2021: 10.00% and 19.00%). All diminishing musharaka arrangements are secured against hypothecation of assets, personal guarantees and promissory notes

10.2 Movement of provision	Un audited December 31, 2021	Audited June 30, 2021
	----- Rupees -----	
Opening balance	666,134	6,384,294
Reversal of provision during the period	-	(5,718,160)
Closing balance	<u>666,134</u>	<u>666,134</u>

11. 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 Company to safeguard the interest of the Modaraba. As per settlement agreement dated April 27, 2016, with PPIL advance for purchase of banol seed was converted into ijarah finance (secured) leaving a balance of Rs. 18.20 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 Company of Modaraba has filed recovery suits in the Banking Courts which is pending adjudication. The Management Company and the legal counsel are optimistic on favourable outcome of the case. The details of receivables are as under:

Description	KASBM	FPRM	Total
Initial Investment	51,000,000	81,000,000	132,000,000
Add: Gain on sale of Agriculture Produce	1,060,000	1,590,000	2,650,000
Less: Receipt against sale of agriculture produce	(14,353,590)	(14,473,432)	(28,827,022)
Less: converted to Ijarah Financing	(19,311,320)	(40,000,000)	(59,311,320)
Less: Consultancy Charges	(194,950)	(305,050)	(500,000)
	18,200,140	27,811,518	46,011,658
Provision for doubtful receivable against sale of agriculture produce	11.1 (18,200,140)	(27,811,518)	(46,011,658)
	<u>-</u>	<u>-</u>	<u>-</u>

11.1 Movement of provision	Note	Un audited December 31, 2021	Audited June 30, 2021
		----- Rupees -----	
Opening balance		18,200,140	18,200,140
Provision during the year		-	-
Closing balance		<u>18,200,140</u>	<u>18,200,140</u>

12. ADVANCES, PREPAYMENTS AND OTHER

Advances to other employees - unsecured		419,745	77,921
Advances for purchase of assets- considered good		4,112,500	2,000,000
Prepayments		719,805	485,563
Short term security deposits		223,300	217,300
Accrued profit	12.1	678,482	981,546
Advance tax		4,626,437	3,852,433
Receivable from associated entities-considered good		3,452,144	522,022
Others		199,110	198,329
		<u>14,431,523</u>	<u>8,335,114</u>

KASB MODARABA

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

		Un audited December 31, 2021	Audited June 30, 2021
12.1 ACCRUED PROFIT	Note	----- Rupees -----	
Accrued profit on bank deposits		353,043	692,973
Accrued profit on sukuk certificates		188,888	162,524
Accrued profit on modaraba term deposit		136,551	126,049
Accrued license fee on property acquired in satisfaction of financing facility		-	7,874,930
Write- off of accrued license fee		-	(7,874,930)
		-	-
		678,482	981,546
13. IJARAH ASSETS			
Plant and machinery	13.1	11,448,300	3,579,900
13.1 Assets held under Ijarah arrangement			
Description		Vehicle	Plant and machinery
			Total
		----- Rupees -----	
Period ended December 31, 2021- (un audited)			
<i>Net carrying value basis</i>			
Opening - NBV *		-	3,579,900
Addition / deletion		7,968,000	-
Depreciation charge		(99,600)	-
Closing - NBV		7,868,400	3,579,900
<i>Gross carrying value basis</i>			
Cost		7,968,000	33,848,819
Accumulated depreciation and impairment		(99,600)	(30,268,919)
Closing - NBV		7,868,400	3,579,900
Year ended June 30, 2021- (Audited)			
<i>Net carrying value basis</i>			
Opening - NBV		-	3,579,900
Depreciation charge		-	-
Closing - NBV		-	3,579,900
<i>Gross carrying value basis</i>			
Cost		-	33,848,819
Accumulated depreciation and impairment		-	(30,268,919)
Closing NBV		-	3,579,900
Depreciation rate % per annum		20 to 66	14 to 33

* This amount is the residual value of the asset hence remained undepreciated.

KASB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Note	Un audited December 31, 2021	Audited June 30, 2021
		----- Rupees -----	
14. FIXED ASSETS - OWNED			
Tangible assets	14.1	<u>-</u>	<u>103,666</u>

14.1 Assets held under owned use

	December 31, 2021								Depreciation rate per annum
	Cost			Accumulated Depreciation			Book value		
	As at July 01, 2021	Deletions	As at December 31, 2021	As at July 01, 2021	Charge for the period	Disposal	As at December 31, 2021	As at December 31, 2021	
----- Rupees -----								----- % -----	
Furniture and fixtures	715,000	(385,899)	329,101	691,987	1,350	(364,236)	329,101	-	10
Office equipment	551,202	(152,150)	399,052	520,324	-	(121,272)	399,052	-	20
Electrical equipment	3,908,313	(1,464,963)	2,443,350	3,866,913	-	(1,423,563)	2,443,350	-	20
Motor vehicles	116,680	(92,230)	24,450	116,680	-	(92,230)	24,450	-	20
Computers & accessories	3,214,096	(1,089,743)	2,124,353	3,205,721	8,375	(1,089,743)	2,124,353	-	33
	8,505,291	(3,184,985)	5,320,306	8,401,625	9,725	(3,091,044)	5,320,306	-	
	June 30, 2021								Depreciation rate per annum
	Cost			Accumulated Depreciation			Book value		
	As at July 01, 2020	Deletions	As at June 30, 2021	As at July 01, 2020	Charge for the year	Disposal	As at June 30, 2021	As at June 30, 2021	
----- Rupees -----								----- % -----	
Furniture and fixtures	8,912,424	(8,197,424)	715,000	8,688,780	109,700	(8,106,493)	691,987	23,013	10
Office equipment	551,202	-	551,202	457,857	62,467	-	520,324	30,878	20
Electrical equipmen	5,079,382	(1,171,069)	3,908,313	4,426,484	299,925	(859,496)	3,866,913	41,400	20
Plant & Machinery	871,446	(871,446)	-	871,446	-	(871,446)	-	-	20
Motor vehicles	1,984,180	(1,867,500)	116,680	1,801,927	29,104	(1,714,351)	116,680	-	20
Computers & accessories	3,606,305	(392,209)	3,214,096	3,213,374	182,511	(190,164)	3,205,721	8,375	33
	21,004,939	(12,499,648)	8,505,291	19,459,868	683,707	(11,741,950)	8,401,625	103,666	

KASB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

		Un audited December 31, 2021	Audited June 30, 2021
	Note	----- Rupees -----	
15. MUSHARAKA FINANCE			
Due within one year	15.1	-	50,000,000

- 15.1** 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.

		Un audited December 31, 2021	Audited June 30, 2021
	Note	----- Rupees -----	
16. SHORT TERM FINANCE			
	16.1	<u>50,000,000</u>	<u>-</u>

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 1 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.

		Un audited December 31, 2021	Audited June 30, 2021
	Note	----- Rupees -----	
17. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Management Company's remuneration	17.1 & 22	379,639	3,299,941
SWWF Payable	23	1,600,524	1,503,300
Sundry creditors		5,632,673	4,636,673
Payable to associated entities		4,439,730	242,936
Accrued expenses		782,659	1,693,909
Charity payable	20.2	4,197	1,483,194
Insurance premium received in advance		608,167	139,287
Other liabilities		1,564,753	777,648
		<u>15,012,342</u>	<u>13,776,888</u>

- 17.1** 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, 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.

		Un audited December 31, 2021	Audited June 30, 2021
		----- Rupees -----	
17.2 Movement of charity payable			
Opening balance		1,483,194	1,214,078
Add: Amount credited during the period / year		<u>34,197</u>	<u>269,116</u>
		1,517,391	1,483,194
Less: Amount paid during the period / year		<u>(1,513,194)</u>	<u>-</u>
		<u>4,197</u>	<u>1,483,194</u>

KASB MODARABA**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021****18. CONTINGENCIES AND COMMITMENTS**

Some of the modarabas in the sector have received letter from Assistant Commissioner, Sindh Revenue Board (SRB), whereby it came to their notice that these Modarabas are engaged in providing / rendering taxable services which falls under the Second Schedule of Sindh Sales Tax on Services Act, 2011 (the Act), and the sales tax on such services, i.e. on lease rentals / lease financing transactions remains outstanding. The modarabas who have received the said letter, collectively decided that under the supervision of NBFI & 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 KASB Modaraba. Therefore, management has taken cautious approach and become a party in collective effort undertaken by the other modarabas.

	Note	Un audited	Un audited
		December 31, 2021	December 31, 2020
		----- Rupees -----	
19. FINANCIAL CHARGES			
Bank charges		19,151	34,083
Return on musharaka finance to the ultimate parent company		1,678,601	-
		<u>1,697,752</u>	<u>34,083</u>
20. OTHER INCOME			
Insurance income		39,361	44,853
Gain on sale of assets - own use		56,959	1,052,222
Others		136,295	53,385
		<u>232,615</u>	<u>1,150,460</u>
21. ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries and benefits	21.1	3,067,783	3,919,284
Transaction cost		22,794	-
Utilities		115,642	256,785
Takaful		394,038	416,533
Postage		48,852	42,993
Repairs and maintenance		188,932	276,646
Entertainment		93,086	95,584
Printing and stationery		263,547	82,288
Travelling and conveyance		125,997	22,156
Fee and subscriptions		904,731	848,867
Auditors' remuneration		216,318	210,212
Legal and professional charges		1,380,431	784,988
Depreciation - owned assets	14.1	9,725	188,838
Advertisements		133,600	6,625
Rent, rate and taxes		181,058	507,144
Newspapers and periodicals		24	82,860
CIB charges		9,245	-
Security services		186,648	188,496
Shared services expense		1,459,884	307,349
Others		116,957	184,381
		<u>8,919,292</u>	<u>8,422,028</u>

KASB MODARABA**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021****22. MANAGEMENT COMPANY'S REMUNERATION**

In accordance with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, management remuneration at the rate of 10% of annual profits is payable to the Management Company.

23. 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, 2020 : 2%) of profit before taxation or taxable income, whichever is higher, effective after June 30, 2014.

24. PROVISION FOR TAXATION

The tax exemption by virtue of Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 had been withdrawn through Tax Laws (Second amendment), 2021 dated March 21, 2021 which was subsequently adopted in Finance Act, 2021. By virtue of withdrawal of exemption, provision for taxation has been recorded in these condensed interim financial statements.

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. 1,961,732 has not been recognized pursuant to event described in note 1.1 of these condensed interim financial statements.

	Un audited December 31, 2021	Un audited December 31, 2020
	----- Rupees -----	
Current	637,416	-
Prior	-	-
	<u>637,416</u>	<u>-</u>

25. TRANSACTIONS AND BALANCE WITH RELATED PARTIES

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

Transactions and balances with related parties during the year other than those disclosed elsewhere in the financial statements are given below.

Relationship with Modaraba	Nature of Transactions	Un audited December 31, 2021	Audited June 30, 2021
		----- Rupees -----	
Balances with related parties			
Holding Company of the Management Company			
Pak Brunei Investment Company Limited	Modaraba Term Deposit	27,000,000	27,000,000
	Accrued return on modaraba term deposit	136,551	126,049
	Musharika Finance	-	(50,000,000)
	Short term finance	(50,000,000)	-

KASB MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

		Un audited December 31, 2021	Un audited December 31, 2020
		----- Rupees -----	
Modarabas under common management			
Awwal Modaraba	Payable against cost of deputed employee	1,651,134	(659,542)
	Payable against sharing of common expenses	(302,103)	(64,095)
First Prudential Modaraba	Receivable against sharing of common expenses	266,205	1,547,652
First Pak Modaraba	Receivable against sharing of common expenses	338,176	282,468
Expense / (income) for the period			
Holding Company of the Management Company			
Pak Brunei Investment Company Limited	Return on modraba term deposit	(966,378)	-
	Return on musharaka finance	1,678,601	-
	Shared services cost	1,459,884	-
Modarabas under common management			
Awwal Modaraba	Staff cost of deputed employee	1,651,134	658,957
	Payable against sharing of common expenses	(302,103)	64,680
First Prudential Modaraba	Reimbursement of expenses	(266,205)	(1,080,840)
First Pak Modaraba	Reimbursement of expenses	(338,176)	(363,544)
Other related party			
Jubilee Life Insurance Co. Ltd	Takaful premium	502,085	338,694
Payments / (Receipts) made during the period			
Holding Company of the Management Company			
Pak Brunei Investment Company Limited	Musharaka Finance	50,000,000	-
	Short term finance	(50,000,000)	-
	Return on musharaka finance	7,440,788	-
	Shared service cost	1,459,884	-
Modaraba Management Company			
Awwal Modaraba Management Limited	Management Company's remuneration	2,920,302	-
Modarabas under common management			
Awwal Modaraba	Staff cost of deputed employee	659,542	-
	Payable against sharing of common expenses	64,095	-
First Prudential Modaraba	Sharing of common expenses	(1,547,652)	(1,603,464)
First Pak Modaraba	Sharing of common expenses	(282,468)	(649,533)
Jubilee Life Insurance Co. Ltd	Takaful premium	502,085	338,694

26. 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 been made in these financial statements during the current year.

27. GENERAL

Figures in these financial statements have been rounded off to the nearest Rupee.

28. DATE OF AUTHORISATION

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

KASB MODARABA

KASB MODARABA

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**HALF YEARLY
REPORT
DECEMBER 31,
2021**