



KASB Modaraba
An Islamic Financial Institution



Quarterly Report September, 2020

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. Iqra Sajjad

Chief Financial Officer

Mr. Aftab Afroz Mahmoodi

Auditor

Grant Thornton Anjum Rehman, Chartered Accountants

Bankers

Habib Bank Limited
Soneri Bank
Summit 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 Office & Head Office

Office No:- B, 5th Floor, Lakson Square
Building No: 1, Sarwar Shaheed Road,
Karachi
Phone : 021- 35630621,021-35630623

Lahore Branch Office

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

Islamabad Branch Office

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

DIRECTORS' REPORT

The Board of Directors of Awwal Modaraba Management Limited, the management company of KASB Modaraba, is pleased to present the Directors' Report together with unaudited Financial Statements of KASB Modaraba for the quarter ended 30 September 2020.

Economy

The Government of Pakistan has taking several measures for revival of the economy. These measures have been fully supported and expanded by regulators; the Policy Rate has been kept stable by the State Bank of Pakistan and at the current level of 7%, provides room to businesses to manage their cash flows. Different relief packages, including subsidized financing lines, deferment of loans, salary loans and specific schemes for the health sector, have helped direct the economy towards revival.

Financial Performance

During the period under review, overall revenues were recorded at PKR 2.85 million inclusive of return on deposit of PKR 0.87 million, compared to PKR 2.52 million in corresponding period last year. Admin and operating expenses for the period amounted to PKR 3.65 million. The Modaraba posted profit of PKR 1.07 million compared to the loss of PKR 6.72 million of corresponding period.

Governance

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

Acknowledgement

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

On behalf of the Board

Sd
Karim Hatim
Chief Executive

sd
Abdul Jaleel Shaikh
Director

Date: 29 October 2020

ڈائریکٹر رپورٹ

KASB مضاربہ کی منجمنٹ کمپنی اول مضاربہ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 ستمبر 2020 کو ختم ہونے والے سہ ماہی کے لئے KASB مضاربہ کے غیر آڈٹ شدہ مالی نتائج کے ساتھ ڈائریکٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

معیشت:

حکومت پاکستان معیشت کی بحالی کے لئے متعدد اقدامات کر رہی ہے۔ ان اقدامات کو ریگولیٹرز کے ذریعہ مکمل تائید اور توسیع دی گئی ہے۔ اسٹیٹ بینک آف پاکستان نے پالیسی شرح کو 7% کی موجودہ سطح پر مستحکم رکھا ہے اور کاروباری اداروں کو ان کے نقد بہاؤ کو سنبھالنے کے لئے جگہ فراہم کی ہے۔ مختلف ریلیف پیکجز، بشمول سبسڈی سے متعلق مالی اعانت کی لائسنز، قرضوں کی التواء، تنخواہ کے قرضوں اور صحت کے شعبے کے لئے مخصوص اسکیموں نے معیشت کو حیات نو کی سمت لے جانے میں مدد فراہم کی ہے۔

مالیاتی کارکردگی:

زیر جائزہ مدت کے دوران، مجموعی طور پر محصولات پاکستانی 2.85 ملین روپے ریکارڈ کی گئی جس میں پاکستانی 0.87 ملین روپے کا بینک ڈیپازٹ پر منافع شامل ہے۔ جبکہ پچھلے سال کے اسی عرصے میں محصولات پاکستانی 2.52 ملین روپے تھے۔ اس مدت کے انتظامی اور کاروباری اخراجات 3.65 ملین پاکستانی روپے تھے۔ مضاربہ نے اسی مدت کے 6.72 ملین پاکستانی روپے نقصان کے مقابلے میں پاکستانی 1.07 ملین روپے کا منافع حاصل کیا۔

گورننس:

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

تسلیمات:

بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور رجسٹرڈ مضاربہ کی مستقل رہنمائی اور مدد کے لئے ان کی تسلیمات اور تعریف کرنا چاہتا ہے نیز اس موقع سے فائدہ اٹھانا چاہیں گے کہ وہ مضاربہ پر اعتماد کرنے کے لئے اپنے صارفین اور سرمایہ کاروں کا شکریہ ادا کریں۔

بورڈ کی جانب سے

-Sd-

عبدالجلیل شیخ

ڈائریکٹر

-Sd-

کریم حاتم

چیف ایگزیکٹو

**KASB MODARABA
BALANCE SHEET
AS AT 30 SEPTEMBER 30, 2020**

	Note	Un-Audited September 30, 2020	Audited June 30, 2020
------(Rupees)-----			
ASSETS			
Current assets			
Cash and bank balances	5	75,494,326	71,872,499
Short term investment	6	7,569,799	5,680,702
Short term modaraba finance	7	-	-
Short term musharaka finance	8	-	-
Murabaha finance	9	-	-
Current portion of long term diminishing musharaka finance	10	7,948,664	11,123,671
Receivable against sale of agricultural produce	11	-	-
Ijarah rentals receivable	12	-	-
Advances, prepayments and other receivables	13	7,814,366	6,059,869
Property acquired in satisfaction of financing facility	14	47,082,936	47,082,936
		145,910,090	141,819,677
Non-current assets			
Long-term diminishing musharaka finance	10	5,990,423	7,453,970
Long term advances		-	8,333
Ijarah assets	15	3,579,900	3,579,900
Fixed assets	16	1,442,415	1,545,071
		11,012,738	12,587,274
TOTAL ASSETS		156,922,828	154,406,951
LIABILITIES			
Current liabilities			
Redeemable capital	17	1,315,000	1,315,000
Current portion of long term security deposits		3,579,900	3,579,900
Creditors, accrued and other liabilities	18	5,756,659	4,508,253
Unclaimed profit distribution		2,815,956	2,834,156
		13,467,516	12,237,309
Non-current liabilities			
Long term security deposits		-	-
Deferred liabilities - staff gratuity		3,987,670	3,770,020
		3,987,670	3,770,020
TOTAL LIABILITIES		17,455,186	16,007,329
NET ASSETS		139,467,643	138,399,622
REPRESENTED BY			
CAPITAL AND RESERVES			
Certificate capital			
Authorized			
50,000,000 (June 30, 2019: 50,000,000) certificates of Rs. 10/- each		500,000,000	500,000,000
Issued, subscribed and paid-up capital	19	480,664,800	480,664,800
Discount on issuance of certificates		(98,960,400)	(98,960,400)
Statutory reserve		83,718,742	83,505,138
Accumulated losses		(325,955,500)	(326,809,916)
CONTINGENCIES AND COMMITMENTS			
	20	-	-
		139,467,643	138,399,622

The annexed notes form an integral part of these financial statements.

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Chief Financial Officer

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Chief Executive Officer

-sd-

Director

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Director

KASB MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	September 30, 2020	September 30, 2019
	-----Rupees-----	
Income from:		
- Diminishing musharaka finance	680,801	1,486,166
- Murabaha finance	150,000	124,342
- Deposits with Banks	874,729	675,953
	1,705,530	2,286,461
Financial charges	(348)	(425,416)
Depreciation on assets under ijarah arrangements	-	(689,691)
	(348)	(1,115,107)
	1,705,181	1,171,354
Other income	1,143,886	226,959
Unrealized (loss)/gain on investments - at fair value	1,889,097	(2,143,169)
Administrative and operating expenses	(3,648,783)	(5,975,138)
	(615,801)	(7,891,348)
	1,089,381	(6,719,993)
Modaraba management fee	-	-
Sales tax on management fee	-	-
Provision for Workers' Welfare Fund	(21,360)	-
Profit/(loss) before taxation	1,068,021	(6,719,993)
Taxation	-	-
Net profit/(loss) for the period	1,068,021	(6,719,993)
Earning per certificate	0.02	(0.14)

The annexed notes form an integral part of these financial statements.

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Chief Financial Officer	Chief Executive Officer	Director	Director

KASB MODARABA
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	September 30, 2020	September 30, 2019
	----- Rupees -----	
Net profit/(loss) for the period	1,068,021	(6,719,993)
Other comprehensive income	-	-
Actuarial gain on defined benefit plans		-
Other Comprehensive income	-	
Total comprehensive income for the period	1,068,021	(6,719,993)

The annexed notes form an integral part of these financial statements.

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Chief Financial Officer	Chief Executive Officer	Director	Director

KASB MODARABA
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Note	September 30, 2020	September 30, 2019
-----Rupees-----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		1,068,021	(6,719,993)
Adjustments for non-cash charges and other items:			
Gain on disposal of fixed assets		(1,000,000)	-
Unrealized (loss)/gain on investments - at fair value through profit or loss		(1,889,097)	2,143,169
Depreciation		102,656	1,359,194
Amortisation		-	69,137
Gratuity expense		217,650	39,036
Provision for Workers' Welfare Fund		21,360	-
Financial charges		348	425,416
		(2,547,082)	4,035,952
(Increase) / decrease in assets			
Musharaka finance		-	3,100,000
Murabaha finance		-	7,043,443
Diminishing Musharaka		4,638,554	8,307,545
Advances, deposits, prepayments and other receivables		(1,600,455)	(2,568,652)
Long-term deposits		-	-
		3,038,099	15,882,336
Increase / (decrease) in liabilities			
Creditors, accrued and other liabilities		1,227,046	(744,395)
		1,227,046	(744,395)
Taxes paid		(145,709)	-
Dividend paid		(18,200)	-
Financial charges paid		(348)	(425,416)
		(164,257)	(425,416)
Net cash generated from / (utilised in) operating activities		2,621,827	12,028,484
CASH FLOW FROM INVESTING ACTIVITIES			
Sales proceeds from disposal of fixed assets		1,000,000	-
Net cash generated from investing activities		1,000,000	-
CASH FLOW FROM FINANCING ACTIVITIES			
Term Financing		-	(6,283,363)
Net cash (utilised in) / generated from financing activities		-	(6,283,363)
Net (decrease) / increase in cash and cash equivalents		3,621,827	5,745,121
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	5	75,494,326	56,892,165

The annexed notes form an integral part of these financial statements.

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_____ Chief Financial Officer	_____ Chief Executive Officer	_____ Director	_____ Director

KASB MODARABA
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2020

	Certificate Capital	Discount on Issuance of certificates	Statutory Reserve	Accumulated Loss	Total
	----- Rupees -----				
Balance as at July 01, 2019	480,664,800	(98,960,400)	83,505,138	(224,501,455)	240,708,083
Loss for the quarter ended September 30, 2019	-	-	-	(6,719,993)	(6,719,993)
Balance as at September 30, 2019	<u>480,664,800</u>	<u>(98,960,400)</u>	<u>83,505,138</u>	<u>(231,221,448)</u>	<u>233,988,090</u>
Balance as at July 01, 2020	480,664,800	(98,960,400)	83,505,138	(326,809,916)	138,399,622
Profit for the quarter ended September 30, 2020	-	-	-	1,068,021	1,068,021
Transfer to statutory reserve	-	-	213,604	(213,604)	-
Balance as at September 30, 2020	<u>480,664,800</u>	<u>(98,960,400)</u>	<u>83,718,742</u>	<u>(325,955,500)</u>	<u>139,467,643</u>

The annexed notes form an integral part of these financial statements.

<u> </u> -sd-	<u> </u> -sd-	<u> </u> -sd-	<u> </u> -sd-
Chief Financial Officer	Chief Executive Officer	Director	Director

**KASB MODARABA
CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2020**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 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 (Pvt) Limited (KIPL).
- 1.2 The Registrar (Modarabas), with the approval of the SECP, vide order dated April 03, 2019 appointed an Administrator of the Modaraba to take over and manage the affair of the Modaraba in place of KIPL. As per terms of the order, all the powers and duties of the Modaraba Management Company as well as those of its Board of Directors assumed by the Administrator. The term of the Administrator, for holding the modaraba office, was initially for the period of six months which was gradually enhanced till February 03, 2020 as directed by the SECP.
- 1.3 The Registrar (Modarabas), with the approval of the SECP, 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.
- 1.4 The Modaraba is a multipurpose perpetual Modaraba and is primarily engaged in ijarah financing, musharakah financing, murabaha financing and, modaraba financing, diminishing musharaka and investing in sukuk bonds, mutual funds and listed securities. The registered office of KASB Modaraba is situated at 6th floor, Horizon Vista, Plot No. Commercial 10, Block No. 4, Scheme No.5, Clifton, Karachi. The Modaraba is listed on Pakistan Stock Exchange.
- 1.5 These financial statements are presented in Pak rupees, which is the Modaraba's functional and presentation currency.

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements have been prepared in accordance with 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.

-sd-	-sd-	-sd-	-sd-
_____ Chief Financial Officer	_____ Chief Executive Officer	_____ Director	_____ Director

		September 30, 2020 Un-audited	June 30, 2020 Audited
		------(Rupees)-----	
5. CASH AND BANK BALANCES	Note		
Cash at bank in :			
- current accounts		2,851,570	2,844,003
- saving accounts	5.1	<u>72,550,742</u>	<u>68,930,313</u>
		<u>75,402,312</u>	<u>71,774,316</u>
Cash in hand		<u>92,014</u>	<u>98,183</u>
		<u><u>75,494,326</u></u>	<u><u>71,872,499</u></u>

5.1 These carry profit rates ranging from 3.00% to 5.00% (June 30, 2020: 4.00% to 11.00%)

6. INVESTMENTS

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

7,569,799 5,680,702

6.1 Quoted securities

September 30. June 30.
2020 2020

**September 30,
2020** **June 30,
2020**

Number of fully paid ordinary
shares of Rs. 10 each

Un-audited **Audited**
------(Rupees)-----

		Name of Investee			
		Automobile Parts & Accessories			
		Thal Limited		6,921,995	5,351,112
		Indus Motor Company Ltd.		256,028	198,998
		Textile & Weaving			
		Service Fabrics Limited		391,776	130,592
				<u>7,569,799</u>	<u>5,680,702</u>

7. 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 Prudential Regulations for Modarabas, receivables against these finances have been fully provided.

8. MUSHARAKA FINANCE

Musharaka finance - considered doubtful
Less: Provision for non-performing musharaka arrangements

**September 30,
2020** **June 30,
2020**
------(Rupees)-----

14,702,297 14,702,297
(14,702,297) (14,702,297)
- -

8.1 This represents waiver given to a client under settlement agreement dated December 24, 2016.

8.2 MOVEMENT OF PROVISION

Opening balance		14,702,297	15,602,297
(Reversal) of provision during the period		<u>-</u>	<u>(900,000)</u>
		<u>14,702,297</u>	<u>14,702,297</u>

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Chief Financial Officer

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Chief Executive Officer

-sd-

Director

-sd-

Director

	September 30, 2020	June 30, 2020
	Un-audited	Audited
	-----Rupees-----	
9. MURABAHA FINANCE		
Murabaha finance - considered doubtful	158,951,515	158,951,515
Less: provision for non-performing murabaha arrangements 9.1	(158,951,515)	(158,951,515)
	<u>-</u>	<u>-</u>

MOVEMENT OF PROVISION

Opening balance	158,951,515	88,682,898
	<u>-</u>	<u>70,268,617</u>
Provision during the period	158,951,515	158,951,515

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

	September 30, 2020	June 30, 2020
	Un-audited	Audited
	-----Rupees-----	
10. DIMINISHING MUSHARAKA FINANCE		
Diminishing musharaka finance - considered good	16,027,463	21,596,527
Diminishing musharaka finance - doubtful	6,384,294	6,384,294
Un-earned income	(2,088,376)	(3,018,886)
	<u>20,323,381</u>	<u>24,961,935</u>
Less: Provision for non-performing diminishing musharaka	(6,384,294)	(6,384,294)
	<u>13,939,087</u>	<u>18,577,641</u>
Diminishing musharaka finance- due after one year	(5,990,423)	(7,453,970)
Current portion of diminishing musharaka finance	7,948,664	11,123,671

10.1 The Profit rates on these diminishing musharaka arrangements range between 10.00% to 19.00% (June 30, 2020: 10.00% to 19.00%). All diminishing musharaka arrangements are secured against hypothecation of assets , personal guarantees and promissory notes.

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 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. The details of receivables are as under :-

	KASBM	FPrM	Total
	-----Rupees-----		
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)
	<u>18,200,140</u>	<u>27,811,518</u>	<u>46,011,658</u>
Provision for doubtful receivable against sale of agriculture produce	<u>(18,200,140)</u>	<u>(27,811,518)</u>	<u>(46,011,658)</u>
	<u>-</u>	<u>-</u>	<u>-</u>

	Un-audited	Audited
	September 30,	June 30,
	2020	2020
	-----Rupees-----	
Movement of provision		
Opening balance	18,200,140	10,548,691
Provision during the year	<u>-</u>	<u>7,651,449</u>
	<u>18,200,140</u>	<u>18,200,140</u>

12. IJARAH RENTALS RECEIVABLE

Considered doubtful	23,890,164	23,890,164
Less: Provision for doubtful receivables	<u>(23,890,164)</u>	<u>(23,890,164)</u>
	<u>-</u>	<u>-</u>

13. ADVANCES PREPAYMENTS & OTHER RECEIVABLES

Advances to employees & executives		
-Executives - unsecured	10,000	40,000
-Employees - unsecured	228,045	293,848
Prepayments	352,244	338,964
Short term security deposits	271,300	271,300
Accrued profit	374,125	434,400
Advance tax	2,928,471	2,782,763
Others	<u>3,645,810</u>	<u>1,898,595</u>
	<u>7,809,994</u>	<u>6,059,869</u>

14. PROPERTY ACQUIRED IN SATISFACTION OF FINANCING FACILITY

This represents real state property at SITE Karachi acquired by the Modaraba in satisfaction of murabaha finance facility. The assessed market value of the said property is Rs. 86.4 million. As per settlement agreement, the borrower has an option to buy back the property within 3 years period. The period (3 years) of buy back option under the settlement agreement with the borrower has been expired. The Modaraba has filed recovery suit against the borrower for outstanding balance of morabaha financing and further prayed to the Honorable Court for the peaceful vacant possession of the property already acquired in satisfaction of financing facility.

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Chief Financial Officer

Chief Executive Officer

Director

Director

	September 30, 2020 Un-audited	June 30, 2020 Audited
Notes	-----Rupees-----	
15. IJARAH ASSETS	3,579,900	3,579,900
16. FIXED ASSETS		
Tangible assets	1,442,415	1,545,071
Intangible assets	-	-
	<u>1,442,415</u>	<u>1,545,071</u>
16.1 Detail of disposal during the period		
Agricultural machinery	3,227,601	-
Accumulated depreciation / impairment	(3,227,601)	-
Written down value	-	-
Sale proceeds	1,000,000	-
Gain on sale	1,000,000	-
17. REDEEMABLE CAPITAL		
Redeemable Capital	<u>1,315,000</u>	<u>1,315,000</u>

17.1 This represents matured and unclaimed amount against certificates of musharaka.

18. CREDITORS, ACCRUED & OTHER LIABILITIES

WWF payable	940,600	919,240
Sundry creditors	1,750,311	850,311
Accrued expenses	471,849	700,954
charity payable	1,359,667	1,214,078
Takaful premium received in advance	281,005	281,005
Other liabilities	953,227	542,665
	<u>5,756,659</u>	<u>4,508,253</u>

19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

20. 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 NBFBI & 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.

21. TAXATION

As per the Second Schedule to the Income Tax Ordinance, 2001, the income of a non-trading modaraba is exempt from income tax provided that it distributes 90% of its profits to its certificate holders for the year after making appropriation for statutory reserves. The Modaraba intends to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation for statutory reserves. Accordingly, no provision in respect of current and deferred tax has been made in these condensed interim financial statements.

22. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Modaraba comprise of the Management Company (Awwal Modaraba Management Limited) and its Holding Company, Ex-modaraba Management Company [KASB Invest (Pvt.) Ltd.] to the extent of their control, Ex-Administrator to the extent of his control, modaraba under common management (First Prudential Modaraba, First Pak Modaraba and Awwal Modaraba), directors of Management Company, key management personnel and associated undertakings.

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 term of employment/entitlement. Details of certificate holding, if any, 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.

Modaraba, in the normal course of business carries out transactions with these related parties at arm's length prices. Transactions and balances with related parties during the year other than those disclosed elsewhere in the financial statements are as follows:-

BALANCES AND TRANSACTIONS WITH RELATED PARTIES	September 30, 2020 Un-audited	June 30, 2020 Audited
	-----Rupees-----	
Relationship with Modaraba		
Balances with related parties		
Ex-Modaraba management Company [KASB Invest (Pvt.) Ltd.]	98,946,390	98,946,390
Modaraba under common management		
First Prudential Modaraba	1,818,564	1,170,594
First Pak Modaraba	477,005	285,989
Other related parties		
Ex-Administrator (Ref: Note # 1)	-	-
Silk Bank Limited (Associated Undertaking)	896	896
Expense/(Income) for the period		
Modaraba under common management		
First Prudential Modaraba	(647,970)	(2,092,713)
First Pak Modaraba	(191,016)	(206,937)
Ex-Administrator (Ref: Note # 1)	-	270,000
Jubilee Life Insurance Company Ltd (Associated Undertaking)	169,347	-
Payments/(Receipts) made during the period		
Jubilee Life Insurance Company Ltd (Associated Undertaking)	169,347	-
Ex-Administrator (Ref: Note # 1)	-	510,000

24. GENERAL

24.1 Figures have been rounded off to the nearest Rupee.

24.2 Certain prior period figures have been reclassified for the purpose of comparison . However, there are no material reclassifications to the report.

25. DATE OF AUTHORIZATION

These financial statements has been authorized for issue on October 29, 2020 by the Board of Directors of Awwal Modaraba Management Limited.

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Chief Financial Officer

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Chief Executive Officer

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Director

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Director