

FIRST PRUDENTIAL MODARABA

QUARTERLY REPORT
SEPTEMBER 30, 2021

MANAGED BY
AWWAL MODARABA MANAGEMENT LIMITED

Vision

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

Mission

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

FIRST PRUDENTIAL MODARABA

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Audit Committee

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

Human Resource and Remuneration Committee

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

Company Secretary

Ms. Misbah Asjad

Chief Financial Officer

Mr. Aftab Afroz Mahmoodi

Auditor

BDO Ebrahim & Co, Chartered Accountants

Bankers

Habib Bank Limited
Dubai Islamic 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-Hamd Shariah Advisory Services (Pvt) 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 First Prudential Modaraba, we are pleased to present the Directors' Report together with unaudited financial results of First Prudential Modaraba, for the quarter ended September 30, 2021.

Economy

Economy recovery continues to gain strength and SBP now expects a relatively stronger real GDP growth in FY22. Furthermore, after an impressive turnaround during last fiscal year, large-scale manufacturing has recorded growth of 7.3% in the first two months of FY22 – more than twice as much as in the same period of FY21.

Preventive measures taken by the Government helped in minimizing impact of COVID 19 on economy. However, the benefits achieved are negated by the recent hike in commodity price internationally that has caused widening of current account deficit, increase in headline inflation to 9.0% in September 2021 and weakening of PKR versus USD. Despite SBP's foreign exchange reserves hovering around USD 19 billion (up 58% YoY), exchange rate has depreciated to PKR 174.49 per USD as on October 25, 2021 in the interbank market. Since its shift to a flexible market-based exchange rate regime, Central Bank's intervention in the currency market remained relatively contained.

Due to increase in inflation, SBP decided to increase the Policy Rate by 25 basis point in September's Monetary Policy. Despite not being substantial, the increase strongly indicates the future course of Central Bank's stance.

Financial Performance

The Modaraba has continued with its strategy to take fresh exposures on conservative basis and focus on asset quality. The outstanding portfolio amounted to PKR 91.07 Million on September 30, 2021 compared to PKR 84.55 million at the end of the financial year ended June 30, 2021 with selective new exposures and sound recoveries in outstanding performing portfolio. Excess liquidity of PKR 356.37 Million approx. was deployed in sukuks and term deposits as well as maintained in bank balances.

During the quarter under review, profitability position locked at nearly the same level as that of corresponding period last year. This was achieved by management's extensive efforts to deploy excess liquidity at good rates, pick selective but high return exposures along with containment of operating expenses despite rising inflation costs. Top line revenues were maintained at nearly the same level at PKR 10.21 million, while total expenses for the period amounted to PKR 6.98 million. The Modaraba posted profit before tax for the period at PKR 3.81 million against profit of PKR 3.36 million in corresponding period last year.

The Board of Directors has resolved in principle to merge all Modarabas under management of Awwal Modaraba Management Limited subject to regulatory approvals. The merger is likely to benefit the Certificate Holders through cost efficiencies, business synergies, increase capital fund and leveraging etc. The Board of Directors has instructed the management to undertake necessary steps in this regard.

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 Jalil Sheikh
Director

Date: October 25, 2021

ڈائریکٹر پورٹ:

فرسٹ پروڈینشل مضاربہ کی مینجمنٹ کمپنی اول مضاربہ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 ستمبر 2021 کو ختم ہونے والے سہ ماہی کے لئے فرسٹ پروڈینشل مضاربہ کے غیر آڈٹ شدہ مالی نتائج کے ساتھ ڈائریکٹر پورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔
معیشت:

معیشت کی بحالی مسلسل قوت حاصل کر رہی ہے اور اسٹیٹ بینک اب مالی سال 2022 میں نسبتاً مضبوط حقیقی جی ڈی پی نمو کی توقع رکھتا ہے۔ مزید برآں پچھلے مالی سال کے دوران ایک شاندار تبدیلی کے بعد بڑے پیمانے پر مینوفیکچرنگ شعبے نے مالی سال 2022 کے پہلے دو ماہ میں 7.3 فیصد کی ترقی ریکارڈ کی ہے۔ جو کہ مالی سال 2021 کی اسی مدت کے مقابلے میں دو گنا زیادہ ہے۔

حکومت کی طرف سے اٹھائے گئے احتیاطی اقدامات سے معیشت پر COVID 19 کے اثرات کو کم کرنے میں مدد ملی۔ تاہم حاصل ہونے والے فوائد کو بین الاقوامی سطح پر اجناس کی قیمتوں میں حالیہ اضافے سے منفی اثر پڑا ہے جس کی وجہ سے کرنٹ اکاؤنٹ خسارے میں اضافہ ہوا ہے۔ ستمبر 2021 میں ہیڈ لائن افراط زر میں 9.0% تک اضافہ ہوا ہے اور PKR بمقابلہ USD کمزور ہو گیا ہے۔ SBP کے زرمبادلہ کے ذخائر تقریباً 19 بلین امریکی ڈالر (58% زائد - سال با سال) ہونے کے باوجود، انٹرنیشنل مارکیٹ میں 25 اکتوبر 2021 تک شرح مبادلہ کی قدر گھٹ کر 174.49 PKR فی امریکی ڈالر ہو گئی ہے۔ چونکہ اس کے لچکدار مارکیٹ پر مبنی شرح مبادلہ کے نظام میں منتقل ہونے کے بعد کرنسی مارکیٹ میں مرکزی بینکوں کی مداخلت نسبتاً محدود ہو گئی ہے۔

افراط زر میں اضافے کی وجہ سے اسٹیٹ بینک نے ستمبر کی مانیٹری پالیسی میں پالیسی ریٹ میں 25 پبلس پوائنٹ تک اضافے کا فیصلہ کیا۔ خاطر خواہ نہ ہونے کے باوجود یہ اضافہ مرکزی بینکوں کے مؤقف کے مستقبل کی طرف اشارہ کرتا ہے۔

زیر نظر مالی جائزہ:

مضاربہ نے قدامت پسندانہ بنیادوں پر نئے ایکسپوزز لینے اور اثاثوں کے معیار پر توجہ دینے کی اپنی حکمت عملی کو جاری رکھا ہے۔ بقایا پورٹ فولیو کی رقم 30 ستمبر 2021 کو 91.07 ملین روپے تھی جو 30 جون 2021 کو ختم ہونے والے مالی سال کے اختتام پر 84.55 ملین تھی اس کی وجہ پورٹ فولیو میں منتخب نئی سرمایہ کاری اور اچھی ریکوری ہے۔ 356.37 ملین روپے کی اضافی لیکویڈیٹی سکوک اور ٹرم ڈپازٹس کے ساتھ ساتھ بینک بیلنس میں بھی رکھی گئی۔

زیر جائزہ سہ ماہی کے دوران منافع تقریباً اسی سطح پر رہا جو پچھلے سال کی اسی مدت میں تھا۔ یہ اچھی شرحوں پر اضافی لیکویڈیٹی کو متعین کرنے کے لیے انتظامیہ کی وسیع کوششوں سے حاصل کیا گیا ہے، جس کی وجہ مہنگائی کی بڑھتی ہوئی لاگت کے باوجود آپریٹنگ اخراجات پر قابو پانے کے ساتھ ساتھ بہتر منافع کی حامل سرمایہ کاری ہے۔ بنیادی آمدن تقریباً اسی سطح پر 10.21 ملین روپے پر برقرار ہے، جبکہ اس مدت کے لیے کل اخراجات 6.98 ملین روپے ہیں۔ مضاربہ نے اس مدت کے لیے ٹیکس سے پہلے 3.81 ملین روپے کا منافع حاصل کیا جو پچھلے سال کی اسی مدت میں 3.36 ملین روپے تھا۔

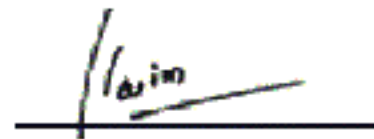
بورڈ آف ڈائریکٹرز نے اصولی طور پر فیصلہ کیا ہے کہ اول مضاربہ مینجمنٹ لمیٹڈ کے زیر انتظام تمام مضاربہ کا انضمام کیا جائے جو نگران ادارے کی منظوری سے مشروط ہے۔ انضمام سے شریکیٹ ہولڈرز کو لاگت کی استعداد، کاروباری ہم آہنگی، کپٹل فنڈ میں اضافہ اور لیوریج وغیرہ کے ذریعے فائدہ پہنچنے کا امکان ہے۔ بورڈ آف ڈائریکٹرز نے انتظامیہ کو اس سلسلے میں ضروری اقدامات کرنے کی ہدایت کی 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



عبد الجلیل شیخ
ڈائریکٹر



کریم حاتم
چیف ایگزیکٹو

مورخہ: 25 اکتوبر 2021

FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

		September 30, 2021	June 30 2021
		Un-audited	Audited
ASSETS	Note	-----Rupees-----	
NON CURRENT ASSETS			
Property and equipment - own use	5	2,549,411	2,723,644
Property, plant and equipment - Ijarah	6	9,349,822	10,350,262
Intangible assets	7	149,028	164,445
Investment properties	8	46,200,000	46,200,000
Long term portion of Diminishing Musharika Finance	9	44,669,997	39,893,900
Long term investments	10	19,608,230	19,608,230
Long term advances and deposits	11	227,500	227,500
		122,753,989	119,167,981
CURRENT ASSETS			
Musharika, Murabaha and other finance - net	12	-	-
Current portion of Diminishing Musharika Finance	9	37,047,327	34,304,232
Investments	13	120,715,906	121,095,565
Modaraba term deposit	14	84,000,000	84,000,000
Ijarah rentals receivable	15	47,309	156,923
Receivable against sale of agriculture produce - net	16	-	-
Advances, prepayments and other receivables	17	22,274,684	15,852,927
Taxation recoverable		12,039,284	12,039,284
Cash and bank balances	18	151,649,603	162,187,832
		427,774,113	429,636,763
TOTAL ASSETS		550,528,101	548,804,744
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized certificate capital			
87,217,660 modaraba certificates of rupees 10/- each		872,176,600	872,176,600
Issued, subscribed and paid-up certificate capital			
87,217,660 modaraba certificates of rupees 10/- each	19	872,176,600	872,176,600
Statutory reserve		154,285,225	153,622,591
Accumulated loss		(600,118,593)	(595,851,717)
		426,343,232	429,947,474
Unrealised gain / (loss) on remeasurement of investment classified as fair value through other comprehensive income	20	10,446,121	10,486,051
		436,789,353	440,433,525
NON CURRENT LIABILITIES			
Long term portion of Ijarah deposits	21	320,000	320,000
CURRENT LIABILITIES			
Current portion of Ijarah deposits	21	7,743,031	8,542,081
Musharaka finance	22	50,000,000	50,000,000
Accrued and other liabilities	23	15,563,129	16,807,929
Provision for taxation		2,352,948	1,858,981
Profit distribution payable		6,917,413	-
Unclaimed profit distribution		30,842,228	30,842,228
		113,418,748	108,051,219
TOTAL EQUITY AND LIABILITIES		550,528,101	548,804,744
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Awwal Modaraba Management Limited
(Management Company)


Chief Financial Officer


Chief Executive


Director


Director

**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

		<u>Three months period ended September 30 2021</u>	<u>Three months period ended September 30 2020</u>
	Note	-----Rupees-----	
Income			
Ijarah rentals earned		576,143	1,733,872
Income from deposits with banks		2,049,995	3,255,323
Income from investment in sukuk certificates		2,646,909	-
Income from Modaraba term deposit		1,519,596	-
Income from Diminishing Musharika Finance		2,532,819	4,628,204
Rental income from investment properties		845,958	769,053
Other income		44,736	561,002
		<u>10,216,155</u>	<u>10,947,454</u>
Unrealized gain/(loss) on investments classified as 'fair value through profit or loss		(339,729)	537,338
Reversal of provision against doubtful receivables - net		<u>2,103,804</u>	-
		<u>11,980,230</u>	<u>11,484,792</u>
Expenses			
Depreciation on Ijarah assets	6	<u>(662,026)</u>	<u>(1,604,904)</u>
Administrative expenses		<u>(6,986,623)</u>	<u>(6,406,426)</u>
Finance charges		<u>(448,300)</u>	<u>(47,063)</u>
		<u>(8,096,950)</u>	<u>(8,058,393)</u>
		<u>3,883,281</u>	<u>3,426,399</u>
Management Company's remuneration	25	-	-
Provision for service sales tax on Management ' Company's remuneration		-	-
		-	-
Provision for Workers' Welfare Fund		<u>(76,143)</u>	<u>(67,184)</u>
Profit before taxation		<u>3,807,138</u>	<u>3,359,215</u>
Provision for taxation		<u>(493,967)</u>	-
Profit after taxation		<u>3,313,171</u>	<u>3,359,215</u>
Earnings per certificate - basic and diluted		<u>0.04</u>	<u>0.04</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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


Chief Financial Officer


Chief Executive


Director


Director

**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

Note	Three months period ended September 30	Three months period ended September 30
	2021	2020
-----Rupees-----		
Profit for the period	3,313,171	3,359,215
Other Comprehensive income for the period:		
Items that will be reclassified subsequently to profit and loss		
Unrealised loss on remeasurement of investment in sukuk certificates	20 (39,930)	-
Total comprehensive income for the period	<u>3,273,241</u>	<u>3,359,215</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

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



Chief Financial Officer



Chief Executive



Director



Director

**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

	Three months period ended September 30 2021	Three months period ended September 30 2020
CASH FLOWS FROM OPERATING ACTIVITIES	-----Rupees-----	
Profit before taxation	3,807,138	3,359,215
Adjustments for:		
Unrealised (gain) / loss on investments	339,729	(537,338)
Depreciation - own use assets	174,233	175,616
Depreciation - Ijarah assets	662,026	1,604,904
Amortization on intangible assets	15,417	-
	1,191,404	1,243,182
Cash flows before movements in working capital	4,998,542	4,602,397
Decrease / (increase) in current assets		
Diminishing Musharika Finance	(7,519,192)	(7,194,185)
Ijarah rentals receivable	109,614	3,779
Asset acquired in satisfaction of financing facility	-	2,375,000
Advances, prepayments and other receivables	(5,445,514)	7,092,854
	(12,855,092)	2,277,448
Increase / (decrease) in current liabilities		
Ijarah deposits	(799,050)	(1,994,903)
Accrued and other liabilities	(1,244,800)	1,414,200
	(2,043,850)	(580,703)
Taxes paid	(9,900,400)	6,299,142
Net cash flows from operating activities	(10,876,642)	5,722,469
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal - ijarah assets	338,414	2,177,403
Purchase of ijarah assets	-	(1,825,000)
Net cash (used in) / flows from investing activities	338,414	352,403
Net (decrease) / increase in cash and cash equivalents	(10,538,229)	6,074,872
Cash and cash equivalents at beginning of the year	162,187,832	248,179,611
Cash and cash equivalents at end of the year	151,649,603	254,254,483

The annexed notes from 1 to 30 form an integral part of these financial statements.

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


Chief Financial Officer


Chief Executive


Director


Director

**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

	Issued, subscribed, and paid up certificate capital	*Statutory reserve	Accumulated loss	Total
	----- (Rupees) -----			
Balance at July 1, 2020 (Audited)	872,176,600	151,747,338	(603,352,728)	420,571,210
Total comprehensive income for the period				
Profit for the period	-	-	3,359,215	3,359,215
Other comprehensive income for the period	-	-	-	-
Transfer to statutory reserve	-	671,843	(671,843)	-
Balance at September 30, 2020 (Un-audited)	<u>872,176,600</u>	<u>152,419,181</u>	<u>(600,665,356)</u>	<u>423,930,425</u>
Balance at July 1, 2021 (Audited)	872,176,600	153,622,591	(595,851,717)	429,947,474
Total comprehensive income for the period				
Profit for the period	-	-	3,313,171	3,313,171
Other comprehensive income for the period	-	-	-	-
Transfer to statutory reserve	-	662,634	(662,634)	-
Distribution @ 0.08% declared for the year ended June 30, 2021	-	-	(6,917,413)	(6,917,413)
Balance at September 30, 2021 (Un-audited)	<u>872,176,600</u>	<u>154,285,225</u>	<u>(600,118,593)</u>	<u>426,343,232</u>

*Statutory reserve represents profit set aside to comply with the Modaraba Regulations, 2021 issued by Securities and Exchange Commission of Pakistan.

The annexed notes from 1 to 30 form an integral part of these financial statements.

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



Chief Financial Officer



Chief Executive



Director



Director

FIRST PRUDENTIAL MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

First Prudential Modaraba (the Modaraba) is a multipurpose, perpetual Modaraba. The Modaraba is registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981 and was managed by Prudential Capital Management Limited (PCML). In pursuance of instructions received from Securities and Exchange Commission of Pakistan (SECP), KASB Invest (Private) Limited (KIPL) had taken over the management and administrative control of First Prudential Modaraba effective from November 13, 2014.

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

During 2020, 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 (the Management Company) has taken over the management and administrative control of First Prudential Modaraba effective from February 03, 2020.

The registered office of First Prudential Modaraba is situated at 3rd floor, Horizon Vista, Plot No. Commercial 10, Block No. 4, Scheme No.5, Clifton, Karachi. The Modaraba is listed on Pakistan Stock Exchange. The Modaraba is currently engaged in various modes of Islamic fundings and businesses which include ijarah financing, deployment of fund in Musharakah, morabaha and investment in securities.

2 STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities & Exchange Commission of Pakistan (SECP). In case where requirements differ, the requirements of Modaraba Companies and Modaraba (Floatation & Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives 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, 2021.

- 2.3 The comparative condensed balance sheet, presented in this condensed interim financial statements as at June 30, 2021 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2021 whereas the comparative condensed interim statement of profit or loss , condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the period ended September 30, 2020 have been extracted from the condensed interim financial statements for the period ended September 30, 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted for the preparation of this condensed interim financial statements are the same as those applied in preparing the financial statements of the Modaraba for the year ended June 30, 2021.

4 SIGNIFICANT ACCOUNTING ESTIMATES , JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of the condensed interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing the condensed interim financial statements, the significant judgments made by management in applying the Modaraba's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Modaraba as at and for the year ended June 30, 2021.

5 BASIS OF PREPARATION

These condensed interim financial statements have been prepared under the historical cost convention, except for certain investments which have been measured at fairvalue.

5 Property and equipment - own use

The following is the statement of operating fixed assets - own use at the reporting date:

Description	September 2021					
	Office premises	Office equipment	Furniture and fixtures	Computer equipments	Vehicles	Total
	Rupees					
At July 01, 2021						
Cost / revalued amount	3,100,000	870,071	4,258,636	865,588	3,784,654	12,878,949
Accumulated impairment / unrealized loss	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(503,750)	(870,071)	(2,155,920)	(865,588)	(3,061,310)	(7,456,639)
Carrying amount	2,000,300	-	-	-	723,344	2,723,644
Period ended September 30, 2021						
Opening carrying amount	2,000,300	-	-	-	723,344	2,723,644
Depreciation charge for the period	(38,750)	-	-	-	(135,483)	(174,233)
Closing carrying amount	1,961,550	-	-	-	587,861	2,549,411
At September 30, 2021						
Cost / revalued amount	3,100,000	870,071	4,258,636	865,588	3,784,654	12,878,949
Accumulated impairment / unrealized loss	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(542,500)	(870,071)	(2,155,920)	(865,588)	(3,196,793)	(7,630,872)
Carrying amount	1,961,550	-	-	-	587,861	2,549,411
Depreciation rate (% per annum)	5	33	20	33	20	
Description	June 2021					
	Office premises	Office equipment	Furniture and fixtures	Computer equipments	Vehicles	Total
	Rupees					
At July 01, 2020						
Cost / revalued amount	3,100,000	870,071	4,258,636	865,588	3,784,654	12,878,949
Accumulated impairment	-	-	(2,102,716)	-	-	(2,102,716)
Accumulated depreciation	(348,750)	(870,071)	(2,155,920)	(865,588)	(2,517,996)	(6,758,325)
Carrying amount	2,751,250	-	-	-	1,266,658	4,017,908
Year ended June 30, 2021						
Opening carrying amount	2,751,250	-	-	-	1,266,658	4,017,908
Unrealized loss for the year	(595,950)	-	-	-	-	(595,950)
Depreciation charge for the year	(155,000)	-	-	-	(543,314)	(698,314)
Closing carrying amount	2,000,300	-	-	-	723,344	2,723,644
At June 30, 2021						
Cost / revalued amount	3,100,000	870,071	4,258,636	865,588	3,784,654	12,878,949
Accumulated impairment/unrealized loss	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(503,750)	(870,071)	(2,155,920)	(865,588)	(3,061,310)	(7,456,639)
Carrying amount	2,000,300	-	-	-	723,344	2,723,644
Depreciation rate (% per annum)	5	33	20	33	20	

6 PROPERTY, PLANT AND EQUIPMENT - IJARAH

Description	September 2021			
	Plant and machinery	Office equipment	Vehicles	Total
	Rupees			
As at July 01, 2021				
Cost	47,978,781	801,000	71,260,000	120,039,781
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(32,001,988)	(512,150)	(50,976,042)	(83,490,180)
Carrying amount	7,208,781	-	3,141,481	10,350,262
Period ended September 30, 2021				
Opening carrying amount	7,208,781	-	3,141,481	10,350,262
Additions - at cost	-	-	-	-
Disposal - carrying amount	-	-	(799,050)	(799,050)
Depreciation charge for the period	-	-	(201,390)	(201,390)
Closing carrying amount	7,208,781	-	2,141,041	9,349,822
As at September 30, 2021				
Cost	47,978,781	801,000	71,260,000	120,039,781
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(32,001,988)	(512,150)	(51,976,482)	(84,490,620)
Carrying amount	7,208,781	-	2,141,041	9,349,822
Useful life (months)	36 to 60	24 to 60	24 to 60	
Description	June 2021			
	Plant and machinery	Office equipment	Vehicles	Total
	Rupees			
As at July 01, 2020				
Cost	75,679,295	801,000	69,435,000	145,915,295
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(53,129,624)	(512,150)	(48,580,271)	(102,222,045)
Carrying amount	13,781,659	-	3,712,252	17,493,911
Year ended June 30, 2021				
Opening carrying amount	13,781,659	-	3,712,252	17,493,911
Disposal - carrying amount	-	-	1,825,000	1,825,000
Impairment / adjustment for the year	(5,177,403)	-	-	(5,177,403)
Depreciation charge for the year	(1,395,475)	-	(2,395,771)	(3,791,246)
Closing carrying amount	7,208,781	-	3,141,481	10,350,262
As at June 30, 2021				
Cost	47,978,781	801,000	71,260,000	120,039,781
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(32,001,988)	(512,150)	(50,976,042)	(83,490,180)
Carrying amount	7,208,781	-	3,141,481	10,350,262
Useful life (months)	36 to 60	24 to 60	24 to 60	

		September 30, 2021	June 30, 2021
	Note	Un-audited	Audited
-----Rupees-----			
7 INTANGIBLE ASSETS			
7.1 Computer software			
Opening balance		2,012,847	1,827,847
Addition / (disposal)		-	185,000
		<u>2,012,847</u>	<u>2,012,847</u>
Amortization			
Balance as at July 1, 2021		<u>(1,848,402)</u>	<u>(1,827,847)</u>
Charge for the year (rate 33.33%)		<u>(15,417)</u>	<u>(20,555)</u>
		<u>(1,863,819)</u>	<u>(1,848,402)</u>
Balance as at September 30, 2021		<u><u>149,028</u></u>	<u><u>164,445</u></u>
7.2 PSX - Trading rights entitlement certificates (TREC)	7.2.1	5,344,352	5,344,352
Impairment of TREC	7.2.2	<u>(5,344,352)</u>	<u>(5,344,352)</u>
		<u><u>-</u></u>	<u><u>-</u></u>

7.2.1 The Lahore Stock Exchange (LSE) membership card and the room in (in LSE) was obtained by the Modaraba in the year 2010 against the settlement of certain outstanding balance of a defaulted party.

Pursuant to demutualization of LSE, the membership card had been surrendered to the Exchange against the acquisition of following assets:

		September 30, 2021	June 30, 2021
	Note	Un-audited	Audited
-----Rupees-----			
Trading Right Entitlement Certificate (TREC).	7.2.1	5,344,352	5,344,352
Broker's room	7.2.3	4,217,500	4,217,500
Ordinary shares of face value of Rs. 10/- each of LSE	7.2.4	<u>12,764,715</u>	<u>12,764,715</u>
		<u><u>22,326,567</u></u>	<u><u>22,326,567</u></u>

The value of each asset represents the allocation of carrying value of the membership card as per the mechanism prescribed by the LSE.

7.2.2 As per section 16 of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012, every TREC holder was required to register itself as a broker within two years of the date of demutualization i.e. by August 26, 2014, failure to which would be resulted in the lapse of the TREC. The impairment has been recorded as the Modaraba did not register itself as a broker before the expiry of the said date.

7.2.3 The carrying amount of the Broker's room is included in "property and equipment - own use" under office premises.

7.2.4 The carrying amount of ordinary shares is included in "long term investment".

8 INVESTMENT PROPERTIES - CARRIED AT FAIR VALUE

The following is the statement of investment property at the reporting date:

Description	Office suite	Four shops	Total
	Rupees		
Net carrying value basis period ended September 30, 2021			
Opening net book value	29,800,000	16,400,000	46,200,000
Closing net book value	29,800,000	16,400,000	46,200,000
Gross carrying value basis period ended September 30, 2021			
Cost / revalued amount	29,800,000	16,400,000	46,200,000
Closing net book value	29,800,000	16,400,000	46,200,000
Net carrying value basis year ended June 30, 2021			
Opening net book value	29,800,000	16,400,000	46,200,000
Closing net book value	29,800,000	16,400,000	46,200,000
Gross carrying value basis year ended June 30, 2021			
Cost / revalued amount	29,800,000	16,400,000	46,200,000
Closing net book value	29,800,000	16,400,000	46,200,000

8.1 Office suite represents two offices in Lakson Sqaure, Karachi, acquired through a settlement agreement. The property is let on rent and therefore, disclosed as investment property.

8.2 Represents shops in Zarkoon Plaza, Sadar, Rawalpindi acquired through a settlement agreement.

8.3 Investment property is revalued by an independent valuer named Ocean Surveyors (Private) Limited as at June 30, 2021.

9	DIMINISHING MUSHARIKA	Note	September 30,	June 30
			2021	2021
			Un-audited	Audited
			-----Rupees-----	
	Principal		81,478,855	74,017,203
	Profit	9.1	238,469	180,929
			<u>81,717,324</u>	<u>74,198,132</u>
	Less: Current portion of diminishing musharika		<u>(37,047,327)</u>	<u>(34,304,232)</u>
			<u>44,669,997</u>	<u>39,893,900</u>

9.1 This represent diminishing musharaka financing for a term of 3 to 5 years. These carry profit rate ranging from 11.65% and 19.00% (June 2021: 11.85% and 19.00%). All diminishing musharaka arrangements are secured against hypothecation of assets, personal guarantees and promissory notes.

10	LONG TERM INVESTMENTS		September 30,	June 30
			2021	2021
			Un-audited	Audited
			-----Rupees-----	
	Investment classified as 'fair value through other comprehensive income			
	Unlisted Companies	10.1	<u>19,608,230</u>	<u>19,608,230</u>

10.1 Unlisted companies

September 30, 2021	June 30, 2021	Note	September 30,	June 30,
			2021	2021
Un-audited	Audited		Un-audited	Audited
Number of Shares			-----Rupees-----	
1,107,244	1,107,244	Prudential Securities Limited		
		Cost	4,173,707	4,173,707
		Less: Impairment	(4,173,707)	(4,173,707)
			-	-
		Prudential Discount and Guarantee House Limited		
191,700	191,700	Cost	1,041,815	1,041,815
		Less: Impairment	(1,041,815)	(1,041,815)
			-	-
843,975	843,975	LSE Financial Services Limited		
		Cost	12,764,715	12,764,715
		Fair value adjustment	6,843,515	6,843,515
			<u>19,608,230</u>	<u>19,608,230</u>
			<u>19,608,230</u>	<u>19,608,230</u>

10.1.1 Due to adverse financial conditions of the investee Company, investments have been fully impaired.

10.1.2 This represent shares acquired against the surrender of Pakistan Stock Exchange (PSX) formerly Lahore Stock Exchange Limited (LSE) membership card. The Modaraba has recognized a fair value adjustment based on audited financial statements of the Investee Company for the year ended June 30, 2020, the break up value of which is Rs. 23.23 per share. Under the current circumstances , the active market is not available for such shares, therefore the net asset value based valuation has been considered as the closest estimate of the fair value of the shares.

11	LONG TERM ADVANCES AND DEPOSITS	Note	September 30, 2021 Un-audited	June 30, 2021 Audited
			-----Rupees-----	
11.1	Long term advances			
	Secured and interest free			
	To executives - considered good		-	-
	To employees - considered good		22,560	58,625
			22,560	58,625
	Less: Due within one year shown under current assets		(22,560)	(58,625)
			-	-
11.2	Long term deposits			
	Margin deposit	11.2.1	3,000,000	3,000,000
	Other deposits		227,500	227,500
			3,227,500	3,227,500
	Less: Provision against doubtful amounts	11.2.2	(3,000,000)	(3,000,000)
			227,500	227,500
			227,500	227,500

11.2.1 This margin deposit was held with a defaulted broker, Prudential Securities Limited, whose operations have been ceased by PSX and the Modaraba has filed a claim with the PSX for the amount.

11.2.2 On confirmed existence of event of default, the provision was made accordingly.

12	MUSHARIKA, MURABAHA AND OTHER FINANCE	Note	September 30, 2021 Un-audited	June 30, 2021 Audited
			-----Rupees-----	
	Musharaka and morabaha finance			
	Considered good		-	-
	Considered doubtful	12.1	352,230,694	352,230,694
			352,230,694	352,230,694
	Less: Provision against doubtful debts		(352,230,694)	(352,230,694)
			-	-

	Note	September 30, 2021 Un-audited	June 30, 2021 Audited
-----Rupees-----			
Other finance - unsecured			
Considered good		-	-
Considered doubtful	12.2	5,259,509	7,363,313
		<u>5,259,509</u>	<u>7,363,313</u>
Less: Provision against doubtful debts		<u>(5,259,509)</u>	<u>(7,363,313)</u>
		<u>-</u>	<u>-</u>

12.1 This include amount of Musharaka and Morabaha finance receivable from various parties, outstanding since many years. Based on the guidelines of Modaraba Regulations outstanding balances against these finances have been fully provided and suspended accordingly.

	Note	September 30, 2021 Un-audited	June 30, 2021 Audited
-----Rupees-----			
12.2 Movement of provision for other finance			
Opening balance		7,363,313	11,002,281
(Reversal) of provision during the year	12.2.1	<u>(2,103,804)</u>	<u>(3,638,968)</u>
Closing balance		<u>5,259,509</u>	<u>7,363,313</u>

12.2.1 During last financial year, the Modaraba concluded settlement agreement with a defaulted customer. The case was under litigation, therefore, compromise application has been submitted with the Court, which was duly allowed to effect the amicable settlement. Provision against the receivable is reversed to the extent of actual recovery up to September 30, 2021.

13 INVESTMENTS	Note	September 30, 2021 Un-audited	June 30, 2021 Audited
-----Rupees-----			
Amortised cost			
Term Deposits Receipts - considered doubtful	13.1	-	-
Fair value thorough other comprehensive income			
Investment in Sukuk certificates	13.2	116,602,606	116,642,536
Fair value through profit or loss			
Quoted securities	13.3	<u>4,113,300</u>	<u>4,453,029</u>
		<u>120,715,906</u>	<u>121,095,565</u>

- 13.1 Modaraba had entered into an agreement dated December 06, 2012, with the Invest Capital Investment Bank Limited (ICIBL) for settlement of the Term Deposit Receipt of Rs.10 million. As per the terms, the entire mark-up/profit/penalties accrued upto the date of settlement agreement were waived off by the Modaraba. The balance was receivable in 60 equal monthly instalments of Rs. 166,667 beginning from December 10, 2012 at Nil profit. Rescheduled amount was as follows:

	Note	September 30, 2021 Un-audited	June 30, 2021 Audited
		-----Rupees-----	
Term Deposit Receipt as at December 06, 2012		10,000,000	10,000,000
Less: Amortization charge		(2,000,000)	(2,000,000)
Less: received in earlier period		(3,219,433)	(3,219,433)
Net receivable		4,780,567	4,780,567
Less: provision against doubtful recoveries		(4,780,567)	(4,780,567)
		-	-

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

	Note	September 30, 2021 Un-audited	June 30, 2021 Audited
		-----Rupees-----	
Meezan Bank Ltd-Additional Mudaraba Sukuk Certificate	13.2.1	65,202,606	65,244,186
Dubai Islamic Bank Pakistan Additional Tier 1 Capital Sukuk	13.2.2	51,400,000	51,398,350
		116,602,606	116,642,536

	Description	Investment Date	Number of Units	Amount in Rupees	Monthly Profit	Investment Agent	Maturity Date	Fair Value in Rupees
13.2.1	Meezan Bank Limited - Additional Tier 1 Capital	19-May-21	63	63,000,000	3 months KIBOR + 1.75% per annum	Al Baraka Bank Limited	1-Aug-28	65,202,606
13.2.2	Dubai Islamic Bank Limited - Additional Tier 1 Capital	19-May-21	10000	50,000,000	3 months KIBOR + 1.75% per annum	Central Depository Company Limited	4-Jan-29	51,400,000
				<u>113,000,000</u>				<u>116,602,606</u>

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

13.3 Quoted securities

Following is the detail of shares of listed entities - held by the Modaraba at the reporting date:

September 30, 2021 Un-audited Number of Shares / Units	June 30, 2021 Audited	Name of Investee Company / Fund	Note	September 30, 2021 Un-audited -----Rupees-----	June 30, 2021 Audited
525	525	Nishat Mills Limited		47,702	48,983
54,367	54,367	The Hub Power Company Limited		3,997,606	4,331,419
1,495	1,495	Sui Northern Gas Pipeline Limited		67,993	72,627
348	348	Hussain Industries Limited	13.3.1	-	-
1,670,720	1,670,720	Prudential Stock Fund	13.3.1	-	-
360,000	360,000	Zeal-Pak Cement Factory Limited	13.3.1	-	-
2,087,455	2,087,455			4,113,300	4,453,029

13.3.1 These investee Companies and Fund are suspended or delisted in prior years, and have been provided in full.

13.3.2 Net unrealized gain / (loss) on re-measurement of investments classified as financial assets at 'fair value through profit or loss' - net

	Note	September 30, 2021 Un-audited -----Rupees-----	June 30, 2021 Audited
Weighted average cost of investments		4,453,029	4,064,190
Unrealized gain / (loss) on changes in fair value		(339,729)	388,839
Market value of investments		4,113,300	4,453,029

		Note	September 30, 2021	June 30, 2021
			Un-audited	Audited
			-----Rupees-----	
14	MODARABA TERM DEPOSIT	14.1	84,000,000	84,000,000

14.1 First Prudential Modaraba (Rabb-ul-Maal) invested in the General Pool created by a Related Party (Mudarib or Investment Manager) in accordance with the principles of Shariah. As per terms of the agreement, the term deposit shall be rolled over on monthly basis and the Related Party shall pay profit to the Modaraba on each maturity as per profit sharing ratio between Modaraba and the Related Party. The details of investments are as under:

Investment			Profit Sharing Ratio		Profit Rate (per anum)	
Date	Amount	Maturity	Rabb-ul -Maal	Mudarib	Rabb-ul -Maal	Mudarib
May 07, 2021	84,000,000	Monthly Rollover till May 07, 2022	77.34%	22.66%	7.10%	2.08%

		Note	September 30, 2021	June 30, 2021
			Un-audited	Audited
			-----Rupees-----	
15	IJARAH RENTAL RECEIVABLE			
	Considered good		47,309	156,923
	Considered doubtful		49,083,826	49,083,826
			49,131,135	49,240,749
	Less: provision for doubtful receivables		(49,083,826)	(49,083,826)
			47,309	156,923
16	RECEIVABLE AGAINST SALE OF AGRICULTURE PRODUCE - SECURED			
	Considered doubtful	16.1	27,811,518	27,811,518
	Less: Provision for doubtful receivables		(27,811,518)	(27,811,518)
			-	-

16.1 During 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 prudent 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>
	-	-	-

17 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Note	Considered good		Considered doubtful		Total		
	Sep 2021	Jun 2021	Sep 2021	Jun 2021	Sep 2021	Jun 2021	
	----- Rupees -----						
Advance							
Income tax	17.1	10,731,029	9,754,787	-	-	10,731,029	9,754,787
To staff - Secured	17.2 & 17.2.1	22,560	58,625	1,814,000	1,814,000	1,836,560	1,872,625
Against purchase of assets		7,586,500	2,000,000	-	-	7,586,500	2,000,000
Prepayments		759,303	455,306	-	-	759,303	455,306
Other receivables from							
Brokers on account							
- of sale of shares	17.3	-	-	65,619,559	65,619,559	65,619,559	65,619,559
- of advance for shares	17.4	-	-	18,432,273	18,432,273	18,432,273	18,432,273
A bank	17.5	-	-	10,241,347	10,241,347	10,241,347	10,241,347
Return on deposits							
with banks		742,068	661,799	-	-	742,068	661,799
Return on investment							
in Sukuk / TDR		1,161,607	1,278,291	-	-	1,161,607	1,278,291
Others		1,271,616	1,644,119	13,466,235	13,466,235	14,737,851	15,110,354
Sub total		<u>22,274,684</u>	<u>15,852,927</u>	<u>109,573,414</u>	<u>109,573,414</u>	<u>131,848,098</u>	<u>125,426,341</u>
Provision for doubtful receivables		-	-	<u>(109,573,414)</u>	<u>(109,573,414)</u>	<u>(109,573,414)</u>	<u>(109,573,414)</u>
		<u>22,274,684</u>	<u>15,852,927</u>	<u>-</u>	<u>-</u>	<u>22,274,684</u>	<u>15,852,927</u>

17.1 This includes an amount of Rs. 1.674 million forcefully withdrawn from bank by the Taxation Authorities on March 14, 2016 against which the Modaraba has filed an application for refund due to the fact that the amount was wrongly withdrawn on the ground that original return filed for the year 2009 was erroneous. The withdrawal was based on the original return filed whereas the revised return filed and order passed by the Additional Commissioner of Inland Revenue in favor of the Modaraba has been ignored. The management is confident that the amount will be recovered from the tax authority.

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

17.2.1 The doubtful amount of Rs.1.8 million was paid to an ex-managing director of the Modaraba without prior approval of the board of directors of previous Modaraba Management Company (Prudential Capital Management Limited) for the purchase of a motor vehicle. The Modaraba has initiated legal proceedings for the recovery of said amount from the ex-managing director.

- 17.3 The doubtful amount includes claim of Rs. 64.62 million receivable from a defaulted stock broker – Investec Securities Limited. Various proposals were initiated in past but none of them was materialized for settlement. In one of the proposal, the said broker has offered / transferred shares and certificates of following entities which were not acknowledged by the Management of the Modaraba, owing to the weak financial position of the entities and significance of the amount of claim. Accordingly, the management of the Modaraba has not accepted the shares / certificates as satisfaction of claim and same is not recorded in the books of account. Detail of shares / certificates offered / transferred is as under:

Name of entities	No. of shares / certificates
Zeal-Pak Cement Factory Limited	10,400,000
Usman Textile Mills Limited	700,000
First Investec Modaraba	500,000
Investec Securities Limited	200,000

- 17.4 This amount includes Rs. 17.889 million paid as advance for purchase of securities to Prudential Securities Limited (PSL). Remaining amount of Rs. 0.54 million is blocked in CDC-sub account of the said broker against various shares.

Name of companies	No. of Shares
Al-Ghazi Tractors Limited	500
Javed Omer Vohra & Company Limited	1,000
Pakistan Petroleum Limited	2,100

Operations of PSL have been ceased by PSX and the Modaraba has filed a claim with the PSX for the whole amount. However on confirmed existence of event of default, the provision was made accordingly.

- 17.5 This represents an unauthorised amount debited to Modaraba's account by a scheduled commercial bank on behalf of a party considered to be a group Company. The Modaraba filed a suit for recovery under the Financial Institutions (Recovery of Finances) Ordinance, XLVI of 2001 which was decreed against the Modaraba only due to the reason that it was time-barred. Management of the Modaraba filed an appeal in the Sindh High Court against the judgment of the Banking Court. The Sindh High Court has set aside the decree of the Banking Court with the directions that the Banking Court, in the first instance, shall decide the application for leave to defend moved by the Bank. The case is under process with the Banking Court.

		September 30, 2021 Un-audited	June 30, 2021 Audited
		-----Rupees-----	
18	CASH AND BANK BALANCES		
	Cash in hand	10,000	10,000
	Balances with banks		
	Current accounts	13,502,199	13,502,199
	Saving accounts	138,137,404	148,675,633
		151,639,603	162,177,832
		151,649,603	162,187,832

18.1

- 18.1 The balance in saving accounts carry profit at an average rates ranging from 2.75% to 6.50% per annum (June 2021: 2% to 6.43% per annum).

19 CERTIFICATE OF CAPITAL

September 30, 2021	June 30, 2021		September 30, 2021	June 30, 2021
Un-audited	Audited		Un-audited	Audited
No. of certificates			-----Rupees-----	
<u>87,217,660</u>	<u>87,217,660</u>	Authorised Modaraba certificates of Rs.10 each	<u>872,176,600</u>	<u>872,176,600</u>
13,451,650	13,451,650	Issued, subscribed and paid-up Modaraba certificates of Rs.10 each fully paid in cash	134,516,500	134,516,500
8,864,716	8,864,716	Modaraba certificates of Rs.10/-each fully paid bonus certificates	88,647,160	88,647,160
64,901,294	64,901,294	Modaraba certificates of Rs.10/- issued under scheme of arrangement for amalgamation with Second and Third Prudential Modaraba	649,012,940	649,012,940
<u>87,217,660</u>	<u>87,217,660</u>		<u>872,176,600</u>	<u>872,176,600</u>

As at September 30, 2021, Pak Brunei Investment Company Limited, holding company of the management company, held 8,721,766 (June 2021: 8,721,766) certificates of Rs. 10/- each.

20	Note	September 30, 2021	June 30, 2021
UNREALISED GAIN / (LOSS) ON REMEASUREMENT OF INVESTMENTS CLASSIFIED AS 'FVTOCI'		Un-audited	Audited
		-----Rupees-----	
	Market value of investments	10.1.2 & 13.2 136,210,836	136,250,766
	Less: cost of investments	10.1.2 & 13.2 (125,764,715)	(125,764,715)
		<u>10,446,121</u>	<u>10,486,051</u>
	Unrealised gain / (loss) on remeasurement at the beginning of the year	10,486,051	(2,417,582)
	Gain / (loss) on remeasurement during the period	(39,930)	12,903,633
	Unrealised gain / (loss) on remeasurement at the end of the period	<u>10,446,121</u>	<u>10,486,051</u>
21	IJARAH DEPOSITS		
	Ijarah deposits	8,063,031	8,862,081
	Less: Current portion ijarah deposit	(7,743,031)	(8,542,081)
		<u>320,000</u>	<u>320,000</u>
22	MUSHARAKA FINANCE	22.1 50,000,000	-

- 22.1 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 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 and mortgage of immovable property of the Modaraba.

		September 30, 2021	June 30, 2021
		Un-audited	Audited
		-----Rupees-----	
23	ACCRUED AND OTHER LIABILITIES		
	Accrued expenses	513,879	1,624,055
	Return on musharaka finance	1,135,497	
	Management Company's remuneration	121,891	1,059,517
	Share in common expenses	2,883,194	3,462,042
	Takaful	5,704,957	5,517,869
	Workers' welfare fund	1,604,893	1,528,750
	Charity fund	117,387	1,304,466
	Advance against customer's share in financing	1,384,962	-
	Others	2,096,469	2,311,231
		<u>15,563,129</u>	<u>16,807,929</u>

- 23.1 The Sindh Assembly passed a bill on May 4, 2015 and notified Sindh Worker's Welfare Act 2014 (the SWWF Act) on June 4, 2015. As per the said SWWF 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% of profit before taxation or taxable income, whichever is higher, effective after June 30, 2014. During the period an amount of Rs. 76,465 (June 2021: 187,525) have been provided.

- 23.2 This includes amounts relating to charity accrued on various non-Shariah compliant avenues. The management utilizes the balances as per the requirements of Clause VI of circular no 8 of 2012 (Shari'ah Compliance and Shari'ah Audit Mechanism) for modarabas.

		September 30, 2021	June 30, 2021
		Un-audited	Audited
		-----Rupees-----	
Movement of charity fund	Note		
Opening balance		1,304,466	1,217,576
Add: Amount credited during the period		117,387	476,890
		<u>1,421,853</u>	<u>1,694,466</u>
Less: Paid during the period		(1,304,466)	(390,000)
Closing balance		<u>117,387</u>	<u>1,304,466</u>

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 Taxation officer while making assessment in respect of tax years 2006, 2007 and 2008 disallowed certain expenses on account of apportionment between normal and presumptive income and created an additional demand of Rs. 6.53 million. The Modaraba filed an appeals and hence, no provision has been made in these financial statements in this regard as the management is confident that outcome of the appeals will be decided in favour of the Modaraba.

24.1.2 The Modaraba received a letter dated October 01, 2018 from the Assistant Commissioner (Unit-12) of the Sindh Revenue Board (SRB), wherein, it is mentioned that through scrutiny of the financial statements of the Modaraba (for the periods from July 2011 to March 2018 fiscal year years 2012-2017), it came to their notice that the Modaraba is engaged in providing / rendering taxable services which falls under the Second Schedule of Sindh Sales Tax on Services Act, 2011 (the SSTS Act), and the sales tax on such services, i.e. on lease rentals / lease financing transactions remains outstanding which aggregated to Rs. 29.527 million. Such letters were also received by some other Modarabas and it was collectively decided that under the supervision of NBF and Modaraba Association Pakistan, a petition against the same was filed through a common legal counsel in the Honorable High Court of Sindh (HCS) challenging levy of Services Sales Tax on lease rentals / lease financing transactions including the vires of various headings of the Second Schedule of the Act. A stay order in this regard has been granted by the HCS stating that no adverse order in respect of the proposed treatment shall be made against the Petitioners. The matter is pending adjudication at the reporting date.

24.2 Commitment

There was no commitment as at the reporting date.

25 MANAGEMENT COMPANY'S REMUNERATION

The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 up to a maximum of 10% per annum of the net annual profits of the Modaraba.

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

26 The Sindh Revenue Board (SRB) has imposed Sindh Sales Tax (SST) on the Modaraba Management Company's remuneration with effect from 01 November 2011. However, certain modaraba management companies have approached the Honourable Sindh High Court (the Court) and Appellate Tribunal of SRB, challenging the levy of SST on management company's remuneration. The Modaraba Management Company has not received any demand notice from SRB for payment of SST on Management Company's remuneration and accordingly, based on legal advisor's opinion obtained by one of the Modaraba under common management, can neither file any petition challenging the levy of SST on Management Company's remuneration nor can join the proceedings of pending petition in the Court. As a matter of abundant caution the management is accruing SST on Management Company's remuneration and will discharge the liability on direction of the Court based on outcome of the petition filed by other Modaraba Management Companies.

	September 30, 2021	September 30, 2020
	Un-audited	Un-audited
	-----Rupees-----	
27 PROVISION FOR TAXATION		
Current	(493,967)	-
Prior	-	-
	<u>(493,967)</u>	<u>-</u>

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

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

28 **RELATED PARTY TRANSACTIONS**

The related parties of the Modaraba comprise of the Management Company and its Holding Company, Modarabas under common management (Awwal Modaraba, KASB Modaraba and First Pak Mofaraba) 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 Modaraba. 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 the financial statements are given below:

Amounts outstanding as at period / year end			September 30, 2021	June 30, 2021
Name of the company / individual	Relationship with the Modaraba	Nature of Transactions	Un-audited	Audited
-----Rupees-----				
Balances with related parties				
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Modaraba Term Deposit	84,000,000	84,000,000
		Accrued return on modraba term deposit	424,833	392,153
		Musharika Finance	(50,000,000)	(50,000,000)
		Return on musharaka finance	(1,135,497)	(674,861)
		Payable shared service cost	(485,872)	(485,872)
Awwal Modaraba Management Limited	Modaraba Management Company	Sales tax on Management Company's remuneration	(121,891)	(1,059,517)
Awwal Modaraba	Modaraba under common management	Payable against sharing of common expenses	(377,662)	(842,247)
		Payable against cost of deputed employee	(1,725,849)	(586,270)
KASB Modaraba	Modaraba under common management	Payable against sharing of common expenses	(1,437,421)	(1,547,652)
First Pak Modaraba	Modaraba under common management	Receivable against sharing of common expenses	17,250	69,347
			September 30, 2021	September 30, 2020
			Un-audited	Un-audited
-----Rupees-----				
Expenses/(income) during the period				
First Prudential Modaraba - Provident Fund Trust	Staff provident fund	Contribution made	47,076	165,930
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Return on modraba term deposit	(1,519,596)	-
		Return on musharaka finance	460,636	-
		Shared services cost	1,457,616	-
Awwal Modaraba	Modaraba under common management Company	Sharing of common expenses	377,662	-
		Staff cost of deputed employee	1,725,849	-
KASB Modaraba	Modaraba under common management	Sharing of common expenses	276,561	647,970
First Pak Modaraba	Modaraba under common management	Sharing of common expenses	(17,250)	(107,550)
Jubilee Life Insurance Co. Ltd	Other related party	Takaful premium	100,647	153,490
Payments/(receipts) made during the period				
First Prudential Modaraba - Provident Fund Trust	Staff provident fund	Contribution made	47,076	165,930
Pak Brunei Investment Company Limited	Holding Company of the Management Company	Return on modraba term deposit	(1,486,916)	-
		Shared service cost	1,457,616	-
Awwal Modaraba Management Limited	Modaraba management company	Management Company's remuneration	937,626	-
Awwal Modaraba	Modaraba under common management	Staff cost of deputed employee	842,247	-
			586,270	-
KASB Modaraba	Modaraba under common management	Sharing of common expenses	386,792	-
First Pak Modaraba	Modaraba under common management	Sharing of common expenses	(69,347)	-
Jubilee Life Insurance Co. Ltd	Other related party	Takaful premium	100,647	153,490

29 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison and better presentation. There were no major reclassifications in these financial statements.

30 DATE OF AUTHORISATION

These financial statements were authorised for issue on October 25, 2021 by the Board of Directors of the Management Company.

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



Chief Financial Officer



Chief Executive



Director



Director

FIRST PRUDENTIAL MODARABA

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**QUARTERLY
REPORT
SEPTEMBER , 2021**