

AWWAL 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

BDO Ebrahim & Co, Chartered Accountants

Bankers

Habib Bank Limited
Dubai Islamic Bank
Soneri Bank

Certificate Registrar

THK Associates (Private) Limited.
Plot No: 32-C, Jami Commercial, Street No: 2,
DHA, Phase-VII, Karachi, Tel: 021-111-000-322
Fax: 021-35310190, E-mail: sfc@thk.com.pk

Legal Advisor

LAM Ebrahim Mohsin

Shariah Advisor

Mufti Muhammad Hassaan Kaleem

Registered Office

3rd Floor, Horizon Vista, Plot No:
Commercial 10, Block-4, Clifton, Karachi
Phone : 021- 38771685,
Fax: 021-35374275

DIRECTORS' REPORT

The Board of Directors of Awwal Modaraba Management Limited, the management company of Awwal Modaraba, is pleased to present the Directors' Report together with Audited Financial Statements of Awwal Modaraba for the half year ended 31 December 2021.

Brief Economic Outlook

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 Snapshot

Awwal Modaraba had been proceeding with caution in the previous two years in view of the vulnerable economic situation. This resulted in excess liquidity built up in the Modaraba deployed in low risk, low return bank deposits and sukuks resulting in lower profitability also. However, the management has now stepped up lending operations and the size of Shariah compliant lending portfolio increased to PKR 590 Million as on December 31, 2021 from PKR 499 Million in previous period with fresh disbursements. Liquid assets have decreased from PKR 574 Million as on June 30, 2021 to PKR 390 Million at the end of HY2022. With a robust lending pipeline, we expect the profitability position to improve significantly in the second half of the year with further deployment of funds.

Total revenues witnessed decline to PKR 42 Million in 1HY2022 compared to PKR 56.96 Million in corresponding period last year. However, with containment of operating expenses, profit before tax amounted to PKR 12.49 Million, the profit before tax has declined as management has made provision against one of the defaulted customer as per Modaraba Regulations. The case is under litigation, management is confident that the case shall be decided in favour of the Modaraba, and underlying securities are sufficient to recover the exposure. With change in Modaraba tax laws, tax expense of PKR 7.80 Million was recorded during the period (nil in previous period) with Profit after Tax amounting to PKR 4.69 Million in 1HY2022 compared to PKR 27.13 Million in 1HY2021.

Future Plans

The Board of Directors has decided to merge Awwal Modaraba into Awwal Corporate Restructuring Company ("ACRC") which is a wholly owned subsidiary of Pak Brunei Investment Company Limited. The core mandate of Awwal Modaraba is to finance and turnaround distressed assets. With introduction and implementation of enabling regulations for Corporate Restructuring Companies ("CRC") by the regulators in Pakistan, the Board of Directors is of the opinion that it is more appropriate to carry on this business under the CRC framework. 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 board of directors of Awwal Modaraba Management Limited during the period under review.

Acknowledgements

The Board would like to acknowledge and appreciate Securities & Exchange Commission of Pakistan and Registrar Modaraba for their continuous guidance and support. Also, I would like to avail this opportunity to thank our 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:

اول 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 اول مضاربہ کے غیر آڈٹ شدہ مالیاتی نتائج کے ساتھ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

معیت:

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 سیکٹر 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 سیکٹر کے منافع میں نمایاں کمی آنے کی توقع ہے۔

مالیاتی کارکردگی:

گزشتہ دو سالوں میں محدود معاشی صورتحال کے پیش نظر اول مضاربہ احتیاط کے ساتھ آگے بڑھ رہا تھا۔ اس کے نتیجے میں مضاربہ میں کم رسک، کم منافع کے اصول کے تحت بینک ڈپازٹس اور سکوک میں اضافی لیکویڈیٹی پیدا ہوئی جس کے نتیجے میں منافع بھی کم ہوا۔ تاہم، انتظامیہ نے اب قرض دینے کی کارروائیوں کو تیز کر دیا ہے اور 31 دسمبر 2021 تک شریعت کے مطابق قرض دینے والے پورٹ فولیو کا حجم 590 PKR ملین ہو گیا ہے جو کہ گزشتہ مدت میں 499 PKR ملین تھا۔ مانع اثاثے 30 جون 2021 کو 574 ملین سے HY2022 کے آخر میں 390 PKR ملین تک کم ہو گئے ہیں۔ قرض دینے کی ایک مضبوط پائپ لائن کے ساتھ، ہم توقع کرتے ہیں کہ فنڈز کی مزید تعیناتی کے ساتھ سال کے دوسرے نصف میں منافع کی پوزیشن میں نمایاں بہتری آئے گی۔

HY2022 کے پہلے حصے میں کل آمدنی 42 PKR ملین تک گر گئی جو گزشتہ سال کی اسی مدت میں 56.96 PKR ملین تھی۔ تاہم، آپریٹنگ اخراجات پر قابو پانے کے ساتھ، ٹیکس سے پہلے کا منافع 12.49 PKR ملین ہے، ٹیکس سے پہلے کا منافع کم ہو گیا ہے

کیونکہ انتظامیہ نے مضاربہ کے ضابطے کے مطابق نادہندہ صارف میں سے ایک کو مخصوص کیا ہے۔ مقدمہ قانونی چارہ جوئی کے تحت ہے اور انتظامیہ کو یقین ہے کہ مقدمہ کا فیصلہ مضاربہ کے حق میں کیا جائے گا اور کیونکہ زیر ضمانت اثاثہ قرض کی وصولی کے لیے کافی ہے۔ مضاربہ ٹیکس قوانین میں تبدیلی کے ساتھ، اس مدت کے دوران 7.80PKR ملین کا ٹیکس خرچ ریکارڈ کیا گیا (پچھلی مدت میں صفر) 1HY2021 میں 27.13PKR ملین کے مقابلے 1HY2022 میں بعد از ٹیکس منافع کے ساتھ 4.69PKR ملین ہے۔

مستقبل کے منصوبے:

بورڈ آف ڈائریکٹرز نے اول مضاربہ کو اول کارپوریٹ ری سٹرکچرنگ کمپنی ("ACRC") میں ضم کرنے کا فیصلہ کیا ہے جو کہ پاک بروہائی انویسٹمنٹ کمپنی لمیٹڈ کی مکمل ملکیتی ذیلی کمپنی ہے۔ اول مضاربہ کا بنیادی مینڈیٹ کمزور اثاثوں کی مالی اعانت اور تبدیلی ہے۔ پاکستان میں ریگولیٹرز کی طرف سے کارپوریٹ ری سٹرکچرنگ کمپنیوں ("CRC") کے لیے فعال کرنے والے ضوابط کے تعارف اور نفاذ کے ساتھ، بورڈ آف ڈائریکٹرز کی رائے ہے کہ CRC فریم ورک کے تحت اس کاروبار کو جاری رکھنا زیادہ مناسب ہے۔ 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 بینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز میں کوئی تبدیلی نہیں کی گئی ہے۔

تسلیمات:

بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور رجسٹر ارمضاربہ 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' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE CERTIFICATE HOLDERS OF AWWAL MODARABA**Introduction**

We have reviewed the accompanying condensed interim balance sheet of AWWAL MODARABA ("the Modaraba") as at December 31, 2021 and the related condensed interim statement of 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 as the "condensed interim financial statements"). The Modaraba Management Company (Awwal Modaraba Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim 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 condensed 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 condensed interim financial statements as at and for the half year ended December 31, 2021 are 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 1.2 of notes to the condensed interim financial statements, whereby it has been disclosed that Awwal Modaraba will merge with and into Awwal Corporate Restructuring Company Limited. We did not modify our conclusion regarding this matter.

Other matter

The figures for the quarter ended December 31, 2021 and December 31, 2020 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

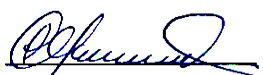
KARACHI**DATED:****UDIN # RR202110067b4fa7IRZm****CHARTERED ACCOUNTANTS**
Engagement Partner: Zulfikar Ali Causer

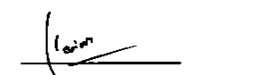
AWWAL MODARABA
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

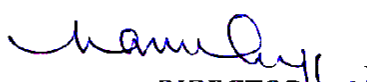
		December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
ASSETS	Note		
NON-CURRENT ASSETS			
Operating fixed assets	4	675,068	184,519
Intangible asset	5	-	1,169,495
Long term portion of Musharika Finance	6	115,200,000	-
Long term portion of Diminishing Musharika Finance	7	148,478,619	196,666,669
Long term portion of receivable against advisory fee	8	373,666	917,478
Long term loans	9	-	1,624,799
Long term deposit		75,000	75,000
		264,802,353	200,637,960
CURRENT ASSETS			
Current portion of Musharika Finance	6	202,800,000	199,000,000
Current portion of Diminishing Musharika Finance	7	123,333,330	103,333,331
Current portion of receivable against advisory fee	8	33,809,319	34,792,710
Current portion of long term loans	9	196,880	1,716,015
Investment against repurchase agreement	10	78,487,456	-
Investment in Sukuk certificates	11	179,920,000	179,162,606
Accruals, prepayments, advances and other receivables	12	61,099,631	69,895,749
Modaraba term deposit	13	39,000,000	239,000,000
Taxation recoverable		16,187,444	13,109,846
Bank balances	14	170,721,995	155,753,925
		905,556,055	995,764,182
TOTAL ASSETS		1,170,358,408	1,196,402,142
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized certificate capital			
100,000,000 Modaraba Certificates of Rs. 10 each	15	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up certificate capital			
100,000,000 Modaraba Certificates of Rs. 10 each	15	1,000,000,000	1,000,000,000
Statutory Reserves	16	125,263,614	124,326,410
Accumulated profit		8,789,629	37,040,815
		1,134,053,243	1,161,367,225
Unrealised gain on remeasurement of Sukuk Certificate	11.3	6,920,000	6,162,606
CURRENT LIABILITIES			
Accrued expenses	18	18,282,987	13,222,667
Payable to related parties	19	10,916,087	15,466,272
Unclaimed profit distribution		186,091	183,372
		29,385,165	28,872,311
TOTAL EQUITY AND LIABILITIES		1,170,358,408	1,196,402,142
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.

For Awwal Modaraba Management Limited
(Management Company)


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR

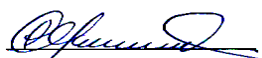

DIRECTOR

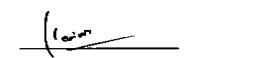
AWWAL MODARABA
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

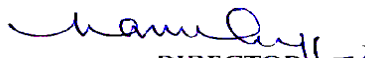
		Half year ended December 31, 2021 (Un-audited) Rupees	Half year ended December 31, 2020 (Un-audited) Rupees	Quarter ended December 31, 2021 (Un-audited) Rupees	Quarter ended December 31, 2020 (Un-audited) Rupees
	Note				
Income					
Income from Musharika Finance		15,088,374	23,345,225	8,614,449	10,098,546
Income from Diminishing Musharika Finance - net	21	4,745,377	17,848,623	2,300,578	9,817,610
Income from Investment against repurchase agreement		3,234,113	3,085,945	3,165,302	1,601,712
Income from Modaraba Term Deposit		1,877,024	5,983,561	697,940	3,276,712
Income from Investment in Sukuk Certificates		8,382,395	-	4,316,136	-
Income from deposits with banks		7,535,342	3,599,941	3,028,674	1,955,024
Advisory fee		-	3,100,000	-	3,100,000
Other Income		1,202,352	-	1,202,352	-
		42,064,977	56,963,295	23,325,431	29,849,604
Provision against doubtful receivable- Diminishing Musharaka Finance	7.1 & 12	(14,131,658)	-	(14,131,658)	
Expenses					
Administrative and operating expenses	22	(14,836,228)	(29,213,076)	(7,896,456)	(14,796,877)
Financial charges		(65,984)	(68,740)	(64,018)	(62,648)
		13,031,107	27,681,479	1,233,299	14,990,079
Management Company's remuneration	19.1	-	-	-	-
Provision for services sales tax on Management Company's remuneration	19.1.1	-	-	-	-
		-	-	-	-
Provision for Workers' Welfare Fund	18.1	(543,255)	(553,630)	(307,299)	(299,802)
Profit before the taxation		12,487,852	27,127,849	926,000	14,690,277
Taxation	23	(7,801,834)	-	(4,345,085)	-
Profit / (loss) for the period		4,686,018	27,127,849	(3,419,085)	14,690,277
Earnings per certificate - basic and diluted	24	0.05	0.27	(0.03)	0.15

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.

For Awwal Modaraba Management Limited
(Management Company)


 CHIEF FINANCIAL OFFICER


 CHIEF EXECUTIVE OFFICER


 DIRECTOR

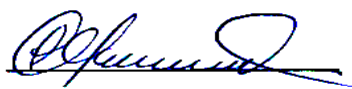

 DIRECTOR

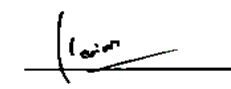
AWWAL MODARABA
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

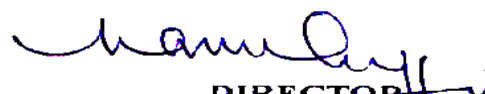
		Half year ended December 31, 2021 (Un-audited) Rupees	Half year ended December 31, 2020 (Un-audited) Rupees	Quarter ended December 31, 2021 (Un-audited) Rupees	Quarter ended December 31, 2020 (Un-audited) Rupees
Profit for the period		4,686,018	27,127,849	(3,419,085)	14,690,277
Other comprehensive income:					
Items that will be reclassified to profit or loss					
Unrealised gain on remeasurement of investment in Sukuk	11.3.1	757,394	-	871,574	-
Total comprehensive income for the period		<u>5,443,412</u>	<u>27,127,849</u>	<u>(2,547,511)</u>	<u>14,690,277</u>

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.

For Awwal Modaraba Management Limited
(Management Company)


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR

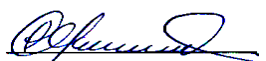

DIRECTOR

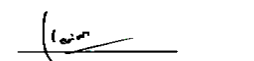
AWWAL MODARABA
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

		Half year ended December 31, 2021 (Un-audited) Rupees	Half year ended December 31, 2020 (Un-audited) Rupees
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		12,487,852	27,127,849
Adjustments for:			
Depreciation on operating fixed assets	4	39,261	226,079
Amortisation on intangible asset	5	1,169,494	1,318,332
Provision against doubtful receivable		14,131,658	-
Net cash generated before working capital changes		27,828,265	28,672,260
Decrease / (increase) in current assets			
Accruals, prepayments, advances and other receivables		6,185,846	(2,634,306)
Modaraba Term Deposit		200,000,000	(200,000,000)
Receivable against advisory fee		1,527,203	2,715,206
Investment against repurchase agreement		(78,487,456)	-
Disbursement of Musharika Finance		(458,000,000)	(200,000,000)
Proceeds from repayment / settlement of Musharika Finance		339,000,000	396,039,424
Proceeds from repayment / settlement of Diminishing Musharika Finance		16,666,665	-
Receivable from Related party		-	(11,870,234)
Long term loans		3,143,934	(183,310)
		30,036,192	(15,933,220)
(Decrease) / Increase in current liabilities			
Accrued expenses		(2,659,338)	(319,550)
Payable to related parties		(4,550,185)	(11,971,424)
Unclaimed profit distribution		2,720	24,497
		(7,206,803)	(12,266,477)
Cash generated from operations		50,657,654	472,563
Tax paid		(3,159,774)	(499,957)
Net cash flows from operating activities		47,497,880	(27,394)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(529,810)	-
Net cash used in investing activities		(529,810)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit paid to Certificate Holders		(32,000,000)	(80,000,000)
Net cash used in from financing activities		(32,000,000)	(80,000,000)
Net increase / (decrease) in cash and cash equivalents		14,968,070	(80,027,394)
Cash and cash equivalents at the beginning of the period		155,753,925	259,908,801
Cash and cash equivalents at the end of the period		170,721,995	179,881,407

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.

For Awwal Modaraba Management Limited
(Management Company)


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR

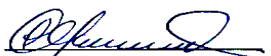
AWWAL MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

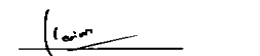
	Issued, subscribed, and paid up certificate capital	*Statutory reserve	Accumulated profit	Total
	-----Rupees-----			
Balance as at July 01, 2020 (Audited)	1,000,000,000	116,120,771	83,377,353	1,199,498,124
Total comprehensive income for the Quarter				
Profit for the period	-	-	27,127,849	27,127,849
Other comprehensive income	-	-	-	-
	-	-	27,127,849	27,127,849
Transfer to statutory reserve	-	5,425,570	(5,425,570)	-
Transactions with Certificate Holders of the Modaraba - Distribution				
Profit distribution for the year ended June 30, 2020 @ Re. 0.80 per certificate	-	-	(80,000,000)	(80,000,000)
Balance as at December 31, 2020 (Un-audited)	1,000,000,000	121,546,341	25,079,632	1,146,625,973
Balance as at July 01, 2021 (Audited)	1,000,000,000	124,326,410	37,040,815	1,161,367,225
Total comprehensive income for the year				
Profit for the period	-	-	4,686,018	4,686,018
Other comprehensive income	-	-	-	-
	-	-	4,686,018	4,686,018
Transfer to statutory reserve	-	937,204	(937,204)	-
Transactions with Certificate Holders of the Modaraba - Distribution				
Profit distribution for the year ended June 30, 2021 @ Re. 0.32 per certificate	-	-	(32,000,000)	(32,000,000)
Balance as at December 31, 2021 (Un-audited)	1,000,000,000	125,263,614	8,789,629	1,134,053,243

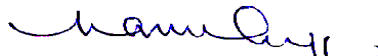
*Statutory reserve represents profit set aside to comply with the Modaraba Regulations, 2021 issued by Securities and Exchange Commission of Pakistan.

The annexed notes from 1 to 31 form an integral part of these condensed interim financial statements.

For Awwal Modaraba Management Limited
(Management Company)


 CHIEF FINANCIAL OFFICER


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 DIRECTOR

AWWAL MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

1 STATUS AND NATURE OF BUSINESS

- 1.1 Awwal Modaraba (the Modaraba) has been floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder. The Modaraba is managed by the Awwal Modaraba Management Limited (the Management Company), a Company wholly owned by Pak Brunei Investment Company Limited (the Holding Company). After receiving certificate of minimum subscription, the Modaraba commenced its business operations with effect from 10 February 2016. The registered office is situated at 3rd Floor, Horizon Vista, Plot Commercial No. 10, Block No. 4, Scheme No. 5, Clifton, Karachi.

Awwal Modaraba is a perpetual, multi-purpose and multi-dimensional Modaraba and is primarily engaged in providing Working Capital, Term Finance, Ijarah, Musharika, Morabaha and other Shari'ah compliant investment / instrument to credit worthy customers. The Modaraba is listed on Pakistan Stock Exchange Limited (PSX).

- 1.2 The management has principally decided to merge the Modaraba with and into, newly incorporated Corporate Restructuring Company, Awwal Corporate Restructuring Company Limited. SECP has given approval to the Management Company to proceed further with the proposed merger subject to approval of draft Scheme of Merger from the Registrar Modaraba. Legal and other formalities to effect the proposed merger are under process. No adjustments are expected to the carrying amount of assets and liabilities of the Modaraba.

2 BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 These condensed interim financial statements 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 Standard (IAS) 34 - Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to Modarabas, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) ['the Modaraba Regulations'].

Wherever the requirements of 'the Modaraba Regulations' differ from the requirements of International Accounting Standard (IAS) 34 - Interim Financial Reporting and Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to Modarabas, requirements of 'the Modaraba Regulations' have been followed.

- 2.1.2 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. These condensed interim financial statements does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Modaraba for the year ended June 30, 2021.
- 2.1.3 The comparative year presented in these condensed interim financial information 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 statement of cash flows, condensed interim statement of changes in equity of the Modaraba are extracted from the unaudited condensed interim financial statement for the period ended December 31, 2020.
- 2.1.4 These condensed interim financial statements are un-audited, but has been reviewed by the auditors. Further, the figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended December 31, 2020 and December 31, 2021 have not been reviewed.
- 2.1.5 The SECP has issued directive (vide SRO 431 (I) / 2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS-2) shall be followed in preparation of the condensed interim financial statements by Companies and Modarabas while accounting for Lease Financing transactions as defined by the said standard. The Modaraba has adopted the said standard.
- 2.1.6 These condensed interim financial statements are being submitted to the certificate holders if requested as required by listing Regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is also the Modaraba's functional and presentation currency. All amounts have been rounded to the nearest rupee, unless otherwise stated.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The principal accounting policies applied in the presentation of these condensed interim financial statements are same as those applied in the preparation of annual financial statements of the Modaraba as at and for the year ended June 30, 2021.
- 3.2 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Modaraba's accounting period beginning on or after July 01, 2021. These standards, interpretations and amendments are either not relevant to the Modaraba's operations or are not expected to have a significant effect on these condensed interim financial statements.
- 3.3 The Modaraba's financial risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the Modaraba for the year ended June 30, 2021.

4 OPERATING FIXED ASSETS

	Furniture and Fittings	Office equipment, computer and allied equipment	Motor vehicles	Total
	----- (Rupees) -----			
Cost				
Balance as at July 01, 2020	73,725	2,578,430	1,613,740	4,265,895
Additions	-	-	-	-
Disposals	-	-	-	-
Balance as at June 30, 2021 (Audited)	<u>73,725</u>	<u>2,578,430</u>	<u>1,613,740</u>	<u>4,265,895</u>
Balance as at July 01, 2021	73,725	2,578,430	1,613,740	4,265,895
Additions	-	529,810	-	529,810
Disposals	-	-	-	-
Balance as at December 31, 2021 (Un-audited)	<u>73,725</u>	<u>3,108,240</u>	<u>1,613,740</u>	<u>4,795,705</u>
Accumulated depreciation				
Balance as at July 01, 2020	43,379	2,469,852	1,293,201	3,806,432
Charge for the year	14,748	101,032	159,164	274,944
Balance as at June 30, 2021 (Audited)	<u>58,127</u>	<u>2,570,884</u>	<u>1,452,365</u>	<u>4,081,376</u>
Balance as at July 01, 2021	58,127	2,570,884	1,452,365	4,081,376
Charge for the period	7,376	31,884	-	39,261
Balance as at December 31, 2021 (Un-audited)	<u>65,503</u>	<u>2,602,768</u>	<u>1,452,365</u>	<u>4,120,637</u>
Net book value as at June 30, 2021 (Audited)	<u>15,598</u>	<u>7,546</u>	<u>161,375</u>	<u>184,519</u>
Net book value as at December 31, 2021 (Un-audited)	<u>8,222</u>	<u>505,472</u>	<u>161,375</u>	<u>675,068</u>
Annual rates of depreciation	20%	33% - 50%	25%	

		December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
5	INTANGIBLE ASSET		
	Cost		
	Opening balance	8,330,731	8,330,731
	Closing balance	8,330,731	8,330,731
	Amortisation		
	Opening balance	7,161,236	4,524,572
	Charge for the period / year	1,169,495	2,636,664
	Closing balance	8,330,731	7,161,236
	Net book value	-	1,169,495
	Annual rate of amortisation	33.33%	33.33%

6 MUSHARIKA FINANCE

Musharika finance - secured	6.1	318,000,000	199,000,000
Less: current portion of Musharika Finance		(202,800,000)	(199,000,000)
		115,200,000	-

6.1 The Modaraba has provided Musharika Finance facilities to several customers for various purposes. The agreed share in the purchase of the assets between the Modaraba and the customers ranges from 10% to 90% (June 30, 2021: 5.71% to 74.36%) and 10% to 90% (June 30, 2021: 25.64% to 94.29%) respectively. The customers have either transferred the titles of the assets in the name of the Modaraba or the assets are held in trust by an Agent, being related party of the Modaraba, appointed in terms of Inter-Creditor and Security Sharing Arrangement Agreement (the agreement) for and on behalf of the Modaraba to the extent of its interest defined in such agreements. The Modaraba has also obtained various securities against these facilities including personal guarantees of sponsors or directors of customers, post-dated cheques issued by customers and hypothecation of assets.

6.2 These facilities have various maturities up to December 28, 2024. These facilities carry profit ranging from 3 months KIBOR plus 2.25% to 3 months KIBOR plus 3.5%.

6.3 Contractual rentals receivable on Musharika Finance facilities:

	December 31, 2021 (Un-audited)				June 30, 2021 (Audited)			
	Due within one year	Due after one year but within five years	Due after five years	Total	Due within one year	Due after one year but within five years	Due after five years	Total
	(Rupees)							
Musharika Finance facilities:								
Principal repayments	202,800,000	115,200,000	-	318,000,000	199,000,000	-	-	199,000,000
Profit	30,381,973	16,629,107	-	47,011,080	9,561,691	-	-	9,561,691
	233,181,973	131,829,107	-	365,011,080	208,561,691	-	-	208,561,691

6.3.1 The above represents rentals receivable by the Modaraba in future periods in respect of Musharika Finance facilities given under long term arrangements.

			December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
7	DIMINISHING MUSHARIKA FINANCE	Note		
	Diminishing Musharika Finance - secured	7.2	271,811,949	300,000,000
	Less: current portion of Diminishing Musharika Finance		(123,333,330)	(103,333,331)
			<u>148,478,619</u>	<u>196,666,669</u>
7.1	Diminishing Musharika Finance - secured Considered good	7.3	83,333,335	100,000,000
	Considered doubtful	7.4	200,000,000	200,000,000
	Less: Provision against doubtful debts	7.2	(11,521,386)	-
			<u>188,478,614</u>	<u>200,000,000</u>
			<u>271,811,949</u>	<u>300,000,000</u>
7.2	Opening balance		300,000,000	300,000,000
	Less: Repayments during the period/year		(16,666,665)	-
	Less: Provision during the period/year		(11,521,386)	-
	Closing balance		<u>271,811,949</u>	<u>300,000,000</u>

	December 31, 2021 (Un-audited)				June 30, 2021 (Audited)			
	Due within one year	Due after one year but within five years	Due after five years	Total	Due within one year	Due after one year but within five years	Due after five years	Total
	(Rupees)							
Diminishing Musharika								
Finance facilities								
Principal repayments	123,333,331	159,999,994	-	283,333,325	103,333,331	196,666,669	-	300,000,000
Profit	46,816,284	125,519,544	-	172,335,828	50,362,361	153,054,074	22,368,916	225,785,351
	170,149,615	285,519,538	-	455,669,153	153,695,692	349,720,743	22,368,916	525,785,351

		December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
8	RECEIVABLE AGAINST ADVISORY FEE		
	Receivable against advisory fee	8.1 34,182,985	35,710,188
	Less: current portion of advisory fee	<u>(33,809,319)</u>	<u>(34,792,710)</u>
		<u>373,666</u>	<u>917,478</u>

- 8.1 This represents advisory fee receivable from customers in connection with advisory services rendered by the Modaraba.

		December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
9	LONG TERM LOANS		
	Considered good		
	Loan to employees - unsecured	9.1 196,880	3,340,814
	Less: receivable within one year	<u>(196,880)</u>	<u>(1,716,015)</u>
		<u>-</u>	<u>1,624,799</u>

- 9.1 Loans to executives are provided by the Modaraba for the purchase of motor vehicles and other purposes in accordance with the terms of their employment. These loans are interest free and have tenor of upto 5 years.

- 9.2 Maximum balance due from employees during the period was Rs. 3.32 million (June 30, 2021: 6.84 million).

		December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
10	INVESTMENT AGAINST REPURCHASE AGREEMENT		
	Investment against repurchase agreement - secured	10.1 78,487,456	-
	less: current portion of investment	<u>(78,487,456)</u>	<u>-</u>
		<u>-</u>	<u>-</u>

- 10.1 The Modaraba has entered into an agreement with a shareholder of a Company (investee company) for the purchase of 2,518,045 shares of the investee company. Concurrently, the Modaraba has entered into a separate agreement with another shareholder of the investee company for the selling of underlying shares after a period of eight months from the date of purchase at an agreed price. The underlying shares have been transferred in the name of the Modaraba. The facility shall mature on May 31, 2022.

	December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
11 INVESTMENT IN SUKUK CERTIFICATES		
Investment in Sukuk Certificates	<u>179,920,000</u>	<u>179,162,606</u>

This represents investment in privately placed perpetual sukuk certificates, out rightly purchased from related party.

11.1 The details of investment is as under:

Description	Investment Date	Number of Units	Amount in Rupees	Monthly Profit	Investment Agent	Maturity Date	Fair Value in Rupees
Meezan Bank Ltd	May 19, 2021	173	173,000,000	3 months KIBOR + 1.75% per	Al Barka Bank Ltd.	August 01, 2028	179,920,000

- 11.2 The fair value of the investment has been determined using rate notified by the Mutual Funds Association of Pakistan. The Management is not intending to hold the investment till its maturity. The surplus funds were deployed to earn better returns on short term investment, which shall be liquidated as per financial need of the Modaraba.

	December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
11.3 Market value of investment	179,920,000	179,162,606
Less: Cost on investment	(173,000,000)	(173,000,000)
Unrealised gain on remeasurement of Sukuk Certificate	<u>6,920,000</u>	<u>6,162,606</u>

11.3.1 Net unrealised gain on re-measurement

Market value of investment	179,920,000	179,162,606
Less: cost of investment	(173,000,000)	(173,000,000)
	6,920,000	6,162,606
Less: net unrealised gain at beginning of the period / year	(6,162,606)	-
	<u>757,394</u>	<u>6,162,606</u>

	December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
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12 ACCRUALS, PREPAYMENTS, ADVANCES AND OTHER RECEIVABLES

Accrued profit on Investment against Repurchase agreement	3,234,113	-
Accrued profit on Musharika Finance	2,014,387	1,718,988
Accrued profit on Diminishing Musharika Finance	45,813,289	45,859,727
Accrued profit on Modaraba Term deposit	189,658	12,657,724
Accrued profit on deposit accounts	1,348,866	376,056
Accrued profit on Sukuk Certificates	1,633,878	1,367,885
Receivable from employees	11,774	73,709
Other advances	94,678	249,678

	Note	December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
Prepayments	12.2	678,510	447,066
Other receivables	12.3	1,383,711	3,433,610
Receivable from Modarabas under common management	12.4	6,535,830	2,648,973
Receivable from Pak Brunei		-	14,888
Receivable from Gratuity Fund		771,211	1,047,445
		<u>63,709,905</u>	<u>69,895,749</u>
Less: Provision against accrued profit on Diminishing Musharika Finance	7.4	(2,610,272)	-
		<u>61,099,633</u>	<u>69,895,749</u>

- 12.1 This represents expenses incurred by the Modaraba on behalf of its employees which will be adjusted against their respective salaries.
- 12.2 This includes Rs.10,767 (June 30, 2021: Rs. 11,223) pertaining to an account maintained with the State Bank of Pakistan for the collection of ECIB Charges.
- 12.3 This comprises of sums receivable from existing and potential customers on account of expenses incurred and paid for by the Modaraba on their behalf and other dues.
- 12.4 This includes staff cost of the employees deputed in Modarabas under common management.

		December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
13 MODARABA TERM DEPOSIT	13.1	<u>39,000,000</u>	<u>239,000,000</u>

- 13.1 Awwal Modaraba (Rabb-ul-Maal) invested in the General Pool created by Related Party (Pak Brunei Investment Company Limited) (Mudarib or Investment Manager) in accordance with the principles of Shariah. As per terms of the agreement, the term deposit will mature on respective dates and the related party shall pay profit to the Modaraba on each maturity as per profit sharing ratio between Modaraba and related party. The details of investment is as under:

Investment			Profit Sharing Ratio		Profit Rate (per anum)	
Date	Amount	Maturity	Rabb-ul - Maal	Mudarib	Rabb-ul - Maal	Mudarib
May 07, 2021	39,000,000	Monthly Rollover till May 06, 2022	77.34%	22.66%	7.10%	2.08%

		December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
14 BANK BALANCES	Note		
Balances with banks			
in current accounts		186,518	183,800
in deposit accounts	14.1	<u>170,535,477</u>	<u>155,570,125</u>
		<u>170,721,995</u>	<u>155,753,925</u>
14.1	These balances are held with Islamic Banks and Islamic Banking windows of commercial banks and carry profit at an average rate of 3.99% to 9% (June 30, 2021: 3.99% to 6.25%) per annum.		

15 CERTIFICATE CAPITAL

December 31, 2021 (Un-audited)	30 June 2021 (Audited)		December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
Authorised certificate capital				
Number of certificates			Rupees	
100,000,000	100,000,000	Modaraba certificates of Rs.10 each	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up certificate capital				
100,000,000	100,000,000	Modaraba certificates of Rs. 10 each fully paid in cash	1,000,000,000	1,000,000,000

- 15.1 At 31 December 2021, Awwal Modaraba Management Limited (the Management Company) and Pak Brunei Investment Company Limited (the Holding Company) held 10,000,000 (June 30, 2021: 10,000,000) and 89,780,566 (June 30, 2021: 89,780,566) certificates of Rs. 10 each respectively.

16 STATUTORY RESERVE

Statutory reserves represent profits set aside by the Modaraba to comply with the Modaraba Regulations, 2021 issued by the Securities and Exchange Commission of Pakistan. These regulations require the Modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equal 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.

During the period, the Modaraba has transferred an amount of Rs. 0.937 million (June 30, 2021: Rs. 8.206 million) which represents 20% (June 30, 2021: 20%) of the profit after taxation for the period.

17 DEFERRED LIABILITY

17.1 Defined benefit plan - gratuity fund

The Modaraba operates a funded scheme to provide gratuity to the permanent employees on retirement. The actuarial valuation of gratuity fund is carried out as at June 30, 2021 using the Projected Unit Credit Method by an independent actuary. Gratuity is payable to the employees in case of death, retirement or resignation, excluding dismissal due to disciplinary issues. Normal retirement age is 60 years. At December 31, 2021, 2 (June 30, 2021: 3) employees were enrolled in gratuity fund.

Under the service rules, eligible employees are entitled to gratuity after five years of service and the amount depending on the number of years of service completed by them and at different entitlement rates (at basic salaries).

- 17.2 The weighted average duration period of the defined benefit obligation is 11 years.

- 17.3 Based on actuarial report, charge for the year ending June 30, 2022 amounts to Rs. 0.552 million.

		December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
18	ACCRUED EXPENSES		
	Audit remuneration payable	331,266	389,880
	Payable to Shari'ah Advisor	400,000	100,000
	Bonus, leave fare allowance and other staff accrual	2,266,234	2,991,837
	Sindh sales tax payable	3,720	7,705
	Provision for Workers' Welfare Fund	18.1 7,055,976	6,512,721
	Advances from Customers	18.2 378,528	3,175,659
	Provision for taxation	7,719,658	-
	Zakat payable	18,677	-
	Others	108,928	44,865
		<u>18,282,987</u>	<u>13,222,667</u>

- 18.1 The Sindh Workers' Welfare Fund Act, 2014 ('the SWWF Act') became effective from May 21, 2015 and is applicable on the Modaraba due to which Modaraba is liable to pay contribution to Workers' Welfare Fund (WWF) at the higher of the profit before taxation as per the financial statements or taxable income as provided in its income tax return. However, the Modaraba has filed a petition challenging the vires of Section 5 of the SWWF Act in the Sindh High Court ('the Court'). Similar petitions have been filed by other modarabas and obtained an interim injunction from the Court. An interim injunction has been granted by the Court and the matter is tagged with other similar petitions filed with the Court.

In compliance of the order dated March 16, 2020, passed by the Court in respect of SWWF petitions including our petition bearing number CP.D.3867/2017; Awwal Modaraba has deposited amounting to Rs. 6.17 million in Sindh Workers' Welfare Fund (G-06313) for the years from 2016 to 2021.

- 18.2 This represents advances from customers against the advisory services to be rendered by the Modaraba.

		December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
19	PAYABLE TO RELATED PARTIES		
	Awwal Modaraba Management Limited	19.1.1 9,329,900	14,049,799
	Pak Brunei Investment Company Limited	837,028	1,060,029
	Modarabas under common management	749,159	356,444
		<u>10,916,087</u>	<u>15,466,272</u>

- 19.1 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

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.

19.1.1 Provision For Service Sales Tax On Management Company'S Remuneration

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, 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.

20 CONTINGENCIES AND COMMITMENTS

- 20.1 Details of contingencies regarding Provision for Sindh Workers' Welfare Fund and Services Sales Tax on Management Company's remuneration are disclosed in notes 18.1 and 19.1.1 respectively. There are no other contingencies as at December 31, 2021.

	Note	December 31 2021 (Un-audited) Rupees	December 31 2020 (Un-audited) Rupees
21 INCOME FROM DIMINISHING MUSHARIKA FINANCE - NET			
Income from Diminishing Musharika Finance		15,576,226	17,848,623
Less: Income suspended	21.1	(10,830,849)	-
		<u>4,745,377</u>	<u>17,848,623</u>

- 21.1 One of the customer has defaulted in payment of dues against the extended facility (refer note 7.4). The income of the period pertained to such facility has been suspended in accordance with the Modaraba Regulation, 2021.

		December 31, 2021 (Un-audited) Rupees	December 31, 2020 (Un-audited) Rupees
22 ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries and other staff benefits	22.1	2,896,275	18,283,275
Amortisation on intangible asset	5	1,169,494	1,318,332
Depreciation on operating fixed assets	4	39,260	226,079

		December 31 2021 (Un-audited) Rupees	December 31, 2020 (Un-audited) Rupees
	Note		
Fees and subscriptions		1,644,478	1,084,463
Advertising, travelling and entertainment expenses		207,405	289,936
Telecommunication		468,785	443,980
Postage		3,380	26,861
Repair and maintenance		417,761	131,897
Printing and Stationary		166,870	353,730
Auditor's remuneration		273,054	281,317
Legal and professional charges		1,510,480	1,195,763
Insurance		36,623	46,401
Shared service expense	22.2	4,793,754	4,756,218
Other expenses	22.3	1,208,609	774,824
		<u>14,836,228</u>	<u>29,213,076</u>

22.1 This includes contribution of Rs. 0.037 million (December 31, 2020: Rs. 0.640 million) to the staff provident fund and charge in respect of funded gratuity scheme amounting to Rs. 0.276 million (December 31, 2020: Rs. 0.734 million).

22.2 This includes shared service cost of the Modaraba charged by a related party (Holding Company) under a service level agreement.

22.3 Other expenses includes contractual staff salaries Rs. 0.540 million (December 31, 2020: Rs. 0.569 million) and electricity charges Rs. 0.356 million (December 31, 2020: Rs. 0.204 million).

23 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. 4,259,664 has not been recognised pursuant to event described in note 1.2 of these condensed interim financial statements.

24 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

The earnings per certificate as required under IAS 33 "Earnings per share" is given below:

	December 31, 2021 (Un-audited)	December 31, 2020 (Un-audited)
	Rupees	
Basic		
Profit for the period	4,686,018	27,127,849
Weighted average number of certificates outstanding during the period	100,000,000	100,000,000
Earnings per certificate - Basic (Rupee per certificate)	0.05	0.27

Diluted

Diluted earnings per certificate has not been presented as the Modaraba does not have any convertible instruments in issue as at the reporting date which would have any effect on the earnings per certificate if the option to convert is exercised.

25 CAPITAL MANAGEMENT

The Modaraba's prime objective when managing capital is to safeguard the Modaraba's ability to continue as a going concern so that it can continue to provide optimum returns to its certificate holders' and benefits of other stake holders and to maintain a strong capital base to support the sustained development of its businesses.

The Modaraba manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of profit paid to certificate holders or issue new certificates.

Consistently with others in the industry, the Modaraba monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. During the period, the Modaraba's strategy, remains unchanged from the last year, to maintain the debt-to-adjusted capital ratio to zero. The Modaraba is not subject to any externally imposed capital requirements.

26 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of financial asset fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Modaraba determine fair values using valuation techniques unless the fair value cannot be reliably measured.

For assets that are recognised in the financial statements at fair value on a recurring basis, the Modaraba recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

The table below shows the carrying amounts and fair values of a financial asset and financial liability including their fair value hierarchy for financial instruments measured at fair value.

December 31, 2021 (Un-audited)						
Carrying amount / cost				Fair value		
Fair value through profit or loss	At amortised cost	Fair value through other comprehensive income	Other liabilities	Level 1	Level 2	Level 3
----- (Rupees) -----						
Financial assets						
Bank balances	170,721,995			-	-	-
Investment in Sukuk Certificates	-	179,920,000	-	-	179,920,000	-
Modaraba Term Deposit	39,000,000			-	-	-
Accruals and other receivables	61,099,631			-	-	-
Receivable against advisory fee	34,182,985			-	-	-
Investment against repurchase agreement	78,487,456					
Musharika Finance	318,000,000			-	-	-
Diminishing Musharika Finance	271,811,949			-	-	-
Long term loans	196,880			-	-	-
Long term deposit	75,000			-	-	-
-	973,575,896	179,920,000	-	-	179,920,000	-
Financial liabilities						
Accrued expenses	-	-	-	18,282,987	-	-
Payable to Related Parties	-		-	10,916,087	-	-
-	-	-	-	29,199,074	-	-
June 30, 2021 (Audited)						
Carrying amount / cost				Fair value		
Fair value through profit or loss	At amortised cost	Fair value through other comprehensive income	Other liabilities	Level 1	Level 2	Level 3
----- (Rupees) -----						
Financial assets						
Bank balances	-	155,753,925	-	-	-	-
Investment in Sukuk Certificates	-	-	179,162,606	-	179,162,606	-
Modaraba Term Deposit	-	239,000,000	-	-	-	-
Accruals and other receivables	-	69,125,296	-	-	-	-
Receivable against advisory fee	-	35,710,188	-	-	-	-
Investment against repurchase agreement	-	-	-	-	-	-
Musharika Finance	-	199,000,000	-	-	-	-
Diminishing Musharika Finance	-	300,000,000	-	-	-	-
Long term loans	-	3,340,814	-	-	-	-
Long term deposit	-	75,000	-	-	-	-
-	1,002,005,223	179,162,606	-	-	179,162,606	-
Financial liabilities						
Accrued expenses	-	-	-	6,702,239	-	-
Payable to Related Parties	-	-	-	15,466,272	-	-
-	-	-	-	22,168,511	-	-

For financial assets and financial liabilities not measured at fair value, management consider that their carrying amounts approximate fair value because of their short term nature and credit quality of counterparties. For investment against repurchase agreement, Musharika Finance and Diminishing Musharika Finance, management considers that their carrying amount approximate fair value as the transaction is entered in to at negotiated rate considering market prevailing rates and also assessing credit standings of counter parties.

27 RELATED PARTY TRANSACTIONS

The related parties of the Modaraba comprise of the Management Company and its Holding Company, Modarabas under common management (KASB 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 period other than those disclosed elsewhere in the financial statements are given below:

	December 31, 2021 (Un-audited) Rupees	December 31, 2020 (Un-audited) Rupees
27.1 Details of the transactions with related parties		
Pak Brunei Investment Company Limited		
Holding Company of the Management company		
Modaraba Term Deposit	39,000,000	200,000,000
Profit earned from Modaraba Term Deposit during the period	(1,877,024)	(5,983,561)
Shared service expense	4,793,754	4,756,218
Other expenses	10,800	297,534
Awwal Modaraba Management Limited		
Management Company		
Management Company's remuneration	-	-
KASB Modaraba		
Sharing of common expenses	(378,217)	-
Other expenses	739,159	-

	December 31, 2021 (Un-audited) Rupees	December 31, 2020 (Un-audited) Rupees
First Pak Modaraba		
Sharing of common expenses	<u>(126,072)</u>	<u>-</u>
First Prudential Modaraba		
Sharing of common expenses	<u>(756,433)</u>	<u>-</u>
Other expenses	<u>10,000</u>	<u>-</u>
Staff retirement benefits funds		
Contribution to staff provident fund	<u>36,802</u>	<u>639,956</u>
Contribution to staff gratuity fund	<u>276,234</u>	<u>733,650</u>
Jubilee Life Insurance Co. Ltd.		
Takaful premium	<u>31,440</u>	<u>45,642</u>
27.2 Amounts outstanding as at period/year end	December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
Pak Brunei Investment Company Limited		
Holding Company of the Management company		
Payable in respect shared services	<u>837,028</u>	<u>1,060,029</u>
Modaraba Term Deposit	<u>39,000,000</u>	<u>239,000,000</u>
Accrued profit on Modaraba Term Deposit	<u>189,658</u>	<u>12,657,724</u>
Other Receivable	<u>-</u>	<u>14,888</u>
Awwal Modaraba Management Limited		
Management Company		
Payable against Management Company's remuneration	<u>9,329,900</u>	<u>14,049,799</u>
KASB Modaraba		
Receivable against Staff cost of deputed employee	<u>1,659,973</u>	<u>658,957</u>
Receivable/(payable) against sharing of common expenses	<u>(310,942)</u>	<u>64,680</u>
First Pak Modaraba		
Receivable against sharing of common expenses	<u>178,072</u>	<u>140,375</u>
	December 31, 2021 (Un-audited) Rupees	June 30, 2021 (Audited) Rupees
First Prudential Modaraba		
Receivable against Staff cost of deputed employee	<u>3,460,146</u>	<u>586,270</u>
Receivable against sharing of common expenses	<u>367,662</u>	<u>842,247</u>
Staff retirement benefits funds		
Contribution payable to staff provident fund	<u>-</u>	<u>-</u>
Receivable from staff gratuity fund	<u>771,211</u>	<u>1,047,445</u>

28 NUMBER OF EMPLOYEES

The total number of employees as at December 31, 2021 are 3 (June 30, 2021: 5) and the average number of employees during the period equates to 2 (June 30, 2021: 6).

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 condensed interim financial statements.

30 DATE OF AUTHORISATION

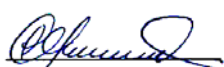
These condensed interim financial statements were authorised for issue on February 22, 2022 by the Board of Directors of the Management Company.

31 IMPACTS OF COVID-19 ON THE FINANCIAL STATEMENTS

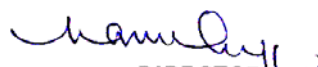
In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social-distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had no major effect on the Modaraba's results of operations and condensed interim financial condition as of December 31, 2021. The Modaraba is continuously evaluating the impacts of COVID-19, which has had global implications. In response to these developments, the Modaraba has taken action to ensure the safety of its employees and other stakeholders, and has taken a number of initiatives.

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


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR

AWWAL MODARABA

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**HALF YEARLY
REPORT
December , 2021**