

AWWAL 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.

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

DIRECTOR'S 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 un-audited Financial Statements of Awwal Modaraba for the quarter ended 30 September 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 snapshot

The management maintained its focus on recoveries with selective fresh disbursements. The outstanding portfolio increased to PKR 622 Million on September 30, 2021 compared to PKR 499 Million at the end of the corresponding quarter last year with increase in short term exposure. Investment in sukuks was maintained at PKR 179.05 Million while placements reduced to 39 Million as a result of portfolio deployment. Excess liquidity of PKR 168.66 Million was maintained in bank balances. During the quarter under review, overall revenues amounted to PKR 18.74 Million compared to PKR 27.11 Million in the corresponding quarter last year while expenses were contained at PKR 6.94 Million compared to PKR 14.42 Million previously. The Modaraba posted profit before tax for the period at PKR 11.56 Million (1Q2020: PKR 12.44 Million).

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.

Acknowledgments

The Board of Directors would like to acknowledge and appreciate SECP and Registrar Modaraba for their continuous guidance and support. Also, we would like to avail this opportunity to thank our customers and investors for placing their trust in the Modaraba.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Karim', with a long horizontal stroke extending to the right.

Karim Hatim
Chief Executive
Date: 25 October 2021

A handwritten signature in black ink, appearing to read 'Abdul Jaleel', with a stylized, cursive flourish at the end.

Abdul Jaleel Shaikh
Director

ڈائریکٹر رپورٹ:

اول مضاربہ کی منجمنٹ کمپنی اول مضاربہ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 ستمبر 2021 کو ختم ہونے والے سہ ماہی کے لئے اول مضاربہ کے غیر آڈٹ شدہ مالی نتائج کے ساتھ ڈائریکٹر رپورٹ 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۔ 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، انٹر بینک مارکیٹ میں 25 اکتوبر 2021 تک شرح مبادلہ کی قدر گھٹ کر 174.49 روپے 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 بیس 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:

انتظامیہ نے اپنی توجہ منتخب تازہ ادائیگیوں کے ساتھ وصولیوں پر برقرار رکھی۔ 30 ستمبر 2021 کو بقایا پورٹ فولیو قلیل مدتی سرمایہ کاری کی وجہ سے بڑھ کر 622 ملین روپے ہو گیا جبکہ گزشتہ سال اسی سہ ماہی کے اختتام پر 499 ملین روپے تھا۔ سکوک میں سرمایہ کاری 179.05 ملین روپے برقرار رکھی گئی جبکہ پورٹ فولیو کی تعیناتی کے نتیجے میں پلیسمنٹ کم ہو کر 39 ملین رہ گئی۔ بینک بیلنس میں 168.66 ملین روپے کی اضافی لیکویڈیٹی برقرار رکھی گئی۔ زیر جائزہ سہ ماہی کے دوران، مجموعی آمدنی 18.74 ملین روپے تھی جو گزشتہ سال کی اسی سہ ماہی میں 27.11 ملین روپے تھی جبکہ اخراجات 14.42 ملین روپے کے مقابلے میں 6.94 ملین روپے تھے۔ مضاربہ نے اس مدت کے لیے 11.56 ملین روپے (12.44:1Q2020 ملین روپے) میں ٹیکس سے پہلے منافع حاصل کیا۔

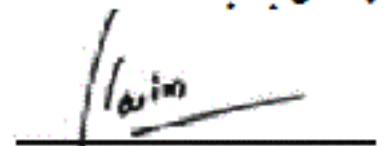
بورڈ آف ڈائریکٹرز نے اصولی طور پر فیصلہ کیا ہے کہ اول مضاربہ منجمنٹ لمیٹڈ کے زیر انتظام تمام مضاربہ کا انضمام کیا جائے جو نگران ادارے کی منظوری سے مشروط ہے۔ انضمام سے شوقیلیٹ ہولڈرز کو لاگت کی استعداد، کاروباری ہم آہنگی، کیپٹل فنڈ میں اضافہ اور لیوریج وغیرہ کے ذریعے فائدہ پہنچنے کا امکان ہے۔ بورڈ آف 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



عبدالجلیل شیخ
ڈائریکٹر



کریم حاتم
چیف ایگزیکٹو

مورخہ: 25 اکتوبر 2021

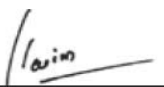
AWWAL MODARABA
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER, 2021

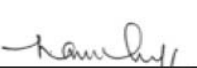
		30 September 2021 (Un-audited)	30 June 2021 (Audited)
	Note	(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	4	333,828	184,519
Intangible asset	5	510,329	1,169,495
Long term portion of Musharika Finance	6	-	-
Long term portion of Diminishing Musharika Finance	7	186,666,670	196,666,669
Long term portion of Receivable against advisory fee	8	615,360	917,478
Long term loans	9	-	1,624,799
Long term deposit		75,000	75,000
		188,201,187	200,637,960
CURRENT ASSETS			
Current portion of Musharika Finance	6	329,000,000	199,000,000
Current portion of Diminishing Musharika Finance	7	106,666,665	103,333,331
Current portion of receivable against advisory fee	8	35,094,828	34,792,710
Current portion of long term loans	9	2,995,645	1,716,015
Investment against repurchase agreement	10	78,487,456	-
Investment in Sukuk certificates	11	179,048,426	179,162,606
Accruals, prepayments, advances and other receivables	12	60,852,550	69,895,749
Modaraba term deposit	13	39,000,000	239,000,000
Taxation recoverable		14,718,865	13,109,846
Bank balances	14	168,656,369	155,753,925
		1,014,520,804	995,764,182
		1,202,721,991	1,196,402,142
TOTAL ASSETS			
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 capital			
100,000,000 Modaraba Certificates of Rs. 10 each	15	1,000,000,000	1,000,000,000
Statutory Reserves	16	125,947,431	124,326,410
Accumulated profit		11,524,897	37,040,815
		1,137,472,328	1,161,367,225
Unrealised gain on remeasurement of Sukuk Certificate	11.3	6,048,426	6,162,606
CURRENT LIABILITIES			
Accrued expenses	17	16,325,557	13,222,667
Payable to related parties	20 & 21	10,692,308	15,466,272
Profit distribution payable		32,000,000	-
Unclaimed profit distribution		183,372	183,372
		59,201,237	28,872,311
		1,202,721,991	1,196,402,142
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Awwal Modaraba Management Limited
(Management Company)


Chief Financial Officer


Chief Executive


Director


Director

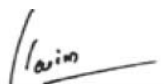
AWWAL MODARABA
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 30 SEPTEMBER, 2021

		Quarter ended 30 September, 2021	Quarter ended 30 September, 2020
		(Un-audited)	(Un-audited)
	Note	(Rupees)	(Rupees)
Income			
Income from Musharika Finance		6,473,925	13,246,679
Income from Diminishing Musharika Finance - net	19	2,444,799	8,031,013
Income from Investment against repurchase agreement		68,811	1,484,233
Income from Modaraba Term Deposit		1,179,084	2,706,849
Income from Investment in Sukuk Certificates		4,066,259	-
Income from deposits with banks		4,506,668	1,644,917
		18,739,546	27,113,691
Expenses			
Administrative and operating expenses		(6,939,772)	(14,416,199)
Financial charges		(1,966)	(6,092)
		11,797,808	12,691,400
Management Company's remuneration	20	-	-
Provision for services sales tax on Management Company's remuneration	21	-	-
		-	-
Provision for Workers' Welfare Fund	17.1	(235,956)	(253,828)
Profit before the taxation		11,561,852	12,437,572
Taxation	22	(3,456,749)	-
Profit for the period		8,105,103	12,437,572
Earnings per certificate - basic and diluted	23	0.08	0.12

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For Awwal Modaraba Management Limited
(Management Company)


 Chief Financial Officer


 Chief Executive


 Director


 Director

AWWAL MODARABA

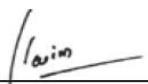
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER, 2021

	Quarter ended 30 September 2021	Quarter ended 30 September 2020
	(Un-audited) (Rupees)	
Profit for the Quarter	8,105,103	12,437,572
Other comprehensive income:		
Items that will be reclassified to profit and loss		
Unrealised gain on remeasurement of investment in Sukuk	11.3.1 (114,180)	-
Total comprehensive income for the Quarter	<u>7,990,923</u>	<u>12,437,572</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Awwal Modaraba Management Limited
(Management Company)


Chief Financial Officer


Chief Executive


Director


Director

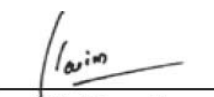
AWWAL MODARABA
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER, 2021

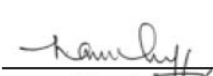
FOR THE QUARTER ENDED 30 SEPTEMBER, 2021		Quarter ended 30 September, 2021	Quarter ended 30 September, 2020
	Note	(Un-audited) (Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		11,561,852	12,437,572
Adjustments for:			
Depreciation on operating fixed assets	4	9,191	133,290
Amortisation on intangible asset	5	659,166	659,166
Provision for deferred liabilities - gratuity		-	366,825
Net cash generated before working capital changes		12,230,209	13,596,853
Decrease / (increase) in current assets			
Accruals, prepayments, advances and other receivables		9,043,199	(604,466)
Modaraba Term Deposit		200,000,000	(200,000,000)
Receivable against advisory fee		-	2,354,166
Investment against repurchase agreement		(78,487,456)	-
Disbursement of Musharika Finance		(140,000,000)	-
Proceeds from repayment / settlement of Musharika Finance		10,000,000	44,885,860
Proceeds from repayment / settlement of Diminishing Musharika Finance		6,666,665	-
Long term loans		345,169	(2,105,838)
		7,567,577	(155,470,278)
(Decrease) / Increase in current liabilities			
Accrued expenses		(353,859)	2,375,856
Payable to related parties		(4,773,964)	534,542
		(5,127,823)	2,910,398
Cash generated from operations		14,669,963	(138,963,027)
Tax withheld		(1,609,019)	(188,334)
Net cash flows from operating activities		13,060,944	(139,151,361)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchahse of fixed assets		(158,500)	-
Net cash used in investing activities		(158,500)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
Net (decrease) / increase in cash and cash equivalents		12,902,444	(139,151,361)
Cash and cash equivalents at the beginning of the Quarter		155,753,925	259,908,801
Cash and cash equivalents at the end of the Quarter		168,656,369	120,757,440

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Awwal Modaraba Management Limited
(Management Company)


Chief Financial Officer


Chief Executive


Director


Director

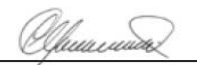
AWWAL MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER, 2021

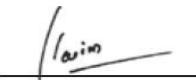
	Issued, subscribed, and paid up certificate capital	*Statutory reserve	Accumulated profit	Total
	-----Rupees-----			
Balance as at July 01, 2020 (Audited)	1,000,000,000	116,120,771	83,377,353	1,199,498,124
Total comprehensive income for the Quarter				
Profit for the Quarter	-	-	12,437,572	12,437,572
Other comprehensive income	-	-	-	-
	-	-	12,437,572	12,437,572
Transfer to statutory reserve	-	2,487,514	(2,487,514)	-
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 September 30, 2020 (Un-audited)	1,000,000,000	118,608,285	13,327,411	1,131,935,696
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	-	-	8,105,103	8,105,103
Other comprehensive income	-	-	-	-
	-	-	8,105,103	8,105,103
Transfer to statutory reserve	-	1,621,021	(1,621,021)	-
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 September 30, 2021 (Un-audited)	1,000,000,000	125,947,431	11,524,897	1,137,472,328

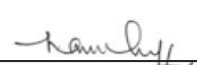
*Statutory reserve represents profit set aside to comply with the Modaraba Regulations, 2021 issued by Securities and Exchange Commission of Pakistan.

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Awwal Modaraba Management Limited
(Management Company)


Chief Financial Officer


Chief Executive


Director


Director

AWWAL MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 SEPTEMBER, 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).

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Boards (IASB) as notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017.
- Requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and the Modaraba Regulation, 2021; and
- Provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017.

Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, the Modaraba Regulation, 2021, IFAS, the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 differ from

IFRS, the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, the Modaraba Regulation, 2021, IFAS, the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 have been followed.

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.

2.4 Critical accounting estimates and judgements

In preparing these condensed interim financial statements management has made judgements, estimates and assumptions that affect the application of the Modaraba's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Modaraba's accounting policies and the key sources of estimating the uncertainty were same as those that apply to the audited financial statements as at and for the year ended 30 June 2021.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 30 June 2021.

4 OPERATING FIXED ASSETS

	Furniture and Fittings	Office equipment, computer and allied	Motor vehicles	Total
	(Rupees)			
Cost				
Balance as at 01 July 2020	73,725	2,578,430	1,613,740	4,265,895
Additions	-	-	-	-
Disposals	-	-	-	-
Balance as at 30 June 2021	73,725	2,578,430	1,613,740	4,265,895
Balance as at 1 July 2021	73,725	2,578,430	1,613,740	4,265,895
Additions	-	158,500	-	158,500
Disposals	-	-	-	-
Balance as at 30 September 2021	73,725	2,736,930	1,613,740	4,424,395
Accumulated depreciation				
Balance as at 01 July 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	58,127	2,570,884	1,452,365	4,081,376
Balance as at 01 July 2021	58,127	2,570,884	1,452,365	4,081,376
Charge for the period	3,687	5,504	-	9,191
Balance as at September 30, 2021	61,814	2,576,388	1,452,365	4,090,567
Net book value as at June 30, 2021	15,598	7,546	161,375	184,519
Net book value as at September 30, 2021	11,911	160,542	161,375	333,828
Annual Rates of depreciation	20%	33% - 50%	25%	

		30 September 2021 Un-audited	30 June 2021 Audited
		Rupees	
5	INTANGIBLE ASSET		
	Cost		
	Opening balance	8,330,731	8,330,731
	Balance as at	<u>8,330,731</u>	<u>8,330,731</u>
	Amortisation		
	Opening balance	7,161,236	4,524,572
	Charge for the period	659,166	2,636,664
	Disposal	-	-
	Balance as at	<u>7,820,402</u>	<u>7,161,236</u>
	Net book value as at	<u>510,329</u>	<u>1,169,495</u>
	Annual rate of amortisation	<u>33.33%</u>	<u>33.33%</u>

6 MUSHARIKA FINANCE

Musharika finance - secured	6.1	329,000,000	199,000,000
less: current portion of Musharika Finance		<u>(329,000,000)</u>	<u>(199,000,000)</u>
		<u>-</u>	<u>-</u>

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 5.71% to 74.89% (2021: 5.71% to 74.36%) and 25.11% to 94.29% (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 27 December 2021. These facilities carry profit ranging from 3 months KIBOR plus 1.5% to 3 months KIBOR plus 3.5%.

6.3 Contractual rentals receivable on Musharika Finance facilities:

	30 September 2021				30 June 2021			
	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	329,000,000	-	-	329,000,000	199,000,000	-	-	199,000,000
Profit	9,085,557	-	-	9,085,557	9,561,691	-	-	9,561,691
	<u>338,085,557</u>	<u>-</u>	<u>-</u>	<u>338,085,557</u>	<u>208,561,691</u>	<u>-</u>	<u>-</u>	<u>208,561,691</u>

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.

			30 September 2021 Un-audited	30 June 2021 Audited
	Note		Rupees	
7	DIMINISHING MUSHARIKA FINANCE			
	Diminishing Musharika Finance - secured	7.2 & 7.3	293,333,335	300,000,000
	Less: current portion of Diminishing Musharika Finance		(106,666,665)	(103,333,331)
			<u>186,666,670</u>	<u>196,666,669</u>
7.1	Opening balance		300,000,000	300,000,000
	Facilities extended during the period/year		-	-
	Less: Repayments during the period/year		(6,666,665)	-
	Closing balance		<u>293,333,335</u>	<u>300,000,000</u>

7.2 This include Rs. 200 million outstanding against Diminishing Musharika Finance Facility forwarded by the Modaraba to its corporate customer for the purpose of balance sheet re-profiling. This facility is secured against various collaterals which include mortgage over personal properties of sponsors. Further, the facility is also secured with first pari passu hypothecation and mortgage charges over present and future fixed and current assets of the customer, pledge over sponsor shares, personal guarantees of sponsors, sponsor support and lien over collection account. The customer has defaulted in repayments, therefore, modaraba initiated legal proceeding against the customer in the Sindh High Court under Financial Institution (Recovery of Finances) Ordinance, 2001.

7.3 The Modaraba has provided Diminishing Musharika Finance Facility to its corporate customer for the purpose of financing the construction of housing project. The facility is secured against various collaterals which mainly include transfer of personal properties of sponsors and/or their associates. Further this facility is secured with first pari passu hypothecation charge over the present and future fixed assets, including plant and machinery and land and building, present and future current assets of the housing project, lien on debt collection accounts of the customer and personal guarantees of the Sponsors.

7.3.1 The above facilities have maturity dates up to 20 April 2026 and carry profit ranging from 3 months KIBOR plus 2.5% to 6 months KIBOR plus 5%.

7.4 Contractual rentals receivable on Diminishing Musharika Finance facilities:

	30 September 2021				30 June 2021			
	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	106,666,665	186,666,668	-	293,333,333	103,333,331	196,666,669	-	300,000,000
- Profit	29,032,955	156,030,896	-	185,063,851	21,575,452	153,054,074	22,368,916	196,998,442
	<u>135,699,620</u>	<u>342,697,564</u>	<u>-</u>	<u>478,397,184</u>	<u>153,695,692</u>	<u>349,720,743</u>	<u>22,368,916</u>	<u>496,998,442</u>

7.4.1 This represents rentals receivable by the Modaraba in future periods in respect of Diminishing Musharika Finance facilities given under long term arrangements.

		30 September 2021 Un-audited	30 June 2021 Audited
	Note	Rupees	
8	RECEIVABLE AGAINST ADVISORY FEE		
	Receivable against advisory fee	35,710,188	35,710,188
	Less: current portion of fee	(35,094,828)	(34,792,710)
		<u>615,360</u>	<u>917,478</u>

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

		30 September 2021 Un-audited	30 June 2021 Audited
	Note	Rupees	
9	LONG TERM LOANS		
	Considered good		
	Loan to employees - unsecured	2,995,645	3,340,814
	Less: receivable within one year	(2,995,645)	(1,716,015)
		<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.

		30 September 2021 Un-audited	30 June 2021 Audited
		Rupees	
10	INVESTMENT AGAINST REPURCHASE AGREEMENT	<u>78,487,456</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.

11 INVESTMENT IN SUKUK CERTIFICATES

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	179,048,426

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.

	30 September 2021 Un-audited	30 June 2021 Audited
	Rupees	
11.3 Market value of investment	179,048,426	179,162,606
Less: Cost on investment	173,000,000	173,000,000
Unrealised gain on remeasurement of Sukuk Certificate	6,048,426	6,162,606

11.3.1 **Net unrealised (loss) / gain on re-measurement**

Market value of investment	179,048,426	179,162,606
Less: cost of investment	173,000,000	173,000,000
	6,048,426	6,162,606
Less: net unrealised gain / (loss) at beginning of the period / year	6,162,606	-
	(114,180)	6,162,606

		30 September 2021 Un-audited	30 June 2021 Audited
		Rupees	
12 ACCRUALS, PREPAYMENTS, ADVANCES AND OTHER RECEIVABLES	Note		
Accrued profit on Investment against repurchase agreement		68,811	-
Accrued profit on Musharika Finance		2,689,584	1,718,988
Accrued profit on Diminishing Musharika Finance		45,820,640	45,859,727
Accrued profit on Modaraba Term deposit		182,071	12,657,724
Accrued profit on deposit accounts		1,306,482	376,056
Accrued profit on Sukuk Certificates		1,390,636	1,367,885
Receivable from employees	12.1	43,166	73,709
Other advance		224,678	249,678
Prepayments	12.2	1,174,512	447,066
Other receivables	12.3	3,321,212	3,433,610
Receivable from Modarabas under common management	12.4	3,721,431	2,648,973
Receivable from Pak Brunei		-	14,888
Receivable from Gratuity Fund		909,328	1,047,445
		60,852,551	69,895,749

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.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.

			30 September 2021 Un-audited	30 June 2021 Audited
	Note		Rupees	
13	MODARABA TERM DEPOSIT	13.1	<u>39,000,000</u>	<u>239,000,000</u>

- 13.1 Modaraba (Rabb-ul-Maal) invested in the General Pool created by Related Party (Mudarib or Investment Manager) in accordance with the principles of Shariah. As per terms of the agreement, 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%

			30 September 2021 Un-audited	30 June 2021 Audited
	Note		Rupees	
14	BANK BALANCES			
		Balances with banks		
		in current accounts	183,800	183,800
		in deposit accounts	<u>168,472,569</u>	<u>155,570,125</u>
	14.1		<u>168,656,369</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 6.50% (2021: 3.99% to 6.25%) per annum.

15 CERTIFICATE CAPITAL

30 September 2021 Un-audited	30 June 2021 Audited		30 September 2021 Un-audited	30 June 2021 Audited
Authorised certificate capital			Rupees	
Number of certificates				
100,000,000	100,000,000	Modaraba certificates of Rs.10 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up certificate capital				
		Modaraba certificates of Rs. 10		
100,000,000	100,000,000	each fully paid in cash	<u>1,000,000,000</u>	<u>1,000,000,000</u>

- 15.1 At 30 September 2021, Awwal Modaraba Management Limited (the Management Company) and Pak Brunei Investment Company Limited (the Holding Company) held 10,000,000 (2021: 10,000,000) and 89,780,566 (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. 1.621 million (2021: Rs. 8.206 million) which represents 20% (2021: 20%) of the profit after taxation for the period.

		30 September 2021 Un-audited	30 June 2021 Audited
	Note	Rupees	
17 ACCRUED EXPENSES			
Audit remuneration payable		528,513	389,880
Payable to Shari'ah Advisor		100,000	100,000
Bonus, leave fare allowance and other staff accrual		2,249,887	2,991,837
Sindh sales tax payable		20,214	7,705
Provision for Workers' Welfare Fund	17.1	6,748,677	6,512,721
Advances from Customers	17.2	3,175,659	3,175,659
Provision for taxation		3,456,749	-
Others		45,857	44,865
		<u>16,325,556</u>	<u>13,222,667</u>

- 17.1 The Sindh Workers' Welfare Fund Act, 2014 ('the SWWF Act') became effective from 21 May 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 16 March 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 2020.

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

18 CONTINGENCIES AND COMMITMENTS

- 18.1 Details of contingencies regarding Provision for Sindh Workers' Welfare Fund and Services Sales Tax on Management Company's remuneration are disclosed in notes 17.1 and 21 respectively. There are no other contingencies as at 30 September 2021.

		30 September 2021	30 September 2020
	Note	Un-audited Rupees	
19 INCOME FROM DIMINISHING MUSHARIKA FINANCE - NET			
Income from Diminshing Musharika Finance		7,771,557	8,031,013
Less: Income suspended	19.1	(5,326,758)	-
		<u>2,444,799</u>	<u>8,031,013</u>

- 19.1 One of the customer (note 7.2) has defaulted in payment of dues against the extended facility. The income of the period pertained to such facility has been suspended in accordance with the Modaraba Regulation, 2021.

20 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.

21 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.

22 TAXATION

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 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.

23 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

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

	30 September 2021	30 September 2020
	Un-audited Rupees	
Basic		
Profit for the period	8,105,103	12,437,572
Weighted average number of certificates outstanding during the period	100,000,000	100,000,000
Earnings per certificate - Basic (Rupee/es per certificate)	0.08	0.12

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.

24 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:

		30 September 2021	30 September 2020
		Un-audited Rupees	
24.1	Details of the transactions with related parties		
	Pak Brunei Investment Company Limited		
	Holding Company of the Management company		
	Profit earned from Modaraba Term Deposit during the period	(1,179,084)	(2,706,849)
	Shared service expense	2,396,877	2,378,109
	Other expenses	13,600	112,543
	KASB Modaraba		
	Sharing of common expenses	(187,831)	-
	Staff cost of deputed employee	1,363,478	-
	First Pak Modaraba		
	Sharing of common expenses	(62,610)	-
	First Prudential Modaraba		
	Sharing of common expenses	(375,662)	-
	Staff cost of deputed employee	1,725,849	-
	Staff retirement benefits funds		
	Contribution to staff provident fund	28,039	334,042
	Contribution to staff gratuity fund	138,117	366,825
	Jubilee Life Insurance Co. Ltd.		
	Takaful premium	15,720	22,821
		30 September 2021	30 June 2021
		Un-audited	Audited
		Rupees	
24.2	Amounts outstanding as at period/year end		
	Pak Brunei Investment Company Limited		
	Holding Company of the Management company		
	Payable in respect shared services	929,528	1,060,029
	Modaraba Term Deposit	39,000,000	239,000,000
	Accrued profit on Modarabah Term Deposit	182,071	12,657,724
	Other Receivable	-	14,888
	Awwal Modaraba Management Limited		
	Management Company		
	Payable against Management Company's remuneration	9,329,900	14,049,799
	KASB Modaraba		
	Receivable against Staff cost of deputed employee	1,363,478	658,957
	Receivable/(payable) against sharing of common expenses	(243,049)	64,680
	First Pak Modaraba		
	Receivable against sharing of common expenses	62,610	140,375

First Prudential Modaraba

Receivable against Staff cost of deputed employee	<u>1,725,849</u>	<u>586,270</u>
Receivable against sharing of common expenses	<u>377,662</u>	<u>842,247</u>

Staff retirement benefits funds

Receivable from staff gratuity fund	<u>(909,328)</u>	<u>(1,047,445)</u>
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25 CORRESPONDING FIGURES

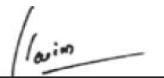
Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison and better presentation. There were no major reclassifications in these condensed interim financial statements.

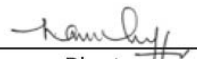
26 DATE OF AUTHORISATION

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

For Awwal Modaraba Management Limited
(Management Company)


Chief Financial Officer


Chief Executive


Director


Director

AWWAL MODARABA

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Karachi
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**QUARTERLY
REPORT
SEPTEMBER 30,
2021**