

# **FIRST PRUDENTIAL MODARABA**

**QUARTERLY REPORT  
SEPTEMBER 30, 2024**

**MANAGED BY  
AWWAL MODARABA MANAGEMENT LIMITED**

# Vision

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

## Mission

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

# FIRST PRUDENTIAL MODARABA

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Khalid Aziz Mirza	Chairman	Non-Executive Director
Mr. Shahid Ghaffar		Independent Director
Mr. Nazir Ahmed Shaheen		Independent Director
Mr. Irfan Ahmed		Non-Executive Director
Ms. Humaira Siddique		Non-Executive Director
Ms. Sadaf Shabbir		Chief Executive Officer

### Audit Committee

Mr. Shahid Ghaffar	Chairman
Mr. Khalid Aziz Mirza	Member
Ms. Humaira Siddique	Member

### Human Resource and Remuneration Committee

Mr. Khalid Aziz Mirza	Chairman
Ms. Humaira Siddique	Member
Ms. Sadaf Shabbir	Member

### Company Secretary

Ms. Misbah Asjad

### Chief Financial Officer

Mr. Aftab Afroz Mahmoodi

### Auditor

BDO Ebrahim & Co, Chartered Accountants

### Bankers

Habib Bank Limited  
Dubai Islamic Bank

### Certificate Registrar

#### **C & K Management Associates ( Pvt) Limited**

M-13, Progressive Plaza, Plot No. 5 - CL - 10, Civil Lines Quarter,  
Beaumont Road, Karachi - 75530, Pakistan.

Tel: +92 21-35685930 | +92 21-35687839

Fax: +92 21 35687839

Email: [zakir@cnk.com.pk](mailto:zakir@cnk.com.pk)

### Legal Advisor

S & B Durrani Law Associates

### Shariah Advisor

Al-Hamd Shariah Advisory Services (Pvt) Limited

### Registered & Head Office

3<sup>rd</sup> Floor, Horizon Vista,  
Plot No: Commercial 10, Block-4, Clifton,  
Karachi-75530  
Phone: 021- 35361215-9,  
Fax: 021-35374275

## **Directors' Report**

For the three months period ended 30 September 2024

On behalf of the Board of Directors of Awwal Modaraba Management Limited ("AMML"), the management company of First Prudential Modaraba ("FPRM"), we are pleased to present Directors' Report together with the unaudited financial results of First Prudential Modaraba for the three months period ended 30 September 2024.

### **Economy**

The economy has witnessed several positive developments over the past few months including approval of IMF package, strengthening of Pak Rupee against US Dollar, decline in inflation rate, easing of monetary policy and improvement in capital markets. However, political instability continues to pose a challenge to economic recovery and business growth.

The Modaraba's clients are also impacted by the economic situation but largely portfolio recoveries have been sound as the team maintained a strong liaison with the clients. New disbursements have been prudent and largely to existing customers with maturing exposures.

### **Material Developments**

On September 19, 2024, Registrar Modaraba, SECP granted approval regarding the transfer of 100% shareholding of AMML from Pak Brunei Investment Company to Wasl Investment Finance Limited. The shares of AMML, along with the management rights of the Modaraba, will be transferred to WASL after completion of applicable corporate formalities.

In light of this decision, the modaraba has followed a conservative approach in operations to maintain robust asset quality and profitability.

### **Financial Performance**

The outstanding portfolio size reduced to PKR 506.64 million at September 30, 2024 as cash and bank balances accumulated to PKR 304.37 million. Liquidity build up is in line with instructions of the parent company in view of the anticipated change of ownership with sound recovery from outstanding portfolio.

During the first quarter of FY2025, overall revenues slightly reduced to PKR 47.64 million compared to PKR 50.79 million in corresponding period last year due to reduced portfolio size. It should be noted that interest rates are also on declining trajectory which will impact income generation. Total operating expenses for the period increased to PKR 20.02 million while financial expenses reduced to PKR 8.36 million. Overall, the modaraba generated net profits of PKR 7.19 million compared to PKR 24.93 million in the corresponding period last year. The decline in profits during the quarter was primarily due to unrealized losses on investments and a higher tax burden compared to the same quarter last year.

### **Acknowledgments**

The Board of Directors would further 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

**Sadaf Shabbir**  
Chief Executive  
Date: October 26, 2024

**Humaira Siddique**  
Director

## ڈائریکٹرز کی رپورٹ

اول مضاربہ مینجمنٹ لمیٹڈ ("AMML") کے بورڈ آف ڈائریکٹرز کی جانب سے، فرسٹ پریڈینشل مضاربہ ("FPRM") کی انتظامی کمپنی، ہم ڈائریکٹرز کی رپورٹ کو فرسٹ پریڈینشل مضاربہ کے غیر آڈٹ شدہ مالیاتی نتائج کے ساتھ پیش کرتے ہوئے خوش ہیں۔ تین ماہ کی مدت 30 ستمبر 2024 کو ختم ہوئی۔

### معیشت

گزشتہ چند ماہ کے دوران معیشت میں کئی مثبت پیش رفت دیکھنے میں آئی ہے جن میں آئی ایم ایف پیکج کی منظوری، امریکی ڈالر کے مقابلے پاکستانی روپے کی مضبوطی، افراط زر کی شرح میں کمی، مانیٹری پالیسی میں نرمی اور کیپٹل مارکیٹوں میں بہتری شامل ہیں۔ تاہم، سیاسی عدم استحکام اقتصادی بحالی اور کاروباری ترقی کے لیے ایک چیلنج بنا ہوا ہے۔

مضاربہ کے کلائنٹس بھی معاشی صورتحال سے متاثر ہوتے ہیں لیکن بڑی حد تک پورٹ فولیو کی وصولی درست رہی ہے کیونکہ ٹیم نے کلائنٹس کے ساتھ مضبوط رابطہ قائم رکھا ہے۔ نئی ادائیگیاں سمجھداری کی گئی ہیں اور بڑی حد تک موجودہ صارفین کے لیے میچورنگ ایکسپوزرز ہیں۔

### اہم پیشرفت

رجسٹرار مضاربہ، ایس ای سی پی نے 19 ستمبر 2024 کو پاک برونائی انویسٹمنٹ کمپنی سے AMML کی 100% شیئر ہولڈنگ وصل انویسٹمنٹ فنانس لمیٹڈ کو منتقل کرنے کی منظوری دی۔ AMML کے حصص، مضاربہ کے انتظامی حقوق کے ساتھ، قابل اطلاق کارپوریٹ رسمی کارروائیوں کی تکمیل کے بعد WASL کو منتقل کر دیے جائیں گے۔

اس فیصلے کی روشنی میں، مضاربہ نے مضبوط اثاثہ کے معیار اور منافع کو برقرار رکھنے کے لیے آپریشنز میں ایک قدامت پسندانہ انداز اپنایا ہے۔

### مالی کارکردگی

30 ستمبر 2024 کو بقایا پورٹ فولیو کا سائز کم ہو کر 506.64 ملین روپے ہو گیا کیونکہ نقد اور بینک بیلنس 304.37 ملین روپے تک جمع ہو گئے۔ بقایا پورٹ فولیو سے آواز کی وصولی کے ساتھ ملکیت کی متوقع تبدیلی کے پیش نظر لیکویڈیٹی کی تعمیر بنیادی کمپنی کی ہدایات کے مطابق ہے۔

مالی سال 2025 کی پہلی سہ ماہی کے دوران، پورٹ فولیو کے سائز میں کمی کی وجہ سے گزشتہ سال کی اسی مدت میں PKR 50.79 ملین کے مقابلے میں مجموعی محصولات قدرے کم ہو کر PKR 47.64 ملین ہو گئے۔ واضح رہے کہ شرح سود بھی گرتی جا رہی ہے جس سے آمدنی پر اثر پڑے گا۔ اس مدت کے لیے کل آپریٹنگ اخراجات PKR 20.02 ملین تک بڑھ گئے جبکہ مالی اخراجات کم ہو کر PKR 8.36 ملین ہو گئے۔ مجموعی طور پر، مضاربہ نے PKR 7.19 ملین کا خالص منافع کمایا جو گزشتہ سال کی اسی مدت میں PKR 24.93 ملین تھا۔ سہ ماہی کے دوران منافع میں کمی بنیادی طور پر سرمایہ کاری پر غیر حقیقی نقصانات اور گزشتہ سال کی اسی سہ ماہی کے مقابلے میں زیادہ ٹیکس کے بوجھ کی وجہ سے تھی۔

### اعترافات

بورڈ آف ڈائریکٹرز ایس ای سی پی اور رجسٹرار مضاربہ کو ان کی مسلسل رہنمائی اور تعاون کا مزید اعتراف اور تعریف کرنا چاہیں گے۔ اس کے علاوہ، ہم مضاربہ پر اعتماد کرنے کے لیے اپنے صارفین اور سرمایہ کاروں کا شکریہ ادا کرنے کے لیے اس موقع سے فائدہ اٹھانا چاہیں گے۔

### بورڈ کی جانب سے

حمیرا صدیق  
ڈائریکٹر

صدف شبیر  
چیف ایگزیکٹو  
تاریخ: 26 اکتوبر 2024

**FIRST PRUDENTIAL MODARABA  
STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2024**

	September 30, 2024	June 30, 2024
Note	-----Rupees-----	
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property and equipment - own use	4 2,848,315	2,433,724
Property, plant and equipment - Ijarah	5 55,620,211	60,614,607
Intangible assets	6 -	-
Investment properties	7 74,180,000	74,180,000
Long term portion of Diminishing Musharika Finance	8 358,018,086	355,590,778
Long term investments	9 7,311,372	5,611,474
Long term advances and deposits	10 664,786	864,445
Deferred tax asset	11 8,315,433	10,013,865
	506,958,203	509,308,893
<b>CURRENT ASSETS</b>		
Modaraba, Musharika, Murabaha and Other finance - net	12 -	-
Current portion of Diminishing Musharika Finance	8 148,618,940	228,145,583
Short term investments	13 13,369,556	16,957,897
Ijarah rentals receivable	14 3,821,185	1,528,722
Receivable against sale of agriculture produce - net	15 -	-
Advances, prepayments and other receivables	16 20,819,345	4,745,419
Taxation - net	17 29,009,587	29,009,587
Cash and bank balances	18 304,365,311	231,763,932
	520,003,924	512,151,140
<b>TOTAL ASSETS</b>	<u>1,026,962,127</u>	<u>1,021,460,033</u>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Authorized certificate capital		
152,217,660 modaraba certificates of rupees 10/- each	1,522,176,600	1,522,176,600
Issued, subscribed and paid-up certificate capital		
129,391,676 modaraba certificates of rupees 10/- each	1,293,916,760	1,293,916,760
Statutory reserve	157,982,325	157,982,325
Reserve arising out of merger	(208,031,240)	(208,031,240)
Accumulated loss	(478,824,037)	(486,013,717)
	765,043,808	757,854,128
Unrealised loss on remeasurement of investment classified as fair value through other comprehensive income	(4,635,342)	(6,080,254)
	760,408,466	751,773,874
<b>NON CURRENT LIABILITIES</b>		
Long term portion of Ijarah deposits	20 8,663,250	21,863,249
<b>CURRENT LIABILITIES</b>		
Short term finance	21 150,000,000	150,000,000
Redeemable capital - participatory and unsecured	815,000	815,000
Current portion of Ijarah deposits	20 23,888,680	10,688,681
Accrued and other liabilities	22 30,164,937	33,297,435
Unclaimed profit distribution	53,021,794	53,021,794
	257,890,411	247,822,910
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,026,962,127</u>	<u>1,021,460,033</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	23	

The annexed notes from 1 to 34 form an integral part of these financial statements.

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

**CHIEF FINANCIAL OFFICER**

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**DIRECTOR**

**FIRST PRUDENTIAL MODARABA  
STATEMENT OF PROFIT OR LOSS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2024**

		<u>Quarter ended September 30</u>	<u>Quarter ended September 30</u>
		<u>2024</u>	<u>2023</u>
-----Rupees-----			
<b>Income</b>			
Ijarah rentals earned	24	6,890,313	7,869,823
Income from deposits with banks		8,869,094	781,556
Income from Diminishing Musharika Finance		30,529,010	41,199,493
Dividend income		5,585	-
Rental income from investment properties		-	310,185
Other income	25	1,347,239	627,538
		<u>47,641,241</u>	<u>50,788,595</u>
Unrealized gain / (loss) on investments classified as 'fair value through profit or loss	13.2.2	(3,588,341)	2,087,734
Allowance for expected credit loss	8.2 & 14.2	(549,440)	-
Reversal of provision against doubtful receivables	26	65,000	100,000
		<u>43,568,460</u>	<u>52,976,329</u>
<b>Expenses</b>			
Depreciation on Ijarah assets		(4,597,646)	(5,092,164)
Administrative expenses		(20,023,382)	(14,645,394)
Finance charges		(8,363,437)	(9,435,928)
		<u>(32,984,465)</u>	<u>(29,173,485)</u>
		10,583,995	23,802,844
Modaraba Company's remuneration	27	-	-
Provision for service sales tax on Management ' Company's remuneration	28	-	-
		-	-
Provision for Workers' Welfare Fund		(186,502)	(482,300)
Profit before taxation		10,397,493	23,320,544
Taxation	29	(3,207,813)	1,612,493
Profit after taxation		<u>7,189,680</u>	<u>24,933,037</u>
<b>Earnings per certificate - basic and diluted</b>	<b>30</b>	<u>0.06</u>	<u>0.19</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

**FIRST PRUDENTIAL MODARABA  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED SEPTEMBER 30, 2024**

	<u>Quarter ended September 30</u> 2024	<u>Quarter ended September 30</u> 2023
<b>Note</b>	-----	-----
	<b>Rupees</b>	<b>Rupees</b>
Profit for the year	7,189,680	24,933,037
Other comprehensive Income/(loss) for the period:		
Item that will be not be reclassified subsequently to profit or loss		
Unrealised gain/(loss) on remeasurement of investment classified as 'fair value through other comprehensive income	1,444,912	(2,219,983)
Total comprehensive income for the period	<u>8,634,592</u>	<u>22,713,054</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

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

**CHIEF FINANCIAL OFFICER**

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**DIRECTOR**



**FIRST PRUDENTIAL MODARABA  
STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2024**

	<b>Quarter ended September 30 2024</b>	<b>Quarter ended September 30 2023</b>
	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	10,397,493	23,320,544
Adjustments for:		
Depreciation - own use assets	168,314	46,882
Depreciation - Ijarah assets	4,597,646	5,092,164
Amortization on intangible assets	-	15,417
Dividend income	(5,585)	-
Unrealised (gain)/loss on investments	3,588,341	(2,087,734)
Gain on disposal - ijarah assets	(294,901)	-
Financial charges	8,363,437	9,435,928
	<u>16,417,252</u>	<u>12,502,655</u>
Cash flows before movements in working capital	26,814,745	35,823,200
<b>Decrease / (increase) in current assets</b>		
Diminishing Musharika Finance	77,099,335	(80,821,084)
Ijarah rentals receivable	(2,292,463)	(1,428,216)
Advances, prepayments and other receivables	(14,175,835)	40,764,711
	<u>60,631,037</u>	<u>(41,484,590)</u>
<b>Increase / (decrease) in current liabilities</b>		
Ijarah deposits	-	(3,599,375)
Unclaimed dividend	-	(1,153)
Accrued and other liabilities	(3,132,499)	5,890,155
	<u>(3,132,499)</u>	<u>2,289,627</u>
	84,313,283	(3,371,763)
Taxes (paid) / received	(3,462,798)	3,020,165
Financial charges	(8,363,437)	(9,435,928)
<b>NET CASH GENERATED/ (USED) FROM OPERATING ACTIVITIES</b>	<u>72,487,048</u>	<u>(9,787,525)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of own assets	(582,905)	-
Proceeds from disposal - ijarah assets	691,651	320,000
Dividend received	5,585	-
Net cash flows generated from investing activities	<u>114,331</u>	<u>320,000</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase/(decrease) in cash and cash equivalents	<u>72,601,379</u>	<u>(9,467,525)</u>
Cash and cash equivalents at beginning of the period	231,763,932	86,330,327
Cash and cash equivalents at end of the period	<u>304,365,311</u>	<u>76,862,802</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

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

**CHIEF FINANCIAL OFFICER**

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**DIRECTOR**

**FIRST PRUDENTIAL MODARABA  
STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED SEPTEMBER 30, 2024**

	<b>Issued, subscribed, and paid up certificate capital</b>	<b>Merger Reserve</b>	<b>Statutory reserve</b>	<b>Accumulated loss</b>	<b>Unrealised (loss) / gain on investment classified as fair value through other comprehensive income</b>	<b>Total</b>
	----- (Rupees) -----					
<b>Balance at July 1, 2023 ( Audited)</b>	1,293,916,760	(208,031,240)	157,982,325	(508,892,154)	(3,757,902)	731,217,789
<b>Total comprehensive income for the year</b>						
Profit for the period	-	-	-	24,933,037		24,933,037
Other comprehensive income					(2,219,983)	(2,219,983)
	-	-	-	24,933,037	(2,219,983)	22,713,054
<b>Balance at September 31, 2023 ( Un-audited)</b>	<u>1,293,916,760</u>	<u>(208,031,240)</u>	<u>157,982,325</u>	<u>(483,959,117)</u>	<u>(5,977,885)</u>	<u>753,930,843</u>
<b>Balance at July 1, 2024 ( Audited)</b>	1,293,916,760	(208,031,240)	157,982,325	(486,013,717)	(6,080,254)	751,773,874
Profit for the period	-	-	-	7,189,680		7,189,680
Other comprehensive income					1,444,912	1,444,912
						8,634,592
<b>Balance at September 31, 2024 ( Un-audited)</b>	<u>1,293,916,760</u>	<u>(208,031,240)</u>	<u>157,982,325</u>	<u>(478,824,037)</u>	<u>(4,635,342)</u>	<u>760,408,466</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

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

**CHIEF FINANCIAL OFFICER**

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**DIRECTOR**

**FIRST PRUDENTIAL MODARABA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2024**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 First Prudential Modaraba is a multipurpose, perpetual Modaraba. The Modaraba is registered under the Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981. The Registrar (Modarabas) with the approval of SECP vide order dated April 03, 2019 appointed Awwal Modaraba Management Limited (AMML) to takeover and manage the affair of the Modaraba. AMML (the management company) has taken over the management and administrative control of the First Prudential Modaraba effective from February 03, 2020. AMML is the wholly owned subsidiary of Pak Brunei Investment Company Limited (PBICL).
- 1.2 The registered office of First Prudential Modaraba is situated at 3rd floor, Horizon Vista, Commercial 10, Block No.4 Scheme No. 5, Clifton, Karachi.
- 1.3 In addition to the First Prudential Modaraba (FPRM), the Registrar (Modarabas) also appointed AMML, to takeover and manage the affair of the First Pak Modaraba (FPM) and KASB Modaraba (KASBM) in a similar manner and the AMML simultaneously taken over the management and administrative control of these Modarabas.
- 1.4 The Board of Directors of AMML in their meeting held on March 11, 2022 approved the scheme of arrangement for merger of FPM and KASBM with and into FPRM. On the March 02, 2023, the Honorable High Court of Sindh approved/sanctioned the merger scheme by way of amalgamation of FPM and KASBM (amalgamated modarabas) with and into FPRM(surviving modaraba) effective from December 31, 2021.
- 1.5 The Board of Directors of PBICL has decided to proceed with divestment of its total interest in AMML. Accordingly, the Board of Directors of AMML in their meeting held on September 30, 2023 directed to disseminate the significant development to relevant authorities and stakes holders in a timely and transparent manner.

The material information was sent to the Pakistan Stock Exchange and Securities & Exchange Commission of Pakistan on September 30, 2023.

On October 12 2023, invitation for Expression of Interest was published in the newspaper for complete acquisition of AMML including management rights of the modaraba.

On November 21, 2023, the PBICL informed the Registrar Modaraba, SECP about the receipt of bids from various parties. The SECP vide letter dated November 21, 2023, directed to apply to the Registrar Modaraba for the transfer of AMML shares and management rights of the modaraba to the proposed acquirer.

The process of evaluation/ review of the bids, received by the PBICL, is completed and the Share Purchase Agreement (agreement) between the PBICL and the buyer has been signed on April 03, 2024. The buyer has paid the advance consideration to the PBICL (20% of total consideration) with the signing of the agreement and the balance shall be paid after fulfilment of legal/ regulatory obligations as applicable on PBICL and the buyer. The closing date for the completion of all process was determined as maximum of 120 days from the execution date of the agreement or such later date as mutually agreed by both the parties.

The Registrar Modaraba, SECP vide letter No. SC/M/AMML/46/2024/36 dated September 19, 2024 granted approval for the sale and transfer of total shares of AMML held by the PBICL to the WASL Investment Finance Limited (Buyer). However, the approval is subject to fulfilment of the specific conditions as reproduced hereunder:

- (a) The buyer will provide undertaking to the Registrar Modaraba on the following matters:
  - (i) It shall replace the shareholder loan of Rs. 150 million into the First Prudential Modaraba within a period of 6 months from the date of transfer of management;
  - (ii) The said shareholder loan of Rs. 150 million shall not be released without its replacement with the new injection by the buyer; and
  - (iii) The said injection of Rs. 150 million by the buyer shall be converted into equity not later than 6 months from the date of injection.
- (b) Within thirty days of the completion of the transfer of shares of AMML to the buyer, the new composition of the board of directors of AMML will be finalized and necessary approvals shall be obtained.

## **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, 2024.
- 2.1.3** The comparative condensed interim balance sheet presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2024, whereas the comparative condensed interim profit and loss, condensed interim cash flow statement, condensed interim statement of changes in equity of the Modaraba are extracted from the unaudited condensed interim financial statements for the period ended September 30, 2023.

## **2.2 Basis of measurement**

These condensed interim financial statements have been prepared under the historical cost convention, unless otherwise stated.

## **2.3 Functional and presentation currency**

These condensed interim financial statements are prepared in Pakistani Rupees which is the Modaraba's functional and presentation currency. The figures in these condensed interim financial statements have been rounded off to the nearest rupee unless otherwise specified.

## **3 MATERIAL ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN**

**3.1** The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Modaraba for the year ended June 30, 2024.

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

**3.3** The material estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2024.

4 **Property and equipment - own use**

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

Description	September 30, 2024					
	Office premises	Office equipment	Furniture and fixtures	Computer equipments	Vehicles	Total
Rupees						
<b>As at July 01, 2024</b>						
Cost	3,100,000	153,400	2,102,716	1,160,130	2,789,154	9,305,400
Accumulated impairment	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(932,218)	(153,400)	-	(298,238)	(2,789,154)	(4,173,010)
Carrying amount	1,571,832	-	-	861,892	-	2,433,724
<b>Period ended September 30, 2024</b>						
Opening carrying amount	1,571,832	-	-	861,892	-	2,433,724
Additions - at cost	-	362,905	-	220,000	-	582,905
Disposal - at cost	-	-	-	-	-	-
Depreciation charge for the period	(37,188)	(29,858)	-	(101,268)	-	(168,314)
Closing carrying amount	1,534,644	333,047	-	980,624	-	2,848,315
<b>As at September 30, 2024</b>						
Cost	3,100,000	516,305	2,102,716	1,380,130	2,789,154	9,888,305
Accumulated impairment	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(969,406)	(183,258)	-	(399,506)	(2,789,154)	(4,341,324)
Carrying amount	1,534,644	333,047	-	980,624	-	2,848,315
Depreciation rate (% per annum)	5	33	20	33	20	

Description	June 30, 2024					
	Office premises	Office equipment	Furniture and fixtures	Computer equipments	Vehicles	Total
Rupees						
<b>As at July 01, 2023</b>						
Cost	3,100,000	153,400	2,102,716	281,130	2,789,154	8,426,400
Accumulated impairment	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(783,466)	(153,400)	0	(186,248)	(2,789,154)	(3,912,268)
Carrying amount	1,720,584	-	-	94,882.00	0	1,815,466
<b>Year ended June 30, 2024</b>						
Opening carrying amount	1,720,584	-	-	-	94,882	1,815,466
Disposal - at cost	-	-	-	-	-	-
Additions - at cost	-	-	-	879,000	-	879,000
Depreciation charge for the year	(148,752)	-	-	(111,990)	-	(260,742)
Accumulated depreciation on disposal	-	-	-	-	0	0
Closing carrying amount	1,571,832	-	-	767,010	-	2,433,724
<b>As at June 30, 2024</b>						
Cost	3,100,000	153,400	2,102,716	1,160,130	2,789,154	9,305,400
Accumulated impairment	(595,950)	-	(2,102,716)	-	-	(2,698,666)
Accumulated depreciation	(932,218)	(153,400)	-	(298,238)	(2,789,154)	(4,173,010)
Carrying amount	1,571,832	-	-	861,892	-	2,433,724
Depreciation rate (% per annum)	5	33	20	33	20	

## 5 PROPERTY, PLANT AND EQUIPMENT - IJARAH

Description	September 30, 2024			
	Plant and machinery	Office equipment	Vehicles	Total
	Rupees			

### As at July 01, 2024

Cost	86,558,681	801,000	101,506,839	188,866,520
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(47,278,872)	(512,150)	(54,261,552)	(102,052,574)
Carrying amount	30,511,797	-	30,102,810	60,614,607

### Period ended September 30, 2024

Opening carrying amount	30,511,797	-	30,102,810	60,614,607
Additions - at cost	-	-	-	-
Disposal - at cost	-	-	(4,761,000)	(4,761,000)
Depreciation charge for the period	(2,083,332)	-	(2,514,314)	(4,597,646)
Accumulated depreciation on disposal	-	-	4,364,250	4,364,250
Closing carrying amount	28,428,465	-	27,191,746	55,620,211

### As at September 30, 2024

Cost	86,558,681	801,000	96,745,839	184,105,520
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(49,362,204)	(512,150)	(52,411,616)	(102,285,970)
Carrying amount	28,428,465	-	27,191,746	55,620,211
Useful life (months)	36 to 60	24 to 60	24 to 60	

Description	June 30, 2024			
	Plant and machinery	Office equipment	Vehicles	Total
	Rupees			

### As at July 01, 2023

Cost	86,558,681	801,000	109,931,839	197,291,520
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(38,945,544)	(512,150)	(48,957,744)	(88,415,438)
Carrying amount	38,845,125	-	43,831,618	82,676,743

### Year ended June 30, 2024

Opening carrying amount	38,845,125	-	43,831,618	82,676,743
Additions - at cost	-	-	-	-
Disposal - at cost	-	-	(8,425,000)	(8,425,000)
Depreciation charge for the year	(8,333,328)	-	(11,045,746)	(19,379,074)
Accumulated depreciation on disposal	-	-	5,741,938	5,741,938
Closing carrying amount	30,511,797	-	30,102,810	60,614,607

### As at June 30, 2024

Cost	86,558,681	801,000	101,506,839	188,866,520
Accumulated impairment	(8,768,012)	(288,850)	(17,142,477)	(26,199,339)
Accumulated depreciation	(47,278,872)	(512,150)	(54,261,552)	(102,052,574)
Carrying amount	30,511,797	-	30,102,810	60,614,607
Useful life (months)	36 to 60	24 to 60	24 to 60	

		September 30 2024	June 30 2024
		-----Rupees-----	
<b>6</b>	<b>INTANGIBLE ASSETS</b>		
	Computer software	-	-
	PSX - Trading rights entitlement certificates (TREC)	-	-
		-	-
<b>6.1</b>	<b>Computer software</b>		
	Opening balance (cost)	2,163,135	2,163,135
	Addition / (disposal)	-	-
	Closing balance	2,163,135	2,163,135
	Amortization		
	Opening balance	(2,163,135)	(2,122,024)
	Charge for the period	-	(41,111)
		(2,163,135)	(2,163,135)
	Closing balance	-	-
	Rate of Amortization	33.33%	33.33%
<b>6.2</b>	<b>PSX - Trading rights entitlement certificates (TREC)</b>		
	Impairment of TREC	5,344,352	5,344,352
		(5,344,352)	(5,344,352)
		-	-

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

Pursuant to demutualization of LSE, the membership card had been surrendered to the Exchange against the following;

- (a) 843,975 ordinary shares of face value of Rs.10 each of LSE; and
- (b) Trading Rights Entitlement Certificates (TREC).

As per the mechanism prescribed by the LSE, the carrying value of the membership card is allocated as follows:

		September 30 2024	June 30 2024
		-----Rupees-----	
	Trading Right Entitlement Certificate (TREC).	5,344,352	5,344,352
	Broker's room	4,217,500	4,217,500
	Ordinary shares of face value of Rs. 10/- each of LSE	12,764,715	12,764,715
		22,326,567	22,326,567



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

6.2.3 The carrying amount of the Broker's room is included in "property and equipment - own use" under office premises (refer note 4).

6.2.4 The carrying amount of ordinary shares is included in "long term investment" (refer note 9).

## 7 INVESTMENT PROPERTIES - CARRIED AT FAIR VALUE

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

Description	Office suite (Note 7.1)	Four shops (Note 7.2)	Total
	Rupees		
Net carrying value basis Period ended September 30, 2024			
Opening net book value	57,780,000	16,400,000	74,180,000
Closing net book value	57,780,000	16,400,000	74,180,000
Gross carrying value basis Period ended September 30, 2024			
Cost / revalued amount	57,780,000	16,400,000	74,180,000
Closing net book value	57,780,000	16,400,000	74,180,000
Net carrying value basis year ended June 30, 2024			
Opening net book value	57,780,000	16,400,000	74,180,000
Closing net book value	57,780,000	16,400,000	74,180,000
Gross carrying value basis year ended June 30, 2024			
Cost / revalued amount	57,780,000	16,400,000	74,180,000
Closing net book value	57,780,000	16,400,000	74,180,000

7.1 Office suite represents two offices in Lakson Sqaure, Karachi, acquired through a settlement agreement.

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

		September 30 2024	June 30 2024
	Note	-----Rupees-----	
<b>8 DIMINISHING MUSHARIKA</b>			
Diminishing musharika finance - considered good	8.1	705,010,182	810,793,660
Diminishing musharika finance - doubtful		824,972	14,468,381
Unearned Income		<u>(184,570,909)</u>	<u>(227,057,299)</u>
		521,264,245	598,204,742
Less: Allownce for expected credit loss	8.2	<u>(14,627,219)</u>	<u>(14,468,381)</u>
		506,637,026	583,736,361
Less: Current portion of diminishing musharika		<u>(148,618,940)</u>	<u>(228,145,583)</u>
		<u><u>358,018,086</u></u>	<u><u>355,590,778</u></u>

8.1 This represent diminishing musharaka financing for a term of 3 to 5 years. These carry profit rate ranging from 15.00% and 28.58% (2024: 14.00% and 28.58%). All diminishing musharika arrangements are secured against hypothecation of assets, personal guarantees and promissory notes.

#### 8.2 Movement of Expected Credit Loss

Opening balance	14,468,381	539,959
Charge for the period	158,838	13,802,247
Transfer from unearned income against suspended income	-	126,175
Closing balance	<u>14,627,219</u>	<u>14,468,381</u>

#### 9 LONG TERM INVESTMENTS

Investment classified as 'fair value through other comprehensive income

Unquoted Companies	9.1	-	-
Quoted Companies	9.2	<u>7,311,372</u>	<u>5,611,474</u>
		<u>7,311,372</u>	<u>5,611,474</u>

#### 9.1 Unquoted companies

September 30 2024	June 30 2024		September 30 2024	June 30 2024
			-----Rupees-----	
<b>Number of Shares</b>				
1,594,744	1,594,744	<b>Prudential Securities Limited</b>		
		Cost	<u>9,048,707</u>	<u>9,048,707</u>
		Less: Impairment	<u>(9,048,707)</u>	<u>(9,048,707)</u>
			<u>-</u>	<u>-</u>

9.1.1 The investment is fully impaired due to adverse financial conditions of the investee Company.

## 9.2 Quoted Companies

September 30 2024	June 30 2024		Note	September 30 2024		June 30 2024	
				-----Rupees-----			
<b>Number of Shares</b>							
<b>LSE Venture Limited</b>							
842,810	842,810	Cost		9,450,764	9,450,764		
		Fair value adjustment		(2,961,127)	(4,604,607)		
				6,489,637	4,846,157		
<b>LSE Capital Limited</b>							
245,294	-	Cost		3,313,951	3,313,951		
		Fair value adjustment		(2,492,216)	(2,548,634)		
				821,735	765,317		
				<u>7,311,372</u>	<u>5,611,474</u>		

## 10 LONG TERM ADVANCES AND DEPOSITS

Long term advances	10.1	176,486	376,145
Long term deposits	10.2	488,300	488,300
		<u>664,786</u>	<u>864,445</u>

### 10.1 Long term advances

Secured and interest free			
To employees - considered good	10.1.1	1,104,158	1,421,724
Less: Due within one year shown under current assets		(927,672)	(1,045,579)
		<u>176,486</u>	<u>376,145</u>

10.1.1 This represents interest free loans to the employees as per terms of the employment and are secured against Provident Fund (PF) balances of employee.

### 10.2 Long term deposits

Margin deposit	10.2.1	3,000,000	3,000,000
Other deposits		488,300	488,300
		3,488,300	3,488,300
Less: Provision against doubtful amounts		(3,000,000)	(3,000,000)
		<u>488,300</u>	<u>488,300</u>

10.2.1 This margin deposit was held with a defaulted broker, Prudential Securities Limited, whose operations have been ceased by PSX and the Modaraba has filed a claim with the PSX for the amount. Upon confirmation of the event of default, the provision was made accordingly.

11	<b>DEFERRED TAXATION - NET</b>	Note	September 30 2024	June 30 2024
			-----Rupees-----	

The defferred tax asset is attributable to the following items

**Deductible temporary differences**

Tax losses carry forward		2,902,413	2,902,413
Alternate corporate tax		696,316	2,733,954
Long term investments		818,001	1,072,986
Allownce for expected credit loss		4,174,376	4,015,039

**Taxable temporary differences**

Property, Plant & Equipment		(275,673)	(710,527)
		<u>8,315,433</u>	<u>10,013,865</u>

**12 MODARABA, MUSHARIKA, MURABAHA AND OTHER FINANCE**

Modaraba, Musharaka and Morabaha Finance

Considered good		-	-
Considered doubtful	12.1	446,229,606	446,294,606
		446,229,606	446,294,606
Less: Allowance for expected credit loss	12.2	(446,229,606)	(446,294,606)
		<u>-</u>	<u>-</u>

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

**12.2 Movement of Expected Credit Loss**

Opening balance		446,294,606	468,341,342
Written off during the year		-	(21,641,736)
Reversal of provision during the year	12.2.1	(65,000)	(405,000)
Closing balance		<u>446,229,606</u>	<u>446,294,606</u>

12.2.1 The reversal of provision has been made to extent of actual amount recovered from the customers.

**13 SHORT TERM INVESTMENTS**

**Amortised cost**

Term Deposits Receipts - considered doubtful	13.1	-	-
--	------	---	---

**Fair value through profit or loss**

Quoted securities	13.2	13,369,556	16,957,897
		<u>13,369,556</u>	<u>16,957,897</u>

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

	<b>September 30 2024</b>	<b>June 30 2024</b>
<b>Note</b>	<b>-----Rupees-----</b>	
Term Deposit Receipt as at December 06, 2012	10,000,000	10,000,000
Less: Amortization charge	(2,000,000)	(2,000,000)
Less: received in earlier period	<u>(3,219,433)</u>	<u>(3,219,433)</u>
Net receivable	4,780,567	4,780,567
Less: Allowance for expected credit loss	<u>(4,780,567)</u>	<u>(4,780,567)</u>
	<u>-</u>	<u>-</u>

### 13.2 Quoted securities

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

Shares of listed companies - Fully paid up ordinary shares of Rs. 10 each, unless stated otherwise:

<b>September 30 2024</b>	<b>June 30 2024</b>		<b>September 30 2024</b>	<b>June 30 2024</b>
			<b>-----Rupees-----</b>	
<b>Number of Shares / Units</b>	<b>Name of Investee Company / Fund</b>	<b>Note</b>		
525	525 Nishat Mills Limited		32,251	37,196
54,367	54,367 The Hub Power Company Limited		6,488,158	8,866,170
1,495	1,495 Sui Northern Gas Pipeline Limited*		95,291	94,888
16,468	16,468 Thal Limited		6,753,856	7,959,643
348	348 Hussain Industries Limited	13.2.1	-	-
1,670,720	1,670,720 Prudential Stock Fund	13.2.1	-	-
360,000	360,000 Zeal-Pak Cement Factory Limited	13.2.1	-	-
<u>2,103,923</u>	<u>2,103,923</u>		<u>13,369,556</u>	<u>16,957,897</u>

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

	September 30 2024	June 30 2024
Note	-----Rupees-----	
<b>13.2.2 Net unrealized gain / (loss) on re-measurement of investments classified as financial assets at fair value through profit or loss' - net</b>		
Weighted average cost of investments	16,957,897	6,539,334
Unrealized gain/(loss) on changes in fair value	(3,588,341)	10,418,563
Market value of investments	<u>13,369,556</u>	<u>16,957,897</u>
<b>14 IJARAH RENTAL RECEIVABLE</b>		
Considered good	4,254,499	1,571,434
Considered doubtful	61,847,457	61,847,457
	<u>66,101,956</u>	<u>63,418,891</u>
Less: Allowance for expected credit loss	14.2 (62,280,771)	(61,890,169)
	<u>3,821,185</u>	<u>1,528,722</u>
<b>14.1 Future minimum ijarah rentals receivable</b>		
Within one year	25,583,616	27,935,395
After one year but not more than five years	11,697,465	19,085,133
	<u>37,281,081</u>	<u>47,020,528</u>
<b>14.2 Movement of Expected Credit Loss</b>		
Opening balance	61,890,169	61,847,457
Charge for the year	390,602	42,712
Closing balance	<u>62,280,771</u>	<u>61,890,169</u>
<b>15 RECEIVABLE AGAINST SALE OF AGRICULTURE PRODUCE - SECURED</b>		

There is no change in the status of matters associated with receivable against sale of agricultural produce as disclosed in note 16 of the audited financial statements for the year ended June 30, 2024.

## 16 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Note	Considered good		Considered doubtful		Total	
		September 2024	June 2024	September 2024	June 2024	September 2024	June 2024
		----- Rupees -----					
<b>Advance</b>							
To staff- Secured	10.1 & 16.2	927,672	1,045,579	1,814,000	1,814,000	2,741,672	2,859,579
Against purchase of assets		15,220,695	-	-	-	15,220,695	-
<b>Prepayments</b>		1,243,118	987,698	-	-	1,243,118	987,698
<b>Other receivables from</b>							
Brokers on account							
- of sale of shares	16.2	-	-	78,095,768	77,095,768	78,095,768	77,095,768
- of advance for shares	16.2	-	-	18,432,273	19,432,273	18,432,273	19,432,273
A bank	16.2	-	-	10,241,347	10,241,347	10,241,347	10,241,347
Return on deposits							
with banks		3,310,497	2,594,550	-	-	3,310,497	2,594,550
Others		117,362	117,592	18,381,590	18,381,590	18,498,952	18,499,182
<b>Sub total</b>		20,819,345	4,745,419	126,964,978	126,964,978	147,784,323	131,710,397
Provision for doubtful receivables		-	-	(126,964,978)	(126,964,978)	(126,964,978)	(126,964,978)
		20,819,345	4,745,419	-	-	20,819,345	4,745,419

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

16.2 There is no change in status of matters with regards to doubtful advances and other receivables as disclosed in notes 17.1.1, 17.2, 17.3, 17.4 of the audited financial statements for the year ended June 30, 2024

	Note	September 30 2024	June 30 2024
-----Rupees-----			
<b>17 TAXATION - NET</b>			
Advance tax		30,773,954	36,521,858
Provision for taxation		(1,764,367)	(7,512,271)
		<u>29,009,587</u>	<u>29,009,587</u>

## 18 CASH AND BANK BALANCES

Cash in hand		30,000	-
Balances with banks			
Current accounts		32,053,013	32,053,013
Saving accounts	18.1	272,282,298	199,710,919
		<u>304,335,311</u>	<u>231,763,932</u>
		<u>304,365,311</u>	<u>231,763,932</u>

18.1 The balance in saving accounts carry profit at an average rates ranging from 6.00% to 17.00% per annum (June 30, 2024: 6.00% to 18.50% per annum).

## 19 CERTIFICATE CAPITAL

September 30, 2024	June 30, 2024		September 30, 2024	June 30 2024
No. of certificates			-----Rupees-----	
<u>152,217,660</u>	<u>152,217,660</u>	<b>Authorised</b> Modaraba certificates of Rs.10 each	<u>1,522,176,600</u>	<u>1,522,176,600</u>
		<b>Issued, subscribed and paid-up</b>		
13,451,650	13,451,650	Modaraba certificates of Rs.10 each fully paid in cash	134,516,500	134,516,500
8,864,716	8,864,716	Modaraba certificates of Rs.10/-each fully paid bonus certificates	88,647,160	88,647,160
64,901,294	64,901,294	Modaraba certificates of Rs.10/- each issued under scheme of arrangement for merger with Second and Third Prudential Modaraba	649,012,940	649,012,940
42,174,016	42,174,016	Modaraba certificates issued under Scheme of Merger with KASB Modaraba and First Pak Modaraba	<u>421,740,160</u>	<u>421,740,160</u>
<u>129,391,676</u>	<u>129,391,676</u>		<u>1,293,916,760</u>	<u>1,293,916,760</u>

As at September 30, 2024, Awwal Modaraba Management Limited, the management company, held 12,939,167 (June 30, 2024: 12,939,167) certificates of Rs. 10/- each.

	September 30 2024	June 30 2024
	-----Rupees-----	
<b>20 IJARAH DEPOSITS</b>		
Ijarah deposits	32,551,930	32,551,930
Less: Current portion ijarah deposit	<u>(23,888,680)</u>	<u>(10,688,681)</u>
	<u>8,663,250</u>	<u>21,863,249</u>
<b>21 SHORT TERM FINANCE</b>	<u>150,000,000</u>	<u>150,000,000</u>

21.1 The Modaraba has availed finance facility of Rs.150 million under Wakala Agreement dated December 29, 2022 from Pak Brunei Investment Company Limited (PBICL) for a period of one year. The facility may thereafter be extended by a further period or periods of one year each if approved by both parties.

As per terms of the agreement, PBICL acts as Muwakkil (the principal) and Modaraba as Wakil (the agent) to execute the Shariah Compliant transactions through and as part of the Wakil's pool of assets for deployment of funds under the extended facility. Return to the Muwakkil on investment is expected at 3 Months KIBOR + 2% per annum.

The facility was secured by way of First Hypothecation charge on all present and future assets of the Modaraba equivalent to PKR. 200,000,000/- with 25% margin..

21.2 As per share purchase agreement between the PBICL and the buyer (Note-1.5), the facility shall either be settled or refinanced within six months from the closing date, i.e. that is 120 days from the execution date of the agreement (April 03, 2024) or such later date as mutually agreed by both the parties. The SECP has directed the mechanism for settlement of loan as mentioned in Note- 1.5.



22	<b>ACCRUED AND OTHER LIABILITIES</b>	<b>September 30</b>	<b>June 30</b>
		<b>2024</b>	<b>2024</b>
		-----Rupees-----	
	Accrued expenses	2,499,596	2,987,656
	Modaraba Company's remuneration	27	7,126,101
	Sales Tax on Management		
	Company's remuneration	28	3,237,023
	Share in common expenses	491,489	772,991
	Takaful premium payable	2,248,144	2,380,732
	Workers' welfare fund	5,172,617	4,986,115
	Charity payable	1,417	35,177
	Client share against diminishing musharika finance	3,650,688	15,422
	Others	12,863,963	11,756,218
		<u>30,164,937</u>	<u>33,297,435</u>

## 23 CONTINGENCIES AND COMMITMENTS

### 23.1 Contingencies

23.1.1 The status of contingencies are same as disclosed in Notes 24.1 of the annual audited financial statements for the year ended June 30, 2024.

### 23.2 Commitment

There was no commitment as at the reporting date.

24	<b>IJARAH RENTALS EARNED</b>	<u>6,890,313</u>	<u>7,869,823</u>
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## 25 OTHER INCOME

	Gain on disposal of property and equipment -Ijarah	294,901	-
	Documentation charges and others	35,000	404,348
	Termination charges on diminishing Musharaka/ Ijarah	545,139	-
	Differential of takaful premium recovered	-	106,635
	from customers	370,228	-
	Miscellaneous Income	101,971	116,555
		<u>1,347,239</u>	<u>627,538</u>

## 26 REVERSAL OF PROVISION AGAINST DOUBTFUL RECEIVABLES

	Reversal against modaraba, morabaha finance	65,000	100,000
		<u>65,000</u>	<u>100,000</u>

## 27 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.

The management records accrual in respect of 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.

**28 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 (HSC) and Appellate Tribunal of SRB, challenging the levy of SST on management company's remuneration. The Modaraba Management Company has not received any demand notice from SRB for payment of SST on Management Company's remuneration and accordingly, based on legal advisor's opinion obtained by one of the Modaraba under common management, can neither file any petition challenging the levy of SST on Management Company's remuneration nor can join the proceedings of pending petition in the Court (HSC). 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 (HSC) based on outcome of the petition filed by other Modaraba Management Companies.

**29 TAXATION**

Current	1,764,367	3,947,492
Deferred	1,443,446	(5,559,985)
	<u>3,207,813</u>	<u>(1,612,493)</u>

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.

	<b>September 30 2024</b>	<b>September 30 2023</b>
<b>30 EARNINGS PER CERTIFICATE - BASIC AND DILUTED</b>		
<b>Basic</b>		
Profit for the year	<u>7,189,680</u>	<u>24,933,037</u>
Weighted average number of ordinary certificates	<u>129,391,676</u>	<u>129,391,676</u>
Earnings per certificate	<u>0.06</u>	<u>0.19</u>

**Diluted**

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

**31 RELATED PARTY TRANSACTIONS**

The related parties of the Modaraba comprise of the Management Company and its Holding Company, other associated companies, staff retirement funds, Directors and Key Management Personnel. Transactions with related parties are carried out at agreed rates.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Modaraba. The Modaraba considers its Chief Financial Officer and business heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement. Details of certificate holding of Holding Company, Management Company, Directors, Key Management Personnel and their family members are disclosed in pattern of certificate holding included in the annual report of the Modaraba.

**31.1 Transactions during the period:**

Name of the Company	Nature of Transactions	September 30,	September 30,
		2024	2023
		Un-audited	Un-audited
		-----Rupees-----	
<b>Expense / (income) during the year</b>			
Staff Provident Fund	Contribution made	286,404	143,058
Holding company - Pak Brunei Investment Company Limited	Return on short term finance	8,371,230	9,426,082
	Against collection agent fee	-	(27,373)
	Shared service cost	2,406,231	2,308,908
AWWAL Corporate Restructuring Company	Sharing of common expenses (Net)	(310,588)	412,393
	Staff cost of deputed employee	-	1,985,451
Jubilee Life Insurance	Takaful premium	184,662	195,339
<b>Payments / (Receipts) made during the year</b>			
Staff Provident Fund	Contribution made	286,404	143,058
Holding company - Pak Brunei Investment Company Limited	Receipt against collection agent fee	-	(27,373)
	Return on Short Term Finance	8,385,574	9,418,027
	Shared service cost	2,377,145	2,308,907
Management Company- Awwal Modaraba Management	Management Company's remuneration	7,126,101	-
Jubilee Life Insurance	Takaful premium	184,662	195,339

**31.2 Amount outstanding as at period end**

		September 30,	June 30,
		2024	2024
		Un-audited	Audited
		-----Rupees-----	
Holding company - Pak Brunei Investment Company Limited	Short term finance	(150,000,000)	(150,000,000)
	Return on Short Term Finance	(182,295)	(196,639)
	Payable shared service cost	(802,077)	(772,991)
Management Company- Awwal Modaraba Management	Management Company's remuneration	-	7,126,101
AWWAL Corporate restructuring Company	Sharing of common expenses	310,588	-

**32 CORRESPONDING FIGURES**

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

**33 DATE OF AUTHORISATION**

These financial statements were authorised for issue on 26th October,2024 by the Board of Directors of the Management Company.

**34 GENERAL**

Amounts have been rounded off to the nearest rupee unless otherwise stated.

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

**CHIEF FINANCIAL OFFICER****CHIEF EXECUTIVE OFFICER****DIRECTOR****DIRECTOR**

# **FIRST PRUDENTIAL MODARABA**

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**QUARTERLY  
REPORT  
SEPTEMBER 30,  
2024**