



FIRST
PRUDENTIAL
MODARABA

29th ANNUAL REPORT
JUNE 30, 2018

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First Prudential Modaraba

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CORPORATE INFORMATION

Board of Directors

Muzaffar Ali Shah Bukhari	Chairman
Farrukh S. Ansari	Director
Amer Maqbool	Director/Chief Executive Officer

Chief Financial Officer

Aftab Afroz Mahmoodi

Company Secretary

Syed Shahid Owais

Management Company

KASB Invest (Pvt.) Limited

Auditor

RSM Avais Hyder Liaquat Nauman (Pvt.) Limited

Internal Auditor

EY Ford Rhodes

Audit Committee

Farrukh S. Ansari	Chairman
Muzaffar Ali Shah Bukhari	Member

Human Resource and Remuneration Committee

Farrukh S. Ansari	Chairman
Muzaffar Ali Shah Bukhari	Member
Amer Maqbool	Member

Certificate Transfer Office

C&K Management Associates (Pvt.) Limited

404, Trade Tower,
Abdullah Haroon Road,
Near Metropole Hotel,
Karachi – 75530
Phone : 021-35687839 - 021-35685930

Legal Advisor

Ahmed & Qazi

Shariah Advisor

AlHamdShariah Advisory Services (Pvt) Limited

Registered Office & Head Office

16-C, Bukhari Towers,
Main Khayaban-e-Bukhari, Phase VI,
DHA, Karachi
Phone : 021-35171786-89

DHA Branch Office

16-C, Bukhari Towers,
Main Khayaban-e-Bukhari, Phase VI,
DHA, Karachi
Phone : 021-35171786-89

Lahore Branch Office

Office No. 318 3rd Floor,
Lahore Stock Exchange Building,
19 Khayaban-e-Awan-e-Iqbal,
Lahore.

Islamabad Branch Office

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

Web Address

www.firstprudentialmodaraba.com

Social values of Islam provide the faithful with a large measure of spiritual peace and serenity, and this contentment can be reaped while pursuing business aspirations within the confines of Islamic law. We visualize creating an institution where society can seek a just and fair advantage from the richness of Islamic system of trade finance.

DIRECTOR'S REPORT

The Board of Directors of KASB Invest (Private) Limited, the Management Company of First Prudential Modaraba is pleased to present the annual audited financial statements of the Modaraba for the year ended June 30, 2018.

FINANCIAL HIGHLIGHTS

Financial highlights for the period under review are summarized as under:-

	June 2018	June 2017
	(Rupees in 000)	
BALANCE SHEET		
Cash & Bank Balance	45,039	95,327
Investments	24,274	27,128
Diminishing Musharaka Finance	218,473	163,018
Receivable against sale of Agriculture Produce	11,692	27,811
Ijarah Assets	83,238	76,198
Total Assets	494,702	514,958
Net Assets	421,197	452,160
PROFIT & LOSS ACCOUNT		
Income	59,981	68,168
Administrative & other Expenses	(23,246)	(26,852)
Ijarah Assets Depreciation	(28,462)	(22,089)
Provision against doubtful receivables	(27,344)	0
Management Company Fee	0	(1,518)
Net (Loss) /Profit for the Year	(19,563)	15,178
Loss/Earning per Modaraba Certificate (Rupees)	(0.22)	0.17

OPERATIONS AND PERFORMANCE

The Modaraba booked a net loss of Rs19.56 million for the year ended June 30, 2018 as compared to net profit of Rs 15.17 million for the year ended June 30, 2017. The loss per Certificate for the year ended June 30, 2018 was Rs. (0.22) as compared to earning per Certificate Rs 0.17 of the corresponding previous year. The loss of the year ended June 30, 2018 was mainly due to the losses on some Murabaha financing. However, the Modaraba has increased the business of diminishing Musharaka and Ijarah financing.

The management is committed towards continuous improvement of the operating and financial performance of the Modaraba for its long term sustainability and to meet the expectations of the stakeholders especially the Certificate holders.

YEAR AT A GLANCE

During the year Modaraba increased its business mostly in diminishing Musharaka & Ijarah finance performed. Our approach remained conservative towards financing projects. The management remained vigilant for timely recovery of the deployed funds to develop room for further investments.

FUTURE PROSPECTS

With the aim and strategy of growing with Sharia compliant businesses, we would keep exploring and opting high yield businesses. We trust that we would keep going as per our short and longer term plans with innovative approach that would result in better returns for the Certificate holders.

BOARD OF DIRECTORS

During the year 2017-18, Syed Muhammad Rehmanullah and Syed Waseem ul Haqqie resigned from the Board and Mr. Amer Maqbool and Mr. Muzaffar Ali Shah Bukhari co-opted as Directors. The approval for the appointment of Mr. Muzaffar Ali Shah Bukhari as Director is awaited from the Registrar Modaraba, Securities and Exchange Commission of Pakistan.

Further, Mr. Aftab Afroz Mahmoodi, Chief Executive has resigned and Mr. Amer Maqbool, Director was appointed as CEO by the Board.

ELECTION OF DIRECTORS

The following three Directors were elected in the Extra Ordinary General Meeting (EOGM) of the management company held on June 26, 2018 for the new term of three years :-

1. Muzaffar Ali Shah Bukhari
2. Farrukh S. Ansari
3. Amer Maqbool

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors is pleased to report that:

- The financial statements prepared by the management of the Modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied except as mentioned in notes in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards (IASs) as applicable in Pakistan have been followed in preparation of Financial Statements and any departure there from has been adequately disclosed.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- The Modaraba is financially sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Modaraba's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Corporate Governance Regulations- 2017.

- The Modaraba operates a provident fund for its permanent employees, value of which was PKR. 765,470/- as at June 30, 2018.
- Key operating and financial data for the last six years in summarized form is included in this annual report.
- There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2018 except as disclosed in the financial statements.
- None of the directors of Modaraba, CEO, CFO, Company Secretary and their spouses and minor children has carried out trading of certificates of the Modaraba.
- During the year, six meetings of the Board of Directors were held. Attendance by each director is as follows:

Name		No of Meetings Attended
Syed Waseem ul Haq Haqqie	Director- Resigned	2
S. M. Rehmanullah	Director- Resigned	1
Farrukh S. Ansari	Director	6
Muzaffar Ali Shah Bukhari	Director- Co-opted on October 30, 2017	3
Amer Maqbool	Director- Co-opted on October 06, 2017 and appointed as Chief Executive with effect from June 14, 2018	5
Aftab Afroz Mahmoodi	Chief Executive-(Resigned with effect from June 13, 2018)	6

During the year, four meetings of the Audit Committee were held. Attendance by Members is as follows :

Name		No of Meetings Attended
Farrukh S. Ansari	Chairman	4
Syed Waseem ul Haq Haqqie	Member- Resigned	2
S. M. Rehmanullah	Member- Resigned	1
Muzaffar Ali Shah Bukhari	Member- Co-opted on October 30, 2017	1
Amer Maqbool	Member - Co-opted on October 06, 2017 and resigned on appointment as Chief Executive with effect from June 14, 2018	3

- During the year, one meeting of the Human Resource and Remuneration Committee (HR&RC) was held. All members of the HR&RC attendant the meeting.
- The pattern of holding of Certificates by the Certificate-holders is included in this annual report

DIRECTOR'S REMUNERATION

The remuneration of Directors for attending meetings of the Board or any Committee of the Board is determined under the Director's Remuneration Policy adopted by the Modaraba Management Company. Under the said policy, independent and non-executive Directors are entitled to receive the prescribed fee and traveling, hotel & other expenses incurred by them for attending meetings of the Board or any Committee of the Board and General Meetings as determined by the Board.

GOVERNANCE & SHARIAH COMPLIANCE

The Board of Directors is committed to ensure compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations-2017, Regulations of Pakistan Stock Exchange and the Modaraba is in compliance with the requirements relevant for the year ended June 30, 2018. A statement to this effect is annexed with the report. The Shariah Advisor is involved from the outset to ensure that the business of the Modaraba is in line with Shariah Principles.

HUMAN RESOURCES

The Board is confident that the management and employees of your Modaraba will continue to work with the integrity and zeal that has been their hallmark, and your Modaraba shall Insha'Allah continue to prosper. Investment in Human Resources is the cornerstone of our policy.

AUDITORS

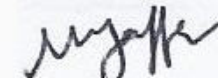
The term of appointment of present auditors M/s. Avais Hyder Liaquat Nauman, Chartered Accountants is expiring on the date of the ensuing Annual Review Meeting of the Modaraba. On the recommendation of the Audit Committee, the Board has approved the reappointment of M/s. Avais Hyder Liaquat Nauman, Chartered Accountants, as auditors for the year ending June 30, 2019, subject to approval by the Registrar of Modaraba Companies and Modaraba.

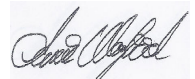
ACKNOWLEDGEMENT

The Board greatly appreciates the support and co-operation of the regulatory authorities, certificate holders, customers and bankers and looks forward to their continued support and advice in future.

We pray to Almighty Allah for the success of your Modaraba.

For and behalf of Board of Directors


Chairman


Director

Karachi October 01, 2018

ڈائریکٹرز رپورٹ

کے اے ایس بی انویسٹ (پرائیویٹ) لمیٹڈ مینجمنٹ کمپنی برائے فرسٹ پروڈینشل مضاربہ، کے بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ مضاربہ کے ۳۰ جون 2018 کو اختتام پذیر ہونے والے مالی سال کا سالانہ آڈٹ شدہ مالیاتی گوشوارہ پیش کر رہا ہے۔

مالیاتی جھلکیاں

زیر جائزہ مدت کے لئے مالیاتی جھلکیوں کا خلاصہ درج ذیل ہے:-

30 جون 2018	30 جون 2017	بیٹلس شیٹ
روپے "000" میں	روپے "000" میں	
45,039	95,327	نقد اور بینک بیٹلس
24,274	27,128	سرمایہ کاری
218,473	163,018	مالیاتی شرکت متناقصہ
11,692	27,811	وصولیائی برائے زرعی پیداوار
83,238	76,198	اجارہ اثاثہ جات
494,702	514,958	مجموعی اثاثہ جات
421,197	452,162	خالص اثاثہ جات
30 جون 2018	30 جون 2017	نفع و نقصان کا حساب
روپے "000" میں	روپے "000" میں	
59,981	66,168	مجموعی آمدنی
(23,246)	(26,852)	انتظامی و مالیاتی اخراجات
(28,462)	(22,089)	فرسودگی اجارہ اثاثہ جات
(27,344)	--	منکوک وصولی کی مد میں فراہمی
--	(1,518)	مینجمنٹ کمپنی فیس
(19,563)	15,178	خالص سالانہ منافع / نقصان
(0.22)	0.17	فی حصہ آمدنی (روپے)

انتظامی کارکردگی

مضاربہ کے مالی سال 2018 کا اختتام 19.56 ملین روپے کے نقصان کے ساتھ جو کہ سال گزشتہ 15.17 ملین منافع تھا۔ فی حصہ نقصان (0.22) روپیہ رہا۔ جو کہ سال گزشتہ 0.17 روپیہ منافع تھا۔ نقصان کی بنیادی وجہ چند مراجمہ میں نقصان تھا۔ مضاربہ نے شرکت متناقصہ اور اجارہ سرمایہ کاری میں اضافہ کیا۔ مضاربہ نے شرکت متناقصہ میں اضافہ کیا ہے۔ مضاربہ کی طویل المیعاد پائیدار اور اس کے اسٹیک ہولڈرز خصوصاً حصہ داروں کی امیدوں پر پورا اترنے کے لئے اس کی انتظامی اور مالیاتی کارکردگی کو بہتر بنانے کے لئے دل جمعی کے مصروف عمل ہے۔

موجودہ مالی سال پر ایک سرسری نظر

موجودہ مالی سال میں مضاربہ نے مشارکہ اور اجارہ میں محفوظ سرمایہ کاری کی ہے جو کہ مضاربہ کو خاطر خواہ منافع فراہم کرے گی۔ سرمایہ

کاری کی جانب حکمت عملی رواجی اور جاری شدہ قرضہ جات کی بروقت وصولی کے لئے انتظامیہ پوری طرح چوکس اور مستعد رہی۔ تاکہ مزید منافع بخش سرمایہ کاری کے لئے راہ ہموار کی جائے۔

مستقبل کی منصوبہ بندی اور لائحہ عمل

تمام شرعی تقاضوں کو مد نظر رکھتے ہوئے ہم بہتر منافع بخش سرمایہ کاری کا حصول جاری رکھیں گے۔ ہم پُر امید ہیں کہ ہم اپنے مختصر اور طویل مدتی منصوبوں کے ساتھ حصہ داروں کے لئے بہتر منافع کا حصول یقینی بنائیں گے۔

بورڈ آف ڈائریکٹرز

سال 2017-18 کے درمیان سید محمد رحمن اللہ اور سید وہیم الحق جی بورڈ سے مستعفی ہوئے اور ان کی جگہ جناب عامر مقبول اور جناب مظفر علی شاہ بخاری بطور ڈائریکٹر منتخب ہوئے۔ جناب مظفر علی شاہ بخاری کا انتخاب رجسٹرار مضاربہ، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی منظوری سے مشروط ہے۔ مزید جناب آفتاب افروز محمودی بطور چیف ایگزیکٹو مستعفی ہوئے اور جناب عامر مقبول کا تقرر بحیثیت چیف ایگزیکٹو ہوا۔

انتخابات برائے ڈائریکٹر

مندرجہ ذیل تین ڈائریکٹرز کا انتخاب 26 جون 2018 کو منعقدہ غیر معمولی عام اجلاس کے ذریعے مزید تین سالہ مدت کے لئے عمل

میں لایا گیا۔

- 1- جناب مظفر علی شاہ بخاری
- 2- جناب فرخ ایس انصاری
- 3- جناب عامر مقبول

کارپوریٹ اور مالیاتی رپورٹنگ

بورڈ آف ڈائریکٹرز سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ کوڈ آف کارپوریٹ گورننس کے تحت اپنے فرانسز اور ذمہ داریوں سے پوری طرح آگاہ ہے۔ مندرجہ ذیل بیانات میں بورڈ کا فلسفہ بیان کیا گیا ہے اور کارپوریٹ گورننس کے اعلیٰ معیارات کو برقرار رکھنے کے پابند رہنے کا اظہار کیا گیا ہے۔

- ☆ مضاربہ کی انتظامیہ کی جانب سے مالی گوشوارہ عمدگی سے پیش کیا گیا ہے جو اس کے آپریشنز، کیش فلو اور ایکویٹی میں تبدیلیوں کا نتیجہ ہے۔
- ☆ مضاربہ کی باقاعدہ اکاؤنٹ کی کتابیں تیار کی گئی ہیں۔
- ☆ مالی گوشوارے کی تیاری میں موزوں اکاؤنٹنگ پالیسی کو یکساں طور پر استعمال کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات مناسب اور عاقبت اندیشانہ فیصلوں کی بنیاد پر کئے گئے ہیں۔
- ☆ مالی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی اکاؤنٹنگ (IAS's) معیارات پر عمل کیا گیا ہے اور اس سے کسی رخصت کو مناسب طور پر ظاہر کیا گیا ہے۔
- ☆ انٹرنل کنٹرول کا نظام مستحکم ہے اور مؤثر طور پر نفاذ و نگرانی کی جاتی ہے۔
- ☆ مضاربہ بناوٹ میں مالی طور پر مستحکم ہے اور مؤثر طور پر نفاذ و نگرانی کی جاتی ہے۔
- ☆ مضاربہ کی مالی و انتظامی صلاحیت کو کوئی خطرہ نہیں ہے اور اس سلسلے میں کوئی قابل تشویش بات نہیں ہے۔
- ☆ مضاربہ میں کارپوریٹ گورننس کے بہترین اصولوں کو مد نظر رکھا گیا ہے جیسا کہ کارپوریٹ گورننس ریگولیشن برائے 2017 میں درج ہے۔

- ☆ مضاربہ نے اپنے مستقل ملازمین کے لئے پرائیڈنٹ فنڈ قائم کیا ہوا ہے جس کی مالیت 30 جون 2018 کو 765,470 روپے تھی۔
- ☆ پچھلے چھ سالوں کا مالیاتی گوشوارہ خلاصہ کی صورت میں اس سالانہ رپورٹ میں شامل کیا گیا ہے۔
- ☆ یہاں 30 جون 2018 کو ٹیکس، ڈیویڈنڈ، جرمانے اور واجبات کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں ماسوائے جیسا کہ مالیاتی گوشواروں میں ظاہر کیا گیا ہے۔
- ☆ مضاربہ کے ڈائریکٹرز، CEO، CFO، کمپنی سیکرٹری اور ان کے شریک حیات اور نابالغ بچوں نے مضاربہ کے سرٹیفکیٹس کی کوئی خرید و فروخت نہیں کی۔
- ☆ سال کے دوران بورڈ آف ڈائریکٹرز کے 16 اجلاس منعقد ہوئے ہر ڈائریکٹر کی شرکت درج ذیل ہے۔

نام	ڈائریکٹر - مستعفی	اجلاس میں شرکت کی تعداد
سید وسیم الحق حقی	ڈائریکٹر - مستعفی	2
ایس ایم رحمان اللہ	ڈائریکٹر - مستعفی	1
فرخ ایس انصاری	ڈائریکٹر	6
آفتاب افرود محمودی	چیف ایگزیکٹو - مستعفی 13 جون 2018	6
مظفر علی شاہ بخاری	ڈائریکٹر (انتخاب: 30 اکتوبر 2017)	3
عامر مقبول	ڈائریکٹر (انتخاب: 16 اکتوبر 2017) چیف ایگزیکٹو (انتخاب: 14 جون 2018)	5

- ☆ سال کے دوران آڈٹ کمیٹی کی چار میٹنگز منعقد ہوئیں، حاضری کی تفصیلات درج ذیل ہے:

نام	ڈائریکٹر - مستعفی	اجلاس میں شرکت کی تعداد
فرخ ایس انصاری	چیرمین	4
سید وسیم الحق حقی	ممبر - مستعفی	2
ایس ایم رحمان اللہ	ممبر - مستعفی	1
مظفر علی شاہ بخاری	ممبر (انتخاب: 30 اکتوبر 2017)	1
عامر مقبول	ممبر (انتخاب: 6 اکتوبر 2017) بجھت چیف ایگزیکٹو تفری کے بعد مستعفی (بتاریخ 14 جون 2018)	3

- ☆ سال کے دوران ہیومن ریسورس اور مشاہرہ کمیٹی کی ایک میٹنگ ہوئی جس میں تمام ممبران نے شرکت کی۔
- ☆ ٹھونڈیکٹ ہولڈرز کا خاکہ رپورٹ کے ساتھ منسلک ہے۔

مشاہرہ برائے ڈائریکٹرز

بورڈ آف ڈائریکٹرز اور بورڈ کی کسی بھی کمیٹی کی میٹنگز میں حاضری کے عوض ڈائریکٹرز کے مشاہرہ کا تعین منجھت کمیٹی کی مشاہرہ پالیسی کے زیر عمل ہے۔ اس پالیسی کے تحت انڈیپنڈنٹ اور نان ایگزیکٹو ڈائریکٹرز بھی کمیٹی اور عام اجلاس کے سلسلے میں مشاہرہ، سفری، ہوٹل اور دیگر اخراجات حاصل کرنے مجاز ہیں۔

گورننس اور شریعت کی تعمیل

بورڈ آف ڈائریکٹرز پرمیزم ہے کہ وہ سلڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) رگولیشن 2017 پاکستان اسٹاک ایکسچینج کے قوانین 30 جون 2018 کو قائم ہونے والے سال کے لئے عمل کو یقینی بنائے گا۔ اس سلسلے میں ایک خاکہ اس رپورٹ کے ساتھ منسلک ہے۔ شریعتی ایڈوائزر ابتدائی مراحل سے شرعی اصولوں کی پاسداری کے لئے مضاربہ کے ساتھ منسلک ہے۔

ہیومن ریسورسز

بورڈ پر اعتماد ہے کہ آپ کے مضاربہ کی انتظامیہ اور ملازمین بازنہ اور دلچسپی اور ولولہ سے مسلسل کام کریں گے۔ آپ کا مضاربہ ان شاء اللہ مسلسل فروغ پاتا رہے گا۔ بہترین انسانی وسائل میں سرمایہ کاری ہماری پالیسی کا بنیادی عنصر ہے۔

آڈیٹرز

موجودہ آڈیٹران مینسز او ایس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس کی تقرری کی مدت مضاربہ کی سالانہ جائزہ اجلاس کی تاریخ پر ختم ہوگئی ہے۔ آڈٹ کمیٹی کی سفارش پر بورڈ نے مینسز او ایس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس کو بجھت آڈیٹرز 30 جون 2018 تک دوبارہ تقرری کی منظوری دی ہے جو رجسٹر آف مضاربہ کمپنیز اور مضاربہ کی منظوری سے مشروط ہے۔

اعتراف

بورڈ رگولیشنری اتھارٹی، حصہ داروں، کسٹمرز اور بینکرز کی معاونت اور تعاون کو بہت سراہتا ہے اور مستقبل میں بھی ان کی معاونت اور مشورے کا منتظر رہے گا۔

ہم اللہ کے حضور آپ کے مضاربہ کی کامیابی کے لئے دُعا گو ہیں۔
بورڈ آف ڈائریکٹرز کی جانب سے

ڈائریکٹر

چیرمین

1 اکتوبر 2018

کراچی

Summary of key Operating and Financial data of the
Modaraba for last six years.
Year ended June 30, 2018
.....Rupees in millions.....

Year	2018	2017	2016	2015	2014	2013
Paid-up Capital	872.177	872.177	872.177	872.177	872.177	872.177
Statutory Reserve	151.283	151.283	148.247	144.084	138.651	138.651
Certificate Holders' Equity	423.065	452.159	452.391	450.946	422.989	515.677
Certificate	87.217	87.217	87.217	87.217	87.217	87.217
Current Liabilities	52.951	51.522	50.115	54.842	57.555	45.089
Non-Current Assets	279.404	241.372	154.096	140.436	158.376	241.070
Current Assets	215.299	273.587	357.991	371.534	326.186	343.815
Profit / (Loss) before taxation	(19.564)	15.179	20.816	27.166	(72.263)	25.957
Taxation	-	-	-	-	-	(0.166)
Earning / (Loss) per Certificate (Rs.)	(0.22)	0.17	0.24	0.31	(0.83)	0.30

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
FIRST PRUDENTIAL MODARABA ("the Company")
YEAR ENDED JUNE 30, 2018

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are three as the following :
 - a. Male : Three
 - b. Female: Nil
2. The composition of board is as follows :
 - a) Independent Directors : Mr. Farrukh S. Ansari
 - b) Other Non-Executive Director : Mr. Muzaffar Ali Shah Bukhari
 - c) Executive Directors : Mr. Amer Maqbool
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Company has already in compliance regarding the training of Directors till June 30, 2018; therefore during the year no Directors' Training program was arranged by the Company.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below :
 - a) Audit Committee
 - i. Mr. Farrukh S. Ansari Chairman
 - ii. Mr. Muzaffar Ali Shah Bukhari Member
 - iii. Mr. Amer Maqbool Member (Resigned 13/06/2018 after appointment as CEO)
 - b) HR and Remuneration Committee
 - i. Mr. Farrukh S. Ansari Chairman-
 - ii. Mr. Muzaffar Ali Shah Bukhari Member
 - iii. Mr. Amer Maqbool Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committees were as per follows :-

- | | | |
|----|---------------------------------|-----------|
| a. | Audit Committee; | Quarterly |
| b. | HR and Remuneration Committee : | Yearly |

15. The board has outsourced the internal audit function to M/s EY Ford Rhodes, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

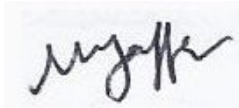
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and auditors have confirmed that they have observed IFAC guidelines in this regard.

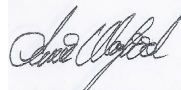
18. We confirm that all other material principles enshrined in the CCG have been complied with except for:

a. Number of independent directors is at least two or one third of total board member whichever is higher. However, at present the Modaraba has one independent Director and requirement of two independent directors will be complied by the Modaraba subsequent to the year end.

b. Audit committee at least three members comprising of non-executive directors and at least one independent director, the company was in compliance of the composition, however, due to the appointment of one director as CEO on 13th June, 2018, the audit committee of the company has now two members and the Modaraba will comply the same subsequent to the year end.



Chief Executive



Director



RSM Avais Hyder Liaquat Nauman
Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FIRST PRUDENTIAL MODARABA

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of KASB Invest (Pvt.) Limited (the Management Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Management Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2018.

Further, we highlight below instances of non-compliance with the requirement(s) of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:



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S#	Paragraph reference	Description
I.	18 (a)	As per regulation # 6 of Listed Companies (Code of Corporate Governance) Regulations, 2017, number of independent directors is at least two or one third of total board member whichever is higher. However, at present the Modaraba has one independent Director and requirement of two independent directors will be complied by the Modaraba subsequent to the year end.
II.	18 (b)	As per regulation # 28(1)(a) of Listed Companies (Code of Corporate Governance) Regulations, 2017, the board shall establish an Audit committee of at least three members comprising of non-executive directors and at least one independent director, the company was in compliance of the composition, however, due to the appointment of one director as CEO on 13th June, 2018, the audit committee of the company has now two members and the Modaraba will comply the same subsequent to the year end.

-sd-
Chartered Accountants
Karachi.
Dated:



RSM Awaiz Hyder Liaquat Nauman
Chartered Accountants

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AUDITORS REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed Balance Sheet of FIRST PRUDENTIAL MODARABA (The Modaraba) as at June 30, 2018 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba Management Company's (KASB Invest (Private) Limited) responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of accounts have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;

(b) in our opinion:

- i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied except for changes in accounting policies as disclosed in notes 4.1 to the financial statements with which we concur;



RSM Awaiz Hyder Liaquat Nauman
Chartered Accountants

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ii. the expenditure incurred during the year was for the purpose of the Modaraba's business; and

iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2018 and of the loss, comprehensive profit, its cash flow statement and changes in equity for the year then ended; and

(d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Chartered Accountants
Karachi.

Dated:

-sd-

Engagement Partner: Adnan Zaman

SHARIAH ADVISOR'S REPORT

MUFTI MUHAMMAD IBRAHIM ESSA
Graduate from Jamia Darul Uloom Karachi, Pakistan
Shariah Advisor – Islamic Finance and Takaful Matters

محمد إبراهيم عيسى
خريج الجامعة دار العلوم كراتشي، باكستان
المشیر الشرعی للامور المالية الإسلامية

نحمده و نصلى على رسوله الكريم

Shariah Advisor's Report

I have reviewed the affairs of First Prudential Modaraba managed by KASB Invest (Private) Limited for the Year ended June 30, 2018 in accordance with the requirements of the Circular No.8 of 2012, issued by the Securities and Exchange Commission of Pakistan, regarding Shariah Compliance and Shariah Audit Mechanism for Modarabas.

SHARIAH COMPLIANCE:

The Modaraba effectively has a mechanism to strengthen the Shariah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles;

REVIEW OF OPERATIONS:

Based on my review, the following were the major activities /developments in respect of Shariah that took place during this period:

BANK ACCOUNTS:

I confirm that for investment and operational purposes, Modaraba is operating the Bank accounts maintained with Islamic Banks only.

FRESH DISBURSEMENTS:

DIMINISHING MUSHARAKAH AND IJARAH:
Modaraba has disbursed number of Diminishing Musharaka and Ijarah Facilities to its clients. I confirm that these transactions are in accordance with Shariah.

DIVIDEND PURIFICATION:

Modaraba has effectively performed process of dividend purification of equities and transferred charitable amount into charity payable account.

TAKAFUL:

For risk mitigation, mainly Modaraba has adopted the Takaful coverage with Takaful companies for their assets

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MUFTI MUHAMMAD IBRAHIM ESSA
Graduate from Jamia Darul Uloom Karachi, Pakistan
Shariah Advisor – Islamic Finance and Takaful Matters

محمد إبراهيم عيسى
خريج الجامعة دار العلوم كراتشي، باكستان
المشیر الشرعی للامور المالية الإسلامية

EQUITY SHARES:

Modaraba's entire equity investments were made in approved Shariah compliant scripts, except for the following shares:

Non-Shariah Compliant Shares:

S.No	Name of Shares	Quantity
1.	Lahore Stock Exchange	843,975

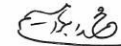
In this year Modaraba did not dispose off the shares of Lahore stock Exchange, however non Shariah portion of the dividend received on these shares have been transferred into charity account.

RECOMMENDATION:

? Modaraba should dispose-off non Shariah Compliant shares subject to the availability of the buyers.

CONCLUSION:

By the grace of Almighty ALLAH, after introduction of Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas by Securities & Exchange Commission of Pakistan (SECP), through Circular No. 8 of 2012 the Management of First Prudential Modaraba has effectively shown its sincerity to comply with Shariah Rulings in its true spirit, therefore, the business operations of First Prudential Modaraba are Shari'ah compliant up to the best of my knowledge.



Mufti Muhammad Ibrahim Essa
Shariah Advisor
Dated: September 22, 2018



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**BALANCE SHEET
AS AT JUNE 30, 2018**

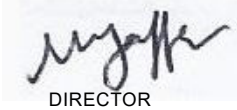
	Note	2018 Rupees	2017 (Restated) Rupees	2016 (Restated) Rupees
ASSETS				
Current Assets				
Cash and bank balances	5	45,039,248	95,327,554	241,497,285
Investments	6	7,550,532	10,344,116	10,358,161
Musharaka, morabaha and other finance	7	18,115,890	18,837,534	-
Current portion Diminishing musharaka	8	92,979,031	63,428,579	30,644,746
Ijarah rentals receivable	9	279,176	396,060	12,572,462
Receivable against sale of agriculture produce	10	11,692,131	27,811,518	27,811,518
Advances, deposits, prepayments & other receivables	11	26,728,813	27,425,159	22,192,611
Other assets	12	-	17,102,760	-
Tax refundable - considered good		12,913,879	12,913,879	12,913,879
Total Current Assets		215,298,700	273,587,159	357,990,662
Non - Current Assets				
Long term investments	13	16,724,294	16,784,182	16,127,831
Long term portion of diminishing musharaka	8	125,494,123	99,590,166	9,392,423
Long term advances	14	370,678	-	-
Long term deposits	15	37,500	66,192	66,192
Intangible assets	16	-	-	-
Property and equipment - own use	17	8,139,549	236,843	19,789,783
Property, plant and equipment - ijarah	18	83,238,064	76,198,801	89,519,677
Capital work-in-progress	19	-	1,595,336	-
Investment property	20	45,400,000	46,900,000	19,200,000
Total Non - Current Assets		279,404,208	241,371,520	154,095,906
TOTAL ASSETS		494,702,908	514,958,679	512,086,568
LIABILITIES				
Current Liabilities				
Current portion of Ijarah deposits	21	6,732,550	7,560,531	13,139,781
Accrued and other liabilities	22	15,364,183	14,895,898	9,787,552
Unclaimed profit distribution		30,854,211	29,065,618	27,187,774
Total Current Liabilities		52,950,944	51,522,047	50,115,107
Non - Current Liabilities				
Long term portion of ijarah deposits	21	20,554,434	11,277,403	9,580,800
TOTAL LIABILITIES		73,505,378	62,799,450	59,695,907
NET ASSETS				
		421,197,530	452,159,229	452,390,661
Deficit on revaluation of investments classified as 'Available for Sale'	23	(1,867,685)	(1,807,797)	(2,097,039)
REPRESENTED BY				
Issued, subscribed and paid up capital	24	872,176,600	872,176,600	872,176,600
Statutory reserves		151,282,924	151,282,924	148,247,223
Accumulated losses		(600,394,309)	(569,492,498)	(565,936,123)
		423,065,215	453,967,026	454,487,700
		421,197,530	452,159,229	452,390,661
Contingencies and commitments	25			

The annexed notes from 1 to 39 form an integral part of these financial statements.


For KASB Invest (Private) Limited
(Management Company)



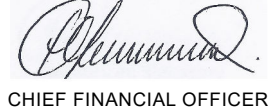
CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018**

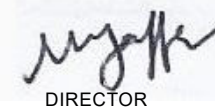
	Note	2018 Rupees	2017 Rupees
INCOME			
Ijarah rentals earned - net	26	26,953,698	22,888,086
Return on deposits with bank		4,392,671	8,273,680
Income on morabaha		2,222,412	8,785,644
Income on diminishing musharaka		22,084,298	8,667,119
Dividend income		648,244	1,216,293
Rental income from investment property		2,482,020	1,299,600
Other income	27	1,198,195	3,257,251
		59,981,538	54,387,673
Unrealised loss on investments - held for trading at fair value through profit or loss	6.4	(2,091,095)	(14,045)
Unrealized gain / (loss) arising in changes in fair value of investment properties	20	1,600,000	(500,000)
Reversal of impairment on property and equipment - owned		-	9,460,990
Reversal of provision against workers' welfare fund	28	-	2,585,673
Provision for doubtful receivable under morabaha arrangement	7.1	(11,225,681)	-
Provision for doubtful receivable against sale of agriculture produce		(16,119,387)	-
Reversal against doubtful receivables - net	29	-	248,549
		32,145,375	66,168,840
EXPENDITURE			
Depreciation on ijarah assets	18	(28,462,351)	(22,089,141)
Administrative expenses	30	(23,172,777)	(26,741,950)
Bank and other charges		(73,762)	(110,145)
		(51,708,890)	(48,941,236)
(Loss) / Profit for the year		(19,563,515)	17,227,604
Modaraba company's management fee	31	-	(1,517,851)
Sales tax on management fee		-	(227,678)
Provision for Workers' Welfare Fund		-	(303,570)
(Loss) / Profit before taxation		(19,563,515)	15,178,505
Provision for taxation	32	-	-
(Loss) / Profit after taxation		(19,563,515)	15,178,505
(Loss) / Earnings per certificate	33	(0.22)	0.17

The annexed notes from 1 to 39 form an integral part of these financial statements.


For KASB Invest (Private) Limited
(Management Company)



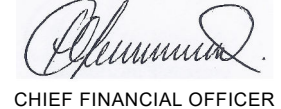
CHIEF EXECUTIVE



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER


STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

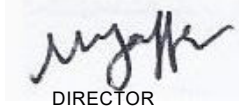
	2018 Rupees	2017 Rupees
(Loss) / Profit after taxation	(19,563,515)	15,178,505
Other comprehensive income not reflected in equity		
(Deficit) / surplus on re-measurement of available for sale investment*	(59,888)	289,242
Total comprehensive (loss) / income for the year	(19,623,403)	15,467,747


* (Deficit) / Surplus on re-measurement of available for sale investment is presented separately from equity as 'Deficit on revaluation of investments' been shown in order to comply with the amended "Prudential Regulations for Modarabas" issued by SECP vide SC/M/PRDD/PRs Circular no. 259 of 2017 on December 11, 2017.

The annexed notes from 1 to 39 form an integral part of these financial statements.

For KASB Invest (Private) Limited
(Management Company)


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

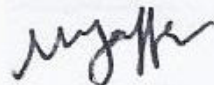
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018


	Note	2018 Rupees	2017 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit after taxation		(19,563,515)	15,178,505
Adjustments for non-cash changes and other items:			
Dividend income		(648,244)	(1,216,293)
Unrealised loss on changes in fair value of held for trading investments - at fair value through profit and loss		2,091,095	14,045
Provision for doubtful receivable under morabaha arrangement	28	11,225,681	(248,549)
Provision for doubtful receivable against sale of agriculture produce		16,119,387	-
Reversal of impairment on property and equipment - owned		-	(9,460,990)
(Gain)/ Loss on remeasurement of investment property		(1,600,000)	500,000
Gain on disposal of property and equipment - own use		(18,500)	(16)
Gain on disposal of property, plant and equipment - Ijarah		(175,282)	(30,985)
Depreciation-own use assets		655,366	831,847
Depreciation on ijarah assets		28,462,351	22,089,141
		56,111,854	12,478,200
Cash flows before movements in working capital		36,548,339	27,656,705
(Increase)/ Decrease in operating assets			
Musharaka, morabaha and other finance		(10,504,037)	(18,588,985)
Diminishing musharaka		(55,454,409)	(122,981,576)
Ijarah rentals receivable		116,884	12,176,402
Advances, prepayments and other receivables		1,318,797	(4,794,564)
Other assets		17,102,760	(17,102,760)
		(47,420,005)	(151,291,483)
Increase/ (Decrease) in operating liabilities			
Ijarah deposits		8,449,050	(3,882,647)
Accrued and other liabilities		468,285	5,108,346
		8,917,335	1,225,699
Income tax paid		(1,954,331)	(122,409,079)
Net cash used in operating activities		(2,918,768)	(122,847,064)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received		648,244	1,216,293
Investments - net		702,489	(367,109)
Proceeds from disposal - own use assets		18,500	19,500
Proceeds from disposal - ijarah assets		2,664,168	6,655,234
Purchase of own use assets		(2,709,655)	(37,400)
Purchase of ijarah assets		(37,990,500)	(15,392,514)
Capital work in progress		(1,153,081)	(1,595,336)
Net cash used in investing activities		(37,819,835)	(9,501,332)

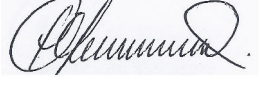
C. CASH FLOWS FROM FINANCING ACTIVITIES

Note	2018 Rupees	2017 Rupees
Profit distribution	(9,549,703)	(13,821,335)
Net cash used in financing activities	(9,549,703)	(11,338,296)
Net decrease in cash and cash equivalents (A+B+C)	(50,288,306)	(146,169,731)
Cash and cash equivalents at July 01, 2017	95,327,554	241,497,285
Cash and cash equivalents at June 30, 2018	45,039,248	95,327,554


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

For KASB Invest (Private) Limited
(Management Company)


**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018**

	Reserves			Capital			Total
	Certificate capital	*Statutory reserve	Unrealized (loss) / gain on revaluation of available for sale	Revenue	Accumulated losses	Sub total	
Balance as at June 30, 2016 as previously reported	872,176,600	148,247,223	(2,097,039)	(568,033,162)	-	452,390,661	
Effect of retrospective change in accounting policy	-	-	2,097,039	-	-	2,097,039	
Balance as at June 30, 2016 - Restated	872,176,600	148,247,223	-	(565,936,123)	-	454,487,700	
Comprehensive income							
Profit for the year ended June 30, 2017	-	-	-	15,178,505	-	15,178,505	
Other comprehensive income for the year ended June 30, 2017	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	15,178,505	-	15,178,505	
Transfer to statutory reserve *	-	3,035,701	-	(3,035,701)	-	-	
Distribution @ 1.5% declared for the year ended June 30, 2016	-	-	-	(15,699,179)	-	(15,699,179)	
Balance as at June 30, 2017 - Restated	872,176,600	151,282,924	-	(569,492,498)	-	453,967,026	
Comprehensive income							
Profit for the year ended June 30, 2018	-	-	-	-	-	-	
Other comprehensive income for the year ended June 30, 2018	-	-	-	(19,563,515)	-	(19,563,515)	
Total comprehensive income for the year	-	-	-	(19,563,515)	-	(19,563,515)	
Transfer to statutory reserve	-	-	-	-	-	-	
Distribution @ 1.5% declared for the year ended June 30, 2017	-	-	-	(11,338,296)	-	(11,338,296)	
Balance at June 30, 2018	872,176,600	151,282,924	-	(600,394,309)	-	423,065,215	


*Statutory reserve represents profit set aside to comply with the Prudential Regulations for Modarabas issued by the SECP. 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 equals 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.

The annexed notes from 1 to 39 form an integral part of these financial statements.

For KASB Invest (Private) Limited
(Management Company)


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1. LEGAL STATUS AND NATURE OF BUSINESS

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

1.2 The registered office of First Prudential Modaraba is situated at 16-C, Kahayaban-e-Bukhari, Bukhari Commercial Area, Phaise VI, DHA, Karachi. The Modaraba is listed on Pakistan Stock Exchange. The Modaraba is currently engaged in various modes of Islamic fundings and businesses which include ijarah financing, deployment of fund in Musharakah, morabaha and investment in securities.

1.3 These financial statements are presented in Pak Rupees, which is the Modaraba's functional and presentation currency.

1.4 On February 21, 2018, the board of directors of the Management Company has decided to merge and amalgamate First Pak Modaraba with and into the Modaraba and the application has been filed to the Registrar Modaraba in this regard.

1.5 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors' report.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Islamic Financial Accounting Standards (IFASs), Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba, and directives issued by SECP differ with the requirements of IFRS, the requirements of the Islamic Financial Accounting Standards (IFASs), Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Prudential Regulations for Modaraba, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP shall prevail.

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

Accounting standards and interpretations not yet effective

The following standards and amendments are only effective for accounting periods, beginning on or after the date mentioned against each of them. The applicable changes may have impact on the Company's annual financial statements. The management is in the process of determining the impact of such changes.

IFRS 2 – Share Based Payments - Classification and Measurement of Share- based Payments Transactions (Amendments)

IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.

IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.

Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in associates and joint ventures.

Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property.

IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.

Accounting standards and interpretation	Effective (annual periods Beginning on or after)
IFRS 2 Share-based Payments - Amendments to clarify the classification and measurement of share-based payment transactions	1-Jan-18

IFRS 9 Financial Instruments - Amendments for incorporating requirements for classification and measurement, impairment, general hedge accounting and de-recognition	1-Jan-18
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IFRS 15 Revenue from Contracts with Customers (Superseded IAS 11), To recognize revenue for the transfer of promised goods or services to the customer under the contract	1-Jan-18
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IFRS 16 Leases (Superseding IAS 17), To report all lease assets and lease liabilities on the balance sheet, initially measured at the present value of future lease payments as it eliminated classification of leases as Operating or Finance Leases for lessee	1-Jan-19
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Standard issued by IASB but not yet notified by SECP

IFRS 9 Financial Instruments: Classification and Measurement	1-Jan-18
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IFRS 15 Revenue from Contracts with Customers	1-Jan-18
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The effects IFRS - 15 Revenue from Contract with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have significant effect on the Modaraba's future financial statements.

The management anticipates that the adoption of the above standards and amendments in future periods will no material impact on the Modaraba's financial statements.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 'First Time Adoption of International Financial Reporting Standards'

- IFRS 14 'Regulatory Deferral Accounts'

- IFRS 17 'Insurance Contracts'

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for;

- certain investments carried at fair value;
- investment property which have been measured at fair value;
- certain loan and receivables - measured at amortized cost.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for change explained in notes 4.1

4.1 Change in Accounting Policy

Deficit on revaluation of investments classified as 'Available-for-sale'

Pursuant to the amendment in the Prudential Regulations for Modarabas by the Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. SC/M/PRDD/PRs/2017-259 dated December 11, 2017, the surplus on revaluation of investments shall not become part of equity. Previously, such surplus was presented as a separate component of equity. In view of the above amendment, the Modaraba has changed its accounting policy in respect of recording the surplus on revaluation of investments and the same is now shown other than the equity as a separate line item in the balance sheet

Effect of change in accounting policy

"The above change is accounted for in accordance with the requirements of IAS – 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

The modaraba has applied the above mentioned change in prudential regulations retrospectively and consequently the earliest periods presented in balance sheet and statement of changes in equity have been restated.

There is no profit and loss account, comprehensive income and cash flow impact as a result of the retrospective application of change in accounting policy.

The following table summarizes the impact of retrospective application:

01 July, 2017	Impact of change in accounting policy		
	As previously stated	Effect of change	As restated
		(Rupees)	
Impact in Balance Sheet & Statement of changes in Equity			
Equity	452,159,229	1,807,797	453,967,026
		(Rupees)	
01 July, 2016			
	As previously stated	Effect of change	As restated
		(Rupees)	
Impact in Balance Sheet & Statement of changes in Equity			
Equity	452,390,661	2,097,039	454,487,700

4.2 Property and equipment

(i) Ijarah and depreciation

Ijarah assets are stated at cost less accumulated depreciation and impairment loss (if any). Depreciation is charged to income applying the straight line method whereby the cost of an asset, less its residual value, is written off over its lease period. In respect of additions and disposals during the year, depreciation is charged proportionately to the period of lease.

(ii) In own use and depreciation

Operating assets are stated at cost less accumulated depreciation and impairment loss (if any). Depreciation is charged to profit and loss account applying the straight-line method in accordance with the rates specified in note 18 to these financial statements. In respect of additions and disposal during the year, depreciation is charged proportionately to the period of use.

Gain or loss on disposal of assets is recognised as income or expense.

Assets' residual values and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to income as and when incurred.

4.2 Capital work-in-progress

Capital work-in-progress, if any, is stated at cost less accumulated impairment losses, if any, and represents expenditure on fixed assets in the course of construction and installation and advances for capital expenditure. Transfers are made to the relevant category of fixed assets / ijarah assets as and when the assets are available for intended use.

4.3 Investment property

Investment property, which are held for rentals and capital appreciation, are measured initially at its cost, including transaction costs. Subsequent to initial recognition, it is measured at its fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

4.4 Intangibles

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Definite life

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that the future economic benefits associated with the asset will flow to the Modaraba and the cost of the item can be measured reliably. Amortisation is charged to income using the straight line method in accordance with the rates specified in note 16 to these financial statements. The useful lives and amortisation method are reviewed and adjusted, as appropriate, at each balance sheet date. Amortisation is charged from the month the asset is available for use while in the case of assets disposed off, it is charged till the month preceding the month of disposal.

Indefinite life

The useful life of an intangible asset that is not being amortised is reviewed at the end of each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

4.5 Investments

i) Held for trading "at fair value through profit or loss"

Such investments are initially recognised at fair value and subsequently measured at fair value. As per requirement of IAS-39 "Financial Instruments, Recognition and Measurement" the gain or loss on revaluation of investment held for trading is to be included in profit and loss account.

ii) Available for sale

Investment securities held by the Modaraba which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognised at fair value plus transaction cost and subsequently measured at fair value. The investments, for which quoted market price is not available, are measured at costs as it is not possible to apply any other valuation methodology. Gains and losses arising from re-measurement at fair value is recognised in other comprehensive income.

iii) Held to maturity

These are investments with fixed or determinable payments and fixed maturity, and which, the Modaraba has positive intent and ability to hold till maturity. Held to maturity investments are initially recognised at fair value plus transaction cost and are subsequently measured at amortized cost using effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

iv) Loan and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognized at fair value upon origination and are subsequently measured at amortized cost by the effective interest method. Short term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial.

v) Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Modaraba has transferred substantially all risks and rewards of ownership.

4.6 Ijarah rentals receivable, morabaha and musharaka and diminishing musharaka finances

Receivables considered doubtful are provided for in accordance with the requirements of the Prudential Regulations for Modarabas. Specific provision is also made for receivables considered doubtful.

4.7 Staff retirement benefits

Defined contribution plan

The Modaraba operates a defined contribution provident fund for all employees who opt for deductions. Equal monthly contributions are made both by the Modaraba and the employees to the fund at the rate of 10% of basic salary.

4.8 Accrued and other liabilities

These are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services.

4.9 Provisions

Provisions are recognised when the Modaraba has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.10 Impairment

Financial Assets

Impairment is recognised by the Modaraba on the basis of requirements given under Prudential Regulations for Modaraba and subjective evaluation carried out on an on-going basis.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Available-for-sale financial investments

For available-for-sale financial investments, the Modaraba assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit and loss account - is removed from surplus/ (deficit) on revaluation of investments classified as available for sale and recognised in the profit and loss account. Impairment losses on equity investments are not reversed through the profit and loss account; increases in their fair value after impairment are recognised directly in equity.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. Interest continues to be accrued at the original effective interest rate on the carrying amount of the asset and is recorded as part of 'Interest and similar income'. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account, the impairment loss is reversed through the profit and loss account.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in revaluation of investment classified as available for sale is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in revaluation of investment classified as available for sale.

Non-financial assets

The Modaraba assesses at each balance sheet date whether there is any indication that assets except deferred tax assets and investment properties may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss for asset subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognised as income.

4.11 Inventories held-for-sale

Inventories held-for-sale are valued principally at the lower of cost determined on the weighted average basis and net realizable value. Cost comprises of invoice value and other cost incurred in bringing the inventories to their present location and condition.

Net realizable value comprises of the estimated selling price in the ordinary course of business less costs which are necessarily incurred in order to make the sale.

4.12 Revenue recognition

4.12.1 Ijarah rentals

Income from ijarah is recognised as and when lease rentals become due on a systematic basis over the lease and ijarah period.

Documentation charges, front end fees and other ijarah related income are taken to profit and loss account when they are realised included in other income.

4.12.2 Hire purchase transactions

For hire purchase transactions, the unearned finance income is deferred and taken to income over the period of hire purchase, applying the annuity method to produce a constant rate of return on the net investment.

4.12.3 Morabaha and musharaka transactions

Profit from musharaka transactions is recognised on the basis of pro rata accrual of the profit estimated for the transaction over the period.

Profit from morabaha finance is accounted for on culmination of morabaha transaction. However, the profit on that portion of morabaha finance not due for payment is deferred by accounting for "Deferred Morabaha Income" with a corresponding credit to "Unearned Morabaha Income" which is recorded as a liability. The same is then recognised on a time proportion basis.

4.12.4 Diminishing musharaka

Profit on diminishing musharaka is recognised as and when profits become due on a systematic basis over the term of diminishing musharaka period.

4.12.5 Rental Income

Rental Income arising from investment properties is accounted for on accrual basis.

4.12.6 Dividend income

Dividend is recognised as income when the right of receipt is established.

4.12.7 Return on finance

Return on finance is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

4.12.8 Other income

Other income is recognised on accrual basis.

4.12.9 Income from Shariah non-compliant avenues

Income from Shariah non-compliant avenues is not recognised in the profit and loss account and is classified as charity payable.

4.12.10 Mark-up income

Mark-up / return on deposits / investments is recognised on accrual basis using the effective interest rate method.

4.13 Taxation Current

Provision for taxation is made on taxable income if any, at the prevailing rates of tax after taking into account any tax credit available.

The income of non-trading Modaraba is exempt from taxation under clause 100 of Part 1 of the Second schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of the total profits in the year as reduced by the amount transferred in statutory reserve are distributed amongst the certificate holders.

Deferred

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is generally recognised for all taxable temporary differences. Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

4.14 Foreign currencies translation

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange approximating to those prevalent on the balance sheet date. Foreign currency transactions are converted into Rupees at the rate of exchange prevailing on the date of transactions. Exchange gains and losses on translation are taken to income currently.

4.15 Financial assets

Financial assets comprise of Ijarah rentals receivable, investments, musharaka, diminishing musharaka and morabaha finances, deposits, other receivables, excluding taxation. Ijarah rentals receivable, musharaka, morabaha and other receivables are stated at cost as reduced by appropriate allowances for estimated irrecoverable amounts.

4.16 Financial liabilities

Financial liabilities are classified according to the substance of contractual arrangements entered into. Financial liabilities include ijarah deposits, accrued and other liabilities and unclaimed profit distribution.

4.17 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, with banks on current, savings and deposit accounts, as well as balance held with the State Bank of Pakistan (SBP).

4.18 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Modaraba has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on the assets and charge on the liability is also off-set.

4.19 Profit distribution

Profit distribution to the Modaraba's certificate holders is recognised as a liability in the financial statements in the period in which the distributions are approved by the board of the Modaraba Company.

4.20 Earning per certificate

The Modaraba presents basic and diluted earnings per certificate data for its certificate holders. Basic earning per certificate is calculated by dividing the profit or loss attributable to certificate holders of the Modaraba by the weighted average number of certificates outstanding during the year. Diluted earnings per certificate is determined by adjusting profit or loss attributable to certificate holders and the weighted average number of certificates outstanding for the effects of all dilutive potential certificates.

4.21 Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgment was exercised in application of accounting policies are as follows: -

- i) classification of investments (Note 6)
- ii) provision for doubtful recovery against investments (Note 6)
- iii) amortisation of intangible assets (Note 16)
- iv) depreciation on property and equipment (Note 17 & 18)
- v) Reversal of provision for doubtful receivables (Note 28)
- vi) contingencies (Note 25)

The above mentioned estimates and assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

	Note	2018 Rupees	2017 Rupees
5. CASH AND BANK BALANCES			
Cash in hand		100	2,135
Cash at banks			
Current accounts		13,461,054	11,656,895
Saving accounts	5.1	31,578,094	83,668,524
		45,039,148	95,325,419
		45,039,248	95,327,554

5.1 Effective mark-up rate in respect of saving accounts ranges from 1.95% to 6.00% (2017: 2.00% to 6.50%) per annum

6. INVESTMENTS

Loans and receivables			
Receivable against TDR - considered good	6.1	-	702,490
Held for trading at fair value through profit or loss			
Quoted securities	6.2	7,550,532	9,641,626
		7,550,532	10,344,116

6.1 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 till date of settlement agreement was 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:

Term Deposit Receipt as at December 06, 2012			
Less: Amortization charge		10,000,000	10,000,000
Less: Received in earlier period		(2,000,000)	(2,000,000)
Total receivable		(2,516,943)	(2,516,943)
Instalments received during the year		5,483,057	5,483,057
Net receivable		(702,490)	-
Provision against doubtful recoveries		4,780,567	5,483,057
	6.1.1	(4,780,567)	(4,780,567)
		-	702,490

6.1.1 During the course of due diligence conducted as of November 30, 2014 and on the basis of correspondence provided by ICIBL it was revealed that the Modaraba had entered into an arrangement of Portfolio Management Services with ICIBL and a limited liability company was incorporated for this purpose in 2010, under which ICIBL incurred an expenditure of Rs. 5.78 million on account of bidding for Pakistan Stock Exchange (PSX) formerly Karachi Stock Exchange Limited (KSE) membership as authorised by previous Board of Directors of the Modaraba Management Company in their meeting held on April 25, 2010. The Modaraba filed an application to SECP for relaxation of Regulation 7(7) of the Prudential Regulations for Modarabas for investing in an unlisted entity which was rejected. This resulted in forfeiture of amount paid for bidding for purchase of membership card by KSE. These facts were not on record nor reflected in the books of accounts of the Modaraba in subsequent years before incorporated in financial statements for the year ended June 30, 2014.

6.2 Quoted securities

Unless stated otherwise, the holdings are in the fully paid ordinary shares/ certificates/ units of Rs 10/- each.

2018	2017		2018 Rupees	2017 Rupees
Number of Certificates / Shares/ Units		Name of investee		
525	525	Personal goods Nishat Mills Limited *	73,983	83,306
79,500	79,500	Electricity The Hub Power Company Limited	7,326,720	9,335,685
1,495	1,495	Mult utilities (gas and water) Sui Northern Gas Pipeline Limited *	149,829	222,635
348	348	Suspended / Delisted Companies Hussain Industries Limited *	6.3	-
1,670,720	1,670,720	Prudential Stock Fund	-	-
360,000	360,000	Zeal-Pak Cement Factory Limited	6.3	-
2,112,588	2,112,588		7,550,532	9,641,626

* These shares are not in the name of the Modaraba: Nishat Mills Limited 25 (2017: 25) shares (Second Prudential Modaraba), Sui Northern Gas Pipeline Limited 254 (2017: 254) shares and Hussain Industries Limited 348 shares (2017: 348) (Third Prudential Modaraba).

6.3 This represents non-shariah compliant investments.

	Note	2018 Rupees	2017 Rupees
6.4 Unrealised loss on investments - held for trading at fair value through profit or loss			
Carrying value of investments		9,641,626	9,655,671
Unrealised loss due to changes in fair value for the year (2,091,095)			(14,045)
Market value of investments	6.2	7,550,531	9,641,626

7. MUSHARIKA, MORABAHA AND OTHER FINANCE

Musharika and morabaha finance		18,115,890	18,837,534
- considered good		352,681,221	341,455,540
- considered doubtful		(352,681,221)	(341,455,540)
Less: Provision against doubtful amounts		-	-
	7.1	18,115,890	18,837,534
Other finance - unsecured			
- considered good		-	-
- considered doubtful		11,002,281	11,002,281
		11,002,281	11,002,281
Less: Provision against doubtful amounts	7.2	(11,002,281)	(11,002,281)
		18,115,890	18,837,534

7.1 Musharika and morabaha finance

	Note	Considered Good		Considered Doubtful		Total	
		2018	2017	2018	2017	2018	2017
Unsecured							
Musharika finance							
Principal	-	-	97,432,201	97,432,201	97,432,201	97,432,201	97,432,201
Profit	-	-	43,678,105	43,678,105	43,678,105	43,678,105	43,678,105
Subtotal	-	-	141,110,306	141,110,306	141,110,306	141,110,306	141,110,306
Secured							
Morabaha finance							
Principal	18,000,000	18,500,000	92,368,477	81,142,796	110,368,477	99,642,796	99,642,796
Profit	115,890	337,534	119,202,438	119,202,438	119,318,328	119,539,972	119,539,972
Subtotal	7.1.1	18,115,890	18,837,534	211,570,915	200,345,234	229,686,805	219,182,768
Less: Provision against doubtful receivables							
	7.1.2	-	-	(352,681,221)	(341,455,540)	(352,681,221)	(341,455,540)
		18,115,890	18,837,534	-	-	18,115,890	18,837,534

7.1.1 This include amount of Musharaka and Morabaha finance receivable from various parties, outstanding since many years. As per terms of the agreements, the profit against these finances ranged from 14% to 21%. These finances were secured against equitable mortgage of immovable properties and charge on vehicles, machineries, other assets and personal guarantee of sponsor directors. However, based on the guidelines of Prudential Regulations for Modarabas, principal and profit receivable against these finances have been fully provided and suspended accordingly.

7.1.2 Movement of provision for doubtful receivables

	2018			2017		
	Principal	Profit	Total	Principal	Profit	Total
Opening balance	178,574,997	162,880,543	341,455,540	178,770,745	162,933,344	341,704,089
Addition/(Reversal) of provision during the year	11,225,681	-	11,225,681	(195,748)	(52,801)	(248,549)
Closing balance	189,800,678	162,880,543	352,681,221	178,574,997	162,880,543	341,455,540

7.2 Movement of provision for doubtful receivables

	Note	2018 Rupees	2017 Rupees
Opening balance		11,002,281	11,002,281
For the year		-	-
Closing balance		11,002,281	11,002,281

7.2.1 The finance was provided to Invest Capital Investment Bank Limited (ICIBL) against certain ijarah assets under a funded risk participation agreement. It carried return at the rate 17.16 % per annum .

8. DIMINISHING MUSHARIKA

Principal	217,864,249	161,689,306
Profit	608,905	1,329,439
	218,473,154	163,018,745
Less: long term portion	(125,494,123)	(99,590,166)
	92,979,031	63,428,579

8.1 These carry profit rate ranging from 10.44% to 16.00% (2017: 10.18% to 18.00%) per annum and are repayable on monthly basis over a maximum period of three years.

	Note	2018 Rupees	2017 Rupees
9. IJARAH RENTALS RECEIVABLE			
Considered good		279,176	396,060
Considered doubtful		49,083,826	49,083,826
		49,363,002	49,479,886
Less: Provision for doubtful receivables	9.1	(49,083,826)	(49,083,826)
		279,176	396,060
9.1 Movement in provision for doubtful receivables			
Opening balance		49,083,826	23,102,607
Charge for the year		-	25,981,219
Reversal during the year		-	-
Closing balance		49,083,826	25,981,219
9.2 Future minimum ijarah rentals receivable			
Within one year		27,025,371	21,519,384
After one year but not more than five years		19,560,951	18,756,087
		46,586,322	40,275,471
10. RECEIVABLE AGAINST SALE OF AGRICULTURE PRODUCE			
Receivable against sale of agriculture produce	10.1	11,692,131	27,811,518

10.1 During financial year 2016 KASB Modaraba (KASBM) & First Prudential Modaraba (FPrM) entered into a joint project for crushing of banola seed and sale of oil cake (Khal) in the market. M/s Pakistan Phutti International Limited was engaged as seller & service provider responsible for sale of agriculture produce. Subsequently, natural cyclical shortage in productivity of cotton crop affected the availability of the banola seed and therefore the project was prudently discontinued by the management to safeguard the interest of the Modaraba. As per settlement agreement dated April 27, 2016, advance for purchase of banola seed was converted into ijarah finance (secured) leaving a balance of Rs. 27.81 million receivable against sale of agriculture produce. Receivable amount is secured against Registered Mortgage on Property of service provider. After continuous default of payment the management of Modaraba has filed recovery suits in the Banking Courts which is pending adjudication. The management and the legal counsel are optimistic on favourable outcome of the case. The details of receivables are as under :-

	KASBM Rupees	FPrM Rupees	Total Rupees
Initial investment	51,000,000	81,000,000	132,000,000
Add: Gain on sale of agriculture produce	1,060,000	1,590,000	2,650,000
Less: Receipt against sale of agriculture produce	(14,353,590)	(14,473,432)	(28,827,022)
Less: Converted to Ijarah financing	(19,311,320)	(40,000,000)	(59,311,320)
Less: Consultancy charges	(194,950)	(305,050)	(500,000)
	18,200,140	27,811,518	46,011,658
Provision for doubtful receivable against sale of agriculture produce	(10,548,691)	(16,119,387)	(26,668,078)
	7,651,449	11,692,131	19,343,580

11. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Note	Considered Good		Considered Doubtful		Total	
		2018	2017	2018	2017	2018	2017
Advance							
Income tax	11.1	3,918,964	2,954,527	-	-	3,918,964	2,954,527
To staff - Secured	11.2 & 11.2.1	361,581	138,944	1,814,000	1,814,000	2,175,581	1,952,944
Against purchase of assets		20,486,500	20,262,250	-	-	20,486,500	20,262,250
Deposits		180,000	680,000			180,000	680,000
Prepayments		932,820	2,414,686	-	-	932,820	2,414,686
Other receivables from							
Brokers on account							
- of sale of shares	11.3	-	-	65,619,559	65,619,559	65,619,559	65,619,559
- of advance for shares	11.4	-	-	18,432,273	18,432,273	18,432,273	18,432,273
A bank	11.5	-	-	10,241,347	10,241,347	10,241,347	10,241,347
Return on deposits with banks		240,706	528,454	-	-	240,706	528,454
Others		608,242	446,298	13,466,235	13,466,235	14,074,477	13,912,533
Sub total		26,728,813	27,425,159	109,573,414	109,573,414	136,302,227	136,998,573
Provision for doubtful receivables	11.6	-	-	(109,573,414)	(109,573,414)	(109,573,414)	(109,573,414)
		26,728,813	27,425,159	-	-	26,728,813	27,425,159

11.1 This includes an amount of Rs. 1,673,957 forcefully withdrawn from bank by the Taxation Authorities on 14th March, 2016 against which the Modaraba has filed an application for refund due to the fact that the amount was wrongly withdrawn on the ground that original return filed for the year 2009 was erroneous. The withdrawal was based on the original return filed whereas the revised return filed and order passed by the Addl Commissioner IR in favor of the Modaraba has been ignored. The management is confident that the amount will be recovered from the Authority.

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

11.2.1 The doubtful amount of Rs.1.8 million was paid to an ex-managing director of the Modaraba without prior approval of the board of directors of previous management company for the purchase of a motor vehicle. The Modaraba has initiated Legal proceedings for the recovery of said amount from the ex-managing director.

11.3 The doubtful amount includes claim of Rs.64.62 million receivable from a defaulted stock broker – Investec Securities Limited. The said broker, through its various correspondences with the Modaraba has offered / transferred shares and certificates of following entities on various dates which are not acknowledged by the Modaraba. Owing to the weak financial position of the entities and significance of the amount of claim, the management of the Modaraba has not accepted the shares / certificates as satisfaction of claim and same is not recorded in the books of accounts. Detail of shares / certificates offered / transferred is as under:

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

11.4 This amount includes Rs. 17.89 million paid as advance for purchase of securities to Prudential Securities Limited (PSL). Remaining amount of Rs. 0.54 million is blocked in CDC-sub account of the said broker against various shares as under:

Name of companies	No. of Shares	Value as per investor's claim Rupees
Al-Ghazi Tractors Limited	500	112,095
Javed Omer Vohra & Company Limited	1,000	8,460
Pakistan Petroleum Limited	2,100	422,478

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

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

	Note	2018 Rupees	2017 Rupees
11.6 Movement in provision for doubtful receivables			
Opening balance		109,573,414	109,573,414
Provision for the year		-	-
Reversal during the year	23	-	-
Closing balance		109,573,414	109,573,414
12. OTHER ASSETS			
Opening carrying amount of inventories under morabaha arrangement		17,102,760	17,102,760
Addition		-	-
Disposal		(5,877,079)	17,102,760
Residual amount transferred to respective morabaha finance		(11,225,681)	-
Closing balance		-	-

13. LONG TERM INVESTMENTS

		2018	2017
Available for sale			
Listed entity	13.1	6,377,161	7,002,512
Unlisted companies	13.2	10,347,133	9,781,670
		16,724,294	16,784,182

	2018	2017	Note	2017	2016
13.1 Quoted securities					
Number of Units of Rs. 100 each					
413,128	391,583	Meezan Balanced Fund			
		Opening carrying value	7,002,512	6,202,685	
		Purchases during the year	-	367,109	
		Unrealized gain	(625,351)	432,718	
		Closing carrying value	6,377,161	7,002,512	
13.2 Unquoted securities					
Number of Shares of Rs. 10 each					
1,107,244	1,107,244	Prudential Securities Limited			
		Cost	4,173,707	4,173,707	
		Less: Impairment	13.2.1 & 13.2.2 (4,173,707)	(4,173,707)	
			-	-	
191,700	191,700	Prudential Discount and Guarantee House Limited	13.2.2	-	-
843,975	843,975	LSE Financial Services Limited	13.2.3		
		Cost		12,764,715	12,764,715
		Less: Fair value adjustment		(2,417,582)	(2,983,045)
				10,347,133	9,781,670
				10,347,133	9,781,670

	Note	2018 Rupees	2017 Rupees
13.2.1 Movement of impairment			
Opening balance		4,173,707	4,173,707
Impairment charge during the year		-	-
Closing balance		<u>4,173,707</u>	<u>4,173,707</u>

13.2.2 Due to adverse financial condition of the investee Company, investments have been fully impaired.

13.2.3 This represents shares acquired against the surrender of Pakistan Stock Exchange (PSX) formerly Lahore Stock Exchange (LSE) membership card (refer note 13.2). Under the current circumstances the active market is not available for such shares, therefore the net asset based valuation has been considered as the closest estimate of the fair value of the shares. The Modaraba has recognized a fair value adjustment based on latest available audited financial statements of the investee company for the year ended June 30, 2016, the breakup value of which is Rs. 11.59 per share.

14. LONG TERM ADVANCES

-Secured and interest free			
To executives - considered good		245,700	-
To employees - considered good		486,559	-
		732,259	-
Due within one year shown under current assets		<u>(361,581)</u>	<u>-</u>
		370,678	-

15. LONG TERM DEPOSITS

Margin deposit	15.1	3,000,000	3,000,000
Other deposits		37,500	66,192
		3,037,500	3,066,192
Less: Provision against doubtful amounts	15.2	<u>(3,000,000)</u>	<u>(3,000,000)</u>
		<u>37,500</u>	<u>66,192</u>

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

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

16. INTANGIBLE ASSETS

PSX - Trading right entitlement certificate (TREC)	16.1	5,344,352	5,344,352
Computer software		-	-
		<u>5,344,352</u>	<u>5,344,352</u>
Impairment of TREC	16.1.2	<u>(5,344,352)</u>	<u>(5,344,352)</u>
		<u>-</u>	<u>-</u>

16.1 LSE membership card and room was obtained by the Modaraba in the year 2010 against the settlement of certain outstanding balance receivable against a defaulted party.

Pursuant to demutualization of LSE, the ownership rights in a Stock Exchange were segregated from the right to trade on an exchange. As a result of such demutualization, the membership card had been surrendered to LSE against the following;

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

The Institute of Chartered Accountants of Pakistan in its opinion dated May 29, 2013, concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost/carrying value of the membership card between the two distinct assets on a reasonable basis.

Out of total shares issued to the modaraba by LSE, the Modaraba had received 40% equity shares i.e. 337,590 shares in its CDC account. The remaining 60% shares had been transferred to CDC sub-account in the Modaraba's name under LSE's participant IDs with the CDC which will remain blocked until these are divested/sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Modaraba.

LSE had determined the fair value of shares on the basis of the fair valuation of the underlying assets and liabilities of LSE in accordance with the requirement of the Demutualization Act. The breakup value of share of Rs. 11.17 per share, based on latest available financial information for the quarter ended June 30, 2014, is considered as the closest estimates of the fair value of the shares. Further, the board of directors of LSE in the meeting held on July 22, 2013 had determined the Notional Value of the TREC as Rs. 4 millions.

Therefore, based on the above estimates of fair values of LSE shares (Rs. 9.554 million) and TREC (Rs. 4 million), the Modaraba had allocated its carrying value of the membership card in the ratio of 0.71 to shares and 0.29 to TREC after deducting the value of broker room based on its fair value determined through valuation carried out by independent valuer. The allocation is as follows:

	Note	Rupees
Membership card and a room as at July 01, 2012		22,326,567
Less: Broker's room at fair value		4,217,500
Amount attributable to LSE shares and TREC	15.1.1	<u>18,109,067</u>

16.1.1 Allocation made on the said ratio:

Trading right entitlement certificate (TREC)	5,344,352
Ordinary shares	12,764,715
	<u>18,109,067</u>

16.1.2 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've 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.

17 PROPERTY AND EQUIPMENT - OWN USE

Note	Cost		Depreciation		Impairment		Carrying value at June 30, 2018	Rate		
	at July 01, 2017	Additions/ (Disposals)	at June 30, 2018	For the year/ (on disposals)	at July 01, 2017	For the year			at June 30, 2018	
	Rupees							%		
Office premises	17.1	-	3,100,000	3,100,000	-	38,750	38,750	-	3,061,250	5
Office equipment	17.2	912,071	-	870,071	882,912	28,750 (42,000)	869,662	-	409	33
Furniture and fixture		1,518,159	2,748,417 (7,940)	4,258,636	1,365,083	203,822 (7,940)	1,560,965	-	2,697,671	20
Computer equipment		865,588	-	865,588	838,150	15,243	853,393	-	12,195	33
Motor vehicles		1,074,999	2,709,655	3,784,654	1,047,829	368,801	1,416,630	-	2,368,024	20
		4,370,817	8,558,072 (49,940)	12,878,949	4,133,974	655,366 (49,940)	4,739,400	-	8,139,549	
- For comparative period										
		Cost		Depreciation		Impairment				
	at July 01, 2016	Additions/ (Disposals)	at June 30, 2017	at July 01, 2016	For the year/ (on disposals)	at July 01, 2016	For the year	at June 30, 2017	Carrying value at June 30, 2017	Rate
	Rupees									
Office premises	17.1.1	46,761,122	-	5,849,477	585,600 (6,435,077)	5,849,477	21,587,035	21,587,035	-	5
Office equipment		912,071	-	912,071	61,613	821,299	882,912	-	29,159	33
Furniture and fixture		1,518,159	-	1,518,159	152,392	1,212,691	1,365,083	-	153,076	20
Computer equipment		828,188	37,400	865,588	822,557	15,593	838,150	-	27,438	33
Motor vehicles		1,158,499	-	1,074,999	1,095,197	16,649	1,047,829	-	27,170	20
		51,178,039	37,400 (46,844,622)	4,370,817	9,801,221 (6,499,094)	9,801,221	4,133,974 (21,587,035)	4,133,974	236,843	

17.1 Due to demutualization of the Lahore Stock Exchange Limited (refer note 14.1) the broker's room was classified as investment property. During the year the Modaraba started using the property in its own use, and therefore transferred to property - own use.

17.1.1 This represent two offices in Lakson Square, Karachi, acquired through a settlement agreement. It includes cost of Rs. 1.02 million incurred in transferring the ownership of the said offices in the name of the Modaraba. During last year, the property was set on rent and therefore transferred to and disclosed as investment property.

17.2 Details of disposal of fixed assets in own use are as follows:

Particulars	Cost of assets	Accumulated depreciation	Carrying value	Sales proceeds	Gain on disposal	Mode of disposal	Purchaser
LED - Samsung	42,000	42,000	-	13,500	13,500	Negotiation	Muhammed Mukhtar
Cabinet & chairs	7,940	7,940	-	5,000	5,000	Negotiation	Mirza Iftikhar Baig
2018	49,940	49,940	-	18,500	18,500		
2017	83,500	64,017	19,483	19,499	16		

18 PROPERTY, PLANT AND EQUIPMENT - IJARAH

	Cost		Depreciation		Impairment / Adjustment		Useful Life
	at July 1, 2017	at June 30, 2018	Accumulated at July 1, 2017	For the year / (on disposals) June 30, 2018	Accumulated at July 1, 2017	Adjustment for the year at June 30, 2018	
Plant and machinery	67,179,295	75,679,295	20,834,744	12,515,842 (3,500,000)	197,500	-	43,142,323.36 to 60 months
Office equipment	801,000	801,000	512,150	-	288,850	-	24 to 60 months
Vehicles	115,218,500	139,835,000	67,680,773	15,946,509 (1,374,000)	17,485,977	(343,500)	40,095,741.24 to 60 months
	183,198,795	37,990,500 (4,874,000)	89,027,667	28,482,351 (2,041,614)	17,972,327	(343,500)	83,238,064

- For comparative period

	Cost		Depreciation		Impairment / Adjustment		Useful Life
	at July 1, 2016	at June 30, 2017	Accumulated at July 1, 2016	For the year / (on disposals) June 30, 2017	Accumulated at July 1, 2016	Reversal at June 30, 2017	
Plant and machinery	51,786,781	15,392,514	12,099,272	8,735,472	197,500	-	46,147,051.36 to 60 months
Office equipment	801,000	801,000	512,150	-	288,850	-	24 to 60 months
Vehicles	132,636,200	115,218,500	65,120,555	13,353,669 (10,793,451)	17,485,977	-	30,051,750.24 to 60 months
	185,223,981	15,392,514 (17,417,700)	77,731,977	22,089,141 (10,793,451)	17,972,327	-	76,198,801

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19. CAPITAL WORK-IN-PROGRESS

This represents advance for office renovation capitalized during the year.

20. INVESTMENT PROPERTY CARRIED AT FAIR VALUE

	Note	at July 01, 2017	Additions / Disposal at cost	Unrealised gain / (loss)	Fair values at June 30, 2018	Independent valuer's name	Valuation date
Office suite	20.1	28,200,000	-	800,000	29,000,000	Ocean Surveyors (Private) Limited	June 30, 2018
Lahore Stock Exchange broker's room	20.2	3,000,000	-	100,000	-	Ocean Surveyors (Private) Limited	April 01, 2018
Four shops	20.3	15,700,000	-	700,000	16,400,000	Ocean Surveyors (Private) Limited	30-Jun-18
		46,900,000	(3,100,000)	1,600,000	45,400,000		

- For comparative period

	Note	at July 01, 2016	Additions / Disposal at cost	Unrealised gain / (loss)	Fair values at June 30, 2017	Independent valuer's name	Valuation date
Office suite	20.1	-	28,200,000	-	28,200,000	Ocean Surveyors (Private) Limited	June 30, 2017
Lahore Stock Exchange broker's room	20.2	3,200,000	-	(200,000)	3,000,000	Ocean Surveyors (Private) Limited	June 30, 2017
Four shops	20.3	16,000,000	-	(300,000)	15,700,000	Ocean Surveyors (Private) Limited	June 30, 2017
		19,200,000	28,200,000	(500,000)	46,900,000		

20.1 This represents two offices in Lakson Square, Karachi, acquired through a settlement agreement. During last year the property was let on rent and therefore, transferred from property and equipment - owned.

20.2 Due to demutualization of the Lahore Stock Exchange Limited (refer note 15.1) the broker's room was classified as investment property. During the year the Modaraba started using the property in its own use, and therefore classified as property - own use.

20.3 This represent four shops in Zarkoon Plaza, Sadar, Rawalpindi acquired through a settlement agreement. It includes cost of Rs. 50,000 incurred in transferring the ownership of the said offices in the name of the Modaraba.

20.4 These valuations have been arrived at by reference to market evidence of transaction price for similar properties.

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	Note	2018 Rupees	2017 Rupees
21. IJARAH DEPOSITS			
Ijarah deposits		27,286,984	18,837,934
Long term portion		<u>(20,554,434)</u>	<u>(11,277,403)</u>
		<u>6,732,550</u>	<u>7,560,531</u>
21. ACCRUED AND OTHER LIABILITIES			
Accrued expenses		671,000	575,000
Management fee		-	1,081,548
Share in common expenses		-	1,125,666
Insurance		7,400,668	4,573,268
Workers welfare fund	22.1	1,263,227	1,263,227
Charity Payable	22.2	280,312	309,348
Others		<u>5,748,976</u>	<u>5,967,841</u>
		<u>15,364,183</u>	<u>14,895,898</u>

22.1 The Finance Act 2008, introduced an amendment to the Worker's Welfare Fund Ordinance, 1971 (WWF Ordinance). Through these amendments Workers Welfare Fund (WWF) was payable @ 2% of the profit before taxation or taxable income whichever is higher. The legality of the above amendments were challenged in Sindh, Lahore and Peshawar High Courts. Due to variable judgments from the aforesaid Courts, the matter was forwarded to the Honorable Supreme Court of Pakistan. The Honorable Supreme Court has decided the matter on November 10, 2016, and Para 21 of its judgment states that the levy of WWF is in the nature of fee and the law could not be amended by a money bill and as such the amendments made in the year 2006 and 2008 are unlawful and ultravires to the Constitution. In terms of judgment by the Honorable Supreme Court of Pakistan, WWF under WWF Ordinance, is no more payable by the Modaraba and provision made against WWF up till June 30, 2014 is reversed during the last period.

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

Movement in charity payable

Opening balance	309,348	318,780
Add : amount credited during the year	<u>224,964</u>	<u>250,568</u>
	534,312	569,348
Less : Paid during the year	<u>(254,000)</u>	<u>(260,000)</u>
Closing balance	<u>280,312</u>	<u>309,348</u>

23. SURPLUS ON REVALUATION OF INVESTMENTS CLASSIFIED AS 'AVAILABLE-FOR-SALE'

Market value of investments	16,724,294	16,784,182
Less: cost of investments	<u>(18,591,979)</u>	<u>(18,591,979)</u>
	<u>(1,867,685)</u>	<u>(1,807,797)</u>
Surplus on revaluatuon at the beginning of the year	(1,807,797)	(2,097,039)
Transferred to profit and loss account during the year (Deficit) / surplus on revaluation during the year	<u>(59,888)</u>	<u>289,242</u>
	<u>(59,888)</u>	<u>289,242</u>
Surplus on revaluatuon at the ending of the year	<u>(1,867,685)</u>	<u>(1,807,797)</u>

24. CERTIFICATE CAPITAL

2018	2017		2018 Rupees	2017 Rupees
Number of Certificates		Authorised		
<u>87,217,660</u>	<u>87,217,660</u>	Modaraba certificates of Rs.10 each	<u>872,176,600</u>	<u>872,176,600</u>
13,451,650	13,451,650	Issued, subscribed and paid-up Modaraba certificates of Rs.10 each fully paid in cash	134,516,500	134,516,500
8,864,716	8,864,716	Modaraba certificates of Rs.10 each fully paid bonus certificates under scheme of arrangement for for amalgamation with Second and Third Prudential Modaraba	88,647,160	88,647,160
<u>87,217,660</u>	<u>87,217,660</u>		<u>872,176,600</u>	<u>872,176,600</u>

As at June 30, 2018, the Prudential Capital Management Company Limited (The ex-management company) held 10,521,305 (2017: 10,521,305) certificates of Rs. 10 each.

25. CONTINGENCIES AND COMMITMENTS
Contingencies

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

Except for the matter disclosed above and in the note 11.1, there is no other contingency at year end.

26. IJARAH RENTALS EARNED - NET	Note	2018 Rupees	2017 Rupees
Ijarah rentals		26,953,698	48,869,305
Suspension of income		-	(25,981,219)
		<u>26,953,698</u>	<u>22,888,086</u>

27. OTHER INCOME		2018	2017
Gain on disposal of property and equipment - own use		18,500	16
Gain on disposal of property, plant and equipment - Ijarah		175,282	30,985
Front end fee, documentation charges and others		1,004,413	1,582,250
Processing fee		-	1,644,000
		<u>1,198,195</u>	<u>3,257,251</u>

28. REVERSAL OF WORKER'S WELFARE FUND

The Finance Act 2008, introduced an ammendment to the Worker's Welfare Fund Ordinance, 1971 (WWF Ordinance). Through these ammendments Worker's Welfare Fund (WWF) was payable @ 20%of the profit before taxationor taxable income whichever is higher. The legality of above ammendments were challenged in Sindh, Lahore and Peshawar High Courts. Due to variable judgements from the aforesaid Courts, the matter was forwarded to the Honorable Supreme Court of Pakistan. The Honorable Supreme Court has decided the matter on November 10, 2016, and para 21 of its judgementstates that the levy of WWF is in the nature of fee and the law could not be ammended by a money bill and as such the ammendments made in the year 2006 and 2008 are unlawful and ultravires to the Constitution. In terms of judgement by the Honorable Supreme Court of Pakistan, WWF under WWF Ordinance, is no more payable by the Modaraba and provision made against WWF up till June 30, 2014 is reversed in the last financial year.

	Note	2018 Rupees	2017 Rupees
29. REVERSAL AGAINST DOUBTFUL RECEIVABLES-NET			
Musharaka and morabaha finance	7.1.2	-	(248,549)
30. ADMINISTRATIVE EXPENSES			
Salaries, allowances and benefits	30.1	8,136,767	9,141,119
Fees and subscription		1,162,825	1,083,056
Repairs and maintenance		211,994	1,247,558
Rent, rates and taxes		3,864,129	825,775
Registrar services		278,238	237,300
Telephone and postage		293,804	794,871
Travelling and conveyance		192,953	142,945
Depreciation-own use assets	17	655,366	831,847
Auditors' remuneration	30.2	485,250	498,750
Electricity, water and gas		288,127	105,387
Printing and stationery		777,823	639,388
Vehicles running		207,677	178,629
Legal and professional		721,450	2,245,600
Entertainment		91,541	165,976
Advertisement		257,855	170,342
Insurance		877,567	611,740
Reimbursement of common expenses		4,638,811	7,817,080
Miscellaneous		30,600	4,587
		<u>23,172,777</u>	<u>26,741,950</u>

30.1 REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

	2018			2017		
	Officers	Other employees	Total	Officers	Other employees	Total
Rupees.....		Rupees.....		
Remuneration	4,933,001	2,329,969	8,054,552	5,142,794	2,911,758	8,054,552
Provident fund	87,794	104,763	209,049	87,794	121,255	209,049
Medical	140,672	119,754	357,913	225,008	132,905	357,913
Fuel	339,940	16,400	519,605	433,905	85,700	519,605
Others	20,800	43,674	-	-	-	-
	<u>5,522,207</u>	<u>2,614,560</u>	<u>41,119</u>	<u>5,889,501</u>	<u>3,251,618</u>	<u>9,141,119</u>
No. of persons	3	5		3	5	

The total number of employees as at June 30, 2018 are 8 (2017: 8) and the average number of employees during the year equates to 10 (2017: 10).

	2018 Rupees	2017 Rupees
30.2 AUDITORS' REMUNERATION		
Statutory audit	350,000	350,000
Half year review	30,000	30,000
Review of code of corporate governance	20,000	20,000
CDC certification	10,000	10,000
Out of pocket expenses	75,250	88,750
	<u>485,250</u>	<u>498,750</u>

31. MODARABA COMPANY'S MANAGEMENT FEE

The Modaraba Management Company is entitled to remuneration for services rendered to the Modaraba under the provisions of the Modaraba Ordinance, 1980, up to a maximum of 10% per annum of the net profit before tax of the Modaraba.

32. PROVISION FOR TAXATION

The income of the Modaraba is exempt from tax, provided not less than 90% of their profits are distributed to the certificate holders. The Modaraba is also exempt from the provisions of section 113 (minimum tax) under clause 11 of Part IV of the Second Schedule of the Income Tax Ordinance, 2001.

33. (LOSS)/ EARNINGS PER CERTIFICATE - BASIC AND DILUTED

(Loss)/ Profit for the year (Rupees)	(19,563,515)	15,178,505
Weighted average number of ordinary certificates	87,217,660	87,217,660
(Loss)/ Earnings per certificate (Rupee)	(0.22)	0.17

34. RELATED PARTY TRANSACTIONS

The related parties and associated undertakings comprise the modaraba management company [KASB Invest (Private) Limited], modaraba under common management (KASB Modaraba) First Prudential Modaraba staff provident fund, directors and key management personnel. Modaraba, in the normal course of business carries out transactions with these related parties at arm's length prices. Significant transactions with related parties are as follows: -

Relationship with the Modaraba	Nature of Transactions	2018 Rupees	2017 Rupees
Balances with related parties			
Modaraba management company	Management fee	-	1,081,548
Modaraba under common management	Sharing of common expenses	-	1,125,666
Expense for the period			
Staff provident fund	Contribution made	192,557	209,049
Modaraba management company	Management fee	-	1,745,529
Modaraba under common management	Sharing of common expenses	4,638,811	7,817,080
Payments made during the period			
Staff provident fund	Contribution made	192,557	209,049
Modaraba management company	Management fee	1,081,548	1,135,375
Modaraba under common management	Sharing of common expenses	7,490,649	10,271,138

35. FINANCIAL RISK MANAGEMENT

The Modaraba's activities expose it to a variety of financial risks entered: liquidity risk entered, credit risk entered and market risk entered (including currency risk, fair value profit rate risk and price risk). The board of directors' of the Management company has overall responsibility for the establishment and oversight of the Modaraba's risk management framework.

The Modaraba's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Modaraba's financial performance.

The Modaraba's principal financial liabilities comprise ijarah deposits, accrued and other liabilities. The Modaraba's principal financial assets comprise of ijarah rentals receivable, musharaka, morabaha and other finance and cash and bank balances that arrive directly from its operations. The Modaraba also holds investments classified as held for trading and available-for-sale investments.

35.1 Liquidity risk management

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. Modaraba holds total current assets of Rs. 231.789 million against its current liabilities of Rs. 52.951 million which lead to total surplus of Rs. 178.838 million.

The table below analyses the Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. However, Modaraba has surplus funds to pay off its liabilities. The amounts in the table are the contractual undiscounted cash flows.

	Total	Up to three months	More than three months and up to one year	More than one year
Rupees				
2018				
Ijarah deposits	27,286,984	6,351,750	2,780,800	18,154,434
Accrued and other liabilities	15,364,183	15,364,183	-	-
Unclaimed profit distribution	30,854,211	30,854,211	-	-
	<u>73,505,378</u>	<u>52,570,144</u>	<u>2,780,800</u>	<u>18,154,434</u>
2017				
Ijarah deposits	18,837,934	7,560,531	-	11,277,403
Accrued and other liabilities	14,895,898	14,895,898	-	-
Unclaimed profit distribution	29,065,618	29,065,618	-	-
	<u>62,799,450</u>	<u>51,522,047</u>	<u>-</u>	<u>11,277,403</u>

The Modaraba do not expose to any interest rate risk against its financial liabilities.

35.2 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba control credit risk by monitoring credit exposure, limiting transactions with specific counter parties and continually assessing the credit worthiness of counter parties.

The Modaraba is exposed to credit risk from its financing activities (morabaha and musharaka finance, diminishing musharaka, ijarah rental receivables), deposits with bank and financial institutions and other receivables.

The Modaraba has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and, if not available, the Modaraba uses other publicly available financial information and its own trading records to rate its major customers. The Modaraba's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee.

The Modaraba follows two sets of guidelines. It has its own operating policy and the management of the Modaraba also adheres to the regulations issued by the SECP. The operating policy defines the extent of fund and non-fund based exposures with reference to a particular sector or group.

The Modaraba's maximum exposure to credit risk related to receivable at June 30, 2018 and June 30, 2017 is the carrying amounts of following financial assets.

	2018 Rupees	2017 Rupees
Balances with banks	45,039,148	95,325,419
Musharika, morabaha and other finance	18,115,890	18,837,534
Diminishing musharika	218,473,154	163,018,745
Ijarah rentals receivable	279,176	396,060
Advances and other receivables	1,210,529	1,113,696
	<u>283,117,897</u>	<u>278,691,454</u>

The analysis below summarises the quality rating of the major Banks in which the Modaraba deals.

Bank name	Short Term	Long Term	2018 Rupees	2017 Rupees
HBL Islamic Banking Limited	A-1+	AAA	33,495,216	41,898,510
Sindh Bank Limited	A-1+	AA	9,979	10,281
Albaraka Bank (Pakistan) Limited	A1	A	10,382	10,041
Summit Bank Limited	A-1	A-	11,506,338	53,404,352

Past due but not impaired financings are those for which contractual profit or principal payments are past due, but the Modaraba believes that impairment is not appropriate on the basis of the level of security/collateral available to the Modaraba.

An analysis of the financial assets that are individually impaired as per the accounting policy is as under:

	As at June 30, 2018				Total
	QAEM	Substandard	Doubtful	Loss	
Rupees.....				
Ijarah rental receivable	-	-	-	49,083,826	49,083,826
Musharika, morabaha and other finance	-	-	-	352,681,221	352,681,221

	As at June 30, 2017				Total
	QAEM	Substandard	Doubtful	Loss	
Rupees.....				
Ijarah rental receivable	-	-	-	49,083,826	49,083,826
Musharika, morabaha and other finance	-	-	-	341,455,540	341,455,540

Total impairment against these assets as at June 30, 2018 is Rs. 401.76 million (2017: Rs. 390.54 million).

35.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. All such activities are carried out with the approval of the Board. The Modaraba is exposed to interest rate risks.

35.3.1 Equity price risk

The Modaraba's investment in listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Modaraba manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Modaraba's senior management on a regular basis. The Modaraba's Investment Committee reviews and approves all equity investment decisions.

The carrying amount of investment is as follows

The carrying amount of investment is as follows:

	2018 Rupees	2017 Rupees
In listed securities carried at fair value through profit or loss	7,550,532	9,641,626
In unlisted security available for sale	10,347,133	9,781,670
In mutual funds available for sale	6,377,161	7,002,512
	<u>24,274,826</u>	<u>26,425,808</u>

Sensitivity analysis

The table below summarises the impact of increase/decrease in market value of investments on the Modaraba's profit after tax and on equity. The analysis is based on the assumption that the market price had increased/decreased by 5% with all other variables held constant and all Modaraba's equity instruments moved on perfect correlation with the market.

Index	Impact on profit after tax and equity	
	2018 Rupees	2017 Rupees
Increase in market value - 5%	377,527	482,081
Decrease in market value - 5%	(377,527)	(482,081)

35.3.2 Profit rate risk

The profit rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the profit rate exposure arises from short term deposits with banks, ijarah finance, diminishing musharaka and musharaka and morabaha finance. At the balance sheet date the profit rate risk profile of the Modaraba's profit bearing financial instruments is:

	June 30, 2018						
	Effective yield / profit rate %	Total	Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years to yield / profit risk
Cash and bank balances	1.95% - 6.0%	45,039,148	-	-	-	-	13,461,054
Investments		7,550,532	31,578,094	-	-	-	7,550,532
Musharaka, morabaha and other finance	13.0% - 13.0%	18,115,890	-	18,000,000	-	-	115,890
Diminishing musharaka	10.44% - 16.0%	218,473,154	9,538,998	14,410,258	68,646,610	125,268,383	608,905
Ijarah rentals receivable		279,176	-	-	-	-	279,176
Advances and other receivables		21,697,029	-	-	-	-	21,697,029
Total financial assets as at June 30, 2017		311,154,929	41,117,092	14,410,258	86,646,610	125,268,383	43,712,586
Ijarah deposit		27,286,984	-	-	-	-	27,286,984
Accrued and other liabilities		14,100,956	-	-	-	-	14,100,956
Unclaimed profit distribution		30,854,211	-	-	-	-	30,854,211
Total financial liabilities as at June 30, 2017		72,242,151	-	-	-	-	72,242,151
Total yield / profit risk sensitivity gap		41,117,092	14,410,258	86,646,610	125,268,383	-	-
Cumulative yield / profit risk sensitivity gap		41,117,092	55,527,350	142,173,960	267,442,343	267,442,343	267,442,343

	June 30, 2017						Not exposed to yield / profit risk
	Effective yield / profit rate %	Total	Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	
Cash and bank balances	2.0% - 6.5%	95,325,419	83,668,524	-	-	-	11,656,895
Investments		10,344,116	-	-	-	-	10,344,116
Musharaka, morabaha and other finance	12.0% - 30.0%	18,837,534	17,468,386	-	18,000,000	-	-
Diminishing musharaka	10.18% - 18.0 %	163,018,745	6,428,492	10,705,250	45,573,879	100,311,124	-
Ijarah rentals receivable		396,060	-	-	-	-	396,060
Advances and other receivables		21,375,946	-	-	-	-	21,375,946
Total financial assets as at June 30, 2017		309,297,820	107,565,402	10,705,250	63,573,879	100,311,124	43,773,017
Ijarah deposit		18,837,934	-	-	-	-	18,837,934
Accrued and other liabilities		13,632,671	-	-	-	-	13,632,671
Unclaimed profit distribution		29,065,618	-	-	-	-	29,065,618
Total financial liabilities as at June 30, 2017		61,536,223	-	-	-	-	61,536,223
Total yield / profit risk sensitivity gap			107,565,402	10,705,250	63,573,879	100,311,124	-
Cumulative yield / profit risk sensitivity gap			107,565,402	118,270,652	181,844,531	282,155,655	282,155,655

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Sensitivity analysis for financial instruments

The sensitivity of the net income for the year is the effect of the assumed changes in profit rates on the floating rate financial instruments held at the year end. The following table demonstrates the sensitivity of the Modaraba's income for the year to a reasonably possible change in profit rates, with all other variables held constant.

Changes in basis point	Impact on profit or loss	
	2018	2017
+100(Rupees).....	169,408
-100(Rupees).....	(169,408)

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35.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of the financial assets and financial liabilities approximate their fair values. The fair values of these financial assets/liabilities cannot be reasonably estimated due to absence of market for such assets/liabilities.

35.4.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
Rupees.....			
Financial assets at FVTPL				
Quoted companies	9,641,626	-	-	9,641,626
Available-for-sale financial assets				
Listed entities	7,002,512	-	-	7,002,512
Unlisted entities	-	-	9,781,670	9,781,670

35.5 Financial instrument by category

As at June 30, 2018				
	Loan and receivables	Assets at fair value through profit & loss	Avaiable for sale	Total
Rupees.....			
ASSETS				
Cash and bank balances	45,039,248	-	-	45,039,248
Investments	-	7,550,532	16,784,182	24,274,826
Musharika, morabaha and other finance	18,115,890	-	-	18,115,890
Diminishing musharika	218,473,154	-	-	218,473,154
Ijarah rentals receivable	279,176	-	-	279,176
Advances and other receivables	1,210,529	-	-	1,210,529
	<u>283,117,997</u>	<u>7,550,532</u>	<u>16,784,182</u>	<u>307,392,823</u>
LIABILITIES				
Ijarah deposits	27,286,984	-	-	27,286,984
Accrued and other liabilities	15,364,183	-	-	15,364,183
Unclaimed profit distribution	30,854,211	-	-	30,854,211
	<u>73,505,378</u>	<u>-</u>	<u>-</u>	<u>73,505,378</u>

As at June 30, 2017				
	Loan and receivables	Assets at fair value through profit & loss	Total	
Rupees.....			
ASSETS				
Cash and bank balances	95,327,554	-	-	95,327,554
Investments	702,490	9,641,626	-	27,128,298
Musharika, morabaha and other finance	18,837,534	-	-	18,837,534
Diminishing musharika	163,018,745	-	-	163,018,745
Ijarah rentals receivable	396,060	-	-	396,060
Advances and other receivables	1,113,696	-	-	1,113,696
	<u>279,396,079</u>	<u>9,641,626</u>	<u>-</u>	<u>305,821,887</u>
LIABILITIES				
Ijarah deposits	18,837,934	-	-	18,837,934
Accrued and other liabilities	14,895,898	-	-	14,895,898
Unclaimed profit distribution	29,065,618	-	-	29,065,618
	<u>62,799,450</u>	<u>-</u>	<u>-</u>	<u>62,799,450</u>

36. CAPITAL RISK MANAGEMENT

The Modaraba manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. As at balance sheet date Modaraba do not have any exposure in short term and long term borrowing and it has sufficient surplus funds to manage the affairs of the Modaraba effectively. Further Modaraba has very positive current ratio of 4.377:1 (2017: 5.394:1).

Consistently with others in the industry, the Modaraba monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. During the current year, the Modaraba's strategy, unchanged from last year, was to maintain the debt-to-adjusted capital ratio to zero.

37. SEGMENT INFORMATION

As per IFRS 8, operating segments are reported in a manner consistent with the internal reporting used by the chief decision-maker. The Board of Directors of the Management Company has been identified as the chief decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

38. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

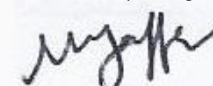
The Board of Directors have proposed dividend for the year ended June 30, 2018 of Re 'Nil' per certificate (2017: Re. 0.13 per certificate), amounting to Rs.'Nil' (2017: Rs.11,338,196/-) at their meeting held on October 01, 2018. The financial statements for the year ended June 30, 2018 do not include the effect of the above which will be accounted for in the period in which it is declared.

39. DATE OF AUTHORISATION OF ISSUE

These financial statements has been authorised for issue on October 01, 2018 by the Board of Directors of the KASB Invest (Private) Limited.

For KASB Invest (Private) Limited
(Management Company)


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

CATEGORIES OF CERTIFICATES HOLDING AS ON 30-06-2018

	NO OF CERTIFICATE HOLDER	NO OF CERTIFICATES	PERCENTAGE
ASSOCIATED COMPANIES UNDERTAKING AND RELATED PARTIES	-	-	-
	2	81,352	0.09
NIT AND ICP			
NATIONAL BANK OF PAKISTAN TRUSTEE DEPTT INVESTMENT CORPORATION OF PAKISTAN		38,449 42,903	
DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN	-	-	-
EXECUTIVES	-	-	-
	1	1,929,159	2.21
PUBLIC SECTOR COMPANIES AND CORPORATIONS. STATE LIFE INSURANCE CORPORATION OF PAKISTAN LTD.		1,929,159	
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	29	2,359,580	2.71
FIRST INTERFUND MODARABA		859	
THE BANK OF PUNJAB		2,974	
HABIB BANK LTD. LSE BRANCH		848	
NATIONAL DEVELOPMENT FINANCE CORPORATION		2,120	
NATIONAL DEVELOPMENT FINANCE CORPORATION		4,500	
NATIONAL DEVELOPMENT FINANCE CORPORATION		4,005	
CRESCENT INVESTMENT BANK LTD.		100	
FIDELITY INVESTMENT BANK LTD.		32	
FIDELITY INVESTMENT BANK LTD.		2,528	
FIDELITY INVESTMENT BANK LTD.		6,868	
PARAMOUNT INVESTMENT BANK LTD.		1,638	
GULF INSURANCE COMPANY LTD.		13,653	
DELTA INSURANCE COMPANY LTD.		164	
CRESCENT STAR INSURANCE COMPANY LTD.		154	
NATIONAL INSURANCE COMPANY LTD.		2,275,232	
FIRST INTERFUND MODARABA		263	
UNI CAP MODARABA		136	
INDUSTRIAL CAPITAL MODARABA		100	
FIRST MEHRAN MODARABA		7,555	
FIRST MEHRAN MODARABA		210	
FIRST MEHRAN MODARABA		170	

CATEGORIES OF CERTIFICATES HOLDING AS ON 30-06-2018

	NO OF CERTIFICATE HOLDER	NO OF CERTIFICATES	PERCENTAGE
GENERAL MODARABA		3,306	
MODARABA AL MALI		47	
FIRST PROVIDENCE MODARABA		449	
FIRST HAJVERI MODARABA		3,000	
FIRST EQUITY MODARABA		16,484	
PRUDENTIAL DISCOUNT & GUARANTEE HOUSE LIMITED		9,000	
CITY BANK		2,635	
JAHANGIR SIDDIQUI & CO LTD		550	
CERTIFICATE HOLDERS - HOLDING FIVE PERCENT OR MORE CERTIFICATES IN THE MODARABA	2	22,647,705	25.97
		10,521,205	
PRUDENTIAL CAPITAL MANGEMENT LTD		12,126,500	
PASHTOON RASHIDULLAH	11,192	47,996,043	54.15
INDIVIDUAL	50	12,969,753	14.87
OTHER CORPORATE SHAREHOLDERS	<u>11,276</u>	<u>87,217,600</u>	<u>100.00</u>

PATTERN OF CERTIFICATE HOLDING AS AT 30 - 06 - 2018

NUMBER OF CERTIFICATES HOLDERS	<u>CERTIFICATE HOLDINGS</u>		TOTAL CERTIFICATES HELD
3,408	1	- 100	169,084
2,644	101	- 500	640,099
2,147	501	- 1000	1,803,715
2,036	1001	- 5000	4,707,380
419	5001	- 10000	3,302,231
146	10001	- 15000	1,808,609
97	15001	- 20000	1,743,463
65	20001	- 25000	1,520,812
48	25001	- 30000	1,372,645
29	30001	- 35000	950,751
21	35001	- 40000	799,602
15	40001	- 45000	641,787
30	45001	- 50000	1,477,411
16	50001	- 55000	840,040
13	55001	- 60000	755,853
5	60001	- 65000	317,888
9	65001	- 70000	619,474
7	70001	- 75000	521,827
9	75001	- 80000	708,983
6	80001	- 85000	500,000
8	85001	- 90000	706,224
3	90001	- 95000	284,140
21	95001	- 100000	2,092,272
1	100001	- 105000	104,002
2	105001	- 110000	218,076
5	110001	- 115000	564,689
4	120001	- 125000	491,571
2	125001	- 130000	257,000
2	130001	- 135000	264,000
2	135001	- 140000	279,000
1	140001	- 145000	145,000
4	145001	- 150000	598,000
2	150001	- 155000	305,624
1	155001	- 160000	160,000
2	165001	- 170000	340,000
1	170001	- 175000	174,000
4	175001	- 180000	703,091
1	180001	- 185000	180,200
1	1850001	- 190000	185,500
1	190001	- 195000	195,000
1	200001	- 205000	205,000
1	210001	- 215000	211,168
2	215001	- 220000	434,000
2	220001	- 225000	448,073
1	225001	- 230000	227,523

PATTERN OF CERTIFICATE HOLDING AS AT 30 - 06 - 2018

NUMBER OF CERTIFICATES HOLDERS	<u>CERTIFICATE HOLDINGS</u>		TOTAL CERTIFICATES HELD
1	250001	- 255000	250,009
1	275001	- 280000	276,500
1	290001	- 295000	295,000
2	295001	- 300000	596,500
1	300001	- 305000	303,461
1	305001	- 310000	308,500
1	315001	- 320000	317,290
1	330001	- 335000	331,500
1	480001	- 485000	484,432
1	485001	- 490000	488,500
1	495001	- 500000	500,000
2	500001	- 505000	1,002,000
1	505001	- 510000	509,065
1	540001	- 545000	542,500
1	595001	- 600000	600,000
1	695001	- 700000	700,000
1	815001	- 820000	820,000
1	825001	- 830000	826,500
1	1290001	- 1295000	1,293,000
1	1345001	- 1350000	1,350,000
1	1390001	- 1395000	1,392,500
1	1510001	- 1515000	1,513,500
1	1925001	- 1930000	1,929,159
1	2275001	- 2280000	2,275,232
1	3175001	- 3180000	3,176,000
1	4220001	- 4225000	4,220,500
1	4315001	- 4320000	4,320,000
1	1052001	- 10525000	10,521,205
1	11095001	- 11100000	11,100,000
	<u>1</u>		<u>87,217,660</u>
	<u>11,276</u>		

NOTICE OF THE ANNUAL REVIEW MEETING

Notice is hereby given that the 19th Annual Review meeting of the Modaraba's Certificate Holders of First Prudential Modaraba will be held on Monday October 23, 2018 at 5:30 pm at KASBIT Auditorium, 84-B, S.M.C.H.S, Off Shahrah-e-Faisal, Karachi to review the performance of Modaraba for the year ended June 30, 2018.

By Order of the Board

Syed Shahid Owais
Karachi
Company Secretary
02, 2018

October

Notes

1. The Modaraba Certificates transfer book shall remain closed from October 16, 2018 to October 23, 2018 (both days inclusive) to determine the names of Certificate Holders eligible to attend the Annual Review Meeting. Transfer received in order at the Registrar Office of the First Prudential Modaraba (whose address is given below) up to the close of business hours on October 15, 2018 will be treated in time.

2. The Certificate holders are advised to notify to the Registrar of First Prudential Modaraba of any change in their addresses to ensure prompt delivery of mails. Further, any Certificates for transfer, etc, should be lodged with the Registrar, C & K Management Associates (Private) Limited, 404, Trade Tower, Abdullah Haroon Road, near Metropole Hotel, Karachi. (Phone: 35687839-35685930).

3. Account Holders holding book entry securities of the First Prudential Modaraba in Central Depository Company of Pakistan Limited, who wish to attend the Annual Review Meeting, are requested to bring original Computerized National Identity Card for identification purpose and will in addition, have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 25, 2000 of the Securities and Exchange Commission of Pakistan (SECP) for attending the meeting.

4. Pursuant to the provisions of the Finance Act 2016 effective July 01, 2016, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

a)	Rate of tax deduction for filers of income tax returns	15.0%
b)	Rate of tax deduction for non-filers of income tax returns	20.0%

All the certificate holders of First Prudential Modaraba who hold certificates in physical form are therefore requested to send a valid copy of their CNIC and NTN Certificate, to First Prudential Modaraba Registrar, C & K Management (Private) Limited, at the above mentioned address to allow First Prudential Modaraba to ascertain the status of certificate holders.

5. Payment of Dividend through electronic mode

Under the provisions of Section 242 of the Companies Act 2017, it is mandatory for a listed Company to pay cash dividend to its Certificate holders only through electronic mode directly into bank account designated by the entitled Certificate holders. Therefore, all the Certificate holders of First Prudential Modaraba are hereby advised to provide dividend mandate of their respective banks in the "Dividend Mandate Form" available on Modaraba's Website. Certificate holders maintaining Certificate holding under Central Depository System (CDS) are advised to submit their bank account mandate information directly to the relevant participant/CDC Investor Account Service.

In the absence of bank account details or incase of incomplete details, the Company will be constrained to with hold the paymen tof cash dividend of those shareholders who have not provided the same. Formore information,you may contact our share Registrar, C & K Management Associates (Private) Limited, 404, Trade Tower, Abdullah Haroon Road, near Metropole Hotel, Karachi. (Phone: 35687839-35685930).

6. Unclaimed Dividends and physical Modaraba Certificates

Certificateholders,who by any reason, could not claim their dividends or did not collect their physical Modaraba certificates, are advised to contactour Share Registrar, C & K Management Associates (Private) Limited, to collect/enquire about their unclaimed dividend or pending Modaraba certificates,if any. Please note that in compliance with Section 244 of the Companies Act,2017, after having completed the stipulated procedures, all dividend sum claimed for a period of three years,from the date due and payable, shall be deposited to the credit of the Federal Government and incase of shares/certificates, shall be delivered to the Securities & Exchange Commission of Pakistan.