

FIRST PRUDENTIAL MODARABA

QUARTERLY REPORT FOR THE PERIOD ENDED 31-Mar-2019

CORPORATE INFORMATION

Administrator of First Prudential Modaraba

The Registrar Modaraba, Securities & Exchange Commission of Pakistan, Islamabad has appointed Mr. Khawaja Waheed Raza as Administrator of First Prudential Modaraba vide order dated April 03, 2019. All the powers and duties of the Modaraba Company as well as those of its Board of Directors have been assumed by the Administrator effective April 08, 2019.

Chief Financial Officer

Aftab Afroz Mahmoodi

Company Secretary

Syed Shahid Owais

Auditor

RSM Avais Hyder Liaquat Nauman, Chartered Accountants

Internal Auditor

EY Ford Rhodes

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
S & B Durrani Law Associates

Shariah Advisor

Al-Hamd Shariah 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
Phone : 042-36311001-02

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

E-mail

DIRECTORS' QUARTERLY REPORT

The Financial Highlights of First Prudential Modaraba for the quarter ended March 31, 2019 are as under:-

FINANCIAL HIGHLIGHTS

BALANCE SHEET	March 31, 2019 Rs "000" (Un-Audited)	June 30, 2018 Rs "000" (Audited)
Cash & Bank balance	67,713	45,039
Investments	14,566	24,274
Diminishing Musharaka Finance	213,201	218,473
Ijarah Assets	71,551	83,238
Total Assets	493,798	494,702
PROFIT & LOSS ACCOUNT	July-March 31, 2019 Rs "000" (Un-Audited)	July-March 31, 2018 Rs "000" (Un-Audited)
Gross Income	51,401	43,404
Operating & Financial Charges	(46,327)	(48,339)
Management Company Fee	(461)	Nil
Net Profit /(loss) for the period	4,613	(4,936)
Earning per Modaraba Certificate (Rupees)	0.05	(0.06)

OPERATIONS AND PERFORMANCE

By the grace of Almighty Allah, the third quarter of the financial year of the Modaraba ended successfully. The Modaraba registered net profit of Rs.4.61 million as compared to net loss of Rs 4,936 million for the corresponding period of the last year as no provisions were made during the period.. Earning per certificate was Rs.0.05 as compared to Rs (0.06) for the corresponding period of the last year.

The Registrar Modaraba, Securities & Exchange Commission of Pakistan, Islamabad has appointed Administrator of First Prudential Modaraba vide order dated April 03, 2019. All the powers and duties of the Modaraba Company as well as those of its Board of Directors have been assumed by the Administrator effective April 08, 2019.

The Administrator and management are 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.

FUTURE PROSPECTS

With the aim and strategy of growing with Sharia compliant businesses, we would keep exploring and opting high yield businesses where we find secure and safe investment venues only. We trust that we would under changed circumstance formulate appropriate policies per our short and longer term plans with innovative approach for better returns for the Certificate holders.

ACKNOWLEDGEMENT

The support co-operation of the regulatory authorities, certificate holders, customers and bankers is gratefully appreciated.

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

For First Prudential Modaraba

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Khawaja Waheed Raza
Administrator
Dated: April 29, 2019
Karachi

رپورٹ

فرسٹ پروڈینشل مضاربہ، انتہائی مسرت کے ساتھ مضاربہ کے 31 مارچ 2019 کو اختتام پذیر ہونے والی تیسری سہ ماہی کا غیر 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 روپے ”۰۰۰“ میں	31 مارچ 2019 روپے ”۰۰۰“ میں	بیلنس شیٹ
45,039	67,713	نقد اور بینک بیلنس
24,274	14,566	سرمایہ کاری
218,473	213,201	شرکت متناقصہ
83,238	71,551	اجارہ اثاثہ جات
494,702	493,798	مجموعی اثاثہ جات
جولائی-مارچ 2018 روپے ”۰۰۰“ میں	جولائی-مارچ 2019 روپے ”۰۰۰“ میں	نفع و نقصان کا حساب
43,404	51,401	مجموعی آمدنی
(48,339)	(46,327)	انتظامی و مالیاتی اخراجات
-----	(461)	مینجمنٹ کمپنی فیس
(4,936)	4,613	خالص منافع برائے سہ ماہی
(0.06)	0.05	فی حصہ منافع (روپے)

انتظامی کارکردگی

اللہ تعالیٰ کے فضل و کرم سے کے اے ایس بی مضاربہ کی تیسری سہ ماہی کامیابی سے اختتام پذیر ہوئی۔ موجودہ مدت 4.61 ملین روپے کا خالص منافع ہوا جو کہ سال گزشتہ اسی مدت کے دوران 4.9 ملین روپے (نقصان) تھا۔

کوئی وصولی مشکوک قرار نہیں دی گئی۔ فی حصہ آمدنی 0.05 روپے رہی جو کہ اسی مدت میں سال گزشتہ منفی 0.06 روپے تھی رجسٹرار مضاربہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسلام آباد نے آرڈر بتاریخ 3 اپریل 2019 کہ ذریعہ ناظم کا تقرر کیا ہے جس کے تحت مضاربہ کمپنی اور اس کے بورڈ آف ڈائریکٹرز کے تمام اختیارات اور فرائض مورخہ 8 اپریل سے ناظم کے زیر اثر ہیں۔

ناظم اور انتظامیہ مضاربہ کی انتظامی و مالیاتی ترقی اور دیر پا استحکام کے لئے پُر عزم ہے۔ اور تمام اسٹیک ہولڈرز خصوصاً حصہ داروں کے لئے بہتر معاوضے کے لئے پُر امید ہے۔

مستقبل کے امکانات

شریعت کے مطابق کاروبار کے ذریعے ترقی کرنے کا مقصد اور حکمتِ عملی کے ساتھ ہم اعلیٰ پیداواری اور منافع بخش کاروبار کی تلاش اور جستجو کرتے رہیں گے۔ ہم اس یقین کے ساتھ آگے بڑھتے رہیں گے کہ ہمارے قلیل المیعاد اور طویل المدت اہداف حاصل ہو جائیں۔ ہم جدید طرز کاروبار کے ساتھ جدوجہد میں مصروف رہیں گے تاکہ موجودہ کاروباری نتائج اور درجہ بندی کے مقابلے میں بہتر نتائج حاصل کر سکیں جس کے ذریعے حصہ داروں کو بہتر منافع پہنچا سکیں۔

اعتراف

ہم ریگولیٹری اتھارٹی، حصہ داروں، کسٹمرز اور بینکرز کی معاونت اور تعاون کو بہت سراہتے ہیں اور مستقبل میں بھی ان کی معاونت اور مشورے کا منتظر ہیں

ہم اللہ کے حضور آپ کے مضاربہ کی کامیابی کے لئے دُعا گو ہیں۔

کے اے اس بی مضاربہ کی جانب و توسط سے

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خواجہ وحید رضا
ناظم

29 اپریل 2019ء

کراچی

**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2019**

		(Unaudited) March 31, 2019	(Audited) June 30, 2018
	Note	-----Rupees-----	
ASSETS			
Current assets			
Cash and bank balances	6	67,713,005	45,039,248
Investments	7	4,219,691	7,550,532
Musharika, morabaha and other finance	8	-	18,115,890
Current portion of diminishing musharika	9	94,326,984	92,979,031
Ijarah rentals receivable		2,007,297	279,176
Receivable against sale of agriculture produce		11,692,131	11,692,131
Advances, prepayments and other receivables		47,067,952	26,728,813
Tax refundable - considered good		12,913,879	12,913,879
Total current assets		239,940,939	215,298,700
Non - current assets			
Long term investments	10	10,347,133	16,724,294
Long term portion of diminishing musharika	9	118,875,172	125,494,123
Long term advances		401,620	370,678
Long term deposits		127,500	37,500
Property and equipment - own use	11	7,154,812	8,139,549
Property, plant and equipment - ijarah	12	71,551,650	83,238,064
Investment properties	13	45,400,000	45,400,000
Total Non - Current Assets		253,857,887	279,404,208
TOTAL ASSETS		493,798,826	494,702,908
LIABILITIES			
Current liabilities			
Current portion of ijarah deposits		732,550	6,732,550
Accrued and other liabilities		13,608,089	15,364,183
Unclaimed profit distribution		30,843,109	30,854,211
Total current liabilities		45,183,748	52,950,944
Non-current liabilities			
Long term portion of ijarah deposits		23,354,434	20,554,434
TOTAL LIABILITIES		68,538,182	73,505,378
NET ASSETS		425,260,644	421,197,530
REPRESENTED BY			
Certificate capital			
Authorized certificate capital			
87,217,660 modaraba certificates of rupees 10/- each		872,176,600	872,176,600
Deficit on revaluation of investment classified as 'avaialable for sale'		(2,417,582)	(1,867,685)
Issued, subscribed and paid-up certificate capital			
87,217,660 modaraba certificates of rupees 10/- each		872,176,600	872,176,600
Statutory reserve		152,205,526	151,282,924
Accumulated loss		(596,703,901)	(600,394,309)
		427,678,226	423,065,215
		425,260,644	421,197,530
Contingencies and commitments	14		

The annexed notes form an integral part of these condensed interim financial statements.

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ADMINISTRATOR

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CHIEF FINANCIAL OFFICER

**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019**

	Note	Nine months ended		Quarter ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		Rupees		Rupees	
INCOME					
Ijarah rentals earned		21,324,823	18,575,038	7,664,155	7,408,900
Return on deposits with bank		1,592,987	3,552,068	652,657	1,060,204
Income on diminishing musharika		21,306,511	16,545,058	7,575,539	5,469,592
Income on morabaha		1,454,797	1,632,603	281,590	552,603
Capital gain on sale of investments		836,670	-	41,378	-
Dividend income		247,600	409,744	-	-
Rental income from investment property		2,012,664	1,846,440	699,132	635,580
Other income		2,625,812	843,110	1,276,191	416,838
		<u>51,401,864</u>	<u>43,404,061</u>	<u>18,190,642</u>	<u>15,543,717</u>
Unrealized (loss)/gain on investments - held for trading at fair value through profit or loss		(1,270,690)	(1,399,958)	(471,201)	787,239
Decrease in value of inventories due to remeasurement (held for sale under morabaha arrangement)		-	(5,022,341)	-	-
Reversal / (charge) of Provision for the period		450,527	(4,751,105)	-	(4,751,105)
		<u>50,581,701</u>	<u>32,230,657</u>	<u>17,719,441</u>	<u>11,579,851</u>
EXPENDITURE					
Depreciation on ijarah assets		(22,986,398)	(20,050,213)	(8,162,138)	(7,552,014)
Administrative expenses		(22,256,947)	(17,059,000)	(7,821,283)	(5,880,348)
Workers welfare fund		(92,260)	-	(30,066)	-
Bank and other charges		(102,589)	(58,166)	(23,564)	(22,843)
		<u>(45,438,194)</u>	<u>(37,167,379)</u>	<u>(16,037,051)</u>	<u>(13,455,205)</u>
Profit/(Loss) for the period		<u>5,143,507</u>	<u>(4,936,722)</u>	<u>1,682,390</u>	<u>(1,875,354)</u>
Modaraba company's management fee	15	(461,301)	-	(150,329)	-
Sales tax on management fee		(69,195)	-	(28,769)	-
Profit/(Loss) before taxation		<u>4,613,011</u>	<u>(4,936,722)</u>	<u>1,503,292</u>	<u>(1,875,354)</u>
Provision for taxation	16	-	-	-	-
Profit/(loss) after taxation		<u>4,613,011</u>	<u>(4,936,722)</u>	<u>1,503,292</u>	<u>(1,875,354)</u>
Other comprehensive income					
Unrealized gain/(loss) on remeasurement of investments classified as 'available for sale'		(549,897)	287,553	-	440,931
Total comprehensive income for the period		<u>4,063,114</u>	<u>(4,649,169)</u>	<u>1,503,292</u>	<u>(1,434,423)</u>
Earnings per certificate		<u>0.05</u>	<u>(0.06)</u>	<u>0.02</u>	<u>(0.02)</u>

The annexed notes form an integral part of these condensed interim financial statements.

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CHIEF FINANCIAL OFFICER

**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019**

	Nine months ended	
	March 31, 2019	March 31, 2018
	-----Rupees-----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	4,613,011	(4,936,722)
Adjustments for non-cash changes and other items:		
Dividend income	(247,600)	(409,744)
Unrealised (gain)/loss on changes in fair value of held for trading investments - at fair value through profit and loss	1,270,690	1,399,958
(Gain) on sale of investment	(836,670)	-
(Gain) on disposal-own assets	-	(18,500)
(Gain) on disposal-ijarah assets	(24,213)	(175,282)
Depreciation-own use assets	984,737	327,121
Depreciation on ijarah assets	22,986,398	20,050,213
	<u>24,133,342</u>	<u>21,173,766</u>
Cash flows before movements in working capital	28,746,353	16,237,044
(Increase) / decrease in operating assets		
Musharika, morabaha and other finance	18,115,890	13,222,752
Diminishing musharika	5,270,998	(979,896)
Ijarah rentals receivable	(1,728,121)	116,804
Advances, prepayments and other receivables	(20,460,081)	(4,779,528)
	<u>1,198,686</u>	<u>7,580,132</u>
(Decrease) / increase in operating liabilities		
Ijarah deposits	(3,200,000)	4,295,550
Accrued and other liabilities	(1,756,094)	(565,918)
	<u>(4,956,094)</u>	<u>3,729,632</u>
	<u>24,988,945</u>	<u>27,546,808</u>
Income tax paid	-	(351,308)
Net cash (used in) operating activities	24,988,945	27,195,500
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	247,600	409,744
Investments - net	8,724,085	702,489
Proceeds from disposal - ijarah assets	6,524,229	2,664,168
Purchase of own use assets	-	(2,709,656)
Purchase of ijarah assets	(17,800,000)	(25,055,500)
Proceeds from disposal - own use assets	-	18,500
Net cash (used in) / generated from investing activities	(2,304,086)	(23,970,255)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Profit distribution	(11,102)	(9,510,743)
Net cash used in financing activities	(11,102)	(9,510,743)
Net (decrease) in cash and cash equivalents (A+B+C)	22,673,757	(6,285,498)
Cash and cash equivalents at July 1	45,039,248	95,327,554
Cash and cash equivalents at March 31	67,713,005	89,042,056

The annexed notes form an integral part of these condensed interim financial statements.

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ADMINISTRATOR

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CHIEF FINANCIAL OFFICER

**FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019**

	Capital		Reserves		Sub total	Total
	Certificate capital	Statutory reserve	Unrealized gain/ (loss) on available for sale investments	Revenue Accumulated loss		
	----- Rupees -----					
Balance at July 1, 2017 (Audited)	872,176,600	151,282,924	(1,807,797)	(569,492,498)	(569,492,498)	452,159,229
Comprehensive income						
Profit/(loss) for nine months ended March 31, 2018	-	-	-	(4,936,722)	(4,936,722)	(4,936,722)
Other comprehensive income for nine months ended March 31, 2018	-	-	287,553	-	287,553	287,553
Total comprehensive income for nine months ended March 31, 2018	-	-	287,553	(4,936,722)	(4,649,169)	(4,649,169)
Final dividend @ Rs. 0.13 per certificate for the year ended June 30, 2017	-	-	-	(11,338,296)	(11,338,296)	(11,338,296)
Transfer to statutory reserve	-	-	-	-	-	-
Balance at March 31, 2018 (Unaudited)	872,176,600	151,282,924	(1,520,244)	(585,767,516)	(587,287,760)	436,171,764
Balance at July 1, 2018 (Audited)	872,176,600	151,282,924	-	(600,394,309)	(600,394,309)	423,065,215
Comprehensive income						
Profit/(loss) for nine months ended March 31, 2019	-	-	-	4,613,011	4,613,011	4,613,011
Other comprehensive income for nine months ended March 31, 2019	-	-	-	-	-	-
Total comprehensive income for nine months ended March 31, 2019	-	-	-	4,613,011	4,613,011	4,613,011
Transfer to statutory reserve	-	922,602	-	(922,602)	(922,602)	-
Balance at March 31, 2019 (Unaudited)	872,176,600	152,205,526	-	(596,703,901)	(596,703,901)	427,678,226

* Statutory reserve represents profit set aside to comply with the Prudential Regulations for Modarabas issued by SECP.

The annexed notes form an integral part of these condensed interim financial statements.

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ADMINISTRATOR

CHIEF FINANCIAL OFFICER

**FIRST PRUDENTIAL MODARABA
CONDENSED NOTES TO INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2019**

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 (KIPL) took over the management and administrative control of First Prudential Modaraba from November 13, 2014.
- 1.2 The Registrar (Modarabas), with the approval of the Securities & Exchange Commission of Pakistan, vide order dated April 03, 2019 appointed Mr. Khawaja Waheed Raza as Administrator of the Modaraba to take over and manage the Modaraba in place of KIPL (Management Company). Accordingly, all the powers and duties of the Modaraba Company as well as those of its Board of Directors shall be exercised and performed by the Administrator. The Administrator will hold the office during pleasure of the Registrar (Modarabas)/ Commission for a term of six months, which may be extended by the Registrar/ Commission in its discretion.
- 1.3 The Modaraba is listed on Karachi, Lahore and Islamabad Stock Exchanges (now Pakistan Stock Exchange post demutualization of all Stock Exchanges). The Modaraba is currently engaged in various modes of Islamic fundings and businesses which include ijarah financing, deployment of fund in musharika, morabaha and investment in securities.
- 1.4 These financial statements are presented in Pak Rupees, which is the Modaraba's functional and presentation currency.

2. STATEMENT OF COMPLIANCE

- 2.1 The condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan and the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modaraba and directives issued by Securities and Exchange Commission of Pakistan (the Modaraba regulations).
- 2.2 This condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Modaraba for the year ended June 30, 2018.
- 2.3 The comparative condensed balance sheet, presented in this condensed interim financial statements, as at June 30, 2018 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2018 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the period ended March 31, 2018 have been extracted from the condensed interim financial statements for the period ended March 31, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Modaraba in the preparation of these condensed interim financial statements are the same as those applied in preparation of the preceding published financial statements of the Modaraba for the year ended June 30, 2018.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

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

In preparing the condensed interim financial statements, the significant judgments made by management in applying the Modaraba's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Modaraba as at and for the year ended June 30, 2018.

5. BASIS OF PREPARATION

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

8.1 Movement in provision

	March 31, 2019			June 30, 2018		
	Principal	Profit	Total	Principal	Profit	Total
	----- Rupees -----					
Opening balance	189,800,678	162,880,543	352,681,221	178,574,997	162,880,543	341,455,540
Provision / reversal of provision during the period / year	(450,527)	-	(450,527)	11,225,681	-	11,225,681
Closing balance	189,350,151	162,880,543	352,230,694	189,800,678	162,880,543	352,681,221

		Unaudited March 31, 2019	Audited June 30, 2018
		Rupees	Rupees
9. Diminishing musharika	Note		
Diminishing musharika			
Principal		212,332,484	217,864,249
Profit		869,672	608,905
		<u>213,202,156</u>	<u>218,473,154</u>
Less: long term portion of diminishing musharika		(118,875,172)	(125,494,123)
		<u>94,326,984</u>	<u>92,979,031</u>

9.1 These carry profit rate ranging from 10.13% to 19.00% (June 2018: 10.44% to 16.00%) per annum and are repayable on monthly basis over a maximum period of three years.

		Unaudited March 31, 2019	Audited June 30, 2018
		Rupees	Rupees
10. Long term investments			
Available for sale			
Listed entity	10.1	-	6,377,161
Unlisted companies	10.2	10,347,133	10,347,133
		<u>10,347,133</u>	<u>16,724,294</u>

10.1 Listed entities

	Unaudited March 31, 2019	Audited June 30, 2018		Unaudited March 31, 2019	Audited June 30, 2018
391,583	391,583	Meezan Balance Fund			
		Carrying value		6,377,161	7,002,512
		Sold during the period		(6,377,161)	-
		Unrealized gain		-	(625,351)
				<u>-</u>	<u>6,377,161</u>

10.2 Unlisted companies

Number of Shares of Rs. 10 each

	Unaudited March 31, 2019	Audited June 30, 2018		Unaudited March 31, 2019	Audited June 30, 2018
1,107,244	1,107,244	Prudential Securities Limited (PSL)			
		Cost		4,173,707	4,173,707
		Less: Impairment	10.2.1	(4,173,707)	(4,173,707)
				-	-
191,700	191,700	Prudential Discount and Guarantee House Limited			
		Cost		1,041,815	1,041,815
		Less: Impairment	10.2.1	(1,041,815)	(1,041,815)
				-	-
843,975	843,975	LSE Financial Services Limited			
		Cost	10.2.2	12,764,715	12,764,715
		Less: Fair value adjustment		(2,417,582)	(2,417,582)
				<u>10,347,133</u>	<u>10,347,133</u>
				<u>10,347,133</u>	<u>10,347,133</u>

10.2.1 Movement of impairment

	Unaudited March 31, 2019	Audited June 30, 2018
Opening balance	5,215,522	5,215,522
Impairment charge during the period / year	-	-
Closing balance	5,215,522	5,215,522

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

10.2.2 This represent non-Shari'ah compliant shares acquired against the surrender of Lahore Stock Exchange Limited (LSE) membership card. Under the current circumstances the active market is not available for such shares as LSE Financial Services Limited is not listed yet, therefore the net asset value 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 financial information of the investee company.

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 TREC. The impairment was recorded as the Modaraba did not register itself as a broker before the expiry of the said date.

	Note	Unaudited March 31, 2019 Rupees	Audited June 30, 2018 Rupees
11. Property and equipment - owned		7,154,812	8,139,549
11.1 Details of addition / (disposal) during the period			
Addition			
-Office premises		-	3,100,000
-Furniture & fixture		-	2,748,417
-Vehicle		-	2,709,655
		<u>-</u>	<u>8,558,072</u>
Disposal			
-Office equipment		-	42,000
-Furniture & fixture		-	7,940
		<u>-</u>	<u>49,940</u>
12. Property, plant and equipment - ijarah		71,551,650	83,238,064
12.1 Details of addition / (disposal) during the period			
Addition			
-Plant & machinery		-	12,000,000
-Vehicle		<u>17,800,000</u>	<u>25,990,500</u>
		<u>17,800,000</u>	<u>37,990,500</u>
Disposal			
-Vehicle		-	3,500,000
-Machinery		<u>500,016</u>	<u>1,374,000</u>
		<u>500,016</u>	<u>4,874,000</u>
13. Investment properties			
Opening balance	13.1	45,400,000	46,900,000
Addition / (deletion)		-	(3,100,000)
Unrealized gain / (loss) on measurement of investment property		-	1,600,000
Closing balance		<u>45,400,000</u>	<u>45,400,000</u>

13.1 These includes properties which are acquired by the Modaraba against settlement of Morahaba facility and from defaulted parties, in prior years.

14. CONTINGENCIES AND COMMITMENTS

The taxation officer while making assessment in respect of the tax years 2006, 2007 and 2008 disallowed certain expenses on account of apportionment between normal and presumptive income and created an additional demand of Rs. 6.53 million.

The Modaraba had filed appeals with CIT (Appeals) against the said order, which is pending.

No provision has been made in the financial statements in this regard as management is confident that ultimate outcome of the appeals in question will be in favor of the Modaraba.

15. MODARABA COMPANY'S MANAGEMENT FEE

Management fee is calculated @ 10% on profit before tax.

16. 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 management intends to distribute the profit and accordingly no provision for tax has been made in the current period. 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.

17. 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 Modaraba	Nature of Transactions	Unaudited	Audited
		March 31, 2019 Rupees	June 30, 2018 Rupees
Balances with related parties			
Modaraba management company	Management fee payable	461,301	-
Modaraba under common management	Share in common expenses payable	-	-
Chief financial officer *	Diminishing Musharika	1,660,388	-
		Unaudited	Unaudited
		March 31,	March 31,
		2019	2018
		Rupees	Rupees
Income / (Expense) for the period			
Staff provident fund	Contribution made	(459,394)	(143,377)
Modaraba management company	Management fee	(461,301)	-
Modaraba under common management	Sharing of common expenses	(3,557,524)	(3,691,860)
Chief financial officer of the Modaraba	Diminishing Musharika	28,410	-
Receipts / (payments) during the period			
Staff provident fund	Contribution made	(459,394)	(143,377)
Modaraba management company	Management fee	-	(832,792)
Modaraba under common management	Sharing of common expenses	(3,557,524)	(3,103,362)
Chief financial officer of the Modaraba	Diminishing Musharika	87,222	-

* Represents diminishing musharka facility against vehicle as per HR policy

18. DATE OF AUTHORISATION OF ISSUE

This condensed interim financial statements have been authorized for issue on April 29, 2019 by the Administrator.

19. GENERAL

Figures have been rounded off to the nearest Rupee.

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ADMINISTRATOR















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CHIEF FINANCIAL OFFICER



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