



**FIRST**  
**PRUDENTIAL**  
**MODARABA**  
**QUARTERLY REPORT**

**30-Sep-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 KASB 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.) Ltd.

## **Registered Office**

Office # B, 5<sup>th</sup> Floor,  
Lakson Square Building # 1,  
Sarwar Shaheed Road,  
Karachi.

Phone: 021-35630621

35630623, 35630625, 35630626

## **Lahore Branch Office**

Office No. 318 3<sup>rd</sup> 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](http://www.firstprudentialmodaraba.com)

## DIRECTORS' QUARTERLY REPORT

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The Financial Highlights of First Prudential Modaraba for the quarter ended September 30, 2019 are as under:-

### FINANCIAL HIGHLIGHTS

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<b>BALANCE SHEET</b>	<b>September 30, 2019 Rs "000"</b>	<b>June 30, 2019 Rs "000"</b>
Cash and bank balance	144,297	96,876
Investment	4,280	4,732
Diminishing Musharaka Finance	180,877	207,092
Receivable against sale of agricultural produce	11,692	11,692
Ijarah Assets	51,388	59,425
Investment Properties	45,400	45,400
Total Assets	496,993	493,403
Net Assets	425,530	423,544

<b>PROFIT &amp; LOSS ACCOUNT</b>	<b>September 30, 2019 Rs "000"</b>	<b>September 30, 2018 Rs "000"</b>
Gross Income	19,706	16,448
Operating & Financial Charges	(17,732)	(15,133)
Management Company Fee	0	(131)
Net Profit for the Quarter	1,974	1,160
Earning per Modaraba Certificate (Rupees)	0.02	0.01

### OPERATIONS AND PERFORMANCE

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By the grace of Almighty Allah, the First quarter of the financial year of the Modaraba ended successfully. The Modaraba registered net profit of Rs.1.97 million as compared to net profit of Rs.1.16 million for the corresponding period of the last year. Earning per certificate was Rs.0.02 as compared to Rs 0.01 for the corresponding period of the last year.

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 to protect the interest of the certificate holders.

## FUTURE PROSPECTS

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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 polices per our short and longer term plans with innovative approach for better returns for the Certificate holders.

## ACKNOWLEDGEMENT

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

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

**For First Prudential Modaraba**

**-SD-**

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Khawaja Waheed Raza  
Administrator  
Dated: October 30, 2019  
Karachi

## ڈائریکٹر ز رپورٹ

فرسٹ پروڈینشل مضاربہ کے 30 ستمبر 2019 کو اختتام پذیر ہونے والی پہلی سہ ماہی کا مالیاتی کوشوارہ درج ذیل ہے:-

### مالیاتی جھلکیاں

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

30 ستمبر 2019 روپے "مہ" میں	30 جون 2019 روپے "مہ" میں	بیلنس شیٹ
144,297	96,876	نقد اور بینک بیلنس
4,280	4,732	سرمایہ کاری
180,877	207,092	شرکت متناقصہ مالیات
11,692	11,692	وصولیابی زرعی پیداوار
51,388	59,425	اجارہ اثاثہ جات
45,400	45,400	جائیداد میں سرمایہ کاری
496,993	493,403	مجموعی اثاثہ جات
425,530	423,544	خالص اثاثہ جات
30 ستمبر 2019 روپے "مہ" میں	30 ستمبر 2018 روپے "مہ" میں	نفع و نقصان کا حساب
19,706	16,448	مجموعی آمدنی
(17,732)	(15,133)	انتظامی و مالیاتی اخراجات
(-)	(131)	منجمنٹ فیس
1,974	1,160	خالص سالانہ منافع (نقصان)
0.02	0.01	فی حصہ آمدنی (روپے)

### انتظامی کارکردگی

اللہ تعالیٰ کے فضل سے پہلی سہ ماہی برائے سال 2019 مضاربہ کا مجموعی منافع 1.97 ملین روپے رہا، جبکہ پہلی سہ ماہی برائے سال 2018، 1.16 ملین روپے کا منافع تھا۔ مضاربہ کی انتظامیہ مضاربہ کی انتظامی اور مالیاتی کارکردگی میں بہتری کے لئے یکسو ہے تاکہ تمام اسٹیپ ہولڈرز خصوصاً سٹیفیکریٹ ہولڈرز کے اعتماد پر پورا اتر سکے۔

ناظم اور انتظامیہ کی توجہ مضاربہ کی انتظامی اور مالیاتی کارکردگی میں بہتری پر مرکوز ہے تاکہ طویل مدتی استحکام کے ساتھ تمام متعلقین خصوصاً سٹیفیکریٹ ہولڈرز کے اعتماد پر پورا اتر جا سکے۔

## مستقبل کے امکانات

شریعت کے مطابق کاروبار کے ذریعے ترقی کرنے کے 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 طویل 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

بورڈ ریگولیٹری 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 مضارب کی کامیابی کے لئے دُعا کو ہیں۔  
برائے کماے ایس بی مضاربہ

خواجہ وحید رضا

ناظم

30 اکتوبر 2019

کراچی

**FIRST PRUDENTIAL MODARABA  
CONDENSED INTERIM BALANCE SHEET ( UN-AUDITED)  
AS AT SEPTEMBER 30, 2019**

		(Unaudited) September 30, 2019	(Audited) June 30, 2019
	Note	-----Rupees-----	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	6	144,297,347	96,876,829
Investments	7	4,280,708	4,732,117
Musharika, morabaha and other finance	8	-	-
Current portion of diminishing musharika	9	86,558,751	92,520,170
Ijarah rentals receivable		1,555,813	1,519,667
Receivable against sale of agriculture produce		11,692,131	11,692,131
Advances, prepayments and other receivables		28,093,782	38,401,796
Tax refundable - considered good		12,913,879	12,913,879
<b>Total current assets</b>		<b>289,392,411</b>	<b>258,656,589</b>
<b>Non - current assets</b>			
Long term investments	10	10,347,133	10,347,133
Long term portion of diminishing musharika	9	95,318,809	114,572,927
Long term advances		364,656	149,618
Long term deposits		235,500	127,500
Intangible assets	11	-	-
Property and equipment - own use	12	4,546,854	4,724,200
Property, plant and equipment - ijarah	13	51,388,174	59,424,712
Investment properties	14	45,400,000	45,400,000
<b>Total Non - Current Assets</b>		<b>207,601,126</b>	<b>234,746,090</b>
<b>TOTAL ASSETS</b>		<b>496,993,537</b>	<b>493,402,679</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Current portion of ijarah deposits		4,929,153	4,929,153
Accrued and other liabilities		16,036,777	14,419,881
Provision for taxation		1,577,836	1,577,836
Unclaimed profit distribution		30,842,228	30,842,228
<b>Total current liabilities</b>		<b>53,385,994</b>	<b>51,769,098</b>
<b>Non-current liabilities</b>			
Long term portion of ijarah deposits		18,077,831	18,077,831
<b>TOTAL LIABILITIES</b>		<b>71,463,825</b>	<b>69,846,929</b>
<b>NET ASSETS</b>		<b>425,529,713</b>	<b>423,555,750</b>
<b>REPRESENTED BY</b>			
Certificate capital			
<b>Authorized certificate capital</b>			
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)	(2,417,582)
<b>Issued, subscribed and paid-up certificate capital</b>			
87,217,660 modaraba certificates of rupees 10/- each		872,176,600	872,176,600
Statutory reserve		152,142,130	151,747,338
Accumulated loss		(596,371,436)	(597,950,606)
		427,947,294	425,973,332
		425,529,712	423,555,750
Contingencies and commitments	15		

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

-SD-  
ADMINISTRATOR

-SD-  
CHIEF FINANCIAL OFFICER

**FIRST PRUDENTIAL MODARABA  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

	July 1, 2019 to September 30, 2019	July 1, 2018 to September 30, 2018
Note	----- Rupees -----	
<b>INCOME</b>		
Ijarah rentals earned - net	7,594,431	7,357,476
Return on deposits with bank	2,013,288	377,606
Income on diminishing musharika	7,543,180	6,935,133
Income on morabaha	-	589,809
Capital gain on sale of investments	-	60,448
Dividend income	691,004	222,600
Rental income from investment property	699,130	635,580
Other income	1,616,726	347,240
	<u>20,157,759</u>	<u>16,525,892</u>
Unrealized (loss)/gain on investments - held for trading at fair value through profit or loss	(451,410)	(528,120)
Reversal / (charge) of Provision against potential losses - net	-	450,527
	<u>19,706,349</u>	<u>16,448,299</u>
<b>EXPENDITURE</b>		
Depreciation on ijarah assets	(8,036,538)	(7,912,122)
Administrative expenses	(9,611,765)	(7,182,126)
Workers welfare fund	(39,479)	(23,209)
Bank and other charges	(44,605)	(39,253)
	<u>(17,732,387)</u>	<u>(15,156,710)</u>
Profit/(Loss) for the period	1,973,962	1,291,589
Modaraba company's management fee	-	(116,046)
Sales tax on management fee	-	(15,086)
Profit/(Loss) before taxation	<u>1,973,962</u>	<u>1,160,457</u>
Provision for taxation	-	-
Profit/(loss) after taxation	<u><u>1,973,962</u></u>	<u><u>1,160,457</u></u>
<b>Earnings per certificate</b>	<u><u>0.02</u></u>	<u><u>0.01</u></u>

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

-SD-  
ADMINISTRATOR

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CHIEF FINANCIAL OFFICER



**FIRST PRUDENTIAL MODARABA  
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

	Period ended	
	September 30, 2019	September 30, 2018
	-----Rupees-----	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	1,973,962	(4,936,722)
Adjustments for non-cash changes and other items:		
Dividend income	(691,004)	(409,744)
Unrealised (gain)/loss on changes in fair value of trading investments - through profit and loss	451,410	1,399,958
(Gain) on disposal-own assets	-	(18,500)
(Gain) on disposal-ijarah assets	-	(175,282)
Depreciation-own use assets	177,347	327,121
Depreciation on ijarah assets	8,036,538	20,050,213
	<u>7,974,291</u>	<u>21,173,766</u>
<b>Cash flows before movements in working capital</b>	<b>9,948,253</b>	<b>16,237,044</b>
<b>(Increase) / decrease in operating assets</b>		
Musharika, morabaha and other finance	-	13,222,752
Diminishing musharika	25,215,537	(979,896)
Ijarah rentals receivable	(36,146)	116,804
Advances, prepayments and other receivables	9,984,974	(4,779,528)
	<u>35,164,365</u>	<u>7,580,132</u>
<b>(Decrease) / increase in operating liabilities</b>		
Ijarah deposits	-	4,295,550
Accrued and other liabilities	1,616,896	(565,918)
	<u>1,616,896</u>	<u>3,729,632</u>
	<u>46,729,514</u>	<u>27,546,808</u>
Income tax paid	-	(351,308)
<b>Net cash (used in) operating activities</b>	<b>46,729,514</b>	<b>27,195,500</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	691,004	409,744
Investments - net	-	702,489
Proceeds from disposal - ijarah assets	-	2,664,168
Purchase of own use assets	-	(2,709,656)
Purchase of ijarah assets	-	(25,055,500)
Proceeds from disposal - own use assets	-	18,500
<b>Net cash (used in) / generated from investing activities</b>	<b>691,004</b>	<b>(23,970,255)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit distribution	-	(9,510,743)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(9,510,743)</b>
Net (decrease) in cash and cash equivalents (A+B+C)	47,420,518	(6,285,498)
Cash and cash equivalents at July 1	96,876,829	95,327,554
<b>Cash and cash equivalents at March 31</b>	<b>144,297,347</b>	<b>89,042,056</b>

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

-SD-  
ADMINISTRATOR

-SD-  
CHIEF FINANCIAL OFFICER

**FIRST PRUDENTIAL MODARABA  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

	Capital		Reserves		Total
	Certificate capital	Statutory reserve	Accumulated loss	Sub total	
	----- Rupees -----				
Balance at July 1, 2018 (Audited)	872,176,600	151,282,924	(600,394,309)	(600,394,309)	423,065,215
<b>Comprehensive income</b>					
Profit/(loss) for the period ended September 30, 2018	-	-	1,160,457	1,160,457	1,160,457
Other comprehensive income for the period ended September 30, 2018	-	-	-	-	-
Total comprehensive income for the period ended September 30, 2018	-	-	1,160,457	1,160,457	1,160,457
<b>Transfer to statutory reserve</b>	-	232,091	(232,091)	(232,091)	-
Balance at September 30, 2018 (Unaudited)	<u>872,176,600</u>	<u>151,515,015</u>	<u>(599,465,943)</u>	<u>(599,465,943)</u>	<u>424,225,672</u>
Balance at July 1, 2019 (Audited)	872,176,600	151,747,338	(597,950,606)	(597,950,606)	425,973,332
<b>Comprehensive income</b>					
Profit/(loss) for the period ended September 30, 2019	-	-	1,973,962	1,973,962	1,973,962
Other comprehensive income for the period ended September 30, 2019	-	-	-	-	-
Total comprehensive income for the period ended September 30, 2019	-	-	1,973,962	1,973,962	1,973,962
<b>Transfer to statutory reserve</b>	-	394,792	(394,792)	(394,792)	-
Balance at September 30, 2019 (Unaudited)	<u>872,176,600</u>	<u>152,142,130</u>	<u>(596,371,436)</u>	<u>(596,371,436)</u>	<u>427,947,294</u>

\* 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.

**-SD-  
ADMINISTRATOR**

**-SD-  
CHIEF FINANCIAL OFFICER**

**FIRST PRUDENTIAL MODARABA  
CONDENSED NOTES TO INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 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 has taken over the management and administrative control of First Prudential Modaraba effective 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 affair of the Modaraba in place of KIPL (Management Company). Accordingly, all the powers and duties of the Modaraba Management Company as well as those of its Board of Directors shall be exercised and performed by the Administrator. The Administrator will hold the office for the period of six months as directed by the SECP, which may be extended further upon the discretion of the Registrar/Commission. Subsequently, the Registrar Modaraba vide order dated October 4, 2019 has extended the tenure of appointment of the Administrator for a period of three months effective from October 3, 2019.
- 1.3 The principal office of First Prudential Modaraba is situated at office # B, 5th Floor, Lakson Square Building 1, Sarwar Shaheed Road, 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.
- 1.4 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, 2019 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2019 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 September 30, 2018 have been extracted from the condensed interim financial statements for the period ended September 30, 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, 2019.

**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, 2019.

**5. BASIS OF PREPARATION**

These condensed interim financial statements have been prepared under the historical cost convention, except for:

- Certain investments carried at fair value
- Investment properties which have been measured at fair value
- Certain loans and receivables which have been measured at amortized costs

**FIRST PRUDENTIAL MODARABA  
CONDENCED NOTES TO INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

	Note	Unaudited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
<b>6. CASH AND BANK BALANCES</b>			
Cash in hand		10,000	3,810
Cash at banks			
Current accounts		13,449,457	13,449,457
Saving accounts	6.1	130,837,890	83,423,562
		<u>144,287,347</u>	<u>96,873,019</u>
		<u>144,297,347</u>	<u>96,876,829</u>

6.1 Effective mark-up rate in respect of saving accounts ranges from 5 .10 % to 11.15 % per annum (Jun 2019: 2.00% to 10.25%) per annum.

**7. INVESTMENTS**

<b>Amortised cost</b>			
Receivable against TDR	7.1	-	-
<b>Fair value through profit or loss</b>			
Quoted securities	7.2	4,280,708	4,732,117
		<u>4,280,708</u>	<u>4,732,117</u>
<b>7.1</b>	Term deposit receipts as at December 31, 2012	10,000,000	10,000,000
	Less: Amortization charge	(2,000,000)	(2,000,000)
	Less: received in earlier period	(3,219,433)	(3,219,433)
	Net receivable	4,780,567	4,780,567
	Provision against doubtful recoveries	(4,780,567)	(4,780,567)
		<u>-</u>	<u>-</u>

**7.2 At fair value through profit or loss - in quoted securities**

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

Unaudited September 30, 2019	Audited June 30, 2019		Unaudited September 30, 2019 Rupees	Audited June 30, 2019 Rupees
Number of Certificates / Shares / Units		Name of investee company		
		<b>Personal Goods (Textile)</b>		
525	525	Nishat Mills Limited	44,100	49,004
		<b>Electricity</b>		
48,500	54,367	The Hub Power Company Limited	3,846,465	4,281,401
		<b>Multiutilities (Gas and Water)</b>		
1,495	1,495	Sui Northern Gas Pipeline Limited	92,092	103,887
		<b>Engineering</b>		
7,500	7,500	International Steel Ltd	298,050	297,825
		<b>Suspended/ Delisted Companies</b>		
348	348	Hussain Industries Limited	-	-
1,670,720	1,670,720	Prudential Stock Fund	-	-
360,000	360,000	Zeal-Pak Cement Factory Limited	-	-
<u>2,089,088</u>	<u>2,094,955</u>		<u>4,280,708</u>	<u>4,732,117</u>

**7.2.1 Unrealized gain on changes in fair value of held for trading investments**

Weighted average cost of investments	4,732,118	5,783,729
Unrealized (loss) on changes in fair value of held for trading investments	(451,410)	(1,051,612)
Market value of investments	<u>4,280,708</u>	<u>4,732,117</u>

## 8. MUSHARIKA , MORABAHA AND OTHER FINANCE

### Musharika and morabaha finance

- considered good	-	-
- considered doubtful	352,230,694	352,230,694
	352,230,694	352,230,694
Less: Provision against doubtful amounts	(352,230,694)	(352,230,694)
	-	-

8.1

### Other finance - unsecured

- considered good	-	-
- considered doubtful	11,002,281	11,002,281
	11,002,281	11,002,281
Less: Provision against doubtful amounts	(11,002,281)	(11,002,281)
	-	-
	-	-

### 8.1 Movement in provision

	September 30, 2019			June 30, 2019		
	Principal	Profit	Total	Principal	Profit	Total
	----- Rupees -----					
Opening balance	189,350,151	162,880,543	352,230,694	189,800,678	162,880,543	352,681,221
Provision / (reversal) of provision during the period / year	-	-	-	(450,527)	-	(450,527)
<b>Closing balance</b>	<b>189,350,151</b>	<b>162,880,543</b>	<b>352,230,694</b>	<b>189,350,151</b>	<b>162,880,543</b>	<b>352,230,694</b>

## 9. Diminishing musharika

		Unaudited September 30, 2019	Audited June 30, 2019
	Note	Rupees	Rupees
Diminishing musharika			
Principal		180,370,282	205,919,769
Profit		1,507,278	1,173,328
		181,877,560	207,093,097
Less: long term portion of diminishing musharika		(95,318,809)	(114,572,927)
		86,558,751	92,520,170

9.1 These carry profit rate ranging from 10.00% to 19.00% (June 2019: 10.00% to 19.00%) per annum and are repayable on monthly basis over a maximum period of three years.

## 10. Long term investments

		Unaudited September 30, 2019	Audited June 30, 2019
	Note	Rupees	Rupees
Fair value through other comprehensive income			
Unlisted company	10.1	10,347,133	10,347,133
		10,347,133	10,347,133

### 10.1 Unlisted companies

#### Number of Shares of Rs. 10 each

1,107,244	1,107,244	Prudential Securities Limited (PSL) Cost		
		Less: Impairment	10.1.1	4,173,707
				(4,173,707)
				-
191,700	191,700	Prudential Discount and Guarantee House Limited Cost		
		Less: Impairment	10.1.1	1,041,815
				(1,041,815)
				-
843,975	843,975	LSE Financial Services Limited Cost	10.1.2	12,764,715
		Less: Fair value adjustment		(2,417,582)
				10,347,133
				10,347,133

#### 10.1.1 Movement of impairment

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.

**10.1.2** This represent shares acquired against the surrender of Pakistan Stock Exchange (PSX) formerly Lahore Stock Exchange Limited (LSE) membership card. Under the current circumstances the active market is not available for such shares, 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 audited financial statements of the investee company for the year ended June 30, 2017, the break up value of which is Rs.12.26.

#### 11. Intangible assets

PSX - Trading rights entitlement certificates (TREC)	<u>5,344,352</u>	5,344,352
	<u>5,344,352</u>	5,344,352
Impairment of TREC	<u>(5,344,352)</u>	(5,344,352)
	<u>-</u>	-

	<b>Note</b>	<b>Unaudited September 30, 2019 Rupees</b>	Audited June 30, 2019 Rupees
<b>12. Property and equipment - owned</b>		<u><b>4,546,854</b></u>	<u>4,724,200</u>

<b>12.1</b> Details of addition / (disposal) during the period			
Addition		<u>-</u>	<u>-</u>
Disposal		<u>-</u>	<u>-</u>

<b>13. Property, plant and equipment - ijarah</b>		<u><b>51,388,174</b></u>	<u>59,424,712</u>
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<b>13.1</b> Details of addition / (disposal) during the period			
<b>Addition</b>			
-Vehicle		<u>-</u>	<u>17,800,000</u>
<b>Disposal</b>			
-Vehicle		<u>-</u>	<u>(35,400,000)</u>

<b>14 Investment properties</b>			
Opening balance	14.1	<u><b>45,400,000</b></u>	<u>45,400,000</u>
Closing balance		<u><b>45,400,000</b></u>	<u>45,400,000</u>

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

#### 15. CONTINGENCIES AND COMMITMENTS

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.

The Modaraba received a letter dated October 01, 2018 from the Assistant Commissioner (Unit-12) of the Sindh Revenue Board (SRB), wherein, it is mentioned that through scrutiny of the financial statements of the Modaraba (for the periods from July 2011 to March 2018 fiscal year years 2012-2017), it came to their notice that the Modaraba is engaged in providing / rendering taxable services which falls under the Second Schedule of Sindh Sales Tax on Services Act, 2011 (the Act), and the sales tax on such services, i.e. on lease rentals / lease financing transactions remains outstanding which aggregated to Rs.29.527 million. Such letters were also received by some other Modarabas and it was collectively decided that under the supervision of NBF & Modaraba Association Pakistan, a petition against the same was filed through a common legal counsel in the Honorable High Court of Sindh (HCS) challenging levy of Services Sales Tax on lease rentals/ lease financing transactions including the vires of various headings of the Second Schedule of the Act. A stay order in this regard has been granted by the HCS. stating that no adverse order in respect of the proposed treatment shall be made against the Petitioners.

The management of the Modaraba based on its discussions with its legal counsel is of the view that in light of the stay order of the HCS and the merits of the matter involved, no provision for any sales tax liability is required to be maintained in the financial statements for the year ended June 30, 2019.

**16. MODARABA COMPANY'S MANAGEMENT FEE**

The Modaraba management company is entitled to remuneration of 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. However, with the appointment of the Administrator and removal of the management company effective April 3, 2019, no management fee is charged for the period.

**17. 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.

**18. RELATED PARTY TRANSACTIONS**

The related parties and associated undertakings comprise the Ex-Modaraba Management Company [KASB Invest (Private) Limited], Modaraba under common management (KASB Modaraba) First Prudential Modaraba staff provident fund, Administrator 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 September 30, 2019 Rupees	Audited June 30, 2019 Rupees
<b>Balances with related parties</b>			
Ex-Modaraba management company	Management fee payable	150,329	150,329
Modaraba under common management	Share in common expenses payable	3,835,591	1,850,179
Administrator Note 1	Salaries & other benefits payable	165,000	498,000
		Unaudited September 30, 2019 Rupees	Unaudited September 30, 2018 Rupees
<b>Income / (Expense) for the period</b>			
Staff provident fund	Contribution made	(165,930)	(153,582)
Ex-Modaraba management company	Management fee	-	(116,046)
Modaraba under common management	Sharing of common expenses	(1,985,412)	(1,288,800)
Administrator Note 1	Salaries & other benefits	(525,000)	-
<b>Receipts / (payments) during the period</b>			
Staff provident fund	Contribution made	(165,930)	(153,582)
Administrator Note 1	Salaries & other benefits	(858,000)	-

**19. DATE OF AUTHORISATION OF ISSUE**

This condensed interim financial statements have been authorized for issue on October 30, 2019 by the Administrator.

**20. GENERAL**

Figures have been rounded off to the nearest Rupee.

-SD-  
ADMINISTRATOR

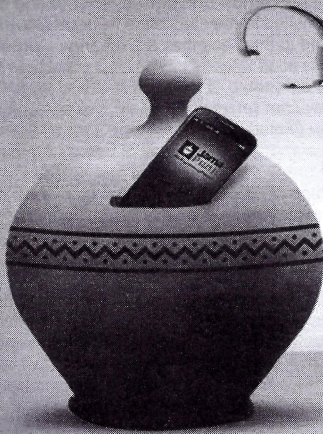
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

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



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