

# **FIRST PRUDENTIAL MODARABA**

HALF YEARLY REPORT FOR THE PERIOD ENDED DECEMBER 31, 2017 (UN-AUDITED) (REVIEWED BY EXTERNAL AUDITORS)

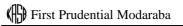
Managed by: KASB Invest (Private) Limited

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First Prudential Modaraba 16-C, Main Khayaban-e-Bukhari, Phase VI, DHA, Karachi. Tel: 021-35171786-89

### CONTENTS

CORPORATE INFORMATION	01
DIRECTOR'S REPORT	02
AUDITOR'S REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION	06
CONDENSED INTERIM BALANCE SHEET	07
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT	08
CONDENSED INTERIM CASH FLOW STATEMENT	09
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	11
SELECTED EXPLANATORY NOTES	12



### CORPORATE INFORMATION

Board of Directors Farrukh S. Ansari Director

Muzaffar Ali Shah Bukhari Director Amer Maqbool Director

Aftab Afroz Mahmoodi Chief Executive Officer

Chairman

Chairman

Audit Committee Farrukh S. Ansari

Muzaffar Ali Shah Bukhari Member Amer Maqbool Member

Human Resource and Farrukh S. Ansari

Remuneration Committee Muzaffar Ali Shah Bukhari Member Amer Maqbool Member

Aftab Afroz Mahmoodi Member

Chief Financial Officer Syed Shahid Owais

Company Secretary Syed Shahid Owais

Head of Internal Audit Zia - ul - Haq

Management Company KASB Invest (Private) Limited

Registered & Head Office 16-C, Main Khayaban-e-Bukhari, Phase VI, DHA, Karachi.

Tel: 021-35171786-89

Auditors RSM Avais Hyder Liaquat Nauman

**Chartered Accountants** 

Legal Advisor Ahmed & Qazi

Shariah Advisor Mufti Muhammad Ibrahim Essa

Bankers Habib Bank Limited

Sindh Bank Limited Summit Bank Limited

Share Registrar C & K Management Associates (Pvt) Ltd.

404, Trade Tower, Abdullah Haroon Road, Karachi.

Tel: 35687839, 35685930



### DIRECTOR'S REPORT

The Board of Directors of KASB Invest (Private) Limited, the Management Company of First Prudential Modaraba is pleased to present the half yearly unaudited financial statements of the Modaraba for the half year ended December 31, 2017.

### FINANCIAL HIGHLIGHTS

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

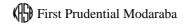
BALANCE SHEET	December 31, 2017	June 30, 2017
Cash & Bank balance	Rs "000"	Rs "000"
Investments	85,515	95,328
Diminishing Musharaka Finance	24,085	27,128
Ijarah Assets	167,085	163,019
MusharakaMurabaha& Other finances	78,701	76,199
Total Assets	18,658	18,838
	506,126	514,959

	July-December 31, 2017	July-December 31, 2016
PROFIT & LOSS ACCOUNT	Rs "000"	Rs "000"
Gross Income	27,860	56,500
Unrealized gain/(loss) on investments	(2,187)	363
Decrease in value of inventories held for		
sale under Murabaha arrangement	(5,022)	=
Operating & Financial Charges	(23,712)	(50,425)
Management Company Fee	· · · · · · · ·	(577)
Net Profit / (Loss) for the year	(3,061)	5,774
Earning per Modaraba Certificate (Rupees)	(0.04)	0.07

### OPERATIONS AND PERFORMANCE

The half year ended December 31, 2017 closed with net loss of Rs.3.06 million as compared to net profit of Rs.5.77 million for the corresponding period of last year. The loss is mainly due to the decrease in market value of the inventories held for sale under one of Murabaha arrangement. The decrease in market value has been accounted for in the financial statements to comply with the applicable Regulations & Standards on Morabaha Finance. However, management is optimistic about the improvement of commodity rates and realization of the exposure as per contractual agreement with the borrower. The operating & financial charges have been reduced as compared with the previous half year.

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.



### **FUTURE PROSPECTS**

Our business strategy & approach is steady and sound, planned to capitalize on available funds through secure investments in Shariah compliant products. Subsequent to the Balance Sheet date, the management has also filed an application with the Registrar Modaraba to merge and amalgamate First Pak Modaraba with and into the Modaraba. We believe that the combined resources and efforts would culminate better results for the Certificate holders.

### **BOARD OF DIRECTORS**

Syed Waseem-ul-Haq Haqqie, Director, KASB Invest (Pvt) Limited resigned from the Board and Mr. Muzaffar Ali Shah Bukhari wasco-opted as Director. Mr. Muzaffar Ali Shah Bukhari's nomination is subject to approval of Securities & Exchange Commission of Pakistan.

### **ACKNOWLEDGEMENT**

The Board greatly appreciates the support 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 & on behalf of the Board of Directors

Chief Executive

Dated: February 28, 2018

Karachi

## انظامي كاركردكي

ششاہی برائے دئمبر 2017،31 کا اختتام 3.06 ملین روپے کے نقصان کے ساتھ ہواجب کے سال گزشتہ کی مدت میں 5.77 ملین رویے منافع کے ساتھ تھا۔اس نقصان کی بنیادی وجہ مرابحہ کے تحت زخائر کی بازار میں مروجہ قیمتوں میں کی تھی۔بازار کی قیمتوں میں اس کمی کا حاطیان مالیاتی گوشواروں میں تمام مروجی وائدوضوابط برائے مرابحہ کے تحت کیا گیا ہے۔ انتظامیہ پُرامید ہے کہ اجناس کی قبیتوں میں بہتری اورمرابحہ کے تحت معاہدوں کی باسداری کے ساتھ قرضہ کی ادائیگی انحام بائے گی۔انتظامی اخراحات میں بچپلی مدت کے مقالیلے میں کی واقع ہوئی ہے۔انتظامیہ مالیاتی اورانتظامی کارکردگی میں بہتری کیلئے پُرعزم ہے۔مضار یہ کا دیریاا تھ کامتمام تعلقین بالخصوص حصص بافتگان کی امیدوں پر برااترے گا۔

## منتقتل کے امکانات

بماری کاروباری حکمت عملی اورنظریه ختکیم اورواضح ہے اوراس بات کا احاط کرتا ہے کہ دستیاب ذرائع کا استعمال تمام شرعی فائنانسنگ میں کیا جائےگاز برنظر گواشوارے کی مدت اختتام کے بعدا تنظامیہ نے فرسٹ یا ک مضاربہ کے ساتھ مجوز ہ انظمام کی درخواست رجسڑ ارمضار بہ کے پیش نظر رکھی ہے۔ ہمیں اُمید ہے کہ شتر کہ ذرائع تھے پانتگان کے لئے بہتر معاوضہ کاباعث بنیں گے۔

## بور ڈ آف ڈائز یکٹرز

سدوسیم الحق حتی ، ڈائر بکٹر کے ۔اے۔ایس۔ بی انوسٹ (برائیوٹ) لیمبیڈ مستعفی ہوئے اور جناب مظفرعلی شاہ بخاری کا جناؤ مجوزہ ڈائر یکٹر کی حیثیت ہے کیا گیا جوسیکورٹیز اینڈ ایکسچینج کمیشن کی منظور کی ہے مشروط ہے۔

پور ڈریگولیٹری اتھار ٹی جھی یا فتگان،اور بینکران کی معاونت اور تعاون کو بے حدیر اپتا ہےاورمستقبل میں بھی ان کی معاونت اورمشور ہے کامنتظرر ہگا۔ہم اللہ تعالی کے حضور آپ کے مضاریہ کی کامیانی کے لئے دعا گوہیں۔

> چيف ايگزيکڻو کراچی

28 فروري 2018

# ڈائر یکٹرزر بورٹ

کے۔اے۔ایس۔بی انوسٹ (یرائیوٹ) کمیٹیڈ،ا تیظا می تمپنی برائے فرسٹ پروڈ پینشل مضارب کے بورڈ آف ڈائر بیٹٹر زائنہائی مسرت کے ساتھ مضاربہ کی 31 دئمبر 2017 کواختیام پذیر ہونی والی ششماہی کاغیر آ ڈٹ شدہ مالیاتی گوشوارہ پیش کررہا ہے۔

# مالياتي جھلكياں

زىرجائزه بدية كيليمالياتي جھلكيان درج ذيل ہيں۔

بيلنسشيث	31 وَبَرِ 2017 (000)روپي	30 جون 2017 (000) روپي
نقذاور بنك ميس رقم	85,515	95,328
سر ماییکاری	24,085	27,128
ترکت <b>م</b> تناقصه	167,085	163,019
اجارها ثا ثدجات	78,701	76,199
مشار که ،مرا بحدودیگر مالیات	18,658	18,838
كل ا ثا شبعات	506,126	514,959

نفع ونقصان كاحساب	2017 ჯ531	31 ومبر 2016
·	(000)روپي	(000)روپي
مجوئ آمدنی	27,860	56,500
سرماييكارى يرغيراوا شده نفع نقصان	(2,187)	363
مرا بحہ کے تحت رکھی گئی انو ینٹری میں تنزلی	(5,022)	-
انتظامی و مالیاتی اخراجات	(23,712)	(50,425)
مينجنث كميني فيس	-	(577)
خالص منافع/نقصان برائےموجودہدت	(3,061)	5,774
فی حصه آمدنی (روپے )	(0.04)	0.07





RSM Avais Hyder Liaquat Nauman Chartered Accountants

> 407, Progressive Plaza, Beaumont Road, Karachi, 75530-Pakistan. T: +92 (21) 35655975-6 F: +92 (21) 3565-5977 W: www.rsmpakistan.pk

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim balance sheet of FIRST PRUDENTIAL MODARABA(the Modaraba)as at December 31, 2017, the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period ended (here-in-after referred to as the "interim financial information"). Management of Modaraba Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Other matter

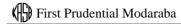
The figures for the quarters ended December 31, 2017and December 31, 2016 in the condensed interim profit and loss account has not been reviewed and we do not express a conclusion on them

RSM Avais Hyder Liaquat Nauman Chartered Accountants Karachi Dated: 28 February, 2018 Engagement Partner: Adnan Zaman

THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

RSM Awais Hyder Liaquat Nauman is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a seperate legal entity in any jurisdiction.





# CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT DECEMBER 31, 2017

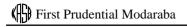
AS AT DECEM	MBER 3	1, 2017	
ASSETS	Note	(Unaudited) December 31, 2017 Rupees	(Audited) June 30, 2017 Rupees
Current assets Cash and bank balances Investments Musharika, morabaha and other finance Current portion of diminishing musharika Ijarah rentals receivable Receivable against sale of agriculture produce Advances, prepayments and other receivables Other assets Tax refundable - considered good Total current assets	6 7 8 9 10 11 12 13	85,515,406 7,454,430 18,657,541 71,456,218 279,450 27,811,518 29,577,908 9,984,750 12,913,879 263,651,100	95,327,554 10,344,116 18,837,534 63,428,579 396,060 27,811,518 27,425,159 17,102,760 12,913,879 273,587,159
Non - current assets Long term investments Long term portion of diminishing musharika Long term deposits Intangible assets Property and equipment - own use Property, plant and equipment - ijarah Capital work in progress Investment properties Total Non - Current Assets	14 9 15 16 17 18 19 20	16,630,803 95,629,188 37,500 2,781,730 78,700,602 1,795,336 46,900,000 242,475,159	16,784,182 99,590,166 66,192 236,843 76,198,801 1,595,336 46,900,000 241,371,520
TOTAL ASSETS		506,126,259	514,958,679
LIABILITIES			
Current liabilities Current portion of ijarah deposits Accrued and other liabilities Unclaimed profit distribution Total current liabilities		6,351,750 14,855,213 31,376,927 52,583,890	7,560,531 14,895,898 29,065,618 51,522,047
Non-current liabilities Long term portion of ijarah deposits TOTAL LIABILITIES NET ASSETS		15,936,183 68,520,073 437,606,186	11,277,403 62,799,450 452,159,229
REPRESENTED BY Certificate capital			
Authorized certificate capital 87,217,660 modaraba certificates of rupees 10/- ea	ch	872,176,600	872,176,600
Issued, subscribed and paid-up certificate capital 87,217,660 modaraba certificates of rupees 10/- ea Statutory reserve Accumulated loss	ch	872,176,600 151,282,924 (585,853,338) 437,606,186	872,176,600 151,282,924 (571,300,295) 452,159,229
Contingencies and commitments	21		

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

For KASB Invest (Private) Limited (Management Company)

CHIEF EXECUTIVE DIRECTOR DIRECTOR





# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

		Half yea	ır ended	Quarter	ended
		December 31 2017	December 31 2016	December 31 2017	December 31 2016
No	ote	Rupees	Rupees	Rupees	Rupees
INCOME					
ljarah rentals earned		11,166,138	38,401,551	5,785,907	16,197,142
Return on deposits with bank		2,491,864	4,899,986	1,293,550	2,060,694
Income on diminishing musharika		11,075,466	1,987,093	5,264,236	1,193,974
Income on morabaha		1,080,000	5,537,126	540,000	3,428,414
Capital gain on sale of investments		-	-	-	-
Dividend income		409,744	568,744	210,994	330,244
Rental income from investment property		1,210,860	72,000	597,060	27,000
Other income		426,272	2,447,875	281,500	1,801,516_
		27,860,344	53,914,375	13,973,247	25,038,984
Unrealized (loss)/gain on investments - held for trading	g				
at fair value through profit or loss		(2,187,197)	362,877	(1,710,764)	395,633
Decrease in value of inventories due to re measureme	ent				
(held for sale under morabaha arrangement)	13	(5,022,341)	-	(5,022,341)	-
Reversal of provision against workers' welfare fund			2,585,673		2,585,673
		20,650,806	56,862,925	7,240,142	28,020,290
EXPENDITURE					
Depreciation on ijarah assets		(12,498,199)	(35,881,630)	(6,409,516)	(15,082,171)
Administrative expenses		(11,178,652)	(14,371,530)	(5,832,017)	(8,140,550)
Workers welfare fund		1 -	(115,475)	34,455	(83,989)
Bank and other charges		(35,323)	(56,555)	(15,293)	(31,183)
, and the second		(23,712,174)	(50,425,190)	(12,222,371)	(23,337,893)
Profit for the year		(3,061,368)	6,437,735	(4,982,229)	4,682,397
•					
Modaraba company's management fee	22	-	(577,375)	-	(419,946)
Sales tax on management fee			(86,606)		(62,992)
Profit before taxation		(3,061,368)	5,773,754	(4,982,229)	4,199,459
Provision for taxation	23		_	_	_
Profit after taxation		(3,061,368)	5,773,754	(4,982,229)	4,199,459
Others					
Other comprehensive income					
Unrealized (loss)/gain on remeasurement of investment	nts	(450.070)	040 740	(004.404)	704.050
classified as 'available for sale'		(153,378)	943,716	(264,401)	704,850
Total comprehensive income for the year		(3,214,747)	6,717,470	(5,246,631)	4,904,309
(Loss) / earnings per certificate		(0.04)	0.07	(0.06)	0.05

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

For KASB Invest (Private) Limited (Management Company)

First Prudential Modaraba

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half yea	r ended_
	December 31, 2017 Rupees	December 31, 2016 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation Adjustments for non-cash changes and other items:	(3,061,368)	5,773,754
-Dividend income -Unrealised loss / (gain) on changes in fair value of held for	(409,744)	(568,744)
trading investments - at fair value through profit and los		(362,877)
<ul> <li>Decrease in value of inventories due to re measuremen (held for sale under morabaha arrangement)</li> </ul>		-
-Gain on disposal-own assets	(13,500)	(16)
-Depreciation-own use assets	164,768	712,953
-Depreciation on ijarah assets	12,498,199	35,881,630
	<u>19,449,261</u>	35,662,946
Cash flows before movements in working capital	16,387,893	41,436,700
Decrease / (Increase) in operating assets		
-Musharika, morabaha and other finance	179,993	(81,571,256)
-Diminishing musharika	(4,066,661)	(24,872,729)
-Other assets	2,095,669	(24,072,729)
-ljarah rentals receivable	116,610	(17,252,438)
-Advances, prepayments and other receivables	(1,916,347)	(21,425,417)
, availed, propaymente and sine. 1000, abite	(3,590,736)	(145,121,840)
	, , , ,	,
Increase / (Decrease) in operating liabilities		
-ljarah deposits	3,449,999	(1,097,350)
-Accrued and other liabilities	(40,685)	2,572,512
	3,409,314	1,475,162
	16,206,471	(102,209,978)
-Income tax paid	(407,710)	(335,010)
Net cash generated from / (used in) operating activities	15,798,761	(102,544,988)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
-Dividend received	409,743	568,744
-Investments - net	702,489	-
-Proceeds from disposal - ijarah assets	-	2,379,254
-Purchase of own use assets	(2,709,655)	(37,400)
-Purchase of ijarah assets	(15,000,000)	(9,319,000)
-Proceeds from disposal - own use assets	13,500	21,243
Net cash used in investing activities	(16,583,923)	(6,387,159)

8

Half year ended

December 31, 2017 December 31, 2016 Rupees Note Rupees

C CACH ELOWIC EDOM EINIANCINO ACTIVITIES

C. CASITIFLOWS FROM FINANCING ACTIVITIES		
Profit distribution	(9,026,987)	(9,026,987)
Net cash used in financing activities	(9,026,987)	(9,026,987)
Net decrease in cash and cash equivalents (A+B+C)	(9,812,148)	(9,812,148)
Cash and cash equivalents at July 1	95,327,554	95,327,554
Cash and cash equivalents at December 31	85,515,406	85,515,406

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

For KASB Invest (Private) Limited (Management Company)

CHIEF EXECUTIVE DIRECTOR DIRECTOR

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

			Capital		Revenue		
	Certificate capital	Statutory Reserve	Sub total	total Unrealized gain / (loss) Accumulated Sut on available for loss sale investments	Accumulated loss	Sub total	Total A+B
Balance at July 1, 2016 (Audited) Comprehensive income	872,176,600	148,247,223	872,176,600 148,247,223 1,020,423,823	(2,097,039)	(565,936,123)	(568,033,162)	452,390,661
Profit for the half year ended December 31, 2016					5,773,754	5,773,754	5,773,754
Other comprehensive income for the half year ended December 31, 2016		•	•	943,716		943,716	943,716
Total comprehensive income for the half year ended December 31, 2016		•	•	943,716	5,773,754	6,717,470	6,717,470
Final dividend @ Rs. 0.18 per certificate for the year ended June 30, 2016		•			(15,699,179)	(15,699,179)	(15,699,179)
Transfer to statutory resesrve		1,154,751	1,154,751		(1,154,751)	(1,154,751)	
Balance at December 31, 2016 (Unaudited)	872,176,600	872,176,600 149,401,974	1,021,578,574	(1,153,323)	(577,016,299)	(578,169,622)	443,408,952
Balance at July 1, 2017 (Audited)	872,176,600	151,282,924	872,176,600 151,282,924 1,023,459,524	(1,807,797)	(569,492,498)	(571,300,295)	452,159,229
Comprehensive income Profit for the half waar ended December 31 2017					(3.061.368)	(3.061.368)	(3.061.368)
Other comprehensive income for the half year ended December 31, 2017		•		(153,378)	(2224 2242)	(153,378)	(153,378)
Total comprehensive income for the half year ended December 31, 2017		•	•	(153,378)	(3,061,368)	(3,214,747)	(3,214,747)
Final dividend @ Rs. 0.13 per certificate for the year ended June 30, 2017					(11,338,296)	(11,338,296)	(11,338,296)

437,606,186

(585,853,338)

1,023,459,524

151,282,924

872,176,600

Balance at July 1, 2017 (Audited)
Comprehensive income
Profit for the half year ended December 31, 2017
Other comprehensive income for the half year ended
Total comprehensive income for the half year ended
Tinal dividend @ Rs. 0.13 per certificate for the year
Transfer to statutory reserve
Balance at December 31, 2017 (Unaudited)

The annexed notes from 1 to 26 form an integral

For KASB Invest (Private) Limited (Management Company)

DIRECTOR

CHIEF EXECUTIVE

DIRECTOR

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

### CONDENSED NOTES TO INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

### LEGAL STATUS AND NATURE OF BUSINESS.

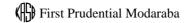
- 1.1 First Prudential Modaraba (the Modaraba) is a multipurpose, perpetual Modaraba. The Modaraba is registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981 and was managed by Prudential Capital Management Limited (PCML). In pursuance of instructions received from Securities and Exchange Commission of Pakistan (SECP), KASB Invest (Private) Limited (the Management Company) has taken over the management and administrative control of First Prudential Modaraba effective from November 13, 2014.
- 1.2 The registered office of the Modaraba is situated at 16-C, Main Khayaban-e-Bukhari, Phase VI, DHA, Karachi. 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.
- 1.3 These financial statements are presented in Pak Rupees, which is the Modaraba's functional and presentation currency.
- 1.4 Subsequent to the period ended December 31, 2017, 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.

### 2. STATEMENT OF COMPLIANCE

- 2.1 The condensed interim financial statements for the six months period ended December 31, 2017 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). The 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 Modaraba's annual Financial Statements for the year ended June 30, 2017. The figures for the half year ended December 31, 2017 have been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.
- 2.2 This condensed interim financial statements comprises of the condensed interim balance sheet as at December 31, 2016 and the 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 and the notes forming part thereof for the half year ended December 31, 2016 which have been subjected to a review but not audited.
- 2.3 The comparative condensed balance sheet, presented in this condensed interim financial statements, as at June 30, 2017 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2017 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 half year ended December 31, 2016 have been extracted from the condensed interim financial statements for the half year ended December 31, 2016 which were subjected to a review but not audited.

### 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, 2017.



### 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, 2017.

### BASIS OF PREPARATION

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

	Note	(Unaudited) December 31, 2017 Rupees	(Audited) June 30, 2017 Rupees
6. CASH AND BANK BALANCES			
Cash in hand Cash at banks Current accounts Saving accounts	6.1	340 13,968,205 71,546,861 85,515,066 85,515,406	2,135 11,656,895 83,668,524 95,325,419 95,327,554

6.1 Effective mark-up rate in respect of saving accounts ranges from  $2.00\,\%$  to  $6.00\,\%$  per annum (Jun 2017: 2.00% to 6.50%) per annum.

### 7. INVESTMENTS

Held for trading at fair value through profit or loss - in quoted securities	7.1 & 7.2	7,454,430	9,641,626
Loan and receivables		7.454.420	702,490
Receivable against TDR - considered go	ood	7,454,430	10,344,116

7.1 Held for trading 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.

# First Prudential Modaraba

Reversal of provision / provision

during the period / year Closing balance

Nur	Un-Audited 31 Decembe 2017 mber of Certif Units 525	r 30 June 2017 icates / shares/	Name of investee Personal Goods (* Nishat Mills Limite			Un-Audited 31 December 2017 Rupees 78,488	Audited 30 June 2017 Rupees 83,306
	79,500	79,500	Electricity The Hub Power C	ompany Limite	ed	7,234,500	9,335,685
	1,495	1,495	Multiutilities (Gas a Sui Northern Gas		ed	141,442	222,635
	348 1,670,720 360,000	348 1,670,720 360,000	Suspended/ Delist Hussain Industries Prudential Stock F Zeal-Pak Cement	Limited und		- - -	- - -
-	2,112,588	2,112,588				7,454,430	9,641,626
7.2	of held f Weighted Unrealized	d Gain on chang or trading invest average cost of d gain on chang	ments investments es in fair value		9,641 (2,187,	,	9,655,671 (14,045)
		or trading invest lue of investmer			7,454	,430	9,641,626
8.	MUSHAR	IKA, MORABAH	IA AND OTHER FIN	IANCE			
	Musharika	a and morabaha	finance				
	- conside - conside	red good red doubtful			18,657 341,455 360,113	,540	18,837,534 341,455,540 360,293,074
	Less: Pro	vision against d	oubtful amounts	0.4	(341,455,	540) (3	341,455,540)
	- conside	nce - unsecured red good red doubtful		8.1	18,657 11,002 11,002	,281	18,837,534 - 11,002,281 11,002,281
	Less: Pr	rovision against	doubtful amounts		(11,002,	281) 	(11,002,281) 
	8.1 Mover	ment in provisior	1				
			December 31, 201			June 30, 201	
		Princip	al Profit	Total Rupe	Principal	Profit	Total
Oper	ning balance	178 57/	1,997 162,880,543	•		5 162,933,344	341 704 080



9.	DIMINISHING MUSHARIKA	Unaudited December 31, 2017 Rupees	Audited June 30, 2017 Rupees
	Diminishing musharika		
	Principal	165,787,589	161,689,306
	Profit	1,297,817_	1,329,439
		167,085,406	163,018,745
	Less: Long term portion of diminishing musharika	(95,629,188)	(99,590,166)
		71,456,218	63,428,579

9.1 These carry profit rate ranging from 10.06% to 18.00% (June 2017: 10.18% to 18.00%) per annum and are repayable on monthly basis over a maximum period of three years.

### 10. IJARAH RENTALS RECEIVABLE

	Considered good		279,450	396,060
	Considered doubtful		49,083,826	49,083,826
			49,363,276	49,479,886
	Less: Provision for doubtful receivables	10.1	(49,083,826)	(49,083,826)
			279,450	396,060
10.1	Movement in provision for doubtful receivables			
	Opening balance		49,083,826	23,102,607
	Charge during the period Reversal during the period		-	25,981,219
	Closing balance		49,083,826	49,083,826

### RECEIVABLE AGAINST SALE OF AGRICULTURE PRODUCE

Receivable against sale of agriculture produce 11.1 27,811,518 27,811,518

11.1 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 (Private) Limited (PPIPL) 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 osafeguard 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 receivables against sale of agriculture produce & Ijarah rentals, the management of Modaraba has field criminal compliant & recovery suits against receivable of Ijarah Rentals in the Banking court, Karachi and a recovery suit against receivable of Agriculture Produce in Banking Court, Lahore. The PPIPL has also filed a banking suit along with stay application in the Banking Court Multan to avoid its financial obligations towards Modaraba.

(248,549)

(195,748)

178,574,997 162,880,543 341,455,540 178,574,997 162,880,543 341,455,540

(52,801)



### 12. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES.

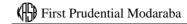
12. /\D \/\(\text{I\text{V\(\text{I\text{V\(\text{C\(\text{L\(\text{C\(\circ}\)}}}}\)		371110 01111	LICINE OLIVADI			
	Considered	Good	Considered	l Doubtful	Tot	tal
D	ecember 31, 2017	June 30, 2017	2017	2017	December 31, 2017	June 30, 2017
Advance			Rup	ees	- <b>-</b>	
Income tax To staff - Secured Against purchase of	3,362,237 490,589	2,954,527 138,944	1,814,000	1,814,000	3,362,237 2,304,589	
assets	22,345,750	20,262,250	-		22,345,750	20,262,250
Deposits	680,000	680,000			680,000	680,000
Prepayments	942,741	2,414,686	-		942,741	2,414,686
Other receivables from	n					
Brokers on account - of sale of shares - of advance for share	- 9S	-	65,619,559	65,619,559	65,619,559	65,619,559
shares 12.1	-	-	18,432,273	18,432,273	18,432,273	18,432,273
A bank 12.2	-	-	10,241,347	10,241,347	10,241,347	10,241,347
Return on deposits wi	th					
banks	414,168	528,454	-		414,168	528,454
Others	1,342,423	446,298	12,775,284	13,466,235	14,117,707	13,912,533
Sub total	29,577,908	27,425,159	108,882,463	109,573,414	138,460,371	136,998,573
Provision for doubtful			(400,000,400)	(400 570 444)	(400,000,400)	(400 570 444)
receivables 12.3	20 577 000	27 425 450	(108,882,463)	(109,5/3,414)		
	29,577,908	27,425,159	-	•	29,577,908	27,425,159

12.1This amount includes Rs. 17,889,240/- paid as advance for purchase of securities to Prudential Securities Limited (PSL). Remaining amount of Rs. 543,033/- is blocked in CDC-sub account of the said broker against various shares.

Operations of PSL had been ceased by Karachi Stock Exchange Limited (KSE) and the Modaraba has filed a claim with the KSE of Rs. 18 million along with margin deposit of Rs. 3 million included in long term deposits.

12.2 This represents an unauthorised 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 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.

Do	Tiking Court.		(Unaudited)	(Audited)
		Note	December 31, 2017 Rupees	June 30, 2017 Rupees
	12.3 Movement in provision for doubtful receive	/ables	Rupees	Nupees
	Opening balance Provision made		109,573,414	109,573,414
	Reversal of provision Closing balance		109,573,414	109,573,414
13.	Other assets			
	Opening carrying amount Addition		17,102,760	- 17,102,760
	Deletion		(2,095,669)	-
	Decrease in value due to remeasurement		(5,022,341)	-
	Closing balance		9,984,750	17,102,760



13.1	This repres	sents stock	held for trading under spot mo	rabaha a	urrangement. Un-Audited 31 December 2017	Audited 30 June 2017
14.	Long term Available for Listed entity Unlisted co	ty	s	14.1 14.2 _	Rupees 6,283,670 10,347,133 16,630,803	Rupees 7,002,512 9,781,670 16,784,182
14.1	Listed enti	ties		=	<del></del>	
31 De	udited cember 017	Audited 30 June 2017				
3	391,583	391,583	Meezan Balance Fund Carrying value Purchase during the year Unrealized gain		7,002,512 - (718,842) - 6,283,670	6,202,685 367,109 432,718 7,002,512
14.2	Unlisted co	ompanies				
Numb	per of shares	of Rs. 10				
1,	107,244	1,107,244	Prudential Securities Limited (I Cost Less: Impairment	PSL) 13.2.1	4,173,707 (4,173,707)	4,173,707 (4,173,707)
	191,700	191,700	Prudential Discount and Guara House Limited Cost Less: Impairment	13.2.1	1,041,815 (1,041,815)	1,041,815 (1,041,815)
8	843,975	843,975	Lahore Stock Exchange Limite Cost Less: Fair value adjustment	ed 13.2.3	12,764,715 (2,417,582) 10,347,133 10,347,133	12,764,715 (2,417,582) 10,347,133 10,347,133
14.2.1	1 Movemen	t of impairm	nent			
		t charge du	ring the period / year	_	5,215,522 <u>-</u>	5,215,522
	Closing ba	lance		=	5,215,522	5,215,522

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

14.2.2 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 has 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.

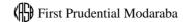
# First Prudential Modaraba

15.	Long term deposits	Note	(Unaudited) December 31, 2017 Rupees	(Audited) June 30, 2017 Rupees
	Margin deposit		3,000,000	3,000,000
	Other deposits		37,500	66,192
	Lagar Dravisian against deviktful amounts		3,037,500	3,066,192
	Less: Provision against doubtful amounts		(3,000,000)	(3,000,000)
			37,500	66,192
16.	INTANGIBLE ASSETS			
	LSE - Trading right entitlement certificate (TREC	) 16.1	5,344,352	5,344,352
	Impairment of TREC		(5,344,352)	(5,344,352)

16.1 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 impairement was recorded as the Modaraba did not register itself as a broker before the expiry of the said date.

17.	PROPERTY AND EQUIPMENT - OWNED		2,781,730	236,843
17.1	Details of addition / (disposal) during the perio Addition -Computer equipment -Vehicle	d	2,709,655 2,709,655	37,400 
	Disposal -Office premises -Equipment -Vehicle		42,000	46,761,122 - 83,500 46,844,622
18. 18.1	PROPERTY, PLANT AND EQUIPMENT - IJARAH  Details of addition / (disposal) during the perio	d	78,700,602	76,198,801
	Addition - Plant and machinery -Vehicle		12,000,000 3,000,000 15,000,000	15,392,514
	Disposal -Vehicle		<u> </u>	17,417,700 17,417,700
19.	Capital work in progress Office renovation	19.1	1,795,336	1,595,336

19.1 This represents advance for office renovation expense that will be transferred to the fixed assets after the completion of renovation work.



20. INVESTMENT PROPERTIES	Note	(Unaudited) December 31, 2017 Rupees	(Audited) June 30, 2017 Rupees
Opening balance Addition Unrealized gain / (loss) on measurement of investment pr Closing balance	20.1 coperty	46,900,000	19,200,000 28,200,000 (500,000) 46,900,000

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

### 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.

### 22. MODARABA COMPANY'S MANAGEMENT FEE

The management fee is calculated @ 10% on profit before tax.

### 23. 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.

### 24. 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	Un-Audited December 31, 2017 Rupees	Audited June 30, 2017 Rupees
Balances with related parties Staff provident fund Modaraba management company Modaraba under common management	Contribution made Management fee Sharing of common expenses	3,856,971	832,792 1,125,666
		Un-Audited December 31, 2017 Rupees	Un-Audited December 31, 2016 Rupees
Expense for the period Staff provident fund Modaraba management company Modaraba under common management	Contribution made Management fee Sharing of common expenses	92,972 - 2,731,305	132,552 832,792 2,537,709
Payments made during the period Staff provident fund Modaraba management company Modaraba under common management	Contribution made Management fee Sharing of common expenses	92,972 832,792 -	132,552 - 2,466,710

### 25. DATE OF AUTHORISATION OF ISSUE

This condensed interim financial statements have been authorised for issue on 28 February, 2018 by the Board of Directors of the KASB Invest (Pvt) Limited.

### 26. FIGURES

Figures have been rounded off to the nearest Rupee.

For KASB Invest (Private) Limited (Management Company)

CHIEF EXECUTIVE DIRECTOR DIRECTOR

20

