

First Prudential Modaraba

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CORPORATE INFORMATION

Board of Directors	Syed Waseem -ul- Haq Haqqie Syed Muhammad Rehmanullah Farrukh S. Ansari Rashid K. Siddiqui	Chairman Director Director Chief Executive Officer
Audit Committee	Farrukh S. Ansari Syed Muhammad Rehmanullah Syed Waseem -ul- Haq Haqqie	Chairman Member Member
Human Resource and Remuneration Committee	Farrukh S. Ansari Syed Waseem -ul- Haq Haqqie Syed Muhammad Rehmanullah Rashid K. Siddiqui	Chairman Member Member Member
Chief Financial Officer	Aftab Afroz Mahmoodi	
Company Secretary	Zia - ul - Haq	
Head of Internal Audit	Syed Shahid Owais	
Management Company	KASB Invest (Private) Limited	
Registered & Head Office	8-C, Block-6, PECHS, Off. Sharah-e-Faisal, Karachi. Tel: 021-34398852-5, 021-34370141	
Auditors	RSM Avais Hyder Liaquat Nauman Chartered Accountants	
Legal Advisor	Ahmed & Qazi	
Shariah Advisor	Mufti Muhammad Ibrahim Essa	
Bankers	Habib Bank Limited (Islamic Banking) Sindh Bank Limited Summit Bank Limited	
Share Registrar	C & K Management Associates (Pvt) Ltd. 404, Trade Tower, Abdullah Haroon Road, Karachi. Tel: 35687839, 35685930	

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

DIRECTOR'S REPORT

The Board of Directors of KASB Invest (Private) Limited, the Management Company of First Prudential Modaraba is pleased to present the annual audited financial statements of the Modaraba for the year ended June 30, 2016.

FINANCIAL HIGHLIGHTS

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

BALANCE SHEET	(Rupees in 000) June 30	
	2016	2015
Cash and bank balances	241,497	315,062
Investments	26,486	30,447
Diminishing Musharakah Finance	40,037	59,023
Ijarah rentals receivable	12,572	1,011
Receivable against sale of agriculture produce	27,811	-
Ijarah assets	89,520	42,756
Total Assets	512,087	511,971
Net Assets	452,391	450,946

PROFIT & LOSS ACCOUNT

Gross Income	68,178	61,450
Operating & Financial Charges	(44,552)	(30,616)
Management Company Fee	(2,082)	(2,717)
Net Profit/Loss for the Year	20,816	27,166
Earning per Modaraba Certificate (Rupees)	0.24	0.31

OPERATIONS AND PERFORMANCE

By the Grace of the Almighty Allah, the financial year at First Prudential Modaraba ended with higher Gross profit as compared to last year which is a result of the management's dedication towards growth of the Modaraba. The period closed with gross profit of PKR. 68.18 million (2015: PKR. 61.45 million). The operating & financial charges were PKR. 44.55 million (2015: PKR. 30.62 million). The increase is mainly due to upturn in depreciation on Ijarah assets as a result of rise in Ijarah exposure, and increase in HR costs, due to investments in quality staff during the period.

Distributable profits for the period are marginally lower as compared to previous year. However, new investments in Ijarah would give its fruits in the coming years.

During the period the Modaraba, entered into Banola Seed Crushing project for extraction and sale of Banola Oil and its by-products which provided further avenues towards agriculture business. Receivable against sale of agriculture produce of PKR. 27.81 represent the same project. The details of the project are covered in Note No. 10.1 to the financial statements of the Modaraba.

There is a reversal of provision against doubtful receivable of PKR. 12.53 million against reversal of PKR. 3.56 million last year. This was achieved by rigorous follow ups towards recovery of long outstandings. However, there are impediments for recovery due to non-availability of records and short falls in security documents of credits handed over from the previous management.

The management is committed towards continuous growth of the Modaraba through innovation and taking exposures in non-traditional less riskier investment opportunities for its long term sustainability and to meet the expectations of the stakeholders especially the Certificate holders.

DIVIDEND

The Board of Directors is pleased to announce the final cash dividend @ 1.8% (Re. 0.18 per Certificate) for the year ended June 30, 2016 to the certificate holders of First Prudential Modaraba.

YEAR AT A GLANCE

During the year the Modaraba kept its focus on exploring and capitalizing on low risk non-traditional investment opportunities with above average market returns. The Banola Seed Crushing project is an opening for the opportunities in the agriculture sector to earn better returns as compared to conventional lending. Management believes that by making investment in Agriculture sector higher returns can be earned. The management also kept rigorous follow up on recoveries from defaulted clients. This resulted in a green bottom line for the Modaraba and increase in the value of investment of the Certificate holders.

FUTURE PROSPECTS

Your Modaraba would continue to explore and opt for low risk, high yielding investments in agriculture sector in addition to secure exposures in Ijarah and diminishing musharakah financing.

Further, we are in the process of merging the modaraba with First Pak Modaraba managed under the same umbrella for obtaining economies of scale and synergy. We believe that the merged entity would generate better results in the future.

CORPORATE AND FINANCIAL REPORTING

The Board of Directors is fully aware of its duties and responsibilities under Code of Corporate Governance issued by Securities and Exchange Commission of Pakistan. The following statements demonstrate the Board's philosophy and commitment towards maintaining high standards of Corporate Governance:

The financial statements prepared by the management of the Modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

Proper books of accounts of the Modaraba have been maintained.

Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

International Accounting Standards (IASs) as applicable in Pakistan have been followed in preparation of Financial Statements and any departure there from has been adequately disclosed.

The system of internal controls is sound in design and has been effectively implemented and monitored.

The Modaraba is financially sound in design and has been effectively implemented and monitored.

There are no significant doubts upon the Modaraba's ability to continue as a going concern.

There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

The Modaraba operates a provident fund for its permanent employees having value of PKR. 804,108/- as on June 30, 2016.

Key operating and financial data for the last six years in summarized form is included in this annual report.

There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2016 except as disclosed in the financial statements.

None of the directors of Modaraba, CEO, CFO, Company Secretary and their spouses and minor children has carried out trading of Certificates of the Modaraba.

During the year, four meetings of the Board of Directors were held. Attendance by each director is as follows:

Name		No of Meetings Attended
Syed Waseem ul Haq Haqqie	Chairman	4
Mr. S. M. Rehmanullah	Director	4
Mr. Farrukh S. Ansari	Director	4
Mr. Rashid K.Siddiqui	Chief Executive	4

The pattern of holding of Certificates by the Certificate-holders is included in this annual report.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in its Rule Book relevant for the year ended June 30, 2016 have been adopted by the Modaraba and have been duly complied with. A statement to this effect is annexed with the report.

HUMAN RESOURCES

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

AUDITORS

The term of appointment of present auditors M/s. Avais Hyder Liaquat Nauman, Chartered Accountants is expiring on the date of the ensuing Annual Review Meeting of the Modaraba. On the recommendation of the Audit Committee, the Board has approved the reappointment of M/s. Avais Hyder Liaquat Nauman, Chartered Accountants, as auditors for the year ending June 30, 2017, subject to approval by the Registrar of Modaraba Companies and Modaraba.

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



Karachi.
Dated: October 07, 2016

Syed Waseem-ul-Haq Haqqie
Chairman

Summary of key Operating and Financial data of the
Modaraba for last six years.
Year ended June 30, 2016
.....Rupees in millions.....

Year	2016	2015	2014	2013	2012	2011
Paid-up Capital	872.177	872.177	872.177	872.177	872.177	872.177
Statutory Reserve	148.247	144.084	138.651	138.651	133.493	126.899
Certificate Holders' Equity	452.391	450.946	422.989	515.677	519.608	512.996
Certificate	87.217	87.217	87.217	87.217	87.217	87.217
Current Liabilities	50.115	54.842	57.555	45.089	38.758	32.278
Non-Current Assets	154.096	140.436	158.376	241.070	150.437	109.642
Current Assets	357.991	371.534	326.186	343.815	440.827	462.481
Profit / (Loss) before taxation	20.816	27.166	(72.263)	25.957	32.969	33.270
Taxation	-	-	-	(0.166)	-	-
Earning / (Loss) per Certificate (Rs.)	0.24	0.31	(0.83)	0.30	0.38	0.38

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19 of the Listing of Companies and Securities Regulations of the Rule Book of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent & Non Executive Directors	Syed Waseem ul Haq Haqqie Syed Muhammad Rehmanullah Mr. Farrukh Shauket Ansari
Executive Directors	Mr. Rashid K. Siddiqui


The independent directors meet the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the board during the period.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met atleast once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated atleast seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. All Directors have obtained certification under the Directors Training Program as required by the CCG, except one who is exempt for director's training program by virtue of his experience as prescribed under Regulation 15.19.7 of the Listing of Companies and Securities Regulations of the Rule Book of Pakistan Stock Exchange
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises three members, all of whom are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and are advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises four members of whom three are non-executive directors and the chairman of the committee is an independent director.
18. The board has set up an effective internal audit function. The Head of Internal audit is suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/ price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintain proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board



Syed Waseem-ul-Haq Haqqie
Karachi
Dated: October 07, 2016



RSM Awaits Hyder Liaquat Nauman
Chartered Accountants

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REVIEW REPORT TO THE MEMBERS ON
STATEMENT OF COMPLIANCE WITH THE
CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of KASB Invest (Pvt.) Limited, the Management Company of First Prudential Modaraba for the year ended June 30, 2016 to comply with the requirements of listing regulations of Pakistan Stock Exchange where the Modaraba is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provision of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

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

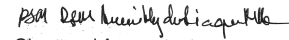
The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the board of Directors for their review and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.



RSM Awaits Hyder Liaquat Nauman
Chartered Accountants

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Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all materials respects, which the best practices contained in the Code as applicable to the Modaraba, for the year ended June 30, 2016.



Chartered Accountants
Karachi.

Dated: October 07, 2016

Engagement Partner: Adnan Zaman



RSM Avais Hyder Liaquat Nauman
Chartered Accountants

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AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed Balance Sheet of FIRST PRUDENTIAL MODARABA as at June 30, 2016 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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


- (a) in our opinion, proper books of accounts have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- (b) in our opinion:
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied;
 - ii. the expenditure incurred during the year was for the purpose of the Modaraba's business; and



RSM Avais Hyder Liaquat Nauman
Chartered Accountants

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- iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2016 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat fund established under section 7 of that ordinance.



RSM Avais Hyder Liaquat Nauman
Chartered Accountants
Karachi
Dated: October 07, 2016

Engagement Partner: Adnan Zaman

SHARIAH ADVISOR'S REPORT

I have reviewed the affairs of First Prudential Modaraba managed by KASB Invest (Pvt) Ltd. for the Year ended June 30, 2016 in accordance with the requirements of the Circular No.8 of 2012, issued by the Securities and Exchange Commission of Pakistan, regarding Shariah Compliance and Shariah Audit Mechanism for Modarabas.

SHARIAH COMPLIANCE:

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

REVIEW OF OPERATIONS:

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

BANK ACCOUNTS:

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

FRESH DISBURSEMENTS:

DIMINISHING MUSHARIKA AND IJARAH:

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

DIVIDEND PURIFICATION:

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

TAKAFUL:

For risk mitigation, Generally Modaraba adopts Takaful coverage, but for the specific request of a client, Modaraba got the policy of Insurance for some vehicles from Insurance Company. However on commencement of Takaful window by the said insurance company, the Modaraba is replacing such insurance with Takaful.

EQUITY SHARES:

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

Non Shariah Compliant Shares

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

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

OBSERVATIONS:

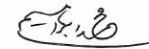
Shares as mentioned in Table above are in the holding of Modaraba. However, these shares are not in the approved list of NBFI & Modaraba Association of Pakistan.

RECOMMENDATION(S):

- Modaraba should dispose-off non Shariah Compliant shares subject to the availability of the buyers.
- Modaraba should replace the coverage of insurance with Takaful as leading insurance companies are also offering Takaful Products.

CONCLUSION:

Generally, the Management of First Prudential Modaraba has effectively shown its sincerity to comply with Shariah Rulings in its true spirit; therefore, I am of the view that the business operations of First Prudential Modaraba are Shariah compliant up to the best of my knowledge.



Mufti Ibrahim Essa
Shariah Advisor
Date: 08 September, 2016



BALANCE SHEET
AS AT JUNE 30, 2016

ASSETS	Note	2016 Rupees	2015 Rupees
Current Assets			
Cash and bank balances	5	241,497,285	315,062,081
Investments	6	10,358,161	9,893,503
Musharaka, morabaha and other finance	7	-	-
Current portion Diminishing musharaka	8	30,644,746	29,672,069
Ijarah rentals receivable	9	12,572,462	1,011,291
Receivable against sale of agriculture produce	10	27,811,518	-
Advances, prepayments and other receivables	11	<u>35,106,490</u>	<u>15,895,384</u>
Total Current Assets		357,990,662	371,534,328
Non - Current Assets			
Long term investments	12	<u>16,127,831</u>	<u>20,553,052</u>
Long term portion of diminishing musharaka	8	9,392,423	29,351,232
Long term deposits	13	66,192	66,192
Intangible assets	14	-	41,713
Property and equipment - own use	15	19,789,783	21,118,286
Property, plant and equipment - ijarah	16	89,519,677	42,755,944
Investment property	17	<u>19,200,000</u>	<u>26,550,000</u>
Total Non - Current Assets		154,095,906	140,436,419
TOTAL ASSETS		512,086,568	511,970,747
LIABILITIES			
Current Liabilities			
Current portion of Ijarah deposits	18	<u>13,139,781</u>	<u>17,360,122</u>
Accrued and other liabilities	19	9,787,552	12,597,394
Unclaimed profit distribution		<u>27,187,774</u>	<u>24,884,016</u>
Total Current Liabilities		50,115,107	54,841,532
Non - Current Liabilities			
Long term portion of ijarah deposits	18	<u>9,580,800</u>	<u>6,183,000</u>
TOTAL LIABILITIES		59,695,907	61,024,532
NET ASSETS		452,390,661	450,946,215
REPRESENTED BY			
Issued, subscribed and paid up capital	20	872,176,600	872,176,600
Statutory reserves		148,247,223	144,083,929
Accumulated losses		<u>(568,033,162)</u>	<u>(565,314,314)</u>
		452,390,661	450,946,215
Contingencies and commitments	21		

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


 CHIEF EXECUTIVE

For KASB Invest (Private) Limited
(Management Company)


 DIRECTOR


 DIRECTOR

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 Rupees	2015 Rupees
INCOME			
Ijarah rentals earned		22,021,323	11,942,533
Return on deposits with bank		14,652,970	17,427,525
Income on diminishing musharaka		7,593,108	9,642,456
Capital gain on sale of investments		590,419	13,082,519
Dividend income		1,417,574	3,053,416
Rental income from investment property		195,000	235,000
Gain on sale of investment property	17	2,250,000	-
Gain on sale of agriculture produce	10	1,590,000	-
Other income	22	2,320,648	513,667
		<u>52,631,042</u>	<u>55,897,116</u>
Unrealised gain on investments - held for trading at fair value through profit or loss	6.4	2,117,058	2,519,918
Gain/ (Loss) arising in changes in fair value of investment properties	17	900,000	(530,000)
Reversal against doubtful receivables - net	23	12,530,257	3,562,642
		<u>68,178,357</u>	<u>61,449,676</u>
EXPENDITURE			
Depreciation on ijarah assets	15	(18,470,086)	(10,164,373)
Administrative expenses	24	(26,001,500)	(20,373,542)
Bank and other charges		(80,080)	(77,891)
		<u>(44,551,666)</u>	<u>(30,615,806)</u>
Profit for the year		23,626,691	30,833,870
Modaraba company's management fee	25	(2,081,647)	(2,716,641)
Sales tax on management fee		(312,247)	(407,496)
Provision for Workers' Welfare Fund		(416,329)	(543,328)
Profit before taxation		<u>20,816,468</u>	<u>27,166,405</u>
Provision for taxation	26	-	-
Profit after taxation		<u>20,816,468</u>	<u>27,166,405</u>
Other comprehensive income			
Unrealised gain on remeasurement of investments classified as 'available for sale'		688,040	791,259
Total comprehensive income for the year		<u>21,504,508</u>	<u>27,957,664</u>
Earnings per certificate	27	<u>0.24</u>	<u>0.31</u>

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

For KASB Invest (Private) Limited
(Management Company)


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016**

	Note	2016 Rupees	2015 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		20,816,468	27,166,405
Adjustments for non-cash changes and other items:			
Gain on sale of investments		(590,419)	(13,082,519)
Dividend income		(1,417,574)	(3,053,416)
Unrealised (gain) on changes in fair value of held for trading investments - at fair value through profit and loss		(2,117,058)	(2,519,918)
Reversal against doubtful receivables - net	23	(12,530,257)	(3,562,642)
(Gain) / loss on remeasurement of investment property		(900,000)	530,000
Gain on sale of investment property		(2,250,000)	-
Gain on disposal of property and equipment - own use		(609,000)	-
Gain on disposal of property, plant and equipment - Ijarah		(784,261)	(66,036)
Depreciation-own use assets		1,577,018	1,534,531
Depreciation on ijarah assets		18,470,086	10,164,373
Amortization - intangibles		41,713	500,003
		<u>(1,109,752)</u>	<u>(9,555,624)</u>
Cash flows before movements in working capital		19,706,716	17,610,781
Decrease / (Increase) in operating assets			
Musharaka, morabaha and other finance		12,311,317	2,890,162
Diminishing musharaka		18,986,132	28,301,011
Ijarah rentals receivable		(11,561,171)	558,071
Receivable against sale of agriculture produce		(27,811,518)	-
Receivable against sale of shares - net		-	6,666,393
Advances, prepayments and other receivables		(7,854,135)	(437,952)
		<u>(15,929,375)</u>	<u>37,977,685</u>
(Decrease) / increase in operating liabilities			
Ijarah deposits		(822,541)	(7,307,390)
Accrued and other liabilities		(2,809,842)	7,156,296
		<u>(3,632,383)</u>	<u>(151,094)</u>
Income tax paid		144,958	55,437,372
Net cash (used in) / generated from operating activities		<u>(1,906,971)</u>	<u>(150,143)</u>
		<u>(1,762,013)</u>	<u>55,287,229</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received		1,417,574	3,173,676
Investments - net		7,356,080	80,959,978
Proceeds from disposal - own use assets		609,000	-
Proceeds from disposal - ijarah assets		12,006,163	16,022,378
Proceeds from disposal - investment property		1,050,000	-
Purchase of own use assets		(248,515)	(127,500)
Purchase of ijarah assets		(76,236,781)	(30,000,000)
Net cash (used in) / generated from investing activities		<u>(54,046,479)</u>	<u>70,028,532</u>

	2016 Rupees	2015 Rupees
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Profit distribution	(17,756,304)	(398,299)
Net cash used in financing activities	(17,756,304)	(398,299)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(73,564,796)	124,917,462
Cash and cash equivalents at July 01, 2015	315,062,081	190,144,619
Cash and cash equivalents at June 30, 2016	<u>241,497,285</u>	<u>315,062,081</u>

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


CHIEF EXECUTIVE

For KASB Invest (Private) Limited
(Management Company)


DIRECTOR


DIRECTOR

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016**

	Reserves				Sub total	Total
	Capital Certificate capital	Statutory reserve	Unrealized (loss) / gain on revaluation of availableRupees.....	Revenue Accumulated losses		
Balance at July 01, 2014	872,176,600	138,650,648	(3,576,338)	(584,262,359)	(587,838,697)	422,988,551
Comprehensive income						
Gain for the year ended June 30, 2015	-	27,166,405	-	-	27,166,405	27,166,405
Other comprehensive loss for the year ended June 30, 2015	-	791,259	791,259	-	791,259	791,259
Total comprehensive loss for the year	-	-	791,259	-	791,259	791,259
Transfer to statutory reserve	-	5,433,281	-	(5,433,281)	-	-
Balance at June 30, 2015	872,176,600	144,083,929	(2,785,079)	(562,529,235)	(565,314,314)	450,946,215
Comprehensive income						
Profit for the year ended June 30, 2016	-	20,816,468	-	-	20,816,468	20,816,468
Other comprehensive income for the year ended June 30, 2016	-	688,040	688,040	-	688,040	688,040
Total comprehensive income for the year	-	-	688,040	-	21,504,508	21,504,508
Transfer to statutory reserve	-	4,163,294	-	(4,163,294)	-	-
Distribution @ 2.3% declared for the year ended June 30, 2015	-	-	-	(20,060,062)	(20,060,062)	(20,060,062)
Balance at June 30, 2016	<u>872,176,600</u>	<u>148,247,223</u>	<u>(2,097,039)</u>	<u>(565,936,123)</u>	<u>(568,033,162)</u>	<u>452,390,661</u>

*Statutory reserve represents profit set aside to comply with the Prudential Regulations for Modarabas issued by the SECP. These regulations require the Modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equals 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.

During the current year, the Modaraba has transferred an amount of Rs. 4,163,294/- which represents 20% of the profit after tax.
The annexed notes from 1 to 34 form an integral part of these financial statements.

For KASB Invest (Private) Limited
(Management Company)


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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. In pursuance of instructions received from Securities and Exchange Commission of Pakistan (SECP), KASB Invest (Private) Limited has taken over the management and administrative control of First Prudential Modaraba effective from November 13, 2014.

1.2 The registered office of First Prudential Modaraba is situated at 8 C Block 6, PECHS, Shahrah e Faisal, Karachi. The Modaraba is listed on Pakistan Stock Exchange. The Modaraba is currently engaged in various modes of Islamic fundings and businesses which include ijarah financing, deployment of fund in Musharakah, morabaha and investment in securities.

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

2. BASIS OF PREPARATION
2.1 STATEMENT OF COMPLIANCE

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

2.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective (annual periods Beginning on or after)
IFRS 2 Share-based payments - Classification and Measurement of Share-based Payments Transaction (Amendments)	1-Jan-18
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment on Associates - Investment Entities: Applying the Consolidation Exception (Amendment)	1-Jan-16
IFRS 10 Consolidation Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	1-Jan-16
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	1-Jan-16
IAS 7 Financial Instruments: Disclosure - Disclosure Initiative - (Amendment)	1-Jan-17

Standard or Interpretation	Effective (annual periods Beginning on or after)
IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendment)	1-Jan-17
IAS 16 Property, Plant and Equipment and IAS 28 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	1-Jan-16
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	1-Jan-16
IAS 27 - Separate Financial Statements - Equity Method in "Separate Financial Statements"	1-Jan-16

The above standards and amendments are not expected to have any material impact on the Modaraba's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB on September 2014. Such improvement are generally effective for accounting periods beginning on or after 01 January 2016. The Mod araba expects that such improvement to the standards will not have any material impact on the Modaraba's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of application in Pakistan.

Standard or Interpretation	Effective (annual periods Beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	1-Jan-18
IFRS 14 - Regulatory Deferral Accounts	1-Jan-16
IFRS 15 - Revenue from Contracts with Customers	1-Jan-18
IFRS 16 - Leases	1-Jan-19

3. BASIS OF MEASUREMENT

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

4.1 Property and equipment

(i) Ijarah and depreciation

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

(ii) In own use and depreciation

Operating assets are stated at cost less accumulated depreciation and impairment loss (if any). Depreciation is charged to profit and loss account applying the straight-line method in accordance with the rates specified in note 15 to these financial statements. In respect of additions and disposal during the year, depreciation is charged proportionately to the period of use.

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

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

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

4.2 Investment property

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

4.3 Intangibles

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

Definite life

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that the future economic benefits associated with the asset will flow to the Modaraba and the cost of the item can be measured reliably. Amortisation is charged to income using the straight line method in accordance with the rates specified in note 14 to these financial statements. The useful lives and amortisation method are reviewed and adjusted, as appropriate, at each balance sheet date. Amortisation is charged from the month the asset is available for use while in the case of assets disposed off, it is charged till the month preceding the month of disposal.

Indefinite life

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

4.4 Investments

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

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

ii) Available for sale

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

iii) Held to maturity

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

iv) Loan and receivables

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

v) Derecognition

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

vi) Investment in associates

These investments are accounted for using equity method of accounting and initially are recognized at cost.

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

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

4.6 Staff retirement benefits

Defined contribution plan

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

4.7 Accrued and other liabilities

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

4.8 Provisions

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

4.9 Impairment

Financial Assets

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

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

Available-for-sale financial investments

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

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

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

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

Non-financial assets

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

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

4.10 Revenue recognition 4.10.1 Ijarah rentals

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

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

4.10.2 Hire purchase transactions

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

4.10.3 Morabaha and musharaka transactions

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

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

4.10.4 Diminishing musharaka

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

4.10.5 Rental Income

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

4.10.6 Dividend income

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

4.10.7 Return on finance

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

4.10.8 Other income

Other income is recognised on accrual basis.

4.10.9 Income from Shariah non-compliant avenues

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

4.10.10 Mark-up income

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

4.11 Taxation

Current

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

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

Deferred

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

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

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

4.12 Foreign currencies translation

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

4.13 Financial assets

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

4.14 Financial liabilities

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

4.15 Cash and cash equivalents

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

4.16 Offsetting of financial assets and financial liabilities

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

4.17 Profit distribution

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

4.18 Earning per certificate

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

4.19 Critical Accounting Estimates and Judgments

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

- i) classification of investments (Note 6)
- ii) provision for doubtful recovery against investments (Note 6)
- iii) amortisation of intangible assets (Note 14)
- iv) depreciation on property and equipment (Note 15 & 16)
- v) impairment losses / provision for doubtful receivables (Note 23)
- vi) contingencies (Note 21)

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
5. CASH AND BANK BALANCES			
Cash in hand		10,219	10,000
Cash at banks			
Current accounts		9,785,822	8,978,754
Saving accounts	5.1	231,701,244	306,073,327
		<u>241,487,066</u>	<u>315,052,081</u>
		<u>241,497,285</u>	<u>315,062,081</u>

5.1 Effective mark-up rate in respect of saving accounts ranges from 2.00% to 7.00% (2015: 4.25% to 9.00%) per annum.

6. INVESTMENTS

Loans and receivables	6.1	702,490	702,490
Receivable against TDR - considered good			
Held for trading at fair value through profit or loss	6.2	9,655,671	9,191,013
Quoted securities		<u>10,358,161</u>	<u>9,893,503</u>

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

Term Deposit Receipt as at December 06, 2012		10,000,000	10,000,000
Less: Amortization charge		(2,000,000)	(2,000,000)
Less: Received in earlier period		<u>(2,516,943)</u>	<u>(2,183,609)</u>
Total receivable		5,483,057	5,816,391
Instalments received during the year		-	(333,334)
Net receivable		5,483,057	5,483,057
Provision against doubtful recoveries	6.1.1	<u>(4,780,567)</u>	<u>(4,780,567)</u>
		<u>702,490</u>	<u>702,490</u>

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

6.2 Quoted securities

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

June 2016	June 2015		June 2016 Rupees	June 2015 Rupees
Number of Certificates / Shares/ Units		Name of investee Commercial Banks		
-	162,000	Bankislami Pakistan Limited	-	1,652,400
525	525	Personal goods Nishat Mills Limited *	56,647	59,971
79,500	79,500	Electricity The Hub Power Company Limited	9,544,770	7,438,815
1,495	1,495	Multiutilities (gas and water) Sui Northern Gas Pipeline Limited *	54,254	39,827
348	348	Suspended / Delisted Companies Hussain Industries Limited *	6.3	-
1,670,720	1,670,720	Prudential Stock Fund	-	-
360,000	360,000	Zeal-Pak Cement Factory Limited	6.3	-
<u>2,112,588</u>	<u>2,274,588</u>		<u>9,655,671</u>	<u>9,191,013</u>

* These shares are not in the name of the Modaraba: Nishat Mills Limited 25 (2015: 25) shares (Second Prudential Modaraba), Sui Northern Gas Pipeline Limited 254 (2015: 254) shares and Hussain Industries Limited 348 shares (2015: 348) (Third Prudential Modaraba).

6.3 This represents non-shariah compliant investments.

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
6.4 Unrealised gain / (loss) on investments - held for trading at fair value through profit or loss			
Weighted average cost of investments		7,538,613	6,671,095
Changes in fair value for the year		2,117,058	2,519,918
Market value of investments	6.2	<u>9,655,671</u>	<u>9,191,013</u>

7. MUSHARIKA, MORABAHA AND OTHER FINANCE

Musharika and morabaha finance			
- considered good		-	-
- considered doubtful		341,704,089	354,015,406
Less: Provision against doubtful amounts		<u>(341,704,089)</u>	<u>(354,015,406)</u>
	7.1	-	-
Other finance - unsecured			
- considered good		-	-
- considered doubtful		11,002,281	11,002,281
Less: Provision against doubtful amounts	7.2	<u>(11,002,281)</u>	<u>(11,002,281)</u>
		-	-
		<u>-</u>	<u>-</u>

7.1 Musharika and morabaha finance

	Note	Considered Good		Considered Doubtful		Total	
		June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Unsecured Musharika finance							
Principal	-	-	97,432,201	105,172,201	97,432,201	105,172,201	
Profit	-	-	43,678,105	45,238,105	43,678,105	45,238,105	
Subtotal	-	-	141,110,306	150,410,306	141,110,306	150,410,306	
Secured Morabaha finance							
Principal	-	-	81,338,544	84,221,801	81,338,544	84,221,801	
Profit	-	-	119,255,239	119,383,299	119,255,239	119,383,299	
Subtotal	7.1.1	-	200,593,783	203,605,100	200,593,783	203,605,100	
Less: Provision against doubtful receivables	7.1.2	-	(341,704,089)	(354,015,406)	(341,704,089)	(354,015,406)	

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

7.1.2 Movement of provision for doubtful receivables

	June 30, 2016			June 30, 2015			
	Note	Principal	Profit	Total	Principal	Profit	Total
Opening balance		189,394,002	164,621,404	354,015,406	190,580,624	166,324,944	356,905,568
Reversal of provision during the year		(10,623,257)	(1,688,060)	(12,311,317)	(1,186,622)	(1,703,540)	(2,890,162)
Closing balance		178,770,745	162,933,344	341,704,089	189,394,002	164,621,404	354,015,406

7.2 Movement of provision for doubtful receivables

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
Opening balance		11,002,281	11,002,281
For the year		-	-
Closing balance		11,002,281	11,002,281

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

8. DIMINISHING MUSHARIKA

Principal	39,366,602	57,871,991
Profit	670,567	1,151,310
	40,037,169	59,023,301
Less: long term portion	(9,392,423)	(29,351,232)
	30,644,746	29,672,069

8.1 These carry profit rate ranging from 12.00% to 16.00% (2015: 12.8% to 14.68%) per annum and are repayable on monthly basis over a maximum period of three years.

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
9. IJARAH RENTALS RECEIVABLE			
Considered good		12,572,462	1,011,291
Considered doubtful		23,102,607	23,321,547
		35,675,069	24,332,838
Less: Provision for doubtful receivables	9.1	(23,102,607)	(23,321,547)
		12,572,462	1,011,291
9.1 Movement in provision for doubtful receivables			
Opening balance		23,321,547	23,994,027
Charge for the year		-	-
Reversal during the year		(218,940)	(672,480)
Closing balance		23,102,607	23,321,547
9.2 Future minimum ijarah rentals receivable			
Within one year		59,519,548	8,334,779
After one year but not more than five years		26,366,151	17,297,606
		85,885,699	25,632,385
10. RECEIVABLE AGAINST SALE OF AGRICULTURE PRODUCE			
Receivable against sale of agriculture produce	10.1	27,811,518	-

10.1 During the year KASB Modaraba (KASBM) & First Prudential Modaraba (FPrM) entered into a joint project for Crushing of agriculture produce i.e. Banola seed and sale of its final product i.e. oil cake (Khal) in the market. The natural cyclical shortage in productivity of cotton crop in the country, affected the availability of the Banola seed, therefore the project was prudently discontinued by the management to safeguard the interest of the Modaraba. At the time of discontinuance of the project, Rs.59.31 million and Rs.48.51 million was held with the seller / service provider against advance for purchase of Banola seed and receivable against the sale of agriculture produce respectively. As per the settlement agreement dated April 27, 2016 with seller/ service provider, the advance for purchase of Banola seed is converted into Ijarah Finance (secured) whereas receivable against sale of agriculture produce is being recovered in due course of business through seller/ service provider. The detail of the net receivable as on June 30, 2016 is as under:

	KASBM Rupees	FPrM Rupees	Total Rupees
Initial investment	51,000,000	81,000,000	132,000,000
Add: Gain on sale of agriculture produce	1,060,000	1,590,000	2,650,000
Less: Receipt against sale of agriculture produce	(14,353,590)	(14,473,432)	(28,827,022)
Less: Converted to Ijarah financing	(19,311,320)	(40,000,000)	(59,311,320)
Less: Consultancy charges	(194,950)	(305,050)	(500,000)
	18,200,140	27,811,518	46,011,658

11. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Note	Considered Good		Considered Doubtful		Total	
		June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Advance							
Income tax	11.1	15,430,421	13,523,899	-	-	15,430,421	13,523,899
To staff	11.2	55,800	328,299	1,814,000	1,814,000	1,869,800	2,142,299
Against purchase of assets		8,517,500	-	-	-	8,517,500	-
Prepayments		336,975	274,799	-	-	336,975	274,799
Other receivables from							
Brokers on account							
of sale of shares	11.3	-	-	65,619,559	65,619,559	65,619,559	65,619,559
of advance for shares	11.4	-	-	18,432,273	18,432,273	18,432,273	18,432,273
A bank	11.5	-	-	10,241,347	10,241,347	10,241,347	10,241,347
Return on deposits							
with banks		1,025,400	1,436,005	-	-	1,025,400	1,436,005
Others		9,740,394	332,382	13,466,235	13,466,235	23,206,629	13,798,617
Sub total		35,106,490	15,895,384	109,573,414	109,573,414	144,679,904	125,468,798
Provision for doubtful receivables	11.6	-	-	(109,573,414)	(109,573,414)	(109,573,414)	(109,573,414)
		35,106,490	15,895,384	-	-	35,106,490	15,895,384

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

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

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

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

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

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

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

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

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
11.6 Movement in provision for doubtful receivables			
Opening balance		109,573,414	109,573,414
Provision for the year		-	-
Reversal during the year	23	-	-
Closing balance		109,573,414	109,573,414

12. LONG TERM INVESTMENTS

	Note	June 30, 2016	June 30, 2015
Available for sale			
Listed entity	12.1	6,202,685	11,125,851
Unlisted companies	12.2	9,925,146	9,427,201
		16,127,831	20,553,052

12.1 Listed entities	Note	June 30, 2016	June 30, 2015
Number of Units of Rs. 100 each			
-		50,747	UBL Al-Ameen Islamic Preservation Fund III-A
			Cost
			-
			5,284,606
			Unrealized gain / (Unrealized loss)
			-
			255,402
			5,540,008
391,583		380,766	Meezan Balanced Fund
			Cost
			5,585,843
			5,288,810
			616,842
			297,033
			6,202,685
			5,585,843
			6,202,685
			11,125,851

12.2 Unlisted companies	Note	June 30, 2016	June 30, 2015
Number of Shares of Rs. 100 each			
1,107,244		1,107,244	Prudential Securities Limited
			Cost
			4,173,707
			4,173,707
			(4,173,707)
			(4,173,707)
			-
			-
191,700		191,700	Prudential Discount and Guarantee House Limited
			12.2.2
			-
			-
843,975		843,975	LSE Financial Services Limited
			12.2.3
			Cost
			12,764,715
			(2,839,569)
			(3,337,514)
			9,925,146
			9,427,201
			9,925,146
			9,427,201

	Note	2016 Rupees	2015 Rupees
12.2.1 Movement of impairment			
Opening balance		4,173,707	4,173,707
Impairment charge during the year		-	-
Closing balance		<u>4,173,707</u>	<u>4,173,707</u>

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

12.2.3 This represents shares acquired against the surrender of Pakistan Stock Exchange (PSX) formerly Lahore Stock Exchange (LSE) membership card (refer note 13.1). Under the current circumstances the active market is not available for such shares, therefore the net asset based valuation has been considered as the closest estimate of the fair value of the shares. The Modaraba has recognized a fair value adjustment based on latest available audited financial statements of the investee company for the year ended June 30, 2015, the breakup value of which is Rs. 11.76 per share.

13. LONG TERM DEPOSITS

Margin deposit	13.1	3,000,000	3,000,000
Other deposits		<u>66,192</u>	<u>66,192</u>
		3,066,192	3,066,192
Less: Provision against doubtful amounts	11.3&13.2	<u>(3,000,000)</u>	<u>(3,000,000)</u>
		<u>66,192</u>	<u>66,192</u>

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

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

14. INTANGIBLE ASSETS

PSX - Trading right entitlement certificate (TREC)	14.1	5,344,352	5,344,352
Computer software	14.2	-	<u>41,713</u>
		5,344,352	5,386,065
Impairment of TREC	14.1.2	<u>(5,344,352)</u>	<u>(5,344,352)</u>
		-	<u>41,713</u>

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

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

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

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

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

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

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

	Note	Rupees
Membership card and a room as at July 01, 2012		22,326,567
Less: Broker's room at fair value		<u>4,217,500</u>
Amount attributable to LSE shares and TREC	14.1.1	<u>18,109,067</u>

14.1.1 Allocation made on the said ratio:

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

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

14.2 Computer softwares

Particular	COST		AMORTIZATION			Book value as at June 30, 2016	Rate of Amortization %
	As at July 01, 2015	Additions during the year	As at June 30, 2016	Charge for the year	As at June 30, 2016		
Management information system (MIS)	1,500,000	-	1,500,000	41,713	1,500,000	-	33
Windows operating licenses	327,744	-	327,744	327,744	-	327,744	50
Total	1,827,744	-	1,827,744	41,713	1,827,744	-	

For comparative period

Particular	COST		AMORTIZATION			Book value as at June 30, 2015	Rate of Amortization %
	As at July 01, 2014	Additions during the year	As at June 30, 2015	Charge for the year	As at June 30, 2015		
Management information system (MIS)	1,500,000	-	1,500,000	500,003	1,458,287	41,713	33
Windows operating licenses	327,744	-	327,744	327,744	-	327,744	50
Total	1,827,744	-	1,827,744	500,003	1,786,031	41,713	

15 PROPERTY AND EQUIPMENT - OWN USE

Note	At July 01, 2015	Additions/ (Disposals)	at June 30, 2016	At July 01, 2015	For the year/ (on disposals)	Depreciation Accumulated at June 30, 2016	at July 01, 2015	For the year	Impairment at June 30, 2016	Carrying value at June 30, 2016	"Rate %" 2016
Office premises	15.1	46,761,122	-	46,761,122	1,171,200	5,849,477	21,587,035	-	21,587,035	19,324,610	5
Office equipment		912,071	-	912,071	698,669	122,630	821,299	-	-	90,772	33
Furniture and fixture		1,311,144	207,015	1,518,159	1,060,538	152,153	1,212,691	-	-	305,468	20
Computer equipment		828,188	-	828,188	715,136	107,421	822,557	-	-	5,631	33
Motor vehicles		2,261,575	41,500 (1,144,576)	1,158,499	2,216,159 (1,144,576)	23,614	1,095,197	-	-	63,302	20
		52,074,100	248,515 (1,144,576)	51,178,039	9,368,779 (1,577,018 (1,144,576))	9,801,221	21,587,035	-	21,587,035	19,789,783	

- For comparative period

16 PROPERTY, PLANT AND EQUIPMENT - IJARAH

	Cost		Depreciation		Impairment		Useful Life
	at July 1, 2015	at June 30, 2016	Accumulated at July 1, 2015	For the year / (on disposals) at June 30, 2016	Accumulated at July 1, 2015	For the year	
Plant and machinery	770,000	51,786,781	572,500	11,526,772	197,500	-	39,490,009 7 to 36 months
Office equipment	801,000	-	512,150	-	288,850	-	24 to 60 months
Vehicles	141,205,028	25,220,000	84,153,457	6,943,314	14,295,627	3,880,350	50,029,668 24 to 60 months
	142,776,028	76,236,781	85,238,107	18,470,086	14,781,977	3,880,350	89,519,677
	(33,788,828)	(33,788,828)	(25,976,216)	(25,976,216)	(690,000)	(690,000)	

- For comparative period

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	Cost		Depreciation		Impairment		Useful Life
	at July 1, 2014	at June 30, 2015	Accumulated at July 1, 2014	For the year / (on disposals) at June 30, 2015	Accumulated at July 1, 2014	For the year	
Plant and machinery	770,000	-	572,500	-	197,500	-	24 to 60 months
Office equipment	801,000	-	512,150	-	288,850	-	24 to 60 months
Vehicles	153,255,727	30,000,000	100,340,064	10,164,373	14,711,484	-	42,755,944 24 to 60 months
	(42,050,699)	(42,050,699)	(26,350,980)	(26,350,980)	(415,857)	(415,857)	
	154,826,727	30,000,000	101,424,714	10,164,373	15,197,834	3,880,350	42,755,944
	(42,050,699)	(42,050,699)	(26,350,980)	(26,350,980)	(415,857)	(415,857)	

17. INVESTMENT PROPERTIES CARRIED AT FAIR VALUE

	Note	at July 01, 2015	Additions at cost	Unrealised loss	Fair values at June 30, 2016	Independent valuer's name	Valuation date
Office suite	17.1	8,250,000	(8,250,000)	-	-Rupees.....	
Lahore Stock Exchange broker's room	17.2	3,000,000	-	200,000	3,200,000	Ocean Surveyors (Private) Limited	June 30, 2016
Four shops	17.3	15,300,000	-	700,000	16,000,000	Ocean Surveyors (Private) Limited	June 30, 2016
		<u>26,550,000</u>	<u>(8,250,000)</u>	<u>900,000</u>	<u>19,200,000</u>		

- For comparative period

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	Note	at July 01, 2015	Additions at cost	Unrealised loss	Fair values at June 30, 2015	Independent valuer's name	Valuation date
Office suite	17.1	8,400,000	-	(150,000)	8,250,000Rupees..... Ocean Surveyors (Private) Limited	September 28, 2015
Lahore Stock Exchange broker's room	17.2	3,000,000	-	-	3,000,000	Ocean Surveyors (Private) Limited	September 28, 2015
Four shops	17.3	15,680,000	-	(380,000)	15,300,000	Ocean Surveyors (Private) Limited	September 28, 2015
		<u>27,080,000</u>	<u>-</u>	<u>(530,000)</u>	<u>26,550,000</u>		

17.1 The Modaraba has entered in to a sale agreement for the sale of property located at 201, Faiyaz Center, Sharah-e-Faisal, Karachi with Pakistan HVACR Society at total sale consideration of Rs. 10,500,000/=. The Modaraba has received 10% part payment, whereas balance 90% was required to be received on or before September 1, 2016. This amount was received on July 20, 2016.

17.2 Due to demutualization of the Lahore Stock Exchange Limited (refer note 14.1) the Modaraba has classified the broker's room as an investment property.

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

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

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
18. IJARAH DEPOSITS			
Ijarah deposits		22,720,581	23,543,122
Long term portion		<u>(9,580,800)</u>	<u>(6,183,000)</u>
		<u>13,139,781</u>	<u>17,360,122</u>
19. ACCRUED AND OTHER LIABILITIES			
Accrued expenses		939,002	1,080,959
Management fee		773,993	3,124,137
Share in common expenses		3,288,173	1,496,686
Insurance		614,583	208,493
Workers welfare fund	19.1	3,545,330	3,129,001
Charity Payable	19.2	318,780	566,601
Others		<u>307,691</u>	<u>2,991,517</u>
		<u>9,787,552</u>	<u>12,597,394</u>

19.1 The Finance Act 2008, introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). Through these amendments Workers' Welfare Fund (WWF) is payable @ 2% of the profit before taxation as per the financial statements or taxable income which ever is higher.

During the year 2011, the Honourable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013 a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

The Management Company, being prudent, has made the provision for WWF amounting to Rs. 3.50 million as at balance sheet date.

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

Movement in charity payable

Opening balance	566,601	220,790
Add : amount credited during the year	<u>230,179</u>	<u>345,811</u>
	796,780	566,601
Less : Paid during the year	<u>(478,000)</u>	<u>-</u>
Closing balance	<u>318,780</u>	<u>566,601</u>

20. CERTIFICATE CAPITAL

June 2016	June 2015		June 2016 Rupees	June 2015 Rupees
87,217,660	87,217,660	Number of Certificates		
		Authorised		
		Modaraba certificates of Rs.10/- each	872,176,600	872,176,600
13,451,650	13,451,650	Issued, subscribed and paid-up		
		Modaraba certificates of Rs.10/- each fully paid in cash	134,516,500	134,516,500
8,864,716	8,864,716	Modaraba certificates of Rs.10/- each fully paid bonus certificates	88,647,160	88,647,160
64,901,294	64,901,294	Modaraba certificates of Rs.10/- issued under scheme of arrangement for amalgamation with Second and Third Prudential Modaraba	649,012,940	649,012,940
<u>87,217,660</u>	<u>87,217,660</u>		<u>872,176,600</u>	<u>872,176,600</u>

As at June 30, 2016, the Prudential Capital Management Company Limited (The ex-management company) held 10,521,305 (2015: 10,521,305) certificates of Rs. 10 each.

21. CONTINGENCIES AND COMMITMENTS

Contingencies

The 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.

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
22. OTHER INCOME / (LOSS)			
Gain on disposal of property and equipment -own use		609,000	-
Gain / (loss) on disposal of property, plant and equipment- Ijarah		784,261	66,036
Front end fee, documentation charges and others		927,387	447,631
		<u>2,320,648</u>	<u>513,667</u>

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
23. (REVERSAL) / PROVISION AND IMPAIRMENT LOSSES AGAINST DOUBTFUL RECEIVABLES-NET			
(Reversal) / Provision against doubtful receivables			
Investments - loan and receivables (term deposit receipt)		-	-
Other finance		-	-
Musharaka and morabaha finance	7.1.2	(12,311,317)	(2,890,162)
Other finance		-	-
Ijarah finance	9.1	(218,940)	(672,480)
Advances, prepayments and other receivables		-	-
Long term deposits		-	-
Others		-	-
		<u>(12,530,257)</u>	<u>(3,562,642)</u>

23. ADMINISTRATIVE EXPENSES

Salaries, allowances and benefits	24.1	9,758,833	6,578,197
Transaction cost on investment		9,234	364,988
Fees and subscription		1,147,388	1,098,855
Repairs and maintenance		851,840	1,134,245
Rent, rates and taxes		847,242	95,634
Registrar services		552,600	900,000
Telephone and postage		866,987	392,348
Travelling and conveyance		82,750	262,315
Depreciation-own use assets	15	1,577,018	1,534,531
Amortization - intangibles	14.2	41,713	500,003
Auditors' remuneration	24.2	494,700	528,750
Electricity, water and gas		158,454	585,849
Printing and stationery		677,437	504,350
Vehicles running		54,470	346,011
Legal and professional		2,391,836	3,710,000
Entertainment		162,383	149,492
Advertisement		260,360	118,360
Newspapers and periodicals		5,000	14,630
Insurance		233,402	24,168
Reimbursement of common expenses		5,825,882	1,496,686
Miscellaneous		1,971	34,130
		<u>26,001,500</u>	<u>20,373,542</u>

24.1 REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

	2016			2015		
	Officers	Other employees	Total	Officers	Other employees	Total
Rupees.....		Rupees.....		
Remuneration	4,873,326	3,816,238	8,689,564	1,200,000	4,750,427	5,950,427
Provident fund	20,903	141,640	162,543	-	142,604	142,604
Medical	256,680	137,775	394,455	-	198,730	198,730
Fuel	388,271	112,000	500,271	146,286	65,450	211,736
Others	-	12,000	12,000	3,360	71,340	74,700
	<u>5,539,180</u>	<u>4,219,653</u>	<u>9,758,833</u>	<u>1,349,646</u>	<u>5,228,551</u>	<u>6,578,197</u>
No. of persons	3	11		1	13	

The total number of employees as at June 30, 2016 are 12 (2015: 14) and the average number of employees during the year equates to 12 (2015: 13).

24.2 AUDITORS' REMUNERATION

	June 30, 2016 Rupees	June 30, 2015 Rupees
Statutory audit	350,000	450,000
Half year review	38,800	30,000
Review of code of corporate governance	20,000	20,000
CDC certification	10,600	26,250
Out of pocket expenses	75,300	2,500
	<u>494,700</u>	<u>528,750</u>

25. MODARABA COMPANY'S MANAGEMENT FEE

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

26. PROVISION FOR TAXATION

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

27. EARNINGS PER CERTIFICATE - BASIC AND DILUTED

Profit for the year (Rupees)	20,816,468	27,166,405
Weighted average number of ordinary certificates	87,217,660	87,217,660
Earnings per certificate (Rupee)	0.24	0.31

28. RELATED PARTY TRANSACTIONS

The related parties comprise of associated undertakings and directors of the Modaraba Management Company. The Modaraba, in the normal course of business carries out transactions with these related parties. Significant transactions with related parties are as follows

Relationship with the Modaraba	Nature of Transactions	June 30, 2016 Rupees	June 30, 2015 Rupees
Modaraba Management Company	Management fee	2,393,894	3,124,137
Provident fund	Contributions made	210,551	142,604
Modaraba under common management	Sharing of common expenses	5,825,882	1,496,686

29. FINANCIAL RISK MANAGEMENT

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

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

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

29.1 Liquidity risk management

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. Modaraba holds total current assets of Rs. 357.99 million against its current liabilities of Rs. 50.115 million which lead to total surplus of Rs. 307.875 million.

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

	Total	Up to three months	More than three months and up to one year	More than one year
2016				
Ijarah deposits	22,720,581	5,748,000	7,208,781	12,163,800
Accrued and other liabilities	6,242,222	6,242,222	-	-
Unclaimed profit distribution	27,187,774	27,187,774	-	-
	<u>56,150,577</u>	<u>39,177,996</u>	<u>7,208,781</u>	<u>12,163,800</u>
2015				
Ijarah deposits	23,543,122	14,382,022	2,978,100	6,183,000
Accrued and other liabilities	9,468,393	9,468,393	-	-
Unclaimed profit distribution	24,884,016	24,884,016	-	-
	<u>57,895,531</u>	<u>48,734,431</u>	<u>2,978,100</u>	<u>6,183,000</u>

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

29.2 Credit risk and concentration of credit risk

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

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

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

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

The Modaraba's maximum exposure to credit risk related to receivable at June 30, 2016 and June 30, 2015 is the carrying amounts of following financial assets.

	June 30, 2016 Rupees	June 30, 2015 Rupees
Balances with banks	241,487,066	315,052,081
Musharika, morabaha and other finance	-	-
Diminishing musharika	40,037,169	59,023,301
Ijarah rentals receivable	12,572,462	1,011,291
Advances and other receivables	10,821,594	2,096,686
	<u>304,918,291</u>	<u>377,183,359</u>

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

Bank name	Short Term	Long Term	June 30, 2015 Rupees	June 30, 2014 Rupees
BankIslami Pakistan Limited	A1	A+	-	10,509,042
Burj Bank Limited	A-2	A-	-	1,265,841
HBL Islamic Banking Limited	A-1+	AAA	115,890,636	275,258,275
Sindh Bank Limited	A-1+	AA	28,175,915	26,500,377
Albaraka Bank (Pakistan) Limited	A1	A	7,851	1,488,539
Summit Bank Limited	A-1	A	97,399,099	-

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

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

	As at June 30, 2016				Total
	QAEM	Substandard	Doubtful	Loss	
Ijarah rental receivable	-	-	-	23,102,607	23,102,607
Musharika, morabaha and other finance	-	-	-	341,704,089	341,704,089

	As at June 30, 2015				Total
	QAEM	Substandard	Doubtful	Loss	
Ijarah rental receivable	-	-	-	23,321,547	23,321,547
Musharika, morabaha and other finance	-	-	-	354,015,406	354,015,406

Total impairment against these assets as at June 30, 2015 is Rs. 377.34 million (2014: Rs. 380.90 million).

The outstanding portfolio of diminishing musharaka Rs. 59.02 million (2014: Rs.87.33 million) represents exposure in transport and communication sector.

29.3 Market risk

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

29.3.1 Equity price risk

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

The carrying amount of investment is as follows:

	June 30, 2016 Rupees	June 30, 2015 Rupees
In listed securities carried at fair value through profit or loss	9,655,671	9,191,013
In unlisted security available for sale	9,925,146	9,427,201
In mutual funds available for sale	6,202,685	11,125,851
	<u>25,783,502</u>	<u>29,744,065</u>

Sensitivity analysis

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

Index	Impact on profit after tax and equity	
	2016 Rupees	2015 Rupees
Increase in market value - 5%	482,784	459,551
Decrease in market value - 5%	(482,784)	(459,551)

29.3.2 Profit rate risk

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

	June 30, 2016							
	Effective yield / profit rate %	Total	Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit risk
Cash and bank balances	2.0% - 7.0%	241,487,066	231,701,244	-	-	-	-	9,785,822
Investments		10,358,161	-	-	-	-	-	10,358,161
Musharaka, morabaha and other finance	14.0% - 21.0%	-	-	-	-	-	-	-
Diminishing musharaka	12.0% - 16.0%	40,037,169	26,060,066	824,000	3,708,000	9,392,423	-	-
Ijarah rentals receivable		12,572,462	-	-	-	-	-	12,572,462
Advances and other receivables		19,339,094	-	-	-	-	-	19,339,094
Total financial assets as at June 30, 2016		323,793,952	257,761,310	824,000	3,708,000	9,392,423	-	52,055,539
Ijarah deposit		22,720,581	-	-	-	-	-	22,720,581
Accrued and other liabilities		6,242,222	-	-	-	-	-	6,242,222
Unclaimed profit distribution		27,187,774	-	-	-	-	-	27,187,774
Total financial liabilities as at June 30, 2016		56,150,577	-	-	-	-	-	56,150,577
Total yield / profit risk sensitivity gap		257,761,310	824,000	3,708,000	9,392,423	-	-	-
Cumulative yield / profit risk sensitivity gap		257,761,310	258,585,310	262,293,310	271,685,733	271,685,733	-	-

June 30, 2015

	Effective yield / profit rate %	Total	Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit risk
		Rupees.....					
Cash and bank balances	4.25% - 8.85%	315,052,081	306,073,327	-	-	-	-	8,978,754
Investments		9,893,503	-	-	-	-	-	9,893,503
Musharaka, morabaha and other finance	14% - 21%	59,023,301	8,254,390	4,948,322	22,267,449	23,553,140	-	-
Diminishing musharaka	12.8 - 14.68 %	1,011,291	-	-	-	-	-	1,011,291
Ijarah rentals receivable		2,096,686	-	-	-	-	-	2,096,686
Receivable against sale of shares - net		387,076,862	314,327,717	4,948,322	22,267,449	23,553,140	-	21,980,234
Advances and other receivables		23,543,122	-	-	-	-	-	23,543,122
Total financial assets as at June 30, 2015		9,468,393	-	-	-	-	-	9,468,393
Ijarah deposit		24,884,016	-	-	-	-	-	24,884,016
Accrued and other liabilities		57,895,531	-	-	-	-	-	57,895,531
Unclaimed profit distribution								
Total financial liabilities as at June 30, 2015								
Total yield / profit risk sensitivity gap			314,327,717	4,948,322	22,267,449	23,553,140	-	-
Cumulative yield / profit risk sensitivity gap			314,327,717	319,276,039	341,543,488	365,096,628	365,096,628	

Sensitivity analysis for financial instruments

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

Changes in basis point	Impact on profit or loss	
	2016	2015
+100	222,461	270,700
-100	(222,461)	(270,700)

29.4 Fair value of financial instruments

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

29.4.1 Fair value hierarchy

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

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

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

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

	Level 1	Level 2	Level 3	Total
	Rupees.....		
Financial assets at FVTPL				
Quoted companies	9,655,671	-	-	9,655,671
Available-for-sale financial assets				
Listed entities	6,202,685	-	-	6,202,685
Unlisted entities	-	-	9,925,146	9,925,146

29.5 Financial instrument by category

As at June 30, 2016				
	Loan and receivables	Assets at fair value through profit & loss	Available for sale	Total
Rupees.....			
ASSETS				
Cash and bank balances	241,497,285	-	-	241,497,285
Investments	702,490	9,655,671	16,127,831	26,485,992
Musharika, morabaha and other finance	-	-	-	-
Diminishing musharika	40,037,169	-	-	40,037,169
Ijarah rentals receivable	12,572,462	-	-	12,572,462
Advances and other receivables	10,821,594	-	-	10,821,594
	<u>305,631,000</u>	<u>9,655,671</u>	<u>16,127,831</u>	<u>331,414,502</u>
LIABILITIES				
Ijarah deposits	22,720,581	-	-	22,720,581
Accrued and other liabilities	6,242,222	-	-	6,242,222
Unclaimed profit distribution	27,187,774	-	-	27,187,774
	<u>56,150,577</u>	<u>-</u>	<u>-</u>	<u>56,150,577</u>

As at June 30, 2015				
	Loan and receivables	Assets at fair value through profit & loss	Available for sale	Total
Rupees.....			
ASSETS				
Cash and bank balances	315,062,081	-	-	315,062,081
Investments	702,490	9,191,013	20,553,052	30,446,555
Musharika, morabaha and other finance	-	-	-	-
Diminishing musharika	59,023,301	-	-	59,023,301
Ijarah rentals receivable	1,011,291	-	-	1,011,291
Advances and other receivables	2,096,686	-	-	2,096,686
	<u>377,895,849</u>	<u>9,191,013</u>	<u>20,553,052</u>	<u>407,639,914</u>
LIABILITIES				
Ijarah deposits	23,543,122	-	-	23,543,122
Accrued and other liabilities	9,468,393	-	-	9,468,393
Unclaimed profit distribution	24,884,016	-	-	24,884,016
	<u>57,895,531</u>	<u>-</u>	<u>-</u>	<u>57,895,531</u>

30. CAPITAL RISK MANAGEMENT

The Modaraba manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. As at balance sheet date Modaraba do not have any exposure in short term and long term borrowing and it has sufficient surplus funds to manage the affairs of the Modaraba effectively. Further Modaraba has very positive current ratio of 7.143:1 (2015: 6.77:1).

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

31. SEGMENT INFORMATION

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

32. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors have proposed dividend for the year ended June 30, 2016 of Re 0.18 per certificate (2015: Re. 0.23 per certificate), amounting to Rs. 15,699,179/- (2015: Rs.20,060,062/-) at their meeting held on October 07, 2016. The financial statements for the year ended June 30, 2016 do not include the effect of the above which will be accounted for in the period in which it is declared.

33. DATE OF AUTHORISATION OF ISSUE

These financial statements has been authorised for issue on October 07, 2016 by the Board of Directors of the KASB Invest (Private) Limited.

34. GENEARL

Figures have been rounded off to the nearest Rupee.

For KASB Invest (Private) Limited
(Management Company)


CHIEF EXECUTIVE

DIRECTOR

DIRECTOR
CATEGORIES OF CERTIFICATES HOLDING AS ON 30-06-2016

	NO OF CERTIFICATE HOLDER	NO OF CERTIFICATES	PERCENTAGE
ASSOCIATED COMPANIES UNDERTAKING AND RELATED PARTIES	-	-	-
NIT AND ICP	2	81,141	0.09
NATIONAL BANK OF PAKISTAN TRUSTEE WING INVESTMENT CORPORATION OF PAKISTAN		38,238 42,903	
DIRECTORS, C.E.O THEIR SPOUSE AND MINOR CHILDREN- CHIEF EXECUTIVE OFFICER	-	-	-
SPOUSE	-	-	-
EXECUTIVES.	-	-	-
PUBLIC SECTOR COMPANIES AND CORPORATIONS.	1	1,929,159	2.21
STATE LIFE INSURANCE CORPORATION OF PAKISTAN LTD.		1,929,159	
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	29	2,359,580	2.71
FIRST INTERFUND MODARABA		859	
THE BANK OF PUNJAB		2,974	
HABIB BANK LTD. LSE BRANCH		848	
NATIONAL DEVELOPMENT FINANCE CORPORATION		2,120	
NATIONAL DEVELOPMENT FINANCE CORPORATION		4,500	
NATIONAL DEVELOPMENT FINANCE CORPORATION		4,005	
CRESCENT INVESTMENT BANK LTD.		100	
FIDELITY INVESTMENT BANK LTD.		32	
FIDELITY INVESTMENT BANK LTD.		2,528	
FIDELITY INVESTMENT BANK LTD.		6,868	
PARAMOUNT INVESTMENT BANK LTD.		1,638	
GULF INSURANCE COMPANY LTD.		13,653	
DELTA INSURANCE COMPANY LTD.		164	
CRESCENT STAR INSURANCE COMPANY LTD.		154	
NATIONAL INSURANCE COMPANY LTD.		2,275,232	
FIRST INTERFUND MODARABA		263	
UNI CAP MODARABA		136	
INDUSTRIAL CAPITAL MODARABA		100	
FIRST MEHRAN MODARABA		7,555	
FIRST MEHRAN MODARABA		210	
FIRST MEHRAN MODARABA		170	

CATEGORIES OF CERTIFICATES HOLDING AS ON 30-06-2016

	<u>NO OF CERTIFICATE HOLDER</u>	<u>NO OF CERTIFICATES</u>	<u>PERCENTAGE</u>
GENERAL MODARABA		3,306	
MODARABA AL MALI		47	
FIRST PROVIDENCEMODARABA		449	
FIRST HAJVERI MODARABA		3,000	
FIRST EQUITY MODARABA		16,484	
PRUDENTIAL DISCOUNT & GUARANTEE HOUSE LIMITED		9,000	
CITY BANK		2,635	
JAHANGIR SIDDIQUI & CO LTD		550	
CERTIFICATE HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANIES.	3	45,013,763	51.61
PRUDENTIAL CAPITAL MANGEMENT LTD		10,521,205	
RASHIDULLAH YACOOB		16,674,822	
PASHTOON RASHIDULLAH		17,817,736	
INDIVIDUAL	10562	26,047,173	29.86
OTHER CORPORATE CERTIFICATE HOLDERS	51	11,786,844	13.51
	<u>10,648</u>	<u>87,217,660</u>	<u>100.00</u>

PATTERN OF CERTIFICATE HOLDING AS AT 30 - 06 - 2016

<u>NUMBER OF CERTIFICATES HOLDERS</u>	<u>CERTIFICATE HOLDINGS</u>			<u>TOTAL CERTIFICATES HELD</u>
3,418	1	-	100	169,852
2,611	101	-	500	620,184
2,106	501	-	1,000	1,760,079
1,841	1,001	-	5,000	3,974,512
310	5,001	-	10,000	2,348,421
99	10,001	-	15,000	1,188,733
68	15,001	-	20,000	1,183,156
35	20,001	-	25,000	799,669
14	25,001	-	30,000	392,600
18	30,001	-	35,000	582,154
12	35,001	-	40,000	441,439
12	40,001	-	45,000	513,010
10	45,001	-	50,000	488,624
12	50,001	-	55,000	632,616
6	55,001	-	60,000	346,853
3	60,001	-	65,000	186,436
4	65,001	-	70,000	269,262
2	70,001	-	75,000	146,599
4	75,001	-	80,000	317,381
3	85,001	-	90,000	263,724
1	90,001	-	95,000	94,140
4	95,001	-	100,000	400,000
2	100,001	-	105,000	209,002
2	105,001	-	110,000	216,500
1	110,001	-	115,000	110,689
3	120,001	-	125,000	368,571
1	130,001	-	135,000	132,565
2	135,001	-	140,000	278,000
2	140,001	-	145,000	286,000
2	145,001	-	150,000	298,000
1	150,001	-	155,000	150,624
1	155,001	-	160,000	160,000
1	165,001	-	170,000	170,000
1	170,001	-	175,000	175,000
4	175,001	-	180,000	703,091
1	180,001	-	185,000	180,200
1	200,001	-	205,000	205,000
1	210,001	-	215,000	211,168
2	220,001	-	225,000	443,573
1	225,001	-	230,000	227,523
1	245,001	-	250,000	246,000
2	250,001	-	255,000	503,009
1	265,001	-	270,000	268,500

PATTERN OF CERTIFICATE HOLDING AS AT 30 - 06 - 2016

NUMBER OF CERTIFICATES HOLDERS	<u>CERTIFICATE HOLDINGS</u>		TOTAL CERTIFICATES HELD
1	300,001	-	305,000
1	315,001	-	320,000
1	330,001	-	335,000
1	350,001	-	355,000
1	400,001	-	405,000
1	480,001	-	485,000
1	495,001	-	500,000
1	595,001	-	600,000
1	695,001	-	700,000
1	111,001	-	1,115,000
1	1,475,001	-	1,480,000
1	1,690,001	-	1,695,000
1	1,775,001	-	1,780,000
1	1,925,001	-	1,930,000
1	2,275,001	-	2,280,000
1	2,570,001	-	2,575,000
1	4,220,001	-	4,225,000
1	4,315,001	-	4,320,000
1	8,100,001	-	8,105,000
1	9,715,001	-	9,720,000
1	10,520,001	-	10,525,000
1	10,835,001	-	10,840,000
	<u>10,648</u>		<u>87,217,660</u>

NOTICE OF THE ANNUAL REVIEW MEETING

Notice is hereby given that the 17th Annual Review Meeting of the Certificate Holders of First Prudential Modaraba will be held on Monday, October 31, 2016 at 7:30 p.m. at KASBIT Auditorium, 84-B, S.M.C.H.S., off Shahra-e-Faisal, Karachi to review the performance of Modaraba for the year ended June 30, 2016 in terms of clause 20 of the Prudential Regulations for Modaraba issued vide Circular No. 5/2000 by Registrar Modaraba.

By Order of the Board

Place: Karachi.
Date: October 09, 2016

Zia-ul-Haq
Company Secretary

Notes:

- The Modaraba Certificates transfer Book shall remain closed from October 25., 2016 to October 31, 2016 (both days inclusive) to determine the names of Certificate Holders eligible to attend the Annual Review Meeting. Transfer received in order at the Registrar Office of the First Prudential Modaraba (Whose address is given below) upto the close of business hours on October 24, 2016 will be treated in time.
- The Certificate Holders are advised to notify the Registrar of First Prudential Modaraba of any change in their addresses to ensure prompt delivery of mails. Further, any Certificates for transfer etc, should be lodged with the Registrar, C&K Management Associates (Private) Limited, 404 Trade Tower, Abdullah Haroon Road, Karachi. Tel: 021-35687839, 35685930
- Account Holders holding book entry securities of the First Prudential Modaraba in Central Depository Company of Pakistan Limited, who wish to attend the Annual Review Meeting, are requested to bring original Computerized National Identity Card for identification purpose and will in addition, have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 25, 2000 of the Securities and Exchange Commission of Pakistan (SECP) for attending the meeting.
- Pursuant to the provisions of the Finance Act 2016 effective July 01, 2016, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

a)	Rate of tax deduction for filers of income tax returns	12.5%
b)	Rate of tax deduction for non-filers of income tax returns	20.0%

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



FIRST PRUDENTIAL MODARABA

27th ANNUAL REPORT
JUNE 30, 2016

If undelivered please return to :

First Prudential Modaraba

8-C, Block-6, PECHS, Off. Sharah-e-Faisal, Karachi.
Tel: 021-34398852-5, 021-34370141

Managed by:

KASB Invest (Private) Limited
