



**FIRST
PRUDENTIAL
MODARABA**

HALF YEARLY REPORT
FOR THE PERIOD ENDED
DECEMBER 31, 2015 (UN-AUDITED)
(REVIEWED BY EXTERNAL AUDITORS)

If undelivered please return to :

First Prudential Modaraba

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

Managed by :
KASB Invest (Private) Limited

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 Burj Bank Limited	
Share Registrar	C & K Management Associates (Pvt) Ltd. 404, Trade Tower, Abdullah Haroon Road, Karachi. Tel: 35687839, 35685930	

CONTENTS

CORPORATE INFORMATION	01
DIRECTOR'S REPORT	02
AUDITOR'S REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION	04
CONDENSED INTERIM BALANCE SHEET	05
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT	06
CONDENSED INTERIM CASH FLOW STATEMENT	07
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	09
SELECTED EXPLANATORY NOTES	10

DIRECTORS' REPORT

The Board of Directors of KASB Invest (Private) Limited, the Management Company of First Prudential Modaraba is pleased to present unaudited condensed interim financial statements for the half year ended December 31, 2015 to the Certificate Holders.

FINANCIAL HIGHLIGHTS

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

	December 31, 2015 Rs "000"	June 2015 Rs "000"
BALANCE SHEET		
Diminishing Musharika	71,064	59,023
Investments	30,123	30,447
Agricultural Produce including Advance for purchase of Agricultural Produce	81,000	-
Total Assets	499,245	511,971
Net Assets	440,458	450,946
PROFIT & LOSS ACCOUNT		
Gross Income	25,854	33,974
Operating & Financial Charges	(15,878)	(16,249)
Operating Profit/Loss	9,976	17,725
Management Company Fee	(895)	(1,590)
Net Profit/Loss for the period	8,947	15,897
Earning per Modaraba Certificate (Rupees)	0.10	0.18

OPERATIONS AND PERFORMANCE

By the Grace of Allah, First Prudential Modaraba has successfully completed its half year ended December 31, 2015. The period closed with net Profit of PKR. 8.95 million and earning per Certificate was PKR. 0.10. During the period the total income was PKR.25.90million and the operating & financial charges were PKR.15.90 million.

During the period the Modaraba entered into edible oil extraction business. The fruits of investment in the said venture would be realized in the next quarter.

During the period the Modaraba recovered PKR. 5.4 million from the long outstanding debtors after rigorous follow ups. The recovery measures are continuing with the same pace and a further PKR. 4.64 million has been recovered after the period end.

The management has continued to adopt a cautious approach in its conduct of financing activities thus ensuring steady growth and build a sound Institution for the extension of Islamic finance.

FUTURE PROSPECTS

Foreseeing growth prospects in the Pakistan's Capital markets and with a view to capitalizing on above average market returns on our funds, the Modaraba is planning to invest in sharia complaint stocks. This would include a mix of portfolio building and shorter term Capital Gains following the market trends. In addition, we are looking forward to explore other profitable ventures which would increase the income of the Modaraba by the end of the financial year.

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



Rashid K. Siddiqui
Chief Executive Officer

Karachi.

Dated: February 26, 2016



RSM Awaiz Hyder Liaquat Nauman
Chartered Accountants

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Karachi, 75530- Pakistan.
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INDEPENDENT AUDITORS' REPORT TO THE
CERTIFICATE HOLDERS ON REVIEW OF
CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of FIRST PRUDENTIAL MODARABA(the Modaraba)as at December 31, 2015, the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period ended (here-in-after referred to as the "interim financial information"). Management of Modaraba Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarters ended December 31, 2015 and December 31, 2014 in the condensed interim profit and loss account has not been reviewed and we do not express a conclusion on them.



Chartered Accountants

Karachi

Dated: 26 February, 2016

Engagement Partner: Adnan Zaman

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING


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

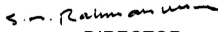
**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2015**


		(Unaudited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
ASSETS			
Current assets			
Cash and bank balances	5	219,687,069	315,062,081
Investments	6	8,944,937	9,893,503
Musharika, morabaha and other finance	7	-	-
Diminishing musharika	8	65,919,229	29,672,069
Agriculture Produce-Work in process	9	23,744,750	-
Ijarah rentals receivable	10	943,812	1,011,291
Advances, prepayments and other receivables	11	15,846,261	15,895,384
Advance for Purchase of Agriculture Produce	9	57,255,250	-
Total current assets		<u>392,341,309</u>	<u>371,534,328</u>
Non - current assets			
Long term investments	12	21,178,183	20,553,052
Long term portion of diminishing musharika	8	5,145,431	29,351,232
Long term deposits	13	66,192	66,192
Intangible assets	14	-	41,713
Property and equipment - owned	15	20,565,660	21,118,286
Property, plant and equipment - ijarah	16	33,398,579	42,755,944
Investment properties	17	26,550,000	26,550,000
Total Non - Current Assets		<u>106,904,045</u>	<u>140,436,419</u>
TOTAL ASSETS		<u>499,245,354</u>	<u>511,970,747</u>
LIABILITIES			
Current liabilities			
Current portion of long term ijarah deposits		9,628,350	17,360,122
Accrued and other liabilities		10,706,512	12,597,394
Unclaimed profit distribution		31,469,419	24,884,016
Total current liabilities		<u>51,804,281</u>	<u>54,841,532</u>
Non-current liabilities			
Long term portion of ijarah deposits		6,983,000	6,183,000
TOTAL LIABILITIES		<u>58,787,281</u>	<u>61,024,532</u>
NET ASSETS		<u>440,458,073</u>	<u>450,946,215</u>
REPRESENTED BY			
Certificate capital			
Authorized certificate capital			
87,217,660 modaraba certificates of rupees 10/- each		<u>872,176,600</u>	<u>872,176,600</u>
Issued, subscribed and paid-up certificate capital			
87,217,660 modaraba certificates of rupees 10/- each		872,176,600	872,176,600
Statutory reserve		145,873,287	144,083,929
Accumulated loss		(577,591,814)	(565,314,314)
		<u>440,458,073</u>	<u>450,946,215</u>
Contingencies and commitments	18		

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

For KASB Invest (Private) Limited
(Management Company)


CHIEF EXECUTIVE


DIRECTOR

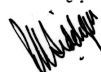

DIRECTOR

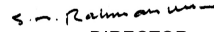
5


**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Note	Half year ended		Quarter ended	
		December 31 2015 Rupees	December 31 2014 Rupees	December 31 2015 Rupees	December 31 2014 Rupees
INCOME					
Ijarah rentals earned		4,208,404	6,930,257	2,057,307	3,492,567
Return on deposits with bank		8,060,539	8,069,078	3,804,954	4,189,569
Income on diminishing musharika		4,776,060	5,487,499	2,321,619	2,545,385
Capital gain on sale of investments		213,575	8,647,085	27,000	3,450,113
Dividend		690,442	1,864,610	253,192	826,220
Rental income from investment property		150,000	105,000	100,000	45,000
Other (loss)/ income		2,022,691	20,666	1,314,691	(110,330)
		<u>20,121,711</u>	<u>31,124,195</u>	<u>9,878,763</u>	<u>14,438,524</u>
Unrealised gain on investments - held for trading at fair value through profit or loss		703,834	1,671,189	386,352	3,261,667
Reversal of impairment losses / provisions against doubtful receivables - net	7.1	5,028,060	1,178,499	5,028,060	90,162
		<u>25,853,605</u>	<u>33,973,883</u>	<u>15,293,175</u>	<u>17,790,353</u>
EXPENDITURE					
Depreciation on ijarah assets		(3,454,749)	(6,384,318)	(1,704,107)	(2,640,696)
Administrative expenses		(12,195,129)	(9,499,063)	(6,273,173)	(5,119,454)
Workers welfare fund		(178,936)	(317,940)	(128,307)	(200,153)
Bank and other charges		(49,121)	(47,420)	(34,489)	(22,530)
		<u>(15,877,935)</u>	<u>(16,248,741)</u>	<u>(8,140,076)</u>	<u>(7,982,833)</u>
Profit for the year		9,975,670	17,725,142	7,153,099	9,807,520
Modaraba company's management fee		(894,679)	(1,589,699)	(641,534)	(980,752)
Sales tax on management fee		(134,202)	(238,455)	(96,230)	(147,113)
Profit before taxation		<u>8,946,789</u>	<u>15,896,988</u>	<u>6,415,335</u>	<u>8,679,655</u>
Provision for taxation		-	-	-	-
Profit after taxation		8,946,789	15,896,988	6,415,335	8,679,655
Other comprehensive income					
Gain on revaluation of investments available for sale		625,131	618,890	-	-
Total comprehensive income for the year		<u>9,571,921</u>	<u>16,515,878</u>	<u>6,415,335</u>	<u>8,679,655</u>
Earnings per certificate		<u>0.10</u>	<u>0.18</u>	<u>0.07</u>	<u>0.10</u>

For KASB Invest (Private) Limited
(Management Company)


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

6

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	<u>Half year ended</u>	
	December 31, 2015 Rupees	December 31, 2014 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,946,789	15,896,988
Adjustments for non-cash changes and other items:		
Gain on sale of investments		
Dividend income	(690,442)	(1,864,610)
Unrealised gain on changes in fair value of held for trading investments - at fair value through profit and loss	(703,834)	(1,671,189)
Reversal of impairment losses / provisions against doubtful receivables-net	(5,028,060)	(1,178,499)
Capital gain on sale of investments	(213,575)	(8,647,085)
(Gain) / Loss on disposal-ijarah assets	(824,792)	402,226
(Gain) on disposal-own assets	(600,000)	-
Depreciation-own use assets	801,143	763,663
Depreciation on ijarah assets	3,454,749	6,384,318
Amortization - intangibles	41,713	250,001
	<u>(3,763,098)</u>	<u>(5,561,175)</u>
	5,183,691	10,335,813
Cash flows before movements in working capital (Increase)/ decrease in operating assets		
Musharika, morabaha and other finance	5,028,060	90,162
Diminishing musharika	(12,041,359)	15,852,131
Agriculture Produce-Work in process	(23,744,750)	-
Ijarah rentals receivable	67,479	(224,703)
Receivable against sale of shares - net	-	6,666,393
Advances, prepayments and other receivables	392,475	(938,495)
Advance for Purchase of Agriculture Produce	(57,255,250)	-
	<u>(87,553,345)</u>	<u>21,445,488</u>
Increase/ (decrease) in operating liabilities		
Ijarah deposits	(6,931,772)	(423,480)
Accrued and other liabilities	(1,890,882)	5,640,424
	<u>(8,822,654)</u>	<u>5,216,944</u>
Cash used in operations	(91,192,308)	36,998,245
Income tax paid	(90,160)	-
Net cash used in operating activities	<u>(91,282,468)</u>	<u>36,998,245</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	437,250	1,984,870
Investments (purchased)/ encashed - net	1,865,975	11,403,574
Proceeds from disposal - ijarah assets	7,947,405	9,088,823
Purchase of own use assets	(248,515)	-
Purchase of ijarah assets	(1,220,000)	(30,000,000)
Proceeds from disposal - own assets	600,000	-
Net cash (used in)/ generated from investing activities	<u>9,382,115</u>	<u>(7,522,733)</u>

	<u>Half year ended</u>	
	December 31, 2015 Rupees	December 31, 2014 Rupees
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Profit distribution and net cash used in financing activities	(13,474,659)	(403,441)
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(95,375,012)	29,072,071
Cash and cash equivalents at the beginning of period	315,062,081	190,144,619
Cash and cash equivalents at the end of period	<u>219,687,069</u>	<u>219,216,690</u>


CHIEF EXECUTIVE

For KASB Invest (Private) Limited
(Management Company)


DIRECTOR


DIRECTOR

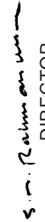
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Reserves				Total
	Capital	Revenue	Accumulated loss	Sub total	
	Certificate capital	Statutory Reserve	Unrealized gain / (loss) on available for sale investments	Unrealized gain / (loss) on available for sale investments	
Balance at July 1, 2014	872,176,600	138,650,648	(3,576,338)	(584,262,359)	422,988,551
Comprehensive income	-	-	-	15,896,988	15,896,988
Profit for the half year ended December 31, 2014	-	-	-	618,890	618,890
Other comprehensive income for the half year ended December 31, 2014	-	-	618,890	15,896,988	16,515,878
Total comprehensive income for the half year ended December 31, 2014	-	-	618,890	16,515,878	16,515,878
Transfer to statutory reserve	-	-	-	-	-
Balance at December 31, 2014	872,176,600	138,650,648	(2,957,448)	(568,365,371)	439,504,429
Balance at July 1, 2015	872,176,600	144,083,929	(2,785,079)	(562,529,235)	450,946,215
Comprehensive income	-	-	-	8,946,789	8,946,789
Profit for the half year ended December 31, 2015	-	-	625,131	625,131	625,131
Other comprehensive income for the half year ended December 31, 2015	-	-	625,131	8,946,789	9,571,920
Total comprehensive income for the half year ended December 31, 2015	-	-	625,131	9,571,920	10,197,051
Final dividend @ Rs. 0.23 per certificate for the year ended June 30, 2015	-	-	-	(20,060,062)	(20,060,062)
Transfer to statutory reserve	-	1,789,358	-	(1,789,358)	-
Balance at December 31, 2015	872,176,600	145,873,287	(370,500)	(575,431,865)	440,458,073

Balance at July 1, 2014
Comprehensive income
Profit for the half year ended December 31, 2014
Other comprehensive income for the half year ended December 31, 2014
Total comprehensive income for the half year ended December 31, 2014
Transfer to statutory reserve
Balance at December 31, 2014

Balance at July 1, 2015
Comprehensive income
Profit for the half year ended December 31, 2015
Other comprehensive income for the half year ended December 31, 2015
Total comprehensive income for the half year ended December 31, 2015
Final dividend @ Rs. 0.23 per certificate for the year ended June 30, 2015
Transfer to statutory reserve
Balance at December 31, 2015


CHIEF EXECUTIVE

For KASB Invest (Private) Limited
(Management Company)

DIRECTOR


DIRECTOR

**CONDENSED NOTES TO INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

1. LEGAL STATUS AND NATURE OF BUSINESS

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

1.2 The registered office of the Modaraba is situated at 8-C Block 6, PECHS, Shahrah e Faisal, Karachi. The Modaraba is listed on Karachi, Lahore and Islamabad Stock Exchanges (now Pakistan Stock Exchange post demutualization of all Stock Exchanges). The Modaraba is currently engaged in various modes of Islamic fundings and businesses which include ijarah financing, deployment of fund in musharika, morabaha and investment in securities.

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

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The condensed interim financial statements for the six months period ended December 31, 2015 have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan and the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modaraba and directives issued by Securities and Exchange Commission of Pakistan (the Modaraba regulations). The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Modaraba's annual Financial Statements for the year ended June 30, 2015. The figures for the half year ended December 31, 2015 have been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

2.2 This condensed interim financial statement comprises of the condensed interim balance sheet as at December 31, 2015 and the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and the notes forming part thereof for the half year ended December 31, 2015 which have been subjected to a review but not audited.

2.3 The comparative condensed balance sheet, presented in this condensed interim financial statements, as at June 30, 2015 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2015 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year ended December 31, 2014 have been extracted from the condensed interim financial statements for the half year ended December 31, 2014 which were subjected to a review but not audited.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Modaraba in the preparation of these condensed interim financial statements are the same as those applied in preparation of the preceding published financial statements of the Modaraba for the year ended June 30, 2015.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

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

In preparing the condensed interim financial statements, the significant judgments made by management in applying the Modaraba's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Modaraba as at and for the year ended June 30, 2015.

	Note	(Unaudited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
5. CASH AND BANK BALANCES			
Cash in hand		10,000	10,000
Cash at banks			
Current accounts		15,546,933	8,978,754
Saving accounts	5.1	204,130,136	306,073,327
		219,677,069	315,052,081
		219,687,069	315,062,081

5.1 Effective mark-up rate in respect of PLS accounts ranges from 2.5 % to 7 % per annum (Jun 2015: 4.25% to 9%) per annum.

6. INVESTMENTS

Held for trading at fair value through profit or loss - in quoted securities	6.1 & 6.2	8,242,447	9,191,013
Loan and receivables			
Receivable against TDR - considered good	6.3	702,490	702,490
		8,944,937	9,893,503

6.1 Held for trading at fair value through profit or loss - in quoted securities

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

Un-Audited 31 December 2015	Audited 30 June 2015	Name of investee	Un-Audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
		Commercial Banks		
	162,000	BankIslami Pakistan Limited	-	1,652,400
		Personal Goods (Textile)		
525	525	Nishat Mills Limited	49,806	59,971
		Electricity		
79,500	79,500	The Hub Power Company Limited	8,156,701	7,438,815
		Multitilities (Gas and Water)		
1,495	1,495	Sui Northern Gas Pipeline Limited	35,940	39,827
		Suspended/ Delisted Companies		
348	348	Hussain Industries Limited	-	-
360,000	360,000	Prudential Stock Fund	-	-
1,670,720	1,670,720	Zeal-Pak Cement Factory Limited	-	-
2,114,431	2,276,431		8,242,447	9,191,013

Note	Unaudited December 31, 2015 Rupees	Audited June 30, 2015 Rupees
6.2 Unrealized Gain on changes in fair value of held for trading investments		
Weighted average cost of investments	7,538,613	6,671,095
Unrealized gain on changes in fair value of held for trading investments	703,834	2,519,918
Market value of investments	8,242,447	9,191,013
6.3 Receivable against TDR - considered good		
Term deposit receipt	10,000,000	10,000,000
Less : Amortization charges - other receivable	(2,000,000)	(2,000,000)
Less : Amount received in earlier period	(2,516,943)	(2,183,609)
Total receivable	5,483,057	5,816,391
Installments received during the period / year	-	(333,334)
	5,483,057	5,483,057
Provision against doubtful recoveries	(4,780,567)	(4,780,567)
	702,490	702,490

7. MUSHARIKA, MORABAHA AND OTHER FINANCE

Musharika and morabaha finance

- considered good	-	-
- considered doubtful	348,987,346	354,015,406
	348,987,346	354,015,406
Less: Provision against doubtful amounts	(348,987,346)	(354,015,406)
	-	-
Other finance - unsecured		
- considered good	-	-
- considered doubtful	11,002,281	11,002,281
	11,002,281	11,002,281
Less: Provision against doubtful amounts	(11,002,281)	(11,002,281)
	-	-
	-	-

7.1 Movement in provision

	December 31, 2015			June 30, 2015		
	Principal	Profit	Total	Principal	Profit	Total
Opening balance	189,394,002	164,621,404	354,015,406	189,394,002	166,324,944	356,905,568
Reversal of provision / provision during the period / year	(4,900,000)	(128,060)	(5,028,060)	(1,186,622)	(1,703,540)	(2,890,162)
Written-off during the period	-	-	-	-	-	-
Closing balance	184,494,002	164,493,344	348,987,346	189,394,002	164,621,404	354,015,406

	Unaudited December 31, 2015 Rupees	Audited June 30, 2015 Rupees
8. DIMINISHING MUSHARIKA		
Diminishing musharika		
Principal	69,157,716	57,871,991
Profit	1,906,944	1,151,310
	<u>71,064,660</u>	<u>59,023,301</u>
Less: Long term portion of diminishing musharika	<u>(5,145,431)</u>	<u>(29,351,232)</u>
	<u>65,919,229</u>	<u>29,672,069</u>

8.1 These carry profit rate ranging from 14.67% to 16.8% (2015: 12.8% to 14.68%) per annum and are repayable on monthly basis over a maximum period of 3 years.

9. ADVANCE FOR PURCHASE OF AGRICULTURE PRODUCE

	KASBM	FPrMRupees.....	TOTAL
Share in Project	38.75%	61.25%	100%
Advance for purchase of Banola Seeds	51,250,000	81,000,000	132,250,000
Agriculture Produce-Work in process	(15,023,684)	(23,744,750)	(38,768,434)
Net Advance	<u>36,226,316</u>	<u>57,255,250</u>	<u>93,481,566</u>

The KASB Modaraba (KASBM) & First Prudential Modaraba (FPrM) has 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. As per the arrangement the KASBM is the 'Lead Manager' of the project. Accordingly, all project investment/ expenditures and revenues are routed through or as per instruction of the Lead Manager. Profit sharing ratio between the KASBM & FPrM is 40:60.

	Unaudited December 31, 2015 Rupees	Audited June 30, 2015 Rupees
10. IJARAH RENTALS RECEIVABLE		
Considered good	943,812	1,011,291
Considered doubtful	23,321,547	23,321,547
	24,265,359	24,332,838
Less: Provision for doubtful receivables	10.1 (23,321,547)	(23,321,547)
	<u>943,812</u>	<u>1,011,291</u>

10.1 Movement in provision for doubtful receivables

Opening balance	23,321,547	23,994,027
Charge during the period	-	-
Reversal during the period	-	(672,480)
Closing balance	<u>23,321,547</u>	<u>23,321,547</u>

11. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Considered Good		Considered Doubtful		Total	
	December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015	December 31, 2015	June 30, 2015
Advance			-----Rupees-----			
Income tax	13,614,059	13,523,899	-	-	13,614,059	13,523,899
To staff	166,299	328,299	1,814,000	1,814,000	1,980,299	2,142,299
Prepayments	360,117	274,799	-	-	360,117	274,799
Other receivables from						
Brokers on account of sale of shares			65,619,559	65,619,558	65,619,559	65,619,558
Prudential Securities Limited	11.1 -	-	18,432,273	18,432,273	18,432,273	18,432,273
A Bank	11.2 -	-	10,241,347	10,241,347	10,241,347	10,241,347
Return on deposits with banks	974,000	1,436,005	-	-	974,000	1,436,005
Others	731,786	332,382	13,466,236	13,466,237	14,198,023	13,798,619
Sub total	15,846,261	15,895,384	109,573,415	109,573,415	125,419,677	125,468,799
Provision for doubtful receivables	11.3 -	-	-	-	(109,573,415)	(109,573,415)
	<u>15,846,261</u>	<u>15,895,384</u>	<u>-</u>	<u>-</u>	<u>15,846,261</u>	<u>15,895,384</u>

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

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

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

	Note	(Unaudited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
11.3 Movement in provision for doubtful receivables			
Opening balance		109,573,415	109,573,415
Provision made		-	-
Reversal of provision		-	-
Closing balance		<u>109,573,415</u>	<u>109,573,415</u>

12. Long term investments

Available for sale			
Listed entity	12.1	11,253,037	11,125,851
Unlisted companies	12.2	9,925,146	9,427,201
		<u>21,178,183</u>	<u>20,553,052</u>

12.1 Listed entities

Un-Audited 31 December 2015	Audited 30 June 2015		Un-Audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
50,765	50,765	UBL Al-Ameen Islamic Preservation Fund III		
		Carrying value	5,540,008	5,284,606
		Unrealized gain	<u>39,610</u>	<u>255,402</u>
			5,579,618	5,540,008
380,766	380,766	Meezan Balance Fund		
		Carrying value	5,585,843	5,288,810
		Unrealized gain	<u>87,576</u>	<u>297,033</u>
			<u>5,673,419</u>	<u>5,585,843</u>
			<u>11,253,037</u>	<u>11,125,851</u>

12.2 Unlisted companies

Number of shares of Rs. 10

1,107,244	1,107,244	Prudential Securities Limited (PSL)		
		Cost	<u>4,173,707</u>	<u>4,173,707</u>
		Less: Impairment	<u>(4,173,707)</u>	<u>(4,173,707)</u>
			-	-
191,700	191,700	Prudential Discount and Guarantee House Limited		
		Cost	<u>1,041,815</u>	<u>1,041,815</u>
		Less: Impairment	<u>(1,041,815)</u>	<u>(1,041,815)</u>
			-	-
843,975	843,975	Lahore Stock Exchange Limited		
		Cost	<u>9,427,201</u>	<u>12,764,715</u>
		Less: Fair value adjustment	<u>497,945</u>	<u>(3,337,514)</u>
			<u>9,925,146</u>	<u>9,427,201</u>
			<u>9,925,146</u>	<u>9,427,201</u>

12.2.1 Movement of impairment

Opening balance	5,215,522	5,215,522
Impairment charge during the period / year	<u>-</u>	<u>-</u>
Closing balance	<u>5,215,522</u>	<u>5,215,522</u>

The breakup value of shares of Prudential Securities Limited was Rs. 3.77 per share based on last available audited financial statements for the year ended June 30, 2008.

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

12.2.3 This represent the non-Shari'ah compliant shares acquired against the surrender of Lahore Stock Exchange Limited (LSE) membership card. Under the current circumstances the active market is not available for such shares as LSE has not listed yet, therefore the net asset value based valuation has been considered as the closest estimate of the fair value of the shares. The Modaraba has recognized a fair value adjustment based on latest available financial information of the investee company.

	Note	(Unaudited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
13. Long term deposits			
Margin deposit		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		<u>(3,000,000)</u>	<u>(3,000,000)</u>
		<u>66,192</u>	<u>66,192</u>
14. INTANGIBLE ASSETS			
LSE - Trading right entitlement certificate (TREC)	13.1	5,344,352	5,344,352
Computer softwares	13.2	-	<u>41,713</u>
		5,344,352	5,386,065
Impairment of TREC		<u>(5,344,352)</u>	<u>(5,344,352)</u>
		-	<u>41,713</u>

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

	(Unaudited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
14.2 Computer softwares		
Opening balance period / year	1,827,744	1,827,744
Amortization	<u>(1,827,744)</u>	<u>(1,786,031)</u>
Carrying value	<u>-</u>	<u>41,713</u>

15. PROPERTY AND EQUIPMENT - OWNED

	Additions		Disposals (W.D.V)	
	(Unaudited) December 31, 2015	(Audited) June 30, 2015	(Unaudited) December 31, 2015	(Audited) June 30, 2015
	-----Rupees-----			
Office equipment and appliances	-	115,000	-	-
Furniture and fixtures	207,015	-	-	-
Computer equipment	-	12,500	-	-
Motor vehicles	41,500	-	-	-
	<u>248,515</u>	<u>127,500</u>	<u>-</u>	<u>-</u>

16. Property, plant and equipment - ijarah
Following additions and disposals in Ijarah assets, were made during the period

	Additions		Disposals (W.D.V)	
	(Unaudited) December 31, 2015	(Audited) June 30, 2015	(Unaudited) December 31, 2015	(Audited) June 30, 2015
	-----Rupees-----			
Vehicles	<u>1,220,000</u>	<u>30,000,000</u>	<u>(7,163,396)</u>	<u>(2,395,084)</u>
		Note	(Unaudited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
17. INVESTMENT PROPERTIES				
Opening balance		17.1	26,550,000	27,080,000
Additions			-	-
Unrealized gain on measurement of Investment Property			-	(530,000)
Closing balance			<u>26,550,000</u>	<u>26,550,000</u>

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

18. CONTINGENCIES AND COMMITMENTS

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

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

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

19. TAXATION

The income of the Modaraba is exempt from tax, provided not less than 90% of their profits are distributed to the certificate holders. The management intends to distribute the profit and accordingly no provision for tax has been made in the current period. The Modaraba is also exempt from the provisions of section 113 (minimum tax) under clause 11 of Part IV of the Second Schedule of the Income Tax Ordinance, 2001.

20. RELATED PARTY TRANSACTIONS

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


Relationship with Modaraba	Nature of Transactions	Un-Audited	Un-Audited
		December 31, 2015 Rupees	December 31, 2014 Rupees
Provident fund	Contribution made	132,552	71,299
Modaraba management company	Management fee	1,028,881	1,589,699
Modaraba under common management	Sharing of common expenses	2,537,709	-

21. DATE OF AUTHORISATION OF ISSUE


This condensed interim financial statements have been authorised for issue on 26 February, 2016 by the Board of Directors of the KASB Invest (Pvt) Limited.

22. FIGURES

Figures have been rounded off to the nearest Rupee.


CHIEF EXECUTIVE

For KASB Invest (Private) Limited
(Management Company)


DIRECTOR


DIRECTOR