



FIRST PRUDENTIAL MODARABA

**30th ANNUAL REPORT
JUNE 30, 2019**

Vision Statement

To contribute towards the development of Islamic Financial Products which are commensurate with modern commercial concepts

Mission Statement

Our mission is to create and maintain a progressive position in the Modaraba sector in Pakistan and endeavor to promote interest-free economy in the country. This will be achieved through quality services using innovative Sharia compliant products, financial discipline and good corporate governance with high levels of professional and ethical standards being maintained at all times.

CORPORATE INFORMATION

Administrator of First Prudential Modaraba

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

Chief Financial Officer

Aftab Afroz Mahmoodi

Company Secretary

Syed Shahid Owais

Auditor

RSM Avais Hyder Liaquat Nauman, Chartered Accountants

Internal Auditor

EY Ford Rhodes

Certificate Transfer Office

C&K Management Associates (Pvt.) Limited

404, Trade Tower,

Abdullah Haroon Road,

Near Metropole Hotel,

Karachi – 75530

Phone: 021-35687839 & 021-35685930

Legal Advisor

Ahmed & Qazi

S & B Durrani Law Associates

Shariah Advisor

Al-Hamd Shariah Advisory Services (Pvt.) Ltd.

Registered Office

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

Phone: 021-35630621

35630623, 35630625, 35630626

Lahore Branch Office

Office No. 318 3rd Floor,

Lahore Stock Exchange Building,

19 Khayaban-e-Awan-e-Iqbal, Lahore

Phone : 042-36311001-02

Islamabad Branch Office

Basement, 90-91,

Razia Sharif Plaza ,Jinnah Avenue,

Blue Area, F-7, Islamabad.

Phone: 051-2344422-24

Web Address

www.firstprudentialmodaraba.com

FIRST PRUDENTIAL MODARABA

DIRECTORS' REPORT

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

FINANCIAL HIGHLIGHTS

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

BALANCE SHEET	June 30, 2019 Rs "000"	June 30, 2018 Rs "000"
Cash & Bank Balance	96,876	45,039
Investments	4,732	24,274
Diminishing Musharaka Finance	207,092	218,473
Receivable against sale of Agriculture Produce	11,692	11,692
Ijarah Assets	59,425	83,238
Total Assets	493,403	494,702
Net Assets	423,544	421,197
PROFIT & LOSS ACCOUNT		
Income	70,535	59,981
Administrative & other Expenses	(32,661)	(23,246)
Ijarah Assets Depreciation	(32,773)	(28,462)
Provision against doubtful receivables	0	(27,344)
Management Company Fee	(402)	0
Provision for Taxation	(1,577)	0
Net Profit/Loss after taxation	2,310	(19,563)
Earning/Loss per Modaraba Certificate (Rupees)	0.03	(0.02)

OPERATIONS AND PERFORMANCE

By the Grace of the Almighty Allah, First Prudential Modaraba successfully completed its financial year ended June 30, 2019 with net after tax profit of Rs.2.30 million as compared to net loss of (Rs 19.56) million for the year ended June 30, 2019.

The management is committed towards continuous improvement of the operating and financial performance of the Modaraba for its long term sustainability and to meet the expectations of the stakeholders especially the Certificate holders.

YEAR AT A GLANCE

During the year Modaraba increased its business mostly in diminishing Musharaka & Ijarah finance performed. Our approach remained conservative towards financing projects. The management remained vigilant for timely recovery of the deployed funds to develop room for further investments.

FUTURE PROSPECTS

With the aim and strategy of growing with Sharia compliant businesses, we would keep exploring and opting high yield businesses. We trust that we would keep going as per our short and longer term plans with innovative approach that would result in better returns for the Certificate holders.

APPOINTMENT OF ADMINISTRATOR

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

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Modaraba is pleased to report that:

- 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 except as mentioned in notes 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 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 significant material departure from the best practices of corporate governance, as detailed in the Corporate Governance Regulations- 2017.
- The Modaraba operates a provident fund for its permanent employees, value of which was PKR.1.71 million as at June 30, 2019.
- 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, 2019 except as disclosed in the financial statements.

- None of the Administrator of Modaraba, CFO, Company Secretary, Head of Internal Auditor and their spouses and minor children has carried out trading of certificates of the Modaraba.
- During the year, four meetings of the Ex-Board of Directors and One meeting called by the Administrator were held. Attendance details are as follows

Name		No of Meetings Attended
Muzaffar Ali Shah Bukhari	Ex-Director	4
Farrukh S. Ansari	Ex-Director	4
Amer Maqbool	Ex-Director & CEO	4

Name		No of Meetings Attended
Khawaja Waheed Raza	Administrator	1

- During the year, four meetings of the Audit Committee were held. Attendance by Members is as follows :

Name		No of Meetings Attended
Farrukh S. Ansari	Ex-Chairman of Audit Committee	3
Muzaffar Ali Shah Bukhari	Ex-Member	3

- During the year, one meeting of the Human Resource and Remuneration Committee (HR&RC) was held. All members of the HR&RC attendant the meeting.
- The pattern of holding of Certificates by the Certificate-holders is included in this annual report

DIRECTOR'S REMUNERATION

The remuneration of ex-Directors for attending meetings of the Board or any Committee of the Board was determined under the Director's Remuneration Policy adopted by the Ex-Modaraba Management Company. Under the said policy, independent and non-executive Directors are entitled to receive the prescribed fee and traveling, hotel & other expenses incurred by them for attending meetings of the Board or any Committee of the Board and General Meetings as determined by the Board

GOVERNANCE & SHARIAH COMPLIANCE

The Administrator and staff of Modaraba are committed to ensure compliance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, Regulations of Pakistan Stock Exchange and the Modaraba is in compliance with the requirements relevant for the year ended June 30, 2019. A statement to this effect is annexed with the report. The Shariah Advisor is involved from the outset to ensure that the business of the Modaraba is in line with Shariah Principles.

HUMAN RESOURCES

The Administrator and management are committed towards continuous improvement of the operating and financial performance of the Modaraba for its long term sustainability and to meet the expectations of the stakeholders especially to protect the interest of the certificate holders. The liquidity crunch remains a challenge for operation of the Modaraba however; the available resources have been deployed in secured financing transactions.

AUDITORS

The present auditors' M/s Avais Hyder Liaquat Nauman, Chartered Accountants have completed their fifth year of continuous appointment. The appointment of Auditor for the next term shall be recommended by the Administrator to the Registrar Modarabas for the approval.

DIVIDEND

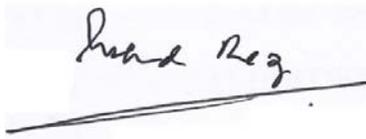
The Modaraba has not declared dividend due to marginal profit of Modaraba for the current year. The management has considered that distribution of dividend on such profit is un- economical and not likely to be in the benefit of the certificate holders after deduction of tax and other charges.

ACKNOWLEDGEMENT

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

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

For First Prudential Modaraba



Khawaja Waheed Raza
Administrator
Dated: October 25, 2019
Karachi

ڈائریکٹرز رپورٹ

فرسٹ پروڈینشل مضاربہ کے 30 جون 2019 کو اختتام پذیر ہونے والے مالی سال کا سالانہ آڈٹ شدہ مالیاتی کوشوارہ درج ذیل

ہے:-

مالیاتی جھلکیاں

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

30 جون 2018 روپے "م" میں	30 جون 2019 روپے "م" میں	بیلنس شیٹ
45,039	96,876	نقد اور بینک بیلنس
24,274	15,079	سرمایہ کاری
218,473	207,090	شرکت متناقصہ مالیات
11,692	11,692	وصولیابی زرعی پیداوار
83,238	59,425	اجارہ اثاثہ جات
494,702	493,403	مجموعی اثاثہ جات
421,197	423,544	خالص اثاثہ جات
30 جون 2018 روپے "م" میں	30 جون 2019 روپے "م" میں	نفع و نقصان کا حساب
59,981	70,535	مجموعی آمدنی
(23,246)	(32,661)	انتظامی و مالیاتی اخراجات
(28,462)	(32,773)	اجارہ فرسودگی
(27,344)	(-)	مشکوک وصولی کی مد میں فراہمی
(-)	(402)	منیموٹ فیس
(-)	(1,577)	ٹیکس
(19,563)	2,310	خالص سالانہ منافع (نقصان)
(0.2)	0.03	فی حصہ آمدنی (روپے)

انتظامی کارکردگی

اللہ تعالیٰ کے فضل سے برائے سال 2019 مضاربہ کا مجموعی منافع 2.30 ملین روپے رہا، جبکہ برائے سال 2018، 19.56 ملین

روپے کا نقصان تھا۔ مضاربہ کی انتظامیہ مضاربہ کی انتظامی اور مالیاتی کارکردگی میں بہتری کے لئے یکسو ہے تاکہ تمام اسٹیک ہولڈر خصوصاً

سرٹیفیکیٹ ہولڈر کے اعتماد پر پورا اتر سکے۔

موجودہ مالی سال پر ایک سرسری نظر

دوران مدت مضاربہ نے شرکت متناقصہ اور اجارہ سرمایہ داری میں اضافہ کیا۔ مالیاتی منصوبوں کی طرح ہمارا رویہ محتاط رہا۔ جاری شدہ قرضہ جات کی بروقت وصولی کے لئے انتظامیہ پوری طرح چوکس اور مستعد رہی۔ تاکہ اس کے ذریعے مزید منافع بخش سرمایہ کاری کے لئے راہ ہموار کی جائے۔

مستقبل کے امکانات

شریعت کے مطابق کاروبار کے ذریعے ترقی کرنے کے مقصد اور حکمتِ عملی کے ساتھ ہم اعلیٰ پیداواری اور منافع بخش کاروبار کی تلاش اور جستجو کرتے رہیں گے۔

ہم اس یقین کے ساتھ آگے بڑھتے رہیں گے کہ ہمارے طویل المعیاد اور طویل المدت اہداف حاصل ہو جائیں، ہم جدید طرز کاروبار کے ساتھ جدوجہد میں مصروف رہیں گے تاکہ موجودہ کاروباری نتائج اور درجہ بندی کے مقابلے میں بہتر نتائج حاصل کر سکیں جس کے ذریعے حصہ داروں کو بہتر منافع پہنچا سکیں۔

ماظم کا تقرر

رجسٹرار مضاربہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے آرڈر بتاریخ 3 اپریل 2019 کے ذریعے جناب خواجہ وحید رضا کا تقرر بحیثیت ماظم کیا گیا ہے جس کے تحت بورڈ آف ڈائریکٹرز کے تمام تر اختیارات 8 اپریل 2019 سے ماظم کو حاصل ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ

مضاربہ مسرت کے ساتھ بیان کرتا ہے کہ:

- ☆ مضاربہ کی انتظامیہ کی جانب سے مالی گوشوارہ عمدگی سے پیش کیا گیا ہے جو اس کے آپریشنز، کیش فلوا اور ایکویٹی میں تبدیلیوں کا نتیجہ ہے۔
- ☆ مضاربہ کی باقاعدہ اکاؤنٹ کی کتابیں تیار کی گئی ہیں۔
- ☆ مالی گوشوارے کی تیاری میں موزوں اکاؤنٹنگ پالیسی کو یکساں طور پر استعمال کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات مناسب اور عاقبت اندیشانہ فیصلوں کی بنیاد پر کئے گئے ہیں۔
- ☆ مالی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی اکاؤنٹنگ (IAS's) معیارات پر عمل کیا گیا ہے اور اس سے کسی رخصت کو مناسب طور پر ظاہر کیا گیا ہے۔
- ☆ انٹرنل کنٹرولر کا نظام مستحکم ہے اور مؤثر طور پر نافذ و نگرانی کی جاتی ہے۔
- ☆ مضاربہ بناوٹ میں مالی طور پر مستحکم ہے اور مؤثر طور پر نافذ و نگرانی کی جاتی ہے۔
- ☆ مضاربہ کی مالی و انتظامی صلاحیت کو کوئی خطرہ نہیں ہے اور اس سلسلے میں کوئی قابل تشویش بات نہیں ہے۔
- ☆ مضاربہ میں کارپوریٹ گورننس کے بہترین اصولوں کو مد نظر رکھا گیا ہے جیسا کہ کارپوریٹ گورننس ریگولیشن برائے 2017 میں درج ہے۔
- ☆ مضاربہ نے اپنے مستقل ملازمین کے لئے پروویڈینٹ فنڈ اسکیم قائم کر رکھی ہے جس کی قدر 30 جون 2019 کو 1.71 بلین روپے تھی۔
- ☆ پچھلے چھ سالوں کا مالیاتی گوشوارہ خلاصہ کی صورت میں اس سالانہ رپورٹ میں شامل کیا گیا ہے۔

- ☆ یہاں 30 جون 2019 کو ٹیکس، ڈیویڈنڈ، جرمانے اور واجبات کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں ماسوائے جیسا کہ مالیاتی کوشاروں میں ظاہر کیا گیا ہے۔
- ☆ مضاربہ کے ڈائریکٹرز، CEO، CFO، کمپنی سیکرٹری اور ان کے شریک حیات اور نابالغ بچوں نے مضاربہ کے سرٹیفکیٹس کی کوئی خرید و فروخت نہیں کی۔
- ☆ سال کے دوران بورڈ آف ڈائریکٹرز کے 14 اجلاس منعقد ہوئے ہر ڈائریکٹر کی شرکت درج ذیل ہے۔

نام	اجلاس میں شرکت کی تعداد
مظفر علی شاہ بخاری	4
فرخ ایس انصاری	4
عامر مقبول	4

- ☆ ایک اجلاس ناظم نے منعقد کیا۔
- ☆ سال کے دوران آڈٹ کمیٹی کی تین میٹنگز منعقد ہوئیں، حاضری کی تفصیلات درج ذیل ہے:

نام	اجلاس میں شرکت کی تعداد
فرخ ایس انصاری	3
مظفر علی شاہ بخاری	3

- ☆ سال گزشتہ انفرادی قوت اور مشاہرہ کی ایک میٹنگ ہوئی جس میں تمام ممبران نے شرکت کی۔
- ☆ سرٹیفیکیٹ ہولڈرز کی ملکیت کا بیان رپورٹ کے ساتھ منسلک ہے۔

مشاہرہ ہوائے ڈائریکٹرز

بورڈ آف ڈائریکٹرز اور بورڈ کی کسی بھی کمیٹی کی میٹنگز میں حاضری کے عوض ڈائریکٹرز کے مشاہرہ کا تعین منجھٹ کمپنی کی مشاہرہ پالیسی کے زیر عمل ہے۔ اس پالیسی کے تحت انڈیپنڈنٹ اور مان ایگزیکٹو ڈائریکٹر کسی بھی کمیٹی اور عام اجلاس کے سلسلے میں مشاہرہ، سفری، ہوٹل اور دیگر اخراجات حاصل کرنے مجاز ہیں۔

گورننس اور شریعہ کی تعمیل

ناظم اور اسٹاف پُر عزم ہے کہ وہ لسنڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 پاکستان اسٹاک ایکسچینج کے قوانین 30 جون 2019 کو ختم ہونے والے سال کے لئے عمل کو یقینی بنائے گا۔ اس سلسلے میں ایک خاکہ اس رپورٹ کے ساتھ منسلک ہے۔ شریعہ ایڈوائزر ابتدائی مراحل سے شرعی اصولوں کی پاسداری کے لئے مضاربہ کے ساتھ منسلک ہے۔

بیومن ریسورمز

بورڈ پر اعتماد ہے کہ آپ کے مضاربہ کی انتظامیہ اور ملازمین راست بازی اور جوش اور ولولہ سے مسلسل کام کریں گے۔ آپ کا مضاربہ ان شاء اللہ مسلسل فروغ پاتا رہے گا۔ بہترین انسانی وسائل میں سرمایہ کاری ہماری پالیسی کا بنیادی عنصر ہے۔

آڈیٹرز

موجودہ آڈیٹران میسرز اولیس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس کی تقرری کی مدت مضاربہ کی سالانہ جائزہ اجلاس کی تاریخ پر ختم ہوگئی ہے۔ آئندہ مالی سال کے لئے ناظم کی طرف سے آڈیٹر کا تقرر رجسٹرار مضاربہ کو منظوری کے لئے بھیجا جائے گا۔

منافع

مضاربہ نے موجودہ مالی سال کے لئے کسی منافع کا اعلان نہیں کیا ہے۔ انتظامیہ سمجھتی ہے کہ واجبی منافع کی وجہ سے منافع کی تقسیم کا اعلان سود مند نہیں ہوگا اور سرٹیفیکیٹ ہولڈر کے لئے کارآمد نہیں ہوگا۔

اعتراف

بورڈ ریگولیشنری اتھارٹی، حصہ داروں، کسٹمرز اور بینکرز کی معاونت اور تعاون کو بہت سراہتا ہے اور مستقبل میں بھی ان کی معاونت اور مشورے کا منتظر رہے گا۔

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

برائے کماے ایس بی مضاربہ

-SD-

خواجہ وحید رضا

ناظم

25 اکتوبر 2019

کراچی

Summary of key operating and financial data of the Modaraba for last 6 years
Year ended June 30, 2019
.....Rupees in millions.....

Year	2019	2018	2017	2016	2015	2014
Paid-up Capital	872.177	872.177	872.177	872.177	872.177	872.177
Statutory Reserve	151.747	151.283	151.283	148.247	144.084	138.651
Certificate Holders Equity	425.973	423.065	452.159	452.391	450.946	422.989
Certificate	87.217	87.217	87.217	87.217	87.217	87.217
Current liabilities	51.769	52.951	51.522	50.115	54.842	57.555
Non-current Assets	234.746	279.404	241.372	154.096	140.436	158.376
Current Assets	258.657	215.299	273.587	357.991	371.534	326.186
Profit / (Loss) before Taxation	3.900	(19.564)	15.179	20.816	27.166	(72.263)
Taxation	(1.578)	-	-	-	-	-
Earning / (Loss) per Certificate (Rs)	0.03	(0.22)	0.17	0.24	0.31	(0.83)
Dividend (Rs)	-	-	0.13	0.18	0.23	-

STATEMENT OF COMPLIANCE WITH THE CODE OF
CORPORATE GOVERNANCE
FIRST PRUDENTIAL MODARABA
YEAR ENDED JUNE 30, 2019

The Securities & Exchange Commission of Pakistan, Islamabad appointed Mr. Khawaja Waheed Raza as Administrator of First Prudential Modaraba vide order dated April 03, 2019 issued by the Registrar Modaraba. Before his appointment all powers and duties of the Modaraba Company as well as those of its Board of Directors have been exercised and performed by the Board of Directors.

In the following manner, the Board of the Modaraba has complied with the requirements of the Regulations before the appointment of the Administrator and after the appointment of the Administrator, the requirements related to board meeting/composition became not applicable and the administrator has complied with the other requirements of the Code of Corporate Governance, if applicable:

1. The total number of directors were three as the following:
 - a. Male : Three
 - b. Female: Nil
2. The composition of board was as follows:
 - a) Independent Director : Mr. Farrukh S. Ansari
 - b) Other Non-Executive Director : Mr. Muzaffar Ali Shah Bukhari
 - c) Executive Director : Mr. Amer Maqbool

The requirement of the minimum numbers of independent directors, i.e. at least 2 or 1/3 whichever is higher was not complied.

3. The Directors had confirmed that none of them was serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps had been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. 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.
6. All the powers of the Board have been duly exercised and decisions on relevant matters had been taken by board/certificate holders as empowered by the relevant provisions of the Act and these Regulations.
7. 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. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the meetings.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

9. Directors' Training program was not arranged by the Company.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board had formed committees comprising of members given below :

a) Audit Committee

- | | | |
|-----|-------------------------------|----------|
| i. | Mr. Farrukh S. Ansari | Chairman |
| ii. | Mr. Muzaffar Ali Shah Bukhari | Member |

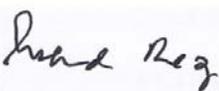
The minimum member composition of the audit committee, i.e. at least three was not complied.

b) HR and Remuneration Committee

- | | | |
|------|-------------------------------|----------|
| i. | Mr. Farrukh S. Ansari | Chairman |
| ii. | Mr. Muzaffar Ali Shah Bukhari | Member |
| iii. | Mr. Amer Maqbool | Member |

13. The Term of Reference of the aforesaid Committee had been formed, documented and advised to the Committee for compliance.
14. The frequency of meetings of the committee were as per follows :-

Audit committee – Quarterly
HR & R committee - Annually
15. The Modaraba has outsourced the Internal Audit function to M/s EY Ford Rhodes, Chartered Accountants who reports on quarterly basis.
16. 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.
17. 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.
18. All other requirements of the Regulations have been complied with.



Administrator

October 25, 2019

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **FIRST PRUDENTIAL MODARABA (The Modaraba)** as at June 30, 2019 and the related profit and loss account, statement of other comprehensive income, 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's administrator 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 administrator, 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 administrator 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 except for changes in accounting policies as disclosed in notes 4.1 to the financial statements with which we concur;

- ii. the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - 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, statement of other comprehensive income, 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, 2019 and of the profit and comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushar Ordinance, 1980 (XVIII of 1980)

We draw attention to Note 1 of the financial statements in which it is mentioned that the registrar (Modarabas) with the approval of SECP appointed administrator to take over and manage the affairs of the Modaraba and accordingly all the powers and duties of the management company as well as those of the Board of Directors shall be exercised and performed by the administrator. Our opinion is not qualified in respect of this matter.

 Chartered Accountants
Karachi.
Dated:

Engagement Partner: Adnan Zaman

Independent Auditor's Review Report to the Members of First Prudential Modaraba

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Administrator for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Administrator after the appointment by SECP and of the Board of Directors of the Management Company till 8 April, 2019. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Management Company's / Administrator's personnel and review of various documents prepared by the Management Company /Administrator to comply with the Regulations.

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

The Regulations require 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, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Administrator's / Management Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 Administrator's / Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2019.

Further, we highlight below instances of non-compliance with the requirement(s) of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

S#	Paragraph reference	Description
I.	2	The board were in not compliance with the requirement of the minimum number of independent directors, i.e. at least 2 or 1/3 whichever is higher.
II.	12 (a)	The Modaraba were not in compliance with the minimum composition of the audit committee, i.e. at least three.

We draw attention to the users of the report as mentioned in the statement of compliance that the Securities & Exchange Commission of Pakistan, Islamabad appointed Mr. Khawaja Waheed Raza as Administrator of First Prudential Modaraba vide order dated April 03, 2019 issued by the Registrar Modaraba. Hence forth all the powers and duties of the Modaraba Company as well as those of its Board of Directors have been exercised and performed by the Administrator effective April 08, 2019.

The Board of the management company of the Modaraba has complied with the requirements of the Regulations before the appointment of the Administrator and after the appointment of the Administrator, the requirements related to board became not applicable, however, the administrator has complied with the other requirements of the Code of Corporate Governance.

Chartered Accountants
Karachi.
Dated: October 25, 2019



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

نحمدہ و نصلى على رسوله الكريم

Shariah Advisor's Report

For the period ended June 30, 2019

We have reviewed the affairs of **First Prudential Modaraba** for the year ended June 30, 2019 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 our review, the following were the major activities/developments in respect of Shariah that took place during this period:

BANK ACCOUNTS:

We confirm that for investment and operational purposes, Modaraba is operating the Bank accounts maintained with Islamic Banks or Islamic windows of commercial banks.

FRESH DISBURSEMENTS:

DIMINISHING MUSHARAKAH

Modaraba disbursed number of Diminishing Musharaka facilities to its clients. We 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, all fixed assets whether own, Diminishing Musharakah or against any other financing facility are covered under takaful only.

EQUITY SHARES:

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



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ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

Non-Shariah Compliant Shares:

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

In this year Modaraba did not dispose of the shares of Lahore Stock Exchange.

RECOMMENDATION:

Modaraba should dispose of non Shariah Compliant shares subject to the availability of the buyer.

CONCLUSION:

By the grace of Almighty ALLAH, after introduction of Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas by Securities & Exchange Commission of Pakistan (SECP), through Circular No. 8 of 2012 the Management of First Prudential Modaraba has effectively shown its sincerity to comply with Shariah Rulings in its true spirit, therefore, the business operations of First Prudential Modaraba are Shari'ah compliant up to the best of our knowledge.



MUFTI UBAID UR RAHMAN ZUBAIRI

For and on behalf of

Alhamd Shariah Advisory Services Private Limited

Date: September 30, 2019



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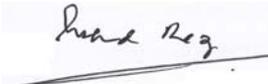
info@alhamdshariahadvisory.com

**FIRST PRUDENTIAL MODARABA
BALANCE SHEET
AS AT JUNE 30, 2019**

ASSETS	Note	2019 Rupees	2018 Rupees
Current Assets			
Cash and bank balances	5	96,876,829	45,039,248
Investments	6	4,732,117	7,550,532
Musharaka, morabaha and other finance	7	-	18,115,890
Current portion Diminishing musharaka	8	92,520,170	92,979,031
Ijarah rentals receivable	9	1,519,667	279,176
Receivable against sale of agriculture produce	10	11,692,131	11,692,131
Advances, deposits, prepayments & other receivables	11	38,401,796	26,728,813
Other assets	12	-	-
Tax refundable - considered good		12,913,879	12,913,879
Total Current Assets		258,656,589	215,298,700
Non - Current Assets			
Long term investments	13	10,347,133	16,724,294
Long term portion of diminishing musharaka	8	114,572,927	125,494,123
Long term advances	14	149,618	370,678
Long term deposits	15	127,500	37,500
Intangible assets	16	-	-
Property and equipment - own use	17	4,724,200	8,139,549
Property, plant and equipment - ijarah	18	59,424,712	83,238,064
Investment property	19	45,400,000	45,400,000
Total Non - Current Assets		234,746,090	279,404,208
TOTAL ASSETS		493,402,679	494,702,908
LIABILITIES			
Current Liabilities			
Current portion of Ijarah deposits	20	4,929,153	6,732,550
Accrued and other liabilities	21	14,419,881	15,364,183
Provision for taxation		1,577,836	-
Unclaimed profit distribution		30,842,228	30,854,211
Total Current Liabilities		51,769,098	52,950,944
Non - Current Liabilities			
Long term portion of Ijarah deposits	20	18,077,831	20,554,434
TOTAL LIABILITIES		69,846,929	73,505,378
NET ASSETS		423,555,750	421,197,530
REPRESENTED BY			
Authorized certificate capital			
87,217,660 (2018: 87,217,660) modaraba certificates of Rs.10/- each		872,176,600	872,176,600
Deficit on revaluation of investments classified as 'fair value through OCI investments'	22	(2,417,582)	(1,867,685)
Certificate holders' equity			
Issued, subscribed and paid up capital	23	872,176,600	872,176,600
Statutory reserves		151,747,338	151,282,924
Accumulated losses		(597,950,606)	(600,394,309)
		425,973,332	423,065,215
		423,555,750	421,197,530
Contingencies and commitments	24		

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

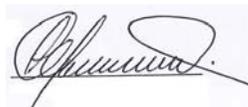

Administrator


Chief Financial Officer

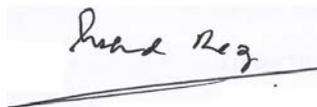
**FIRST PRUDENTIAL MODARABA
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
INCOME			
Ijarah rentals earned - net	25	30,749,489	26,953,698
Return on deposits with bank		2,780,511	4,392,671
Income on morabaha		1,454,797	2,222,412
Income on diminishing musharaka		29,116,192	22,084,298
Capital gain on sale of investments		250,625	-
Dividend income		282,333	648,244
Rental income from investment property		2,711,814	2,482,020
Other income	26	3,189,227	1,198,195
		70,534,988	59,981,538
Unrealised loss on investments - at fair value through profit or loss	6.4	(1,051,612)	(2,091,095)
Unrealized gain arising in changes in fair value of investment properties	19	-	1,600,000
Provision for doubtful receivable under morabaha arrangement	7.1	-	(11,225,681)
Provision for doubtful receivable against sale of agriculture produce		-	(16,119,387)
Reversal against doubtful receivables - net	27	450,527	-
		69,933,903	32,145,375
EXPENDITURE			
Depreciation on ijarah assets	18	(32,773,336)	(28,462,351)
Administrative expenses	28	(32,540,151)	(23,172,777)
Bank and other charges		(121,240)	(73,762)
		(65,434,727)	(51,708,890)
Profit / (Loss) for the year		4,499,176	(19,563,515)
Modaraba company's management fee	29	(461,301)	-
Sales tax on management fee		(59,969)	-
Provision for Workers' Welfare Fund		(77,998)	-
Profit / (Loss) before taxation		3,899,908	(19,563,515)
Provision for taxation	30	(1,577,836)	-
Profit / (Loss) after taxation		2,322,072	(19,563,515)
Earnings / (Loss) per certificate	31	0.03	(0.22)

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



Administrator



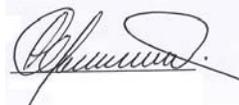
Chief Financial Officer

**FIRST PRUDENTIAL MODARABA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**

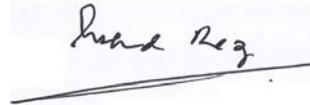
	2019 Rupees	2018 Rupees
Profit / (Loss) after taxation	2,322,072	(19,563,515)
Components of other comprehensive income reflected in equity items that will not be reclassified into profit or loss account		
Equity investments at FVTOCI - realised portion directly transferred into equity - net	(586,045)	-
Components of other comprehensive income reflected below equity items that will not be reclassified into profit or loss account*		
Equity investments at FVTOCI - change in fair value	-	(59,888)
Total comprehensive income / (loss) for the year	1,736,027	(19,623,403)

* Deficit on re-measurement of FVTOCI investment is presented separately from equity as 'Deficit on revaluation of investments' been shown in order to comply with the amended "Prudential Regulations for Modarabas" issued by SECP vide SC/M/PRDD/PRs Circular no. 259 of 2017 on December 11, 2017.

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



Administrator

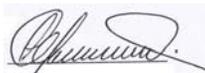


Chief Financial Officer

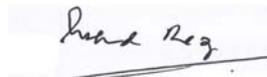
**FIRST PRUDENTIAL MODARABA
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 Rupees	2018 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		2,322,072	(19,563,515)
Adjustments for non-cash changes and other items:			
Dividend income		(282,333)	(648,244)
Unrealised loss on changes in fair value of investments - at fair value through profit and loss		1,051,612	2,091,095
Provision for doubtful receivable under morabaha arrangement		-	11,225,681
Provision for doubtful receivable against sale of agriculture produce		-	16,119,387
Gain on remeasurement of investment property		-	(1,600,000)
Gain on disposal of property and equipment - own use		-	(18,500)
Gain on disposal of property, plant and equipment - Ijarah		(278,674)	(175,282)
Depreciation-own use assets		1,312,633	655,366
Write-off of owned assets		2,102,716	-
Depreciation on ijarah assets		32,773,336	28,462,351
		36,679,290	56,111,854
Cash flows before movements in working capital		39,001,362	36,548,339
Decrease / (Increase) in operating assets			
Musharaka, morabaha and other finance		18,115,890	(10,504,037)
Diminishing musharaka		11,380,057	(55,454,409)
Ijarah rentals receivable		(1,240,491)	116,884
Advances, prepayments and other receivables		(10,967,786)	1,318,797
Other assets		-	17,102,760
		17,287,670	(47,420,005)
(Decrease) / Increase in operating liabilities			
Ijarah deposits		(4,280,000)	8,449,050
Accrued and other liabilities		633,534	468,285
		(3,646,466)	8,917,335
Income tax paid		52,642,566	(1,954,331)
		(574,137)	(964,437)
Net cash generated from / (used in) operating activities		52,068,429	(2,918,768)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received		282,333	648,244
Investments - net		8,180,112	702,489
Proceeds from disposal - own use assets		-	18,500
Proceeds from disposal - ijarah assets		9,118,690	2,664,168
Purchase of own use assets		-	(2,709,655)
Purchase of ijarah assets		(17,800,000)	(37,990,500)
Capital work in progress		-	(1,153,081)
Net cash used in investing activities		(218,865)	(37,819,835)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Profit distribution		(11,983)	(9,549,703)
Net cash used in financing activities		(11,983)	(9,549,703)
Net decrease in cash and cash equivalents (A+B+C)		51,837,581	(50,288,306)
Cash and cash equivalents at the beginning of the year		45,039,248	95,327,554
Cash and cash equivalents at the end of the year		96,876,829	45,039,248

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



Administrator



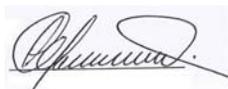
Chief Financial Officer

**FIRST PRUDENTIAL MODARABA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019**

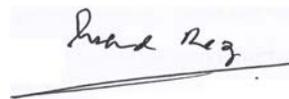
	<u>Capital & Reserves</u>		<u>Revenue</u>	
	Certificate capital	*Statutory reserve	Accumulated losses	Total
	----- Rupees -----			
Balance as at June 30, 2017	872,176,600	151,282,924	(569,492,498)	453,967,026
Comprehensive income				
Profit for the year ended June 30, 2018	-	-	(19,563,515)	(19,563,515)
Other comprehensive income for the year ended June 30, 2018	-	-	-	-
Total comprehensive income for the year	-	-	(19,563,515)	(19,563,515)
Transfer to statutory reserve	-	-	-	-
Distribution @ 1.3% declared for the year ended June 30, 2017	-	-	(11,338,296)	(11,338,296)
Balance at June 30, 2018	872,176,600	151,282,924	(600,394,309)	423,065,215
Comprehensive income				
Profit for the year ended June 30, 2019	-	-	2,322,072	2,322,072
Other comprehensive income for the year ended June 30, 2019	-	-	586,045	586,045
Total comprehensive income for the year	-	-	2,908,117	2,908,117
Transfer to statutory reserve	-	464,414	(464,414)	-
Balance at June 30, 2019	872,176,600	151,747,338	(597,950,606)	425,973,332

*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.

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



Administrator



Chief Financial Officer

**FIRST PRUDENTIAL MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 First Prudential Modaraba (the Modaraba) is a multipurpose, perpetual Modaraba. The Modaraba is registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981 and was managed by Prudential Capital Management Limited (PCML). In pursuance of instructions received from Securities and Exchange Commission of Pakistan (SECP), KASB Invest (Private) Limited has taken over the management and administrative control of First Prudential Modaraba effective from November 13, 2014.
- 1.2 The Registrar (Modarabas), with the approval of the Securities & Exchange Commission of Pakistan, vide order dated April 03, 2019 appointed Mr. Khawaja Waheed Raza as Administrator of the Modaraba to take over and manage the affair of the Modaraba in place of KIPL (Management Company). Accordingly, all the powers and duties of the Modaraba Management Company as well as those of its Board of Directors shall be exercised and performed by the Administrator. The Administrator will hold the office for the period of six months as directed by the SECP, which may be extended further upon the discretion of the Registrar/Commission. Subsequently, the Registrar Modaraba vide order dated October 4, 2019 has extended the tenure of appointment of the Administrator for a period of three months effective from October 3, 2019.
- 1.3 The principal office of First Prudential Modaraba was situated at 16-C, Khayaban-e-Bukhari, Bukhari Commercial Area, Phase VI, DHA, Karachi. It has been relocated to Office # B, 5th Floor, Lakson Square Building 1, Sarwar Shaheed Road, Karachi, with effect from August 5, 2019. 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Boards (IASB) as notified under the Companies Act 2017;
- Provisions and directions issued under the Companies Act 2017;
- Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas ; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017.

Wherever provisions and directives issued under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and IFAS differ from IFRS Standards, the provision and directives issued under the Companies Act, 2017 the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and the Modaraba Rules, 1981, Prudential Regulations for Modaraba and IFAS have been followed.

2.2 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.

2.3 Functional and presentation currency

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

3 New or amendments / interpretations to existing standards, interpretation and forthcoming requirements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2018 other than those disclosed in note 3.1. These are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

3.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective.

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. Management is not expecting impact of the standard on the Modaraba's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Modaraba's financial statements.
- Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or fair value through other comprehensive income (FVOCI), IFRS 9 requires its contractual cash flows to meet the criterion that cash flows are 'solely payments of principal and interest' (SPPI). Some prepayment options could result in a situation wherein the party that triggers the early termination receives compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on the Modaraba's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Modaraba's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of this amendment does not have an impact on the Modaraba's financial statements.

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and it contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above improvements to standards are not likely to have material / significant impact on Modaraba's financial statements.

3.2 Critical accounting estimates and judgments

In preparing these financial statements management has made judgements, estimates and assumptions that affect the application of the Modaraba's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements and information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next year are included in the following notes:

- i) Classification of financial instruments (note 4.6)
- ii) Provision for doubtful recovery against investments (Note 6)
- iii) Provision for impairment (note 4.8)
- iv) Provision for taxation (note 4.14 and 30)
- v) Reversal of provision for doubtful receivables (Note 7)
- vi) Determination and measurement of useful life and residual value of fixed assets, intangible assets and ijarah assets (note 4.2 ,4.5, 16, 17 and 18).
- vii) Contingencies (note 24)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below in note 4.1, the significant accounting policies are consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

4.1 Change in significant accounting policy

The modaraba has adopted IFRS 15 'Revenue from Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June respectively.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

4.1.1 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' is effective for accounting period beginning on or after July 1, 2018. This standard has replaced IAS 18, IAS 11 & Revenue and related interpretations and it applies to all revenue arising from contracts with customers. The IFRS 15 establish a five-steps mode to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires the entities to exercise judgment, taking in to consideration all of the relevant facts and circumstances when applying each step of the model to contracts with the customers. Hence, the Modaraba has concluded that the impact of adoption of revenue recognition model as laid down in IFRS 15 is not material. There is no material impact of transition to IFRS 15 on the financial position of the Modaraba and there is no effect on the accounting policies of the Modaraba in respect of revenue from contracts with Customers.

4.1.2 IFRS 9 'Financial Instruments'

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard has replaced the provisions of IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

4.1.2.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL); and
- measurement at amortised cost

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows.

The adoption of IFRS 9 has not had a significant effect on the Modaraba's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The accounting policies that apply to financial instruments are stated in note 4.6 to the financial statements.

On initial application of IFRS 9, in accordance with the transitional provisions in IFRS 9, comparative figures have not been restated and the reclassification is recognised in the opening statement of financial position.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at July 1, 2018:

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
As at June 30, 2018				
Cash and bank balances	Loans and advances	Amortised cost	45,039,248	45,039,248
Investments	Held for trading	FVTPL	7,550,532	7,550,532
Ijarah rental receivable	Held to maturity	Amortised cost	279,176	279,176
Musharaka, morabaha and other finance	Held to maturity	Amortised cost	18,115,890	18,115,890
Diminishing musharakah	Held to maturity	Amortised cost	218,473,154	218,473,154
Receivable against sale of agriculture produce	Held to maturity	Amortised cost	11,692,131	11,692,131
Advances, deposits, prepayments and other receivables (long term and short term)	Loans and advances & Held to maturity	Amortised cost	1,798,707	1,798,707
Long term investments	Available for sale	FVTOCI	16,724,294	16,724,294

4.1.2.2 Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial asset in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVTOCI, but not to investment in equity instruments.

The Modaraba applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets, except in the case of calculation impairment provision on financial assets where the requirements of the prudential regulations for modaraba prevails.

4.2 Property and equipment	1,000,000.00
(i) Ijarah and depreciation	0.97
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.	1,000,000.97

(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 17 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.

4.3 Capital work-in-progress

Capital work-in-progress, if any, is stated at cost less accumulated impairment losses, if any, and represents expenditure on fixed assets in the course of construction and installation and advances for capital expenditure. Transfers are made to the relevant category of fixed assets / ijarah assets as and when the assets are available for intended use.

4.4 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.

4.5 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 16 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.

4.6 Financial Instruments

Initial measurement of financial asset

The Modaraba classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

(Deficit) / Surplus on re-measurement of FVOCI investment is presented separately from equity as '(Deficit) / Surplus on revaluation of investments' been shown in order to comply with the amended "Prudential Regulations for Modarabas" issued by SECP vide SC/M/PRDD/PRs Circular no. 259 of 2017 on December 11, 2017.

Derecognition of Financial Assets

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred.

Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Modaraba becomes party to the respective contractual provisions. Non-derivative financial assets comprise musharakah, morabaha and ijarah rental receivable that are financial assets with fixed or determinable payments that are not quoted in active markets and includes investments, diminishing musharakah finance, long term advances, deposits, accruals, prepayments, advances and other receivables and cash and cash equivalent. The Modaraba derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

4.7 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Modaraba commits to purchase or sell the assets.

4.8 Impairment

4.8.1 Financial assets

The Modaraba recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost, except in the case of calculation of impairment provision on financial assets where the requirements of the Prudential Regulations for Modaraba prevails.

The Modaraba measures loss allowances at an amount equal to lifetime ECLs, except for other securities and bank balances which are measured at 12 months expected credit losses. Since these assets are short term in nature, therefore, no credit loss is expected on these balances.

4.8.2 Non-financial assets

The carrying amounts of the Modaraba's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

Financial assets classified under Islamic Financial Accounting Standards

In case of assets classified under Islamic Financial Accounting Standards, the assets shall be reviewed and provided for according to the time based criteria mentioned in the Prudential Regulations for Modarabas.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Modaraba has a legally enforceable right to offset and the Modaraba intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statements only when permitted by the accounting and reporting standards applicable in Pakistan.

Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Modaraba becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Modaraba derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 Revenue recognition

4.13.1 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 included in other income.

4.13.2 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.

4.13.3 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.

4.13.4 Rental Income

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

4.13.5 Dividend income

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

4.13.6 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.

4.13.7 Other income

Other income is recognised on accrual basis.

4.13.8 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.

4.13.9 Mark-up income

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

4.14 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 recognized 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.

However, the modaraba has not recognised any amount in respect of deferred tax in these financial statements as the Modaraba intends to avail the tax exemption in future years by distributing at least 90% of its profits to certificate holders.

4.15 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.

4.16 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).

4.17 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.

	Note	2019 Rupees	2018 Rupees
5. CASH AND BANK BALANCES			
Cash in hand		3,810	100
Cash at banks			
Current accounts		13,449,457	13,461,054
Saving accounts	5.1	83,423,562	31,578,094
		96,873,019	45,039,148
		96,876,829	45,039,248

5.1 Effective mark-up rate in respect of saving accounts ranges from 2.00% to 10.25% (2018: 1.95% to 6.00%) per annum.

6. INVESTMENTS

Amortised cost

Receivable against TDR - considered good

6.1 - -

Fair value through profit or loss investments

Quoted securities

6.2 4,732,117 7,550,532
4,732,117 7,550,532

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		(3,219,433)	(2,516,943)
Total receivable		4,780,567	5,483,057
Instalments received during the year		-	(702,490)
Net receivable		4,780,567	4,780,567
Provision against doubtful recoveries	6.1.1	(4,780,567)	(4,780,567)
		-	-

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.

2019	2018		2019 Rupees	2018 Rupees
Number of Certificates / Shares / Units		Name of investee company / fund		
		Personal goods		
525	525	Nishat Mills Limited *	49,004	73,983
		Electricity		
54,367	79,500	The Hub Power Company Limited	4,281,401	7,326,720
		Mutiutilities (gas and water)		
1,495	1,495	Sui Northern Gas Pipeline Limited *	103,887	149,829
		Engineering		
7,500	-	International Steel Ltd	297,825	-
		Suspended / Delisted Companies		
348	348	Hussain Industries Limited *	-	-
1,670,720	1,670,720	Prudential Stock Fund	-	-
360,000	360,000	Zeal-Pak Cement Factory Limited	-	-
2,094,955	2,112,588		4,732,117	7,550,532

* These shares are not in the name of the Modaraba: Nishat Mills Limited 25 (2018: 25) shares (Second Prudential Modaraba), Sui Northern Gas Pipeline Limited 254 (2018: 254) shares and Hussain Industries Limited 348 shares (2018: 348) (Third Prudential Modaraba).

6.3 This represents non-shariah compliant investments.

7. MUSHARAKA, MORABAHA AND OTHER FINANCE

Musharaka and morabaha finance

- considered good
- considered doubtful
Less: Provision against doubtful amounts

- 18,115,890
352,230,694 352,681,221
(352,230,694) (352,681,221)
- 18,115,890

Other finance - unsecured

- considered good
- considered doubtful
Less: Provision against doubtful amounts

- -
11,002,281 11,002,281
11,002,281 11,002,281
(11,002,281) (11,002,281)
- -
- 18,115,890

7.1 Musharaka and morabaha finance

	Note	Considered good		Considered doubtful		Total	
		2019	2018	2019	2018	2019	2018
Unsecured							
Musharaka finance							
Principal		-	-	97,432,201	97,432,201	97,432,201	97,432,201
Profit		-	-	43,678,105	43,678,105	43,678,105	43,678,105
Subtotal		-	-	141,110,306	141,110,306	141,110,306	141,110,306
Secured							
Morabaha finance							
Principal		-	18,500,000	91,917,950	92,368,477	91,917,950	110,368,477
Profit		-	115,890	119,202,438	119,202,438	119,202,438	119,318,328
Subtotal	7.1.1	-	18,615,890	211,120,388	211,570,915	211,120,388	229,686,805
Less: Provision against doubtful receivables	7.1.2	-	-	(352,230,694)	(352,681,221)	(352,230,694)	(352,681,221)
		-	18,615,890	-	-	-	18,115,890

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

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

2019
Rupees

2018
Rupees

7.2 Movement of provision for doubtful receivables

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 MUSHARAKA

Principal	8.1	205,919,769	217,864,249
Profit		1,173,328	608,905
		207,093,097	218,473,154
Less: long term portion		(114,572,927)	(125,494,123)
		92,520,170	92,979,031

8.1 These carry profit rate ranging from 10.00% to 19.00% (2018: 10.44% to 16.00%) per annum and are repayable on monthly basis over a maximum period of three years.

9. IJARAH RENTALS RECEIVABLE

Considered good		1,519,667	279,176
Considered doubtful		49,083,826	49,083,826
		50,603,493	49,363,002
Less: Provision for doubtful receivables	9.1	(49,083,826)	(49,083,826)
		1,519,667	279,176

9.1 Movement in provision for doubtful receivables

Opening balance	49,083,826	49,083,826
Charge for the year	-	-
Reversal during the year	-	-
Closing balance	49,083,826	49,083,826

9.2 Future minimum ijarah rentals receivable

Within one year	47,137,237	27,025,371
After one year but not more than five years	12,884,724	19,560,951
	60,021,961	46,586,322

		2019 Rupees	2018 Rupees
10. RECEIVABLE AGAINST SALE OF AGRICULTURE PRODUCE - SECURED			
Receivable against sale of agriculture produce	10.1	11,692,131	11,692,131

10.1 During financial year 2016 KASB Modaraba (KASBM) & First Prudential Modaraba (FPrM) entered into a joint project for crushing of banola seed and sale of oil cake (Khai) in the market. M/s Pakistan Phutti International Limited (PPL) was engaged as seller & service provider responsible for sale of agriculture produce. Subsequently, natural cyclical shortage in productivity of cotton crop affected the availability of the banola seed and therefore the project was prudently discontinued by the management to safeguard the interest of the Modaraba. As per settlement agreement dated April 27, 2016, with PPL advance for purchase of banola seed was converted intojarah finance (secured) leaving a balance of Rs. 27.81 million receivable against sale of agriculture produce. Receivable amount is secured against Registered Mortgage on Property of service provider. After continuous default of payment the management of Modaraba has filed recovery suits in the Banking Courts which is pending adjudication. The management and the legal counsel are optimistic on favourable outcome of the case. The details of receivables are 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 tojarah financing	(19,311,320)	(40,000,000)	(59,311,320)
Less: Consultancy charges	(194,950)	(305,050)	(500,000)
	<u>18,200,140</u>	<u>27,811,518</u>	<u>46,011,658</u>
Provision for doubtful receivable against sale of agriculture produce	<u>(10,548,691)</u>	<u>(16,119,387)</u>	<u>(26,668,078)</u>
	7,651,449	11,692,131	19,343,580

11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	Considered good		Considered doubtful		Total	
		2019	2018	2019	2018	2019	2018
----- Rupees -----							
Advance							
Income tax	11.1	4,493,101	3,918,964	-	-	4,493,101	3,918,964
To staff - Secured	14, 11.2 & 11.2.1	392,227	361,581	1,814,000	1,814,000	2,206,227	2,175,581
Against purchase of assets		30,807,000	20,486,500	-	-	30,807,000	20,486,500
Deposits		-	180,000	-	-	-	180,000
Prepayments		1,261,255	932,820	-	-	1,261,255	932,820
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		343,091	240,706	-	-	343,091	240,706
Others		1,105,122	608,242	13,466,235	13,466,235	14,571,357	14,074,477
Sub total		<u>38,401,796</u>	<u>26,728,813</u>	<u>109,573,414</u>	<u>109,573,414</u>	<u>147,975,210</u>	<u>136,302,227</u>
Provision for doubtful receivables	11.6	-	-	(109,573,414)	(109,573,414)	(109,573,414)	(109,573,414)
		<u>38,401,796</u>	<u>26,728,813</u>	<u>-</u>	<u>-</u>	<u>38,401,796</u>	<u>26,728,813</u>

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 balances are secured against Provident Fund (PF) balances of employees.

11.2.1 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 of previous management company for the purchase of a motor vehicle. The Modaraba has initiated Legal 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	2019 Rupees	2018 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		-	-
Closing balance		<u>109,573,414</u>	<u>109,573,414</u>

12. OTHER ASSETS

Opening carrying amount of inventories under morabaha arrangement		-	17,102,760
Addition		-	-
Disposal		-	(5,877,079)
Residual amount transferred to respective morabaha finance		-	(11,225,681)
Closing balance		<u>-</u>	<u>-</u>

13. LONG TERM INVESTMENTS

Fair value through other comprehensive income investments			
Listed entity	13.1	-	6,377,161
Unlisted companies	13.2	10,347,133	10,347,133
		<u>10,347,133</u>	<u>16,724,294</u>

13.1 Quoted securities

2019	2018		
Number of Units of Rs. 100 each			
-	413,128	Meezan Balanced Fund	
		Opening carrying value	6,377,161
		Purchases /(sale) during the year	(6,377,161)
		Unrealized (Loss)/gain	-
			(625,351)
		Closing carrying value	<u>6,377,161</u>

13.2 Unquoted securities

2019	2018		
Number of Shares of Rs. 10 each			
1,107,244	1,107,244	Prudential Securities Limited	
		Cost	4,173,707
		Less: Impairment	(4,173,707)
			-
191,700	191,700	Prudential Discount and Guarantee House Limited	
			-
843,975	843,975	LSE Financial Services Limited	
		Cost	12,764,715
		Less: Fair value adjustment	(2,417,582)
			(2,417,582)
			<u>10,347,133</u>
			<u>9,781,670</u>

13.2.1 Movement of impairment

Opening balance		4,173,707	4,173,707
Impairment charged during the year		-	-
Closing balance		<u>4,173,707</u>	<u>4,173,707</u>

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

13.2.3 This represents shares acquired against the surrender of Pakistan Stock Exchange (PSX) formerly Lahore Stock Exchange (LSE) membership card (refer note 13.2). 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 audited financial statements of the investee company for the year ended June 30, 2017, the breakup value of which is Rs. 12.26 per share.

14. LONG TERM ADVANCES

-Secured and interest free

To executives - considered good	11.2	151,200	245,700
To employees - considered good		390,645	486,559
		541,845	732,259
		(392,227)	(361,581)
Due within one year shown under current assets		<u>149,618</u>	<u>370,678</u>

	Note	2019 Rupees	2018 Rupees
15. LONG TERM DEPOSITS			
Margin deposit	15.1	3,000,000	3,000,000
Other deposits		127,500	37,500
		3,127,500	3,037,500
Less: Provision against doubtful amounts	15.2	<u>(3,000,000)</u>	<u>(3,000,000)</u>
		<u>127,500</u>	<u>37,500</u>

15.1 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.

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

16. INTANGIBLE ASSETS

PSX - Trading right entitlement certificate (TREC)	16.1	5,344,352	5,344,352
Computer softwares		-	-
		5,344,352	5,344,352
Impairment of TREC	16.1.2	<u>(5,344,352)</u>	<u>(5,344,352)</u>
		-	-

16.1 LSE membership card and room was obtained by the Modaraba in the year 2010 against the settlement of certain outstanding balance receivable against a defaulter 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	16.1.1	<u>18,109,067</u>
16.1.1 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>

16.1.2 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.

17. PROPERTY AND EQUIPMENT - OWN USE

Note	Cost			Depreciation			Impairment			Carrying value at June 30, 2019	Rate
	at July 01, 2018	Additions/ (Disposals)	at June 30, 2019	at July 01, 2018	For the year / (on disposals)	Accumulated at June 30, 2019	at July 01, 2018	Charge for the year	at June 30, 2019		
	Rupees										
Office premises	3,100,000	-	3,100,000	38,750	155,000	193,750	-	-	-	2,906,250	5
Office equipment	870,071	-	870,071	869,662	409	870,071	-	-	-	-	33
Furniture and fixture	4,258,636	-	4,258,636	1,560,965	594,937	2,155,902	-	2,102,716	2,102,716	2,102,734	20
Computer equipment	865,588	-	865,588	853,393	11,152	864,545	-	-	-	1,043	33
Motor vehicles	3,784,654	-	3,784,654	1,416,630	551,135	1,967,765	-	-	-	1,816,889	20
	12,878,949	-	12,878,949	4,739,400	1,312,633	6,052,033	-	2,102,716	2,102,716	4,724,200	
- For comparative period											
Note	Cost			Depreciation			Impairment			Carrying value at June 30, 2018	Rate
	at July 01, 2017	Additions/ (Disposals)	at June 30, 2018	at July 01, 2017	For the year / (on disposals)	Accumulated at June 30, 2018	at July 01, 2017	Charge for the year	at June 30, 2018		
	Rupees										
Office premises	-	3,100,000	3,100,000	-	38,750	38,750	-	-	-	3,061,250	5
Office equipment	912,071	- (42,000)	870,071	882,912	28,750 (42,000)	869,662	-	-	-	409	33
Furniture and fixture	1,518,159	2,748,417 (7,940)	4,258,636	1,365,083	203,822 (7,940)	1,560,965	-	-	-	2,697,671	20
Computer equipment	865,588	-	865,588	838,150	15,243	853,393	-	-	-	12,195	33
Motor vehicles	1,074,999	2,709,655	3,784,654	1,047,829	368,801	1,416,630	-	-	-	2,368,024	20
	4,370,817	8,558,072 (49,940)	12,878,949	4,133,974	655,366 (49,940)	4,739,400	-	-	-	8,139,549	

17.1 This represents write-off of unamortized cost incurred on renovation of previous office premises booked under furniture & fixture, no more in use.

18 PROPERTY, PLANT AND EQUIPMENT - IJARAH

	Cost		Depreciation			Impairment / Adjustment			Carrying value at Jun 30, 2019	Useful Life	
	at July 1, 2018	Additions/ (Disposals)	at June 30, 2019	Accumulated at July 1, 2018	For the year / (on disposals)	Accumulated at June 30, 2019	Accumulated at July 1, 2018	Adjustment for the year			Accumulated at June 30, 2019
-----Rupees-----											
Plant and machinery	75,679,295	-	75,679,295	32,339,472	13,126,196	45,465,668	197,500	-	197,500	30,016,127	36 to 60 months
Office equipment	801,000	-	801,000	512,150	-	512,150	288,850	-	288,850	-	24 to 60 months
Vehicles	139,835,000	17,800,000 (35,400,000)	122,235,000	82,596,782	19,647,140 (26,559,984)	75,683,938	17,142,477	-	17,142,477	29,408,585	24 to 60 months
	216,315,295	17,800,000 (35,400,000)	198,715,295	115,448,404	32,773,336 (26,559,984)	121,661,756	17,628,827	-	17,628,827	59,424,712	

- For comparative period

	Cost		Depreciation			Impairment / Adjustment			Carrying value at Jun 30, 2018	Useful Life	
	at July 1, 2017	Additions/ (Disposals)	at June 30, 2018	Accumulated at July 1, 2017	For the year / (on disposals)	Accumulated at June 30, 2018	Accumulated at July 1, 2017	Adjustment for the year			Accumulated at June 30, 2018
-----Rupees-----											
Plant and machinery	67,179,295	12,000,000 (3,500,000)	75,679,295	20,834,744	12,515,842 (1,011,114)	32,339,472	197,500	-	197,500	43,142,323	36 to 60 months
Office equipment	801,000	-	801,000	512,150	-	512,150	288,850	-	288,850	-	24 to 60 months
Vehicles	115,218,500	25,990,500 (1,374,000)	139,835,000	67,680,773	15,946,509 (1,030,500)	82,596,782	17,485,977	(343,500)	17,142,477	40,095,741	24 to 60 months
	183,198,795	37,990,500 (4,874,000)	216,315,295	89,027,667	28,462,351 (2,041,614)	115,448,404	17,972,327	(343,500)	17,628,827	83,238,064	

**19. INVESTMENT PROPERTY
CARRIED AT FAIR VALUE**

Note	at July 01, 2018	Additions / Disposal at cost	Unrealised gain / (loss)	Fair values at June 30, 2019	Independent valuer's name	Valuation date
-----Rupees-----						
Office suite	19.1	29,000,000	-	29,000,000	Ocean Surveyors (Private) Limited	June 30, 2019
Four shops	19.2	16,400,000	-	16,400,000	Ocean Surveyors (Private) Limited	June 30, 2019
		<u>45,400,000</u>	<u>-</u>	<u>45,400,000</u>		

- For comparative period

Note	at July 01, 2017	Additions / Disposal at cost	Unrealised gain / (loss)	Fair values at June 30, 2018	Independent valuer's name	Valuation date
-----Rupees-----						
Office suite	19.1	28,200,000	-	29,000,000	Ocean Surveyors (Private) Limited	June 30, 2018
Lahore Stock Exchange broker's room		3,000,000	-	-	Ocean Surveyors (Private) Limited	April 01, 2018
		(3,100,000)	100,000			
Four shops	19.2	15,700,000	-	16,400,000	Ocean Surveyors (Private) Limited	June 30, 2018
		<u>46,900,000</u>	<u>(3,100,000)</u>	<u>1,600,000</u>		<u>45,400,000</u>

19.1 This represents two offices in Lakson Sqaure, Karachi, acquired through a settlement agreement. The property is let on rent and therefore, disclosed as investment property.

19.2 This represent four shops in Zarkoon Plaza, Sadar, Rawalpindi acquired through a settlement agreement.

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

	Note	2019 Rupees	2018 Rupees
20. IJARAH DEPOSITS			
Ijarah deposits		23,006,984	27,286,984
Long term portion		(18,077,831)	(20,554,434)
		<u>4,929,153</u>	<u>6,732,550</u>
21 ACCRUED AND OTHER LIABILITIES			
Accrued expenses		685,750	671,000
Management fee		150,329	-
Share in common expenses		2,367,158	-
Insurance		7,079,154	7,400,668
Workers welfare fund		1,341,225	1,263,227
Charity payable	21.1	196,751	280,312
Others		2,599,514	5,748,976
		<u>14,419,881</u>	<u>15,364,183</u>
21.1 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		280,312	309,348
Add : amount credited during the year		291,764	224,964
		<u>572,076</u>	<u>534,312</u>
Less : Paid during the year		(375,325)	(254,000)
Closing balance		<u>196,751</u>	<u>280,312</u>
22. DEFICIT ON REVALUATION OF INVESTMENTS CLASSIFIED AS 'FVTOCI'			
	Note	2019 Rupees	2018 Rupees
Market value of investments	13	10,347,133	16,724,294
Less: cost of investments		(12,764,715)	(18,591,979)
		<u>(2,417,582)</u>	<u>(1,867,685)</u>
Surplus on revaluation at the beginning of the year		(1,867,685)	(1,807,797)
Surplus transferred to unappropriated profit during the year		(549,897)	-
(Deficit) / surplus on revaluation during the year		-	(59,888)
		<u>(549,897)</u>	<u>(59,888)</u>
Surplus on revaluation at the ending of the year		<u>(2,417,582)</u>	<u>(1,867,685)</u>
23. CERTIFICATE CAPITAL			
		2019	2018
	No. of certificates		
		<u>87,217,660</u>	<u>87,217,660</u>
	Authorised		
	Modaraba certificates of Rs.10 each	<u>872,176,600</u>	<u>872,176,600</u>
	Issued, subscribed and paid-up		
13,451,650	Modaraba certificates of Rs.10 each fully paid in cash	134,516,500	134,516,500
8,864,716	Modaraba certificates of Rs.10 each fully paid bonus certificates under scheme of arrangement for amalgamation with Second and Third Prudential Modaraba	88,647,160	88,647,160
		<u>649,012,940</u>	<u>649,012,940</u>
		<u>872,176,600</u>	<u>872,176,600</u>

As at June 30, 2019, the Prudential Capital Management Company Limited and KASB Invest (Pvt) Limited, (Ex-management companies) held 10,521,305 (2018: 10,521,305) and 5,166,000 (2018: "nil") certificates respectively of Rs. 10 each.

24. CONTINGENCIES AND COMMITMENTS

Contingencies

Taxation officer while making assessment in respect of tax years 2006, 2007 and 2008 disallowed certain expenses on account of apportionment between normal and presumptive income and created an additional demand of Rs. 6.53 million. No provision has been made in the financial statements in this regard as the management is confident that ultimate outcome of the appeals in question will be in favour of the Modaraba.

The Modaraba received a letter dated October 01, 2018 from the Assistant Commissioner (Unit-12) of the Sindh Revenue Board (SRB), wherein, it is mentioned that through scrutiny of the financial statements of the Modaraba (for the periods from July 2011 to March 2018 fiscal year years 2012-2017), it came to their notice that the Modaraba is engaged in providing / rendering taxable services, which falls under the Second Schedule of Sindh Sales Tax on Services Act, 2011 (the Act), and the sales tax on such services, i.e. on lease rentals / lease financing transactions remains outstanding which aggregated to Rs.29,527 million. Such letters were also received by some other Modarabas and it was collectively decided that under the supervision of NBFI & Modaraba Association Pakistan, a petition against the same was filed through a common legal counsel in the Honorable High Court of Sindh (HCS) challenging levy of Services Sales Tax on lease rentals/ lease financing transactions including the vires of various headings of the Second Schedule of the Act. A stay order in this regard has been granted by the HCS, stating that no adverse order in respect of the proposed treatment shall be made against the Petitioners.

The management of the Modaraba based on its discussions with its legal counsel is of the view that in light of the stay order of the HCS and the merits of the matter involved, no provision for any sales tax liability is required to be maintained in the financial statements for the year ended June 30, 201

25. IJARAH RENTALS EARNED - NET

Ijarah rentals	30,749,489	26,953,698
Suspension of income	-	-
	30,749,489	26,953,698

26. OTHER INCOME

Gain on disposal of property and equipment - own use	-	18,500
Gain on disposal of property, plant and equipment - Ijarah	278,674	175,282
Front end fee, documentation charges and others	2,910,553	1,004,413
	3,189,227	1,198,195

27. REVERSAL AGAINST DOUBTFUL RECEIVABLES-NET

Musharaka and morabaha finance	7.1.2	450,527	-
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28. ADMINISTRATIVE EXPENSES

Salaries, allowances and benefits	28.1	14,468,520	8,136,767
Transaction cost		37,095	-
Fees and subscription		1,744,768	1,162,825
Repairs and maintenance		549,287	211,994
Rent, rates and taxes		2,187,750	3,864,129
Registrar services		277,623	278,238
Telephone and postage		543,773	293,804
Travelling and conveyance		319,334	192,953
Depreciation-own use assets	17	1,312,633	655,366
Write-off unamortized cost of furniture & fixture		2,102,716	-
Auditors' remuneration	28.2	481,100	485,250
Electricity, water and gas		719,662	288,127
Printing and stationery		283,325	777,823
Vehicles running		80,266	207,677
Legal and professional		774,558	721,450
Entertainment		237,553	91,541
Advertisement		225,751	257,855
Insurance		771,734	877,567
Reimbursement of common expenses		5,407,703	4,638,811
Miscellaneous		15,000	30,600
		32,540,151	23,172,777

28.1 REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

	2019			2018		
	Officers	Other employees	Total	Officers	Other employees	Total
	Rupees			Rupees		
Remuneration	9,487,129	3,370,603	12,857,732	4,933,001	2,329,969	7,262,970
Provident fund	444,804	184,252	629,056	87,794	104,763	192,557
Medical	588,592	193,902	782,494	140,672	119,754	260,426
Fuel	129,892	-	129,892	339,940	16,400	356,340
Others	23,069	66,277	89,346	20,800	43,674	64,474
	<u>10,653,486</u>	<u>3,815,034</u>	<u>14,468,520</u>	<u>5,522,207</u>	<u>2,614,560</u>	<u>8,136,767</u>
No. of persons	3	9		3	5	

The total number of employees as at June 30, 2019 are 12 (2018: 8) and the average number of employees during the year equates to 12 (2018: 10).

28.2 AUDITORS' REMUNERATION

	2019	2018
	Rupees	Rupees
Statutory audit	350,000	350,000
Half year review	30,000	30,000
Review of code of corporate governance	20,000	20,000
CDC certification	10,000	10,000
Out of pocket expenses	71,100	75,250
	<u>481,100</u>	<u>485,250</u>

29. 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. However with the appointment of Administrator and removal of management company effective April 3, 2019, management fee only upto March 31, 2019 is charged.

30. PROVISION FOR TAXATION

Due to non-distribution of profit to the certificate holders, the available tax exemption is ceased to exist, hence provision for taxation has been made accordingly.

31. EARNINGS / (LOSS) PER CERTIFICATE - BASIC AND DILUTED

Profit / (Loss) for the year (Rupees)	2,322,072	(19,563,515)
Weighted average number of ordinary certificates	87,217,660	87,217,660
Earnings / (Loss) per certificate (Rupee)	0.03	(0.22)

32. RELATED PARTY TRANSACTIONS

The related parties and associated undertakings comprise the Ex-modaraba management company [KASB Invest (Private) Limited], modaraba under common management (KASB Modaraba) First Prudential Modaraba staff provident fund, directors and key management personnel. Modaraba, in the normal course of business carries out transactions with these related parties at arm's length prices. Significant transactions with related parties are as follows: -

Relationship with the Modaraba	Nature of Transactions	2019 Rupees	2018 Rupees
Relationship with Modaraba			
Balances with related parties			
Modaraba management company	Management fee	150,329	-
Modaraba under common management	Sharing of common expenses	1,850,179	-
Administrator (Note 1)	Salaries & other benefits	498,000	-
Expense for the period			
Staff provident fund	Contribution made	629,058	192,557
Modaraba management company	Management fee	521,270	-
Modaraba under common management	Sharing of common expenses	5,407,703	4,638,811
Administrator (Note 1)	Salaries & other benefits	498,000	-
Payments made during the period			
Staff provident fund	Contribution made	629,058	192,557
Modaraba management company	Management fee	370,941	1,081,548
Modaraba under common management	Sharing of common expenses	3,557,524	7,490,649

33 FINANCIAL INSTRUMENTS BY CATEGORY

----- As at June 30, 2019 -----				
Amount in Rupees				
	At Amortised Cost	FVTPL	FVTOCI	Other financial liabilities
FINANCIAL ASSETS				
Cash and bank balances	96,876,829	-	-	-
Investments	-	4,732,117	-	-
Ijarah rental receivable	1,519,667	-	-	-
Musharaka, morabaha and other finance	-	-	-	-
Diminishing musharakah	207,093,097	-	-	-
Receivable against sale of agriculture produce	11,692,131	-	-	-
Advances, deposits, prepayments and other receivables	1,840,440	-	-	-
Long term investments	-	-	10,347,133	-
Long term advances	149,618	-	-	-
Long term deposits	127,500	-	-	-
Total Financial Assets	319,299,282	4,732,117	10,347,133	-
FINANCIAL LIABILITIES				
Accrued and other liabilities	-	-	-	12,731,576
Total Financial Liabilities	-	-	-	12,731,576

----- As at June 30, 2018 -----				
Amount in Rupees				
	At Amortised Cost	FVTPL	FVTOCI	Other financial liabilities
FINANCIAL ASSETS				
Cash and bank balances	45,039,248	-	-	-
Investments	-	7,550,532	-	-
Ijarah rental receivable	279,176	-	-	-
Musharaka, morabaha and other finance	18,115,890	-	-	-
Diminishing musharakah	218,473,154	-	-	-
Receivable against sale of agriculture produce	11,692,131	-	-	-
Advances, deposits, prepayments and other receivables	1,390,529	-	-	-
Long term investments	-	-	10,347,133	-
Long term advances	149,618	-	-	-
Long term deposits	127,500	-	-	-
Total Financial Assets	295,267,246	7,550,532	10,347,133	-

FINANCIAL LIABILITIES

Accrued and other liabilities	-	-	-	13,820,644
Total Financial Liabilities	-	-	-	13,820,644

33.1 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 / Administrator 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 accrued and other liabilities. The Modaraba's principal financial assets comprise of ijarah rentals receivable, musharaka, 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.

33.1.1 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. 258.657 million against its current liabilities of Rs. 51.769 million which lead to total surplus of Rs. 208.888 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
	----- Rupees -----			
2019				
Accrued and other liabilities	14,419,881	14,419,881	-	-
	<u>14,419,881</u>	<u>14,419,881</u>	<u>-</u>	<u>-</u>
2018				
Accrued and other liabilities	15,364,183	15,364,183	-	-
	<u>15,364,183</u>	<u>15,364,183</u>	<u>-</u>	<u>-</u>

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

33.2. 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 musharaka finance, diminishing musharaka, 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 Board / Administrator 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, 2019 and June 30, 2018 is the carrying amounts of following financial assets.

	2019 Rupees	2018 Rupees
Balances with banks	96,873,019	45,039,148
Musharaka, morabaha and other finance	-	6,890,209
Diminishing musharaka	207,093,097	218,473,154
Ijarah rentals receivable	1,519,667	279,176
Advances and other receivables	1,840,440	1,210,529
	<u>307,326,223</u>	<u>271,892,216</u>

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

Bank name	Short Term	Long Term	2019 Rupees	2018 Rupees
HBL Islamic Banking Limited	A-1+	AAA	93,396,296	33,495,216
Sindh Bank Limited	A-1	A+	10,171	9,979
Albaraka Bank (Pakistan) Limited	A-1	A	10,469	10,382
Summit Bank Limited	A-3	BBB-	3,438,490	11,506,338

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, 2019					
	OAEM	Substandard	Doubtful	Loss	Total
	----- Rupees -----				
Ijarah rental receivable	-	-	-	49,083,826	49,083,826
Musharaka, morabaha and other finance	-	-	-	352,230,694	352,230,694
As at June 30, 2018					
	OAEM	Substandard	Doubtful	Loss	Total
	----- Rupees -----				
Ijarah rental receivable	-	-	-	49,083,826	49,083,826
Musharaka, morabaha and other finance	-	-	-	352,681,221	352,681,221

Total impairment against these assets as at June 30, 2019 is Rs. 401.31 million (2018: Rs. 401.76 million).

33.3 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 / Administrator. The Modaraba is exposed to interest rate risks.

33.3.1 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 Board / Administrator reviews and approves all equity investment decisions.

The carrying amount of investment is as follows

	2019 Rupees	2018 Rupees
In listed securities carried at fair value through profit or loss	4,732,117	7,550,532
In unlisted security available for sale	10,347,133	10,347,133
In mutual funds available for sale	-	-
	<u>15,079,250</u>	<u>17,897,665</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 and equity	
	2019 Rupees	2018 Rupees
Increase in market value - 5%	236,606	377,527
Decrease in market value - 5%	(236,606)	(377,527)

33.3.2 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, 2019						
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	2.00% - 10.25%	96,873,019	83,423,562	-	-	-	-	13,449,457
Investments		4,732,117	-	-	-	-	-	4,732,117
Musharaka, morabaha and other finance		-	-	-	-	-	-	-
Diminishing musharaka	10.00% - 19.0 %	207,093,097	9,052,871	15,541,475	66,631,821	114,693,602	-	1,173,328
Ijarah rentals receivable		1,519,667	-	-	-	-	-	1,519,667
Advances and other receivables		32,647,440	-	-	-	-	-	32,647,440
Total financial assets as at June 30, 2019		342,865,340	92,476,433	15,541,475	66,631,821	114,693,602	-	53,522,009
Accrued and other liabilities		13,078,656	-	-	-	-	-	13,078,656
Total financial liabilities as at June 30, 2019		13,078,656	-	-	-	-	-	13,078,656
Total yield / profit risk sensitivity gap			92,476,433	15,541,475	66,631,821	114,693,602	-	
Cumulative yield / profit risk sensitivity gap			92,476,433	108,017,908	174,649,729	289,343,331	289,343,331	

		June 30, 2018						
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	1.95% - 6.0%	45,039,148	31,578,094	-	-	-	-	13,461,054
Investments		7,550,532	-	-	-	-	-	7,550,532
Musharaka, morabaha and other finance	13.0% - 13.0%	6,890,209	-	-	18,000,000	-	-	115,890
Diminishing musharaka	10.44% - 16.0 %	218,473,154	9,538,998	14,410,258	68,646,610	125,268,383	-	608,905
Ijarah rentals receivable		279,176	-	-	-	-	-	279,176
Advances and other receivables		21,697,029	-	-	-	-	-	21,697,029
Total financial assets as at June 30, 2018		299,929,248	41,117,092	14,410,258	86,646,610	125,268,383	-	43,712,586
Accrued and other liabilities		14,100,956	-	-	-	-	-	14,100,956
Total financial liabilities as at June 30, 2018		72,242,151	-	-	-	-	-	72,242,151
Total yield / profit risk sensitivity gap			41,117,092	14,410,258	86,646,610	125,268,383	-	
Cumulative yield / profit risk sensitivity gap			41,117,092	55,527,350	142,173,960	267,442,343	267,442,343	

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	
	2019	2018
+100	(Rupees) 318,967	169,408
-100	(Rupees) (318,967)	(169,408)

33.4 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.

33.4.1 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	4,732,117	-	-	4,732,117
Financial assets at FVTOCI				
Listed entities	-	-	-	-
Unlisted entities	-	-	10,347,133	10,347,133

34. 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 4.996:1 (2018: 4.377:1).

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.

35. 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.

The Chief Executive Officer is responsible for the Modaraba's entire product and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

The internal reporting provided to the Board of Directors of the Management company for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investments in entities incorporated in Pakistan.

36. PROFIT DISTRIBUTION

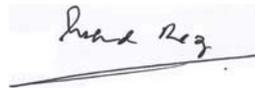
The dividend distribution has not been declared, due to marginal profit of the Modaraba for the current year. The management has considered that the distribution of dividend on such marginal profit is uneconomical and not likely to be in the benefit of certificate holders after deduction of tax, zakat and other charges.

37. DATE OF AUTHORISATION OF ISSUE

These financial statements has been authorised for issue on October 25, 2019 by the Administrator.



Administrator



Chief Financial Officer

FIRST PRUDENTIAL MODARABA.

PATTERN OF CERTIFICATE HOLDING
SHAREHOLDERS STATISTICS AS AT JUNE.30.2019

Number of Certificate Holders	Certificate Holding		Certificate Holders
	From	To	
3,405	1	100	168,918
2,627	101	500	635,255
2,132	501	1000	1,790,112
1,978	1001	5000	4,479,596
398	5001	10000	3,084,588
152	10001	15000	1,893,025
100	15001	20000	1,703,549
53	20001	25000	1,353,852
44	25001	30000	1,245,769
31	30001	35000	1,017,627
18	35001	40000	684,954
14	40001	45000	599,651
28	45001	50000	1,384,411
17	50001	55000	893,540
10	55001	60000	581,353
7	60001	65000	446,388
12	65001	70000	825,981
5	70001	75000	368,827
7	75001	80000	549,983
7	80001	85000	581,500
8	85001	90000	710,724
4	90001	95000	376,640
17	95001	100000	1,692,272
1	100001	105000	104,002
3	110001	115000	338,689
1	115001	120000	117,000
3	120001	125000	364,422
2	125001	130000	254,500
1	130001	135000	133,000
1	135001	140000	140,000
5	145001	150000	748,000
2	150001	155000	305,624
1	155001	160000	160,000
1	160001	165000	165,000
2	165001	170000	340,000
1	170001	175000	173,000
5	175001	180000	882,591
1	180001	185000	180,200
1	1850001	190000	188,000
1	190001	195000	195,000
1	200001	205000	205,000
1	205001	210000	207,000
2	210001	215000	425,168
2	215001	220000	434,000
2	220001	225000	448,073
1	225001	230000	227,523
1	235001	240000	235,509
1	275001	280000	276,500
1	280001	285000	281,500
1	285001	290000	287,000
1	295001	300000	300,000
2	300001	305000	605,961
1	315001	320000	317,290
1	330001	335000	331,500
1	340001	345000	345,000
1	450001	455000	450,500
1	480001	485000	484,432
1	495001	500000	500,000
1	500001	505000	501,500
1	505001	510000	509,065
1	595001	600000	600,000
1	695001	700000	700,000
1	720001	725000	724,000
1	775001	78000	776,000
1	815001	820000	820,000
1	1290001	1295000	1,293,000
1	1345001	1350000	1,350,000
1	1395001	1400000	1,400,000
1	1565001	1570000	1,568,500
1	1925001	1930000	1,929,159
1	2135001	2140000	2,140,000
1	2245001	2250000	2,250,000
1	2275001	2280000	2,275,232
1	4220001	4225000	4,220,500
1	4315001	4320000	4,320,000
1	10520001	10525000	10,521,205
1	11095001	11100000	11,100,000
11,147			87,217,660

FIRST PRUDENTIAL MODARABA
CATEGORIES OF CERTIFICATES HOLDING AS ON 30-06-2019

	Number of Certificateholders		Certificate Held	PERCENTAGE
NIT AND ICP	2		81,352	0.09
NATIONAL BANK OF PAKISTAN TRUSTEE DEPTT		38,449		
INVESTMENT CORPORATION OF PAKISTAN		42,903		
DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN	-		-	-
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		
GENERAL MODARABA		3,306		
MODARABA AL MALI		47		
FIRST PROVIDENCE MODARABA		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 HOLDERS - HOLDING FIVE PERCENT OR MORE CERTIFICATES IN THE MODARABA			27,813,705	31.89
PRUDENTIAL CAPITAL MANGEMENT LTD	1	10,521,205		
PASHTOON RASHIDULLAH	4	12,126,500		
KASB Invet (Pvt) Ltd	3	5,166,000		
INDIVIDUALS	11056	42,636,192	42,636,192	48.88
OTHER CORPORATE SHAREHOLDERS	51	12,397,672	12,397,672	14.21
	11147		87,217,660	100.00

NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that the 20th Annual Review meeting of the Modaraba's Certificate Holders of First Prudential Modaraba will be held on Monday November 25, 2019 at 4:15 pm at Institute of Chartered Accountants of Pakistan, near Teen Talwar, Clifton, Karachi to review the performance of Modaraba for the year ended June 30, 2019.

By Order of the Administrator

Syed Shahid Owais
Company Secretary

Karachi
October 25, 2019

Notes

1. The Modaraba Certificates transfer book shall remain closed from November 16, 2019 to November 25, 2019 (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 First Prudential Modaraba (whose address is given below) up to the close of business hours on November 15, 2019 will be treated in time.
2. The Certificate holders are advised to notify to 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, near Metropole Hotel, Karachi. (Phone: 35687839-35685930).
3. **For Attending Meeting :**
 - a) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate their identity by showing his/her original CNIC or original passport at the time of attending the Meeting.
 - b) In case of corporate entity. The Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of Meeting.
4. In terms of Securities and Exchange Commission of Pakistan (SECP) S.R.O.634 (I)/2014, The Annual Report for the year ended June 30, 2019 will also be placed on Modaraba's website simultaneously with the dispatch of the same to the certificate holders.
5. **Unclaimed Dividends and physical Modaraba Certificates**
Certificate holders, who by any reason, could not claim their dividends or did not collect their physical Modaraba certificates, are advised to contact our Share Registrar, C & K Management Associates (Private) Limited, to collect / enquire about their unclaimed dividend or pending Modaraba certificates, if any. Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedures, all dividends unclaimed for a period of three years, from the date due and payable, shall be deposited to the credit of the Federal Government and in case of shares/certificates, shall be delivered to the Securities & Exchange Commission of Pakistan.

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