



# FIRST PRUDENTIAL MODARABA

QUARTERLY REPORT  
FOR THE PERIOD ENDED  
MARCH 31, 2016 (UN-AUDITED)

If undelivered please return to :

**First Prudential Modaraba**

8-C, Block-6, PECHS, Off. Sharah-e-Faisal, Karachi.  
Tel: 021-34398862-5, 021-34370141

Managed by:

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KASB Invest (Private) Limited

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## CORPORATE INFORMATION

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

## DIRECTORS' REPORT

The Board of Directors of KASB Invest (Private) Limited, the Management Company of First Prudential Modaraba is pleased to present unaudited condensed interim financial statements for the quarter ended March 31, 2016 to the Certificate Holders.

### FINANCIAL HIGHLIGHTS

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

|   | March 31,<br>2016<br>Rs "000" | June 30,<br>2015<br>Rs "000" |
|---|-------------------------------|------------------------------|
| <b>BALANCE SHEET</b>  |                               |                              |
| Diminishing Musharika Investments   | 42,203                        | 59,023                       |
| Agricultural Produce including Advance for purchase of Agricultural Produce | 30,447                        | 30,447                       |
|   | 81,921                        | -                            |
| Total Assets  | 499,245                       | 511,971                      |
| Net Assets  | 445,764                       | 450,946                      |
|   | March 31,<br>2016<br>Rs "000" | June 30,<br>2015<br>Rs "000" |
| <b>PROFIT &amp; LOSS ACCOUNT</b>  |                               |                              |
| Gross Income  | 39,744                        | 47,167                       |
| Operating & Financial Charges   | (24,038)                      | (22,861)                     |
| Operating Profit/Loss   | 15,705                        | 24,306                       |
| Management Company Fee  | (1,409)                       | (2,180)                      |
| Net Profit/Loss for the period  | 14,086                        | 21,799                       |
| Earning per Modaraba Certificate (Rupees)                                   | 0.16                          | 0.25                         |

### OPERATIONS AND PERFORMANCE

By the Grace of Allah, First Prudential Modaraba has successfully completed its quarter ended March 31, 2016. The period closed with net Profit of PKR. 14.1 million and earning per Certificate was PKR. 0.16. During the period the total income was PKR.39.74million and the operating & financial charges were PKR.24.04 million.

During the period the Modaraba recovered PKR. 10.36 million from bad and doubtful receivables as a result of vigorous efforts. The recovery measures are continuing with the same pace and the Modaraba expects to recover a substantial amount after the year end. Besides, return on deposits of PKR. 11.31 million, dividend of PKR. 1.04 million, income on diminishing Musharika of PKR. 6.50 million and income from other sources of PKR. 2.10 million were major contributors towards the green bottom line.

Banola seed crushing project has started to yield reasonable returns for the Modaraba, despite lower than expected production of the Phutti and Cotton in Pakistan. The Modaraba is committed to remain in the market and to explore more profitable ventures in the Agriculture sector.

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

### FUTURE PROSPECTS

The Board has approved merger of First Prudential Modaraba with its associate First Pak Modaraba. This would provide wider range of opportunities for new business ventures with Economies of scale and synergy of Human and other available resources.

Besides the Banola Seed Crushing project, the Modaraba has started to explore other non-traditional high yielding businesses like Poultry and Dairy farming, Stevedoring and some short term seasonal agricultural projects. These Sharia Compliant, low risk smart investments would fetch non-traditional returns for the stake holders.

### ACKNOWLEDGEMENT

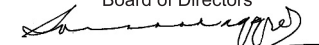
The Board greatly appreciates the support co-operation of the regulatory authorities, certificate holders, customers and bankers and looks forward to their continued support and advice in future.

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

Karachi.

Dated: April 29, 2016

For & on behalf of the  
Board of Directors

  
**Syed Waseem-ul-Haq Haqqie**  
 Chairman

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
AS AT MARCH 31, 2016

|  | Note | Un-audited<br>March 31,<br>2016<br>Rupees | Audited<br>June 30,<br>2015<br>Rupees |
|--|------|---|---------------------------------------|
| <b>ASSETS</b>  |      |   |                                       |
| <b>Current Assets</b>                                |      |   |                                       |
| Cash and bank balances                               | 5    | 246,649,748                               | 315,062,081                           |
| Investments  | 6    | 9,101,843                                 | 9,893,503                             |
| Musharika, morabaha and other finance                | 7    | -   | -                                     |
| Diminishing musharika                                | 8    | 13,062,769                                | 29,672,069                            |
| Receivable against sale of agriculture produce       | 9    | 31,661,725                                | -                                     |
| Ijarah rentals receivable                            |      | 926,656                                   | 1,011,291                             |
| Advances, prepayments and other receivables          |      | 17,650,145                                | 15,895,384                            |
| Advance for purchase of agriculture produce          | 9    | 50,259,359                                | -                                     |
| <b>Total Current Assets</b>                          |      | <b>369,312,245</b>                        | <b>371,534,328</b>                    |
| <b>Non - Current Assets</b>                          |      |   |                                       |
| Long term investments                                | 8    | 21,345,465                                | 20,553,052                            |
| Long term portion of diminishing musharika           | 10   | 29,140,690                                | 29,351,232                            |
| Long term deposits                                   |      | 66,192                                    | 66,192                                |
| Intangible assets                                    |      | -   | 41,713                                |
| Property and equipment - owned                       | 11   | 20,165,062                                | 21,118,286                            |
| Property, plant and equipment - Ijarah               | 12   | 31,724,479                                | 42,755,944                            |
| Investment property                                  |      | 26,550,000                                | 26,550,000                            |
| <b>Total Non - Current Assets</b>                    |      | <b>128,991,888</b>                        | <b>140,436,419</b>                    |
| <b>TOTAL ASSETS</b>                                  |      | <b>498,304,133</b>                        | <b>511,970,747</b>                    |
| <b>LIABILITIES</b>                                   |      |   |                                       |
| <b>Current Liabilities</b>                           |      |   |                                       |
| Ijarah deposits                                      |      | 9,811,350                                 | 17,360,122                            |
| Accrued and other liabilities                        |      | 8,299,486                                 | 12,597,394                            |
| Unclaimed profit distribution                        |      | 27,628,635                                | 24,884,016                            |
| <b>Total Current Liabilities</b>                     |      | <b>45,739,470</b>                         | <b>54,841,532</b>                     |
| <b>Non - Current Liabilities</b>                     |      |   |                                       |
| Long term portion of Ijarah deposits                 |      | 6,800,000                                 | 6,183,000                             |
| <b>TOTAL LIABILITIES</b>                             |      | <b>52,539,470</b>                         | <b>61,024,532</b>                     |
| <b>NET ASSETS</b>                                    |      | <b>445,764,663</b>                        | <b>450,946,215</b>                    |
| <b>REPRESENTED BY</b>                                |      |   |                                       |
| Issued, subscribed and paid up capital               |      |   |                                       |
| 87,217,660 Modaraba Certificates of Rupees 10/- each |      | 872,176,600                               | 872,176,600                           |
| Statutory reserves                                   |      | 146,901,148                               | 144,083,929                           |
| Accumulated loss                                     |      | (573,313,085)                             | (565,314,314)                         |
|  |      | <b>445,764,663</b>                        | <b>450,946,215</b>                    |

Contingencies & Commitments 13

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

**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)**  
For the Period March 31, 2016

|  | .....Nine months ended.....      |                                  | .....Quarter ended.....              |                                      |
|--|----------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
|  | Jul 2015 to<br>March 31,<br>2016 | Jul 2014 to<br>March 31,<br>2015 | January 2016 to<br>March 31,<br>2016 | January 2015 to<br>March 31,<br>2015 |
|  | ..... Rupees .....               |                                  |                                      |                                      |
| <b>INCOME</b>  |                                  |                                  |                                      |                                      |
| Ijarah rentals earned  | 6,260,807                        | 9,660,928                        | 2,052,403                            | 2,730,671                            |
| Return on deposits with bank   | 11,287,940                       | 12,698,785                       | 3,227,401                            | 4,629,707                            |
| Income on diminishing musharika  | 6,504,704                        | 7,687,963                        | 1,728,644                            | 2,200,464                            |
| Capital gain on sale of investments  | 213,575                          | 11,018,406                       | -                                    | 2,371,321                            |
| Dividend   | 1,048,193                        | 2,531,004                        | 357,750                              | 666,394                              |
| Rental income from investment property   | 195,000                          | 105,000                          | 45,000                               | -                                    |
| Gain on sale of agriculture produce  | 921,084                          | -                                | 921,084                              | -                                    |
| Other income / (loss)  | 2,090,930                        | 86,305                           | 68,239                               | 65,639                               |
|  | <b>28,522,233</b>                | <b>43,788,391</b>                | <b>8,400,521</b>                     | <b>12,664,196</b>                    |
| Unrealised gain/(loss) on investments-held for trading<br>at fair value through profit or loss | 860,740                          | 2,200,229                        | 156,906                              | 529,040                              |
| Reversal/ provisions and impairment losses against<br>doubtful receivables - net               | 10,361,317                       | 1,178,499                        | 5,333,257                            | -                                    |
|  | <b>39,744,290</b>                | <b>47,167,119</b>                | <b>13,890,685</b>                    | <b>13,193,236</b>                    |
| <b>EXPENDITURE</b>   |                                  |                                  |                                      |                                      |
| Depreciation on Ijarah assets  | (5,128,849)                      | (8,436,703)                      | (1,674,100)                          | (2,052,385)                          |
| Administrative expenses  | (18,565,502)                     | (13,923,520)                     | (6,350,373)                          | (4,424,457)                          |
| Workers welfare fund   | (281,722)                        | (435,982)                        | (103,139)                            | (118,043)                            |
| Bank and other charges   | (62,219)                         | (64,893)                         | (13,098)                             | (17,473)                             |
|  | <b>(24,038,292)</b>              | <b>(22,861,098)</b>              | <b>(8,140,710)</b>                   | <b>(6,612,358)</b>                   |
| <b>Profit for the year</b>   | <b>15,705,998</b>                | <b>24,306,021</b>                | <b>5,749,975</b>                     | <b>6,580,878</b>                     |
| Modaraba company's management fee  | (1,408,610)                      | (2,179,912)                      | (515,693)                            | (590,213)                            |
| Sales tax on management fee  | (211,291)                        | (326,987)                        | (77,354)                             | (88,532)                             |
| <b>Profit before taxation</b>  | <b>14,086,097</b>                | <b>21,799,122</b>                | <b>5,156,928</b>                     | <b>5,902,133</b>                     |
| Provision for taxation   | -                                | -                                | -                                    | -                                    |
| <b>Profit after taxation</b>   | <b>14,086,097</b>                | <b>21,799,122</b>                | <b>5,156,928</b>                     | <b>5,902,133</b>                     |
| <b>Other comprehensive income</b>  |                                  |                                  |                                      |                                      |
| Surplus on revaluation of investments available for sale                                       | 792,413                          | 618,890                          | -                                    | -                                    |
| <b>Total comprehensive income for the year</b>   | <b>14,878,510</b>                | <b>22,418,012</b>                | <b>5,156,928</b>                     | <b>5,902,133</b>                     |
| <b>Earnings per certificate</b>  | <b>0.16</b>                      | <b>0.25</b>                      | <b>0.06</b>                          | <b>0.07</b>                          |

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

For KASB Invest (Private) Limited  
(Management Company)

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

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For KASB Invest (Private) Limited  
(Management Company)

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

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**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
For the Period Ended March 31, 2016

|  | March 31,<br>2016<br>Rupees | March 31,<br>2015<br>Rupees |
|--|-----------------------------|-----------------------------|
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                             |                             |
| Profit before taxation   | 14,086,097                  | 21,799,122                  |
| Adjustments for non-cash changes and other items:  |                             |                             |
| Dividend income  | (1,048,193)                 | (2,531,004)                 |
| Unrealised (gain)/ loss on changes in fair value of held for trading investments - at fair value through profit and loss | (860,740)                   | (2,200,229)                 |
| Reversal / (provisions and impairment losses) against doubtful receivables-net   | (10,361,317)                | (1,178,499)                 |
| Capital gain on sale of investments  | (213,575)                   | (11,018,406)                |
| (Gain) on disposal-own use assets  | (600,000)                   | -                           |
| Loss/ (Gain) on disposal-ijarah assets   | (784,261)                   | 336,327                     |
| Depreciation-own use assets  | 1,201,741                   | 1,145,392                   |
| Depreciation on ijarah assets  | 5,128,849                   | 8,436,703                   |
| Amortization - intangibles   | 41,713                      | 375,002                     |
|  | <u>(7,495,782)</u>          | <u>(6,634,714)</u>          |
|  | 6,590,314                   | 15,164,408                  |
| Cash flows before movements in working capital   |                             |                             |
| (Increase)/ decrease in operating assets   |                             |                             |
| Musharika, morabaha and other finance  | 10,361,317                  | 90,162                      |
| Diminishing musharika  | 16,819,842                  | 22,328,561                  |
| Receivable against sale of agriculture produce   | (31,661,725)                | -                           |
| Ijarah rentals receivable  | 84,635                      | 284,183                     |
| Receivable against sale of shares - net  | -                           | (10,222,943)                |
| Advances, prepayments and other receivables  | 401,237                     | (1,496,944)                 |
| Advance for purchase of agriculture produce  | <u>(50,259,359)</u>         | <u>-</u>                    |
|  | <u>(54,254,053)</u>         | <u>10,983,019</u>           |
| Increase/ (decrease) in operating liabilities  |                             |                             |
| Ijarah deposits  | <u>(6,931,772)</u>          | <u>(4,625,090)</u>          |
| Accrued and other liabilities  | <u>(4,297,908)</u>          | <u>4,889,444</u>            |
|  | <u>(11,229,680)</u>         | <u>264,354</u>              |
| Cash used in operations  | <u>(58,893,419)</u>         | <u>26,411,781</u>           |
| Income tax paid  | <u>(1,798,250)</u>          | <u>-</u>                    |
| Net cash used in operating activities  | <u>(60,691,669)</u>         | <u>26,411,781</u>           |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                             |                             |
| Dividend received  | 690,443                     | 2,031,264                   |
| Investments (purchased)/ encashed - net  | 1,865,975                   | 68,490,790                  |
| Proceeds from disposal - own use assets  | 600,000                     | -                           |
| Proceeds from disposal - ijarah assets   | 7,906,877                   | 13,367,872                  |
| Purchase of own use assets   | (248,515)                   | (12,500)                    |
| Purchase of ijarah assets  | <u>(1,220,000)</u>          | <u>(30,000,000)</u>         |
| Net cash (used in)/ generated from investing activities  | <u>9,594,779</u>            | <u>53,877,426</u>           |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                             |                             |
| Profit distribution and net cash used in financing activities  | <u>(17,315,443)</u>         | <u>(403,441)</u>            |
| Net (decrease) / increase in cash and cash equivalents (A+B+C)   | <u>(68,412,333)</u>         | <u>79,885,766</u>           |
| Cash and cash equivalents at July 1  | 315,062,081                 | 190,144,619                 |
| Cash and cash equivalents at March 31  | <u>246,649,748</u>          | <u>270,030,385</u>          |

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

  
**CHIEF EXECUTIVE**

For KASB Invest (Private) Limited  
(Management Company)  
*S. M. Rainan*  
DIRECTOR

  
 DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
For the Period Ended March 31, 2016

|  | Reserves            |                    |                    |                      | Total              |
|--|---------------------|--------------------|--------------------|----------------------|--------------------|
|  | Certificate capital | Capital Reserve    | Revenue            | Accumulated loss     |                    |
| Balance at July 1, 2014  | 872,176,600         | 138,650,648        | -                  | -                    | 422,988,551        |
| Comprehensive income   | -                   | -                  | -                  | -                    | -                  |
| Profit for the nine months ended March 31, 2015                            | -                   | (3,576,538)        | 21,799,122         | (587,838,697)        | 21,799,122         |
| Other comprehensive income for the nine months ended March 31, 2015        | -                   | 618,890            | 618,890            | -                    | 618,890            |
| Total comprehensive income for the nine months ended March 31, 2015        | -                   | 618,890            | 21,799,122         | 22,418,012           | 22,418,012         |
| Transfer to statutory reserve  | -                   | -                  | -                  | -                    | -                  |
| Balance at March 31, 2015  | <u>872,176,600</u>  | <u>138,650,648</u> | <u>(2,957,448)</u> | <u>(585,420,685)</u> | <u>445,406,563</u> |
| Balance at July 1, 2015  | 872,176,600         | 144,083,929        | -                  | -                    | 459,946,215        |
| Comprehensive income   | -                   | -                  | -                  | -                    | -                  |
| Profit for the nine months ended March 31, 2016                            | -                   | (2,785,079)        | 14,086,097         | (562,529,235)        | 14,086,097         |
| Other comprehensive income for the nine months ended March 31, 2016        | -                   | 792,413            | 792,413            | -                    | 792,413            |
| Total comprehensive income for the nine months ended March 31, 2016        | -                   | 792,413            | 14,086,097         | 14,878,510           | 14,878,510         |
| Final dividend @ Rs. 0.25 per certificate for the year ended June 30, 2015 | -                   | -                  | -                  | -                    | -                  |
| Transfer to statutory reserve  | 2,817,219           | -                  | (2,817,219)        | -                    | -                  |
| Balance at March 31, 2016  | <u>872,176,600</u>  | <u>146,901,148</u> | <u>(1,992,666)</u> | <u>(573,313,085)</u> | <u>445,764,663</u> |

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

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

  
**CHIEF EXECUTIVE**

For KASB Invest (Private) Limited  
(Management Company)  
*S. M. Rainan*  
DIRECTOR

  
 DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
(UN-AUDITED)  
For the Period Ended March 31, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

2 STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 'Interim Financial Reporting', the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP prevail.

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Modaraba for the year ended June 30, 2015.

3 BASIS OF PREPARATION

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

4 SIGNIFICANT ACCOUNTING POLICIES

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

|   |                        | UN-AUDITED<br>March 31<br>2016<br>Rupees | AUDITED<br>June 30<br>2015<br>Rupees |
|---|------------------------|--|--------------------------------------|
| 5 | CASH AND BANK BALANCES |  |                                      |
|   | Cash in hand           | 10,000                                   | 10,000                               |
|   | Cash at banks          |  |                                      |
|   | Current accounts       | 10,232,370                               | 8,978,754                            |
|   | Saving accounts        | 236,407,378                              | 306,073,327                          |
|   |                        | <u>246,639,748</u>                       | <u>315,052,081</u>                   |
|   |                        | <u>246,649,748</u>                       | <u>315,062,081</u>                   |

5.1 Effective mark-up rate in respect of PLS accounts ranges from 2.50% to 7.00% per annum (Jun 2015: 4.25% to 9.00%) per annum.

|     |   |                                      | UN-AUDITED<br>March 31<br>2016<br>Rupees | AUDITED<br>June 30<br>2015<br>Rupees |
|-----|---|--------------------------------------|--|--------------------------------------|
| 6   | INVESTMENTS   | Note                                 |  |                                      |
|     | Loans and receivables   |                                      |  |                                      |
|     | Receivable against TDR - considered good  |                                      | 702,490                                  | 702,490                              |
|     | Held for trading at fair value through profit or loss - quoted securities                                       | 6.1                                  | 8,399,353                                | 9,191,013                            |
|     |   |                                      | <u>9,101,843</u>                         | <u>9,893,503</u>                     |
| 6.1 | Unless stated otherwise, the holdings are in the fully paid ordinary shares/ certificates/ units of Rs 10 each. |                                      |  |                                      |
|     | March 31,<br>2016   | June 30,<br>2015                     | UN-AUDITED<br>March 31<br>2016<br>Rupees | AUDITED<br>June 30<br>2015<br>Rupees |
|     | Number of Shares/Certificates   | Name of Investee Company/Modaraba    |  |                                      |
|     | -   | Commercial Banks                     |  |                                      |
|     |   | Bankislami Pakistan Limited          | -  | 1,652,400                            |
|     | 525   | Personal goods                       |  |                                      |
|     |   | Nishat Mills Limited                 | 50,300                                   | 59,971                               |
|     | 79,500  | Electricity                          |  |                                      |
|     |   | The Hub Power Company Limited        | 8,310,930                                | 7,438,815                            |
|     | 1,495   | Multiutilities (Gas and Water)       |  |                                      |
|     |   | Sui Northern Gas Pipeline Limited    | 38,123                                   | 39,827                               |
|     | 348   | Suspended/ Delisted Companies        |  |                                      |
|     |   | Hussain Industries Limited           | -  | -                                    |
|     | 1,670,720   | Prudential Stock Fund                | -  | -                                    |
|     | 360,000   | Zeal-Pak Cement Factory Limited      | -  | -                                    |
|     | <u>2,112,588</u>  |                                      | <u>8,399,353</u>                         | <u>9,191,013</u>                     |
| 6.2 | Unrealised (loss) / gain on investments - held for trading at fair value through profit or loss                 |                                      |  |                                      |
|     |   | Weighted average cost of investments | 7,538,613                                | 6,671,095                            |
|     |   | Changes in fair value for the year   | 860,740                                  | 2,519,918                            |
|     |   | Market value of investments          | <u>8,399,353</u>                         | <u>9,191,013</u>                     |
| 7   | MUSHARIKA, MORABAHA AND OTHER FINANCE   |                                      |  |                                      |
|     | Musharika and morabaha finance  | 7.1                                  | -  | -                                    |
|     | Other finance - unsecured   | 7.2                                  | -  | -                                    |
|     |   |                                      | <u>-</u>                                 | <u>-</u>                             |
| 7.1 | Musharika and morabaha finance  |                                      |  |                                      |
|     | Musharika finance - unsecured   |                                      |  |                                      |
|     | Principal   |                                      | 99,382,201                               | 105,172,201                          |
|     | Profit  |                                      | 43,678,105                               | 45,238,105                           |
|     |   |                                      | <u>143,060,306</u>                       | <u>150,410,306</u>                   |
|     | Morabaha finance - unsecured  |                                      |  |                                      |
|     | Principal   |                                      | 81,338,544                               | 84,221,801                           |
|     | Profit  |                                      | 119,255,239                              | 119,383,299                          |
|     |   |                                      | <u>200,593,783</u>                       | <u>203,605,100</u>                   |
|     | Less: Provision for doubtful receivable   |                                      |  |                                      |
|     | Musharika finance - unsecured   |                                      | (143,060,306)                            | (150,410,306)                        |
|     | Morabaha finance - unsecured  |                                      | (200,593,783)                            | (203,605,100)                        |
|     |   |                                      | <u>(343,654,089)</u>                     | <u>(354,015,406)</u>                 |
|     |   |                                      | <u>-</u>                                 | <u>-</u>                             |

|   | Note                              | UN-AUDITED<br>March 31<br>2016<br>Rupees     | AUDITED<br>June 30<br>2015<br>Rupees |
|---|-----------------------------------|--|--------------------------------------|
| 7.2                                       |                                   |  |                                      |
| Other finance - unsecured                 |                                   |  |                                      |
| Other finance - unsecured                 |                                   | 11,002,281                                   | 11,002,281                           |
| Provision against doubtful amounts        |                                   | <u>(11,002,281)</u>                          | <u>(11,002,281)</u>                  |
|   |                                   | <u>-</u>                                     | <u>-</u>                             |
| <b>8 LONG TERM INVESTMENTS</b>            |                                   |  |                                      |
| Available for sale                        |                                   |  |                                      |
| Listed entities                           | 8.1                               | <u>11,420,319</u>                            | <u>11,125,851</u>                    |
| Unlisted companies                        | 8.2                               | <u>9,925,146</u>                             | <u>9,427,201</u>                     |
|   |                                   | <u>21,345,465</u>                            | <u>20,553,052</u>                    |
| 8.1                                       |                                   |  |                                      |
| Listed entities                           |                                   |  |                                      |
| Number of units                           |                                   |  |                                      |
|   |                                   | UN-AUDITED                                   | AUDITED                              |
|   |                                   | March 31                                     | June 30                              |
|   |                                   | 2016   | 2015                                 |
|   |                                   | Rupees                                       | Rupees                               |
| Number of Shares/Certificates             | Name of Investee Company/Modaraba |  |                                      |
| 50,765                                    | 50,747                            | UBL Al-Ameen Islamic Preservation Fund III   | 5,540,008                            |
|   |                                   | Carrying value                               | <u>58,393</u>                        |
|   |                                   | Unrealized gain                              | <u>255,402</u>                       |
|   |                                   |  | <u>5,598,401</u>                     |
| 380,766                                   | 380,766                           | Meezan Balance Fund                          | 5,585,843                            |
|   |                                   | Carrying value                               | <u>236,075</u>                       |
|   |                                   | Unrealized gain                              | <u>297,033</u>                       |
|   |                                   |  | <u>5,821,918</u>                     |
|   |                                   |  | <u>5,585,843</u>                     |
|   |                                   |  | <u>11,420,319</u>                    |
|   |                                   |  | <u>11,125,851</u>                    |
| 8.2                                       |                                   |  |                                      |
| Unlisted companies                        |                                   |  |                                      |
| Number of shares of Rs.10 each            |                                   |  |                                      |
|   |                                   |  |                                      |
|   |                                   |  |                                      |
| 1,107,244                                 | 1,107,244                         | Prudential Securities Limited (PSL)          |                                      |
|   |                                   | Cost   | <u>4,173,707</u>                     |
|   |                                   | Less: Impairment                             | <u>(4,173,707)</u>                   |
|   |                                   |  | <u>-</u>                             |
| 191,700                                   | 191,700                           | Prudential Discount and Guarantee House Ltd. |                                      |
|   |                                   | Cost   | <u>1,041,815</u>                     |
|   |                                   | Less: Impairment                             | <u>(1,041,815)</u>                   |
|   |                                   |  | <u>-</u>                             |
| 843,975                                   | 843,975                           | Lahore Stock Exchange Limited                |                                      |
|   |                                   | Cost   | <u>9,427,201</u>                     |
|   |                                   | Add/ (less): Fair value adjustment           | <u>(3,337,514)</u>                   |
|   |                                   |  | <u>9,925,146</u>                     |
|   |                                   |  | <u>9,427,201</u>                     |
|   |                                   |  | <u>9,925,146</u>                     |
|   |                                   |  | <u>9,427,201</u>                     |
| 8.2.1                                     |                                   |  |                                      |
| Movement of impairment                    |                                   |  |                                      |
| Opening balance                           |                                   | 5,215,522                                    | 5,215,522                            |
| Impairment charge during the period/ year |                                   | -  | -                                    |
| Closing balance                           |                                   | <u>5,215,522</u>                             | <u>5,215,522</u>                     |

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

|  |   |  |                                      |
|--|---|--|--------------------------------------|
| 8.2.2  | Due to adverse financial condition of the investee Company, investments have been fully impaired.   |  |                                      |
| 8.2.3  | This represent non-Shari'ah compliant shares acquired against the surrender of Lahore Stock Exchange Limited (LSE) membership card. Under the current circumstances the active market is not available for such shares as LSE has not listed yet, therefore the net asset value based valuation has been considered as the closest estimate of the fair value of the shares. The Modaraba has recognized a fair value adjustment based on latest available financial information of the investee company. |  |                                      |
|  | Note  | UN-AUDITED<br>March 31<br>2016<br>Rupees | AUDITED<br>June 30<br>2015<br>Rupees |
| <b>9 DIMINISHING MUSHARIKA</b>   |   |  |                                      |
| Principal  |   | 41,952,667                               | 57,871,991                           |
| Profit   |   | <u>250,792</u>                           | <u>1,151,310</u>                     |
|  |   | 42,203,459                               | 59,023,301                           |
|  |   | <u>(29,140,690)</u>                      | <u>(29,351,232)</u>                  |
| Less: Long term portion of diminishing musharika   |   | <u>13,062,769</u>                        | <u>29,672,069</u>                    |
| 9.1  | These carry profit rate ranging from 14.67% to 16.80% (Jun 2015: 12.8% to 14.68%) per annum and are repayable on monthly basis over a maximum period of 3 years.  |  |                                      |
| <b>10 ADVANCE FOR PURCHASE OF AGRICULTURE PRODUCE</b>  |   |  |                                      |
|  | KASBM   | FPrM                                     | TOTAL                                |
| Share in project   | <u>38.64%</u>   | <u>61.36%</u>                            | <u>100.00%</u>                       |
|  | Rupees  | Rupees                                   | Rupees                               |
| Advance for purchase of banola seeds   | <u>51,000,000</u>   | <u>81,000,000</u>                        | <u>132,000,000</u>                   |
| Cost of agriculture produce sold - gross   | <u>(19,411,231)</u>   | <u>(30,740,641)</u>                      | <u>(50,151,872)</u>                  |
|  | <u>31,588,769</u>   | <u>50,259,359</u>                        | <u>81,848,128</u>                    |
| The KASB Modaraba (KASBM) & First Prudential Modaraba (FPrM) has entered into a joint project for crushing of agriculture produce i.e Banola seed and sale of its final product i.e oil cake (Khal) in the market. As per the arrangement the KASBM is the 'Lead Manager' of the project. Accordingly, all project investment/ expenditures and revenues are routed through or as per instruction of the Lead Manager. Profit sharing ratio between the KASBM & FPrM is 40:60. |   |  |                                      |
|  |   | UN-AUDITED<br>March 31<br>2016<br>Rupees | AUDITED<br>June 30<br>2015<br>Rupees |
| <b>11 PROPERTY AND EQUIPMENT - OWNED</b>   |   |  |                                      |
| Addition   |   |  |                                      |
| - Furniture & Fixture  |   | 207,015                                  | -                                    |
| - Vehicle  |   | 41,500                                   | -                                    |
| - Office equipment   |   | -  | 127,500                              |
|  |   | <u>248,515</u>                           | <u>127,500</u>                       |
| Disposal   |   |  |                                      |
| - Vehicle  |   | <u>1,090,576</u>                         | -                                    |
|  |   | <u>1,090,576</u>                         | -                                    |
| <b>12 PROPERTY PLANT AND EQUIPMENT - IJARAH</b>  |   |  |                                      |
| Addition   |   | <u>1,220,000</u>                         | <u>30,000,000</u>                    |
| Deletion   |   | <u>31,888,828</u>                        | <u>42,050,699</u>                    |

### 13 CONTINGENCIES & COMMITMENTS

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

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

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

### 14 TAXATION

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

### 15 RELATED PARTY TRANSACTIONS

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

| Relationship with Modaraba       | Nature of Transactions     | Un-Audited                  | Un-Audited                  |
|----------------------------------|----------------------------|-----------------------------|-----------------------------|
|                                  |                            | March 31,<br>2016<br>Rupees | March 31,<br>2015<br>Rupees |
| Modaraba management company      | Management fee             | 1,621,928                   | 2,179,912                   |
| Modaraba under common management | Sharing of common expenses | 4,113,831                   | -                           |
| Provident fund                   | Contribution made          | 98,348                      | 106,952                     |


### 16 DATE OF AUTHORISATION OF ISSUE

These condensed interim financial statements have been authorised for issue on 29 April, 2016 by the Board of Directors of the KASB Invest (Private) Limited.

### 17 FIGURES

Figures have been rounded off to the nearest Rupee.

  
CHIEF EXECUTIVE

For KASB Invest (Private) Limited  
(Management Company)  
  
DIRECTOR

  
DIRECTOR