

## CORPORATE INFORMATION

Board of Directors	Syed Waseem-ul- Haq Haqqie Syed Muhammad Rehmanullah Farrukh S. Ansari Rashid K. Siddiqui	Chairman Director Director Chief Executive Officer
Audit Committee	Farrukh S. Ansari Syed Muhammad Rehmanullah Syed Waseem-ul- Haq Haqqie	Chairman Member Member
Human Resource and Remuneration Committee	Farrukh S. Ansari Syed Waseem-ul- Haq Haqqie Syed Muhammad Rehmanullah Rashid K. Siddiqui	Chairman Member Member Member
Company Secretary & Chief Financial Officer	Aftab Afroz Mahmoodi	
Head of Internal Audit	Syed Shahid Owais	
Management Company	KASB Invest (Private) Limited	
Registered & Head Office	8-C, Block-6, PECHS, Off. Sharah-e-Faisal, Karachi. Tel: 021-34398852-5, 021-34370141	
Auditors	RSM Avais Hyder Liaquat Nauman Chartered Accounts	
Legal Advisor	Ahmed & Qazi	
Shariah Advisor	Mufti Muhammad Ibrahim Essa	
Bankers	Habib Bank Limited (Islamic Banking) Sindh Bank Limited Bank Islami Pakistan Limited Burj Bank Limited	
Share Registrar	Shares & Corporate Services (Pvt.) Limited Mehersons Estate, Talpur Road, Karachi. 74000 Tel: 021-32401634	

## DIRECTOR'S REPORT

The Board of Directors of KASB Invest (Pvt) Limited (KIPL), the Management Company of First Prudential Modaraba are pleased to present the quarterly report together with unaudited condensed Interim Financial Statements, for the period ended March 31, 2015.

As detailed in the Financial Statements for the year ended June 30, 2014, KIPL had taken over the management and administrative control of the Modaraba effective November 13, 2014. After taken over the control, in concurrence with SECP, the legal and financial due diligence of the modaraba was conducted. The outcome of the assignments warranted material adjustments in the financial statement for the year ended June 30, 2014. The delay in the finalization of the revised audited financial statements for the year June 30 2014 caused inordinate delay in the finalization of the financial statements of the subsequent periods.

## KEY OPERATING / FINANCIAL HIGHLIGHTS

	(Rupees in millions)	
	March 31	
	2015	2014
Quarter ended		
Total Income from Operations	43.79	44.94
Operating Expenses	(22.86)	(32.51)
Unrealized Gain / (Loss) on re-measurement of Investment	2.20	2.35
Reversal of impairment losses/provisions against doubtful receivables	1.18	1.09
Operating Profit	20.93	12.43
Management Company fee	(2.18)	(0.86)
Net Profit/(Loss) for the period	21.80	15.03
Earning per Modaraba Certificate (Re.)	0.25	0.17

## REVIEW OF OPERATIONS:

During the quarter ended on 31st March 2015, the overall operating performance of First Prudential Modaraba reflects that gross operating Income remains more or less the same, i.e., Rs. 43.79 Million as against Rs. 44.94 Million during the corresponding period. On the expenditure side there is significant decrease of 30%. The Net Profit of the Modaraba increased by 45% to Rs. 21.80 Million from a profit of Rs. 15.03 Million in the corresponding period. During the period under review, the earning for the half year is Re. 0.25 per certificate showing an increase of 47%.

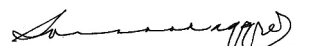
## FUTURE OUTLOOK:

Our business strategy & approach are sound with a focus to enhance Shariah compliant business. We are confident that your Modaraba will Inshallah continue to improve profitability in future. With the self sufficiency in funds and better liquidity, we are looking forward to explore more profitable avenues for deployment of funds.

## ACKNOWLEDGEMENT:

The Board of Directors would like to thank for continuous guidance and support extended by the Registrar Modaraba, Securities and Exchange Commission of Pakistan, the Karachi, Lahore and Islamabad Stock Exchanges. The Board is also thankful to its valued customers, certificate holders for reposing their confidence in the management of the Modaraba.

For & on behalf of the  
Board of Directors

  
Syed Waseem-ul-Haq Haqqie  
Chairman

Karachi.

Dated: July 13, 2015

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
AS AT MARCH 31, 2015

	Note	Un-audited March 31, 2015 Rupees	Audited June 30, 2014 Rupees
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and bank balances	4	270,030,385	190,144,619
Investments	5	20,552,305	80,824,460
Musharika, morabaha and other finance	6	-	-
Diminishing musharika		38,087,949	31,553,643
Ijarah rentals receivable		1,285,179	1,569,362
Receivable against sale of shares - net		16,889,336	6,666,393
Advances, prepayments and other receivables		17,424,233	15,427,549
<b>Total Current Assets</b>		<b>364,269,387</b>	<b>326,186,026</b>
<b>Non - Current Assets</b>			
Long term investments		19,807,267	14,188,377
Long term portion of diminishing musharika		26,907,802	55,770,669
Long term deposits		66,192	66,192
Loan and receivables		-	-
Intangible assets		166,714	541,716
Property and equipment - owned		21,392,425	22,525,317
Property, plant and equipment - Ijarah		47,151,614	38,204,179
Investment property		27,080,000	27,080,000
<b>Total Non - Current Assets</b>		<b>142,572,014</b>	<b>158,376,450</b>
<b>TOTAL ASSETS</b>		<b>506,841,401</b>	<b>484,562,476</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Ijarah deposits		1,709,850	26,831,162
Accrued and other liabilities		10,330,542	5,441,098
Unclaimed profit distribution		24,878,874	25,282,315
<b>Total Current Liabilities</b>		<b>36,919,266</b>	<b>57,554,575</b>
<b>Non - Current Liabilities</b>			
Long term portion of ijarah deposits		24,515,572	4,019,350
<b>TOTAL LIABILITIES</b>		<b>61,434,838</b>	<b>61,573,925</b>
<b>NET ASSETS</b>		<b>445,406,563</b>	<b>422,988,551</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		138,650,648	138,650,648
Accumulated loss		(565,420,685)	(587,838,697)
		445,406,563	422,988,551
Contingencies & Commitments	7		

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

  
CHIEF EXECUTIVE

For KASB Invest (Private) Limited  
(Management Company)

  
DIRECTOR

  
DIRECTOR

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**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)**  
For the Period March 31, 2015

	.....Nine months ended.....	.....Quarter ended.....		
	Jul 2014 to March 31, 2015	Jul 2013 to March 31, 2014	January 2015 to March 31, 2015	January 2014 to March 31, 2014
	Rupees			
<b>INCOME</b>				
Ijarah rentals earned	9,660,928	17,861,760	2,730,671	5,269,871
Return on deposits with bank	12,698,785	12,348,474	4,629,707	3,968,748
Income on diminishing musharika	7,687,963	7,860,595	2,200,464	2,605,873
Capital gain on sale of investments	11,018,406	5,470,069	2,371,321	2,608,646
Dividend	2,531,004	1,851,571	666,394	1,042,250
Rental income from investment property	105,000	180,000	-	90,000
Other (loss)/ income	86,305	(628,163)	65,639	(255,840)
	43,788,391	44,944,306	12,664,196	15,329,548
Unrealised (loss)/ gain on investments - held for trading at fair value through profit or loss	2,200,229	2,354,936	529,040	1,674,860
Reversal/ provisions and impairment losses against doubtful receivables - net	1,178,499	1,099,173	-	398,567
	47,167,119	48,398,415	13,193,236	17,402,975
<b>EXPENDITURE</b>				
Depreciation on ijarah assets	(8,436,703)	(19,397,854)	(2,052,385)	(5,931,980)
Administrative expenses	(13,923,520)	(12,937,021)	(4,424,457)	(4,207,467)
Workers welfare fund	(435,982)	(176,006)	(118,043)	-
Bank and other charges	(64,893)	-	(17,473)	-
	(22,861,098)	(32,510,881)	(6,612,358)	(10,139,447)
<b>Profit for the year</b>	<b>24,306,021</b>	<b>15,887,534</b>	<b>6,580,878</b>	<b>7,263,528</b>
Modaraba company's management fee	(2,179,912)	(862,431)	(590,213)	-
Sales tax on management fee	(326,987)	-	(88,532)	-
<b>Profit before taxation</b>	<b>21,799,122</b>	<b>15,025,103</b>	<b>5,902,133</b>	<b>7,263,528</b>
Provision for taxation	-	-	-	-
<b>Profit after taxation</b>	<b>21,799,122</b>	<b>15,025,103</b>	<b>5,902,133</b>	<b>7,263,528</b>
Other comprehensive income	618,890	-	-	-
<b>Total comprehensive income for the year</b>	<b>22,418,012</b>	<b>15,025,103</b>	<b>5,902,133</b>	<b>7,263,528</b>
Earnings per certificate	0.25	0.17	0.07	0.08

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

  
CHIEF EXECUTIVE

For KASB Invest (Private) Limited  
(Management Company)

  
DIRECTOR

  
DIRECTOR

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the Period Ended March 31, 2015

	March 31, 2015 Rupees	March 31, 2014 Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	21,799,122	15,025,103
Adjustments for non-cash changes and other items:		
Dividend income	(2,531,004)	(1,851,571)
Unrealised (gain)/ loss on changes in fair value of held for trading investments - at fair value through profit and loss	(2,200,229)	(2,354,936)
Reversal / (provisions and impairment losses) against doubtful receivables-net	(1,178,499)	(1,099,173)
Capital gain on sale of investments	(11,018,406)	(5,470,069)
(Gain) on disposal-own use assets	-	(416,709)
Loss/ (Gain) on disposal-ijarah assets	336,327	1,366,362
Depreciation-own use assets	1,145,392	2,169,388
Depreciation on ijarah assets	8,436,703	19,397,854
Amortization - intangibles	375,002	497,903
	<u>(6,634,714)</u>	<u>12,239,049</u>
	15,164,408	27,264,152
Cash flows before movements in working capital		
(Increase)/ decrease in operating assets		
Musharika, morabaha and other finance	90,162	3,334,181
Diminishing musharika	22,328,561	(10,339,402)
Ijarah rentals receivable	284,183	(1,389,417)
Receivable against sale of shares - net	(10,222,943)	-
Advances, prepayments and other receivables	<u>(1,496,944)</u>	<u>1,812,752</u>
	10,983,019	(6,581,886)
Increase/ (decrease) in operating liabilities		
Ijarah deposits	<u>(4,625,090)</u>	<u>(2,600,013)</u>
Accrued and other liabilities	<u>4,889,444</u>	<u>515,993</u>
	<u>264,354</u>	<u>(2,084,020)</u>
Cash used in operations	26,411,781	18,598,246
Income tax paid	-	(149,369)
Net cash used in operating activities	<u>26,411,781</u>	<u>18,448,877</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	2,031,264	1,851,571
Investments (purchased)/ encashed - net	68,490,790	(39,486,782)
Proceeds from disposal - own use assets	-	2,157,500
Proceeds from disposal - ijarah assets	13,367,872	8,147,980
Purchase of own use assets	(12,500)	(42,000)
Purchase of ijarah assets	(30,000,000)	(5,615,000)
Long term deposit received	-	1,795,487
Net cash (used in)/ generated from investing activities	<u>53,877,426</u>	<u>(31,191,244)</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit distribution and net cash used in financing activities	<u>(403,441)</u>	<u>(17,441,097)</u>
Net (decrease) / increase in cash and cash equivalents (A+B+C)	79,885,766	(30,183,464)
Cash and cash equivalents at July 1	<u>190,144,619</u>	<u>224,519,535</u>
Cash and cash equivalents at March 31	<u>270,030,385</u>	<u>194,336,071</u>

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

  
CHIEF EXECUTIVE

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

  
DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)


For the Period Ended March 31, 2015

	Reserves				Total
	Certificate capital	Capital Statutory Reserve	Revenue Unrealized gain / (loss) on available for sale investments	Accumulated loss	
Balance at July 1, 2013	872,176,600	138,650,648	(491,939,769)	(495,150,687)	515,676,561
Comprehensive income	-	-	7,761,575	7,761,575	7,761,575
Profit for the half year ended December 31, 2013	-	-	-	-	-
Other comprehensive income for the half year ended December 31, 2013	-	-	(20,060,062)	(20,060,062)	(20,060,062)
Total comprehensive income for the half year ended December 31, 2013	-	-	(20,060,062)	(20,060,062)	(20,060,062)
Transfer to statutory reserve	-	-	(504,236,256)	(507,449,174)	(507,449,174)
Distribution @ 2.3 % declared for the year ended June 30, 2013	-	-	-	-	-
Balance at June 30, 2013	872,176,600	138,650,648	(3,210,918)	(3,210,918)	503,376,074
Profit for the half year ended June 30, 2014	-	-	7,761,575	7,761,575	7,761,575
Other comprehensive income for the half year ended June 30, 2014	-	-	(80,024,103)	(80,024,103)	(80,024,103)
Total comprehensive income for the half year ended June 30, 2014	-	-	(80,024,103)	(80,024,103)	(80,389,523)
Transfer to statutory reserve	-	-	(365,420)	(365,420)	(365,420)
Balance at June 30, 2014	872,176,600	138,650,648	(3,576,338)	(584,262,359)	422,988,551
Profit for the period ended March 31, 2015	-	-	21,799,122	21,799,122	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	618,890	618,890
Transfer to statutory reserve	-	-	618,890	618,890	618,890
Balance at March 31, 2015	872,176,600	138,650,648	(2,957,448)	(562,463,237)	445,406,563

\*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)  
  
DIRECTOR

  
DIRECTOR

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
For the Period Ended March 31, 2015

**1 LEGAL STATUS AND NATURE OF BUSINESS**

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

1.2 The registered office of First Prudential Modaraba is situated at 8-C, Block 6, PECHS, Shahrah-e-Faisal, Karachi. The Modaraba is listed on Karachi, Lahore and Islamabad 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**

These condensed interim financial statements comprise of condensed interim balance sheet, condensed interim profit and loss, condensed interim cash flow statement and condensed interim statement of changes in equity together with selected explanatory notes forming part thereof. The disclosures made in These condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. It does not include all the information and disclosures made in the annual published audited financial statements and should be read in conjunction with the annual audited financial statements of the Modaraba for the year ended June 30, 2014.

**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.

Note	UNAUDITED	AUDITED
	March 31 2014 Rupees	June 30 2014 Rupees

**4 CASH AND BANK BALANCES**

Cash in hand	10,000	6,399
Cash at banks		
Current accounts	8,984,419	187,431,407
Saving accounts	261,035,966	2,706,813
	<u>270,020,385</u>	<u>190,138,220</u>
	<u>270,030,385</u>	<u>190,144,619</u>

4.1 Effective mark-up rate in respect of PLS accounts ranges from 4.25% to 8.85% per annum (Jun 2014: 3.5% to 8.85% ) per annum.

**5. INVESTMENTS**

Loans and receivables		
Receivable against TDR - considered good	702,761	1,035,824
Held for trading at fair value through profit or loss - quoted securities	19,849,544	79,788,636
	<u>20,552,305</u>	<u>80,824,460</u>

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

	March 31, 2015	June 30, 2014	Name of Investee Company/Modaraba	March 31, 2015	June 30, 2014
			Oil & gas exploration companies		
	-	31,000	Attock Refinery Limited	-	6,580,990
	33,000	22,000	National Refinery Limited	6,299,700	4,738,140
	-	7,000	Pakistan State Oil Company Limited	-	2,721,950
	-	37,200	Pakistan Petroleum Limited	-	8,345,448
	-	15,600	Shell Pakistan Limited	-	4,309,968
			Commercial Banks		
	90,000	-	Bankislami Pakistan Limited	811,800	-
			Chemicals		
	-	100,000	Fauji Fertilizer Company Limited	-	11,225,000
	-	100,000	Lotte Chemical Pakistan Limited	-	719,000
			Construction and materials (Cement)		
	-	355,000	Fauji Cement Company Limited	-	6,830,200
	20,000	17,500	D.G. Khan Cement Company Limited	2,236,000	1,539,300
	-	15,000	Cherat Cement Company Limited	-	981,900
	-	5,000	Maple Leaf Cement Factory Limited	-	150,250
			Automobile & Parts		
	-	35,000	General Tyre and Rubber Company of Pakistan Limited	-	2,826,250
			Food Producers		
	-	117,500	Engro Foods Limited	-	12,047,275
			Household goods		
	-	72,000	Tariq Glass Industries Limited	-	2,260,800
			Personal goods		
	525	525	Nishat Mills Limited	53,645	58,758
			Electricity		
	115,000	183,000	The Hub Power Company Limited	9,818,700	10,749,420
	5,000	125,000	Pak Gen Power Limited	139,500	2,255,000
			Multiutilities (Gas and Water)		
	1,495	1,495	Sui Northern Gas Pipeline Limited	34,549	33,862
			Technology Hardware and Equipment		
	65,000	-	TPL Trakker Limited	455,650	-
			Equity Investment Instruments		
	-	25,000	First Habib Modaraba (Face value of certificate Rs.5/- each)	-	243,750
			Software & Computer Services		
	-	40,000	NetSol Technologies Limited	-	1,168,800
			Suspended/ Delisted Companies		
	348	348	Hussain Industries Limited	-	2,575
	360,000	360,000	Zeal-Pak Cement Factory Limited	-	-
	<u>690,368</u>	<u>1,665,168</u>		<u>19,849,544</u>	<u>79,788,636</u>

## First Prudential Modaraba

	Note	UNAUDITED March 31 2015 Rupees	AUDITED June 30 2014 Rupees
5.2 Unrealised (loss) / gain on investments - held for trading at fair value through profit or loss			
Weighted average cost of investments		17,649,315	83,043,827
Changes in fair value for the year		(2,200,229)	(3,255,191)
Market value of investments	5.1	<u>19,849,544</u>	<u>79,788,636</u>
6 MUSHARIKA, MORABAHA AND OTHER FINANCE			
Musharika and morabaha finance	6.1	-	-
Other finance - unsecured	6.2	-	-
6.1 Musharika and morabaha finance			
Musharika finance - unsecured			
Principal		105,172,201	105,172,201
Profit		45,238,105	45,238,105
		150,410,306	150,410,306
Morabaha finance - secured			
Principal		85,360,008	85,408,423
Profit		121,045,092	121,086,839
		206,405,100	206,495,262
Less: Provision for doubtful receivable			
Musharika finance - unsecured		(150,410,306)	(150,410,306)
Morabaha finance - secured		(206,405,100)	(206,495,262)
		<u>(356,815,406)</u>	<u>(356,905,568)</u>
6.2 Other finance - unsecured			
Other finance - unsecured		11,002,281	11,002,281
Provision against doubtful amounts		(11,002,281)	(11,002,281)
		<u>-</u>	<u>-</u>

## 7 CONTINGENCIES & COMMITMENTS

There were no contingencies & commitments at at March 31, 2015

## 8 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.

## 9 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: -

## First Prudential Modaraba

Relationship with Modaraba	Nature of Transactions	Un-Audited March 31, 2015 Rupees	Un-Audited March 31, 2014 Rupees
* Modaraba management company	Management fee	2,179,912	862,431
	Dividend paid	-	2,419,877
Provident fund	Contribution made	106,952	170,330


\* Corresponding period figures represents amounts pertains to previous management company.

## 10 DATE OF AUTHORISATION OF ISSUE

These condensed interim financial statements have been authorised for issue on July 13, 2015, 2015 by the Board of Directors of the KASB Invest (Private) Limited.

## 11 FIGURES

Figures have been rounded off to the nearest Rupee.

  
CHIEF EXECUTIVE

For KASB Invest (Private) Limited  
(Management Company)

  
DIRECTOR

  
DIRECTOR

# **FIRST PRUDENTIAL MODARABA**

**Quarterly Accounts  
March 31, 2015  
(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 :  
**KASB Invest (Private) Limited**