

FIRST PRUDENTIAL MODARABA

**Quarterly Accounts
September 30, 2014
(Un-Audited)**

If undelivered please return to :

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

Managed by :
KASB Invest (Private) Limited

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 first quarterly report together with unaudited condensed Interim Financial Statements, for the period ended September 30, 2014.

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)	
	September 30	
Quarter ended	2014	2013
Total Income from Operations	16.69	14.79
Operating Expenses	(8.29)	(10.86)
Unrealized Gain / (Loss) on re-measurement of Investment	(1.59)	(1.52)
Reversal of impairment losses/provisions against doubtful receivables	1.09	-
Operating Profit	8.40	3.93
Management Company fee	(0.71)	
Net Profit/(Loss) for the period	7.07	2.40
Earning per Modaraba Certificate (Re.)	0.08	0.03

REVIEW OF OPERATIONS:

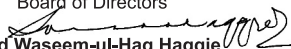
During the quarter ended on 30th September 2014, the overall operating performance of First Prudential Modaraba reflects that gross operating Income increased by 13% and reached to Rs. 16.69 Million as against Rs. 14.79 Million during the corresponding period. On the expenditure side there is significant decrease of 24%. The Net Profit of the Modaraba increased by 194% to Rs. 7.07 Million from a profit of Rs. 2.40 Million in the corresponding period. During the period under review, the earning for the half year is Re. 0.08 per certificate showing an increase of 166%.

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 SEPTEMBER 30, 2014

	Note	September 30 2014 Rupees	June 30 2014 Rupees
ASSETS			
Current Assets			
Cash and bank balances	4	198,399,852	190,144,619
Investments	5	80,421,601	80,824,460
Musharika, morabaha and other finance	6	-	-
Diminishing musharika		35,415,141	31,553,643
Ijarah rentals receivable		2,416,089	1,569,362
Receivable against sale of shares - net		(6,789,243)	6,666,393
Advances, prepayments and other receivables		16,938,591	15,427,549
Total Current Assets		326,802,031	326,186,026
Non - Current Assets			
Long term investments		19,188,377	14,188,377
Long term portion of diminishing musharika		49,387,117	55,770,669
Long term deposits		66,192	66,192
Loan and receivables		-	-
Intangible assets		416,716	541,716
Property and equipment - owned		22,143,381	22,525,317
Property, plant and equipment -Ijarah		59,476,420	38,204,179
Investment property		27,080,000	27,080,000
Total Non - Current Assets		177,758,203	158,376,450
TOTAL ASSETS		504,560,234	484,562,476
LIABILITIES			
Current Liabilities			
Ijarah deposits		2,867,000	26,831,162
Accrued and other liabilities		13,956,914	5,441,098
Unclaimed profit distribution		25,086,871	25,282,315
Total Current Liabilities		41,910,785	57,554,575
Non - Current Liabilities			
Long term portion of ijarah deposits		32,583,512	4,019,350
TOTAL LIABILITIES		74,494,297	61,573,925
NET ASSETS		430,065,937	422,988,551
REPRESENTED BY			
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		(580,761,311)	(587,838,697)
		430,065,937	422,988,551
Contingencies & Commitments	7		

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

For KASB Invest (Private) Limited
(Management Company)


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	Note	July 1, 2014 to September 30, 2014 Rupees	July 1, 2013 to September 30, 2013 Rupees
INCOME			
Ijarah rentals earned		3,437,690	6,566,909
Return on deposits with bank		3,879,510	4,240,103
Income on diminishing musharika		2,942,114	1,882,337
Capital gain on sale of investments		5,196,972	1,650,174
Dividend		1,038,390	414,730
Rental income from investment property		60,000	-
Other (loss)/ income		130,995	32,500
		16,685,671	14,786,753
Unrealised (loss)/ gain on investments - held for trading at fair value through profit or loss		(1,593,053)	(1,521,168)
Gain arising on changes in fair value of investment properties			
Reversal/ provisions and impairment losses against doubtful receivables - net		1,088,337	-
		16,180,955	13,265,585
EXPENDITURE			
Depreciation on ijarah assets		(3,743,622)	(6,847,357)
Administrative expenses		(4,379,609)	(4,005,466)
Workers welfare fund		(141,548)	-
Bank and other charges		(24,890)	(8,246)
		(8,289,669)	(10,861,069)
Profit for the year		7,891,286	2,404,516
Modaraba company's management fee		(707,739)	-
Sales tax on management fee		(106,161)	-
Profit before taxation		7,077,386	2,404,516
Provision for taxation	8	-	-
Profit after taxation		7,077,386	2,404,516
Other comprehensive income		-	-
Total comprehensive income for the year		7,077,386	2,404,516
Earnings per certificate		0.08	0.03

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

For KASB Invest (Private) Limited
(Management Company)


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	September 30 2014 Rupees	September 30 2013 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,077,386	2,404,516
Adjustments for non-cash changes and other items:		
Dividend income	(1,038,390)	(414,730)
Unrealised (gain)/ loss on changes in fair value of held for trading investments - at fair value through profit and loss	1,593,053	1,521,168
Reversal / (provisions and impairment losses) against doubtful receivables-net	(1,088,337)	-
Unrealised gain on remeasurement of investment property		
Capital gain on sale of investments	(5,196,972)	(1,650,174)
Loss/ (Gain) on disposal-ijarah assets	(5,995)	-
Depreciation-own use assets	381,936	962,471
Depreciation on ijarah assets	3,743,622	6,847,357
Amortization - intangibles	125,000	165,968
	<u>(1,486,083)</u>	<u>7,432,060</u>
	5,591,303	9,836,576
Cash flows before movements in working capital		
(Increase)/ decrease in operating assets		
Musharika, morabaha and other finance	-	-
Diminishing musharika	2,522,054	(18,088,328)
Ijarah rentals receivable	(846,727)	(913,032)
Receivable against sale of shares - net	13,455,636	-
Advances, prepayments and other receivables	(976,552)	(375,622)
	<u>14,154,411</u>	<u>(19,376,982)</u>
Increase/ (decrease) in operating liabilities		
Ijarah deposits	4,600,000	1,500,000
Accrued and other liabilities	8,515,816	(506,357)
	<u>13,115,816</u>	<u>993,643</u>
Cash used in operations	32,861,530	(8,546,763)
Income tax paid	-	-
Net cash used in operating activities	<u>32,861,530</u>	<u>(8,546,763)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	503,900	414,730
Investments (purchased)/ encashed - net	(993,222)	3,509,672
Proceeds from disposal - own use assets	-	-
Proceeds from disposal - ijarah assets	1,078,469	-
Purchase of own use assets	-	(174,470)
Purchase of ijarah assets	(25,000,000)	(5,000,176)
Purchase of intangible assets	-	-
Long term deposit received/ (paid)	-	(46,300)
Net cash (used in)/ generated from investing activities	<u>(24,410,853)</u>	<u>(1,296,544)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Profit distribution and net cash used in financing activities	(195,444)	-
Net (decrease) / increase in cash and cash equivalents (A+B+C)	8,255,233	(9,843,307)
Cash and cash equivalents at July 1	190,144,619	224,519,535
Cash and cash equivalents at September 30	<u>198,399,852</u>	<u>214,676,228</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 SEPTEMBER 30, 2014

	Reserves				Total
	Capital *Statutory reserves	Unrealized gain/ (loss) on available for sale investmentsRupees.....	Revenue Accumulated loss	Sub Total	
Balance at July 1, 2013	872,176,600	138,650,648	(3,210,918)	(491,939,769)	515,676,561
Comprehensive income	-	-	-	(72,262,528)	(72,262,528)
Profit for the year ended June 30, 2014	-	(365,420)	-	(365,420)	(365,420)
Other comprehensive income for the year ended June 30, 2014	-	(365,420)	(72,262,528)	(72,627,948)	(72,627,948)
Total comprehensive income for the year ended June 30, 2014	-	(365,420)	(72,262,528)	(72,627,948)	(72,627,948)
Transfer to statutory reserve	-	-	-	(20,060,062)	(20,060,062)
Distribution @ 2.3 % declared for the year ended June 30, 2013	872,176,600	138,650,648	(3,576,338)	(587,838,697)	422,988,551
Profit for the quarter ended September 30, 2014	-	-	-	7,077,386	7,077,386
Other comprehensive income for the quarter ended September 30, 2014	-	-	-	7,077,386	7,077,386
Total comprehensive income for the quarter ended September 30, 2014	872,176,600	138,650,648	(3,576,338)	(577,184,973)	430,065,937
Balance at September 30, 2014					

Balance at July 1, 2013
Comprehensive income
Profit for the year ended June 30, 2014
Other comprehensive income for the year ended June 30, 2014
Total comprehensive income for the year ended June 30, 2014
Transfer to statutory reserve
Distribution @ 2.3 % declared for the year ended June 30, 2013

Profit for the quarter ended September 30, 2014
Other comprehensive income for the quarter ended September 30, 2014
Total comprehensive income for the quarter ended September 30, 2014
Balance at September 30, 2014

*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.

For KASB Invest (Private) Limited
(Management Company)


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2014**

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 condensed interim 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	Un-audited September 30, 2014 Rupees	Audited June 30, 2014 Rupees
4 CASH AND BANK BALANCES			
Cash in hand		15,000	6,399
Cash at banks			
Current accounts		9,192,556	187,431,407
Saving accounts	4.1	189,192,296	2,706,813
		<u>198,384,852</u>	<u>190,138,220</u>
		<u>198,399,852</u>	<u>190,144,619</u>

4.1 Effective mark-up rate in respect of PLS accounts ranges from 4.5% to 8.85% per annum (Jun 2014: 3.5% to 8.85%) per annum.

Note	Un-audited September 30, 2014 Rupees	Audited June 30, 2014 Rupees
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	5.1	
	<u>79,718,840</u>	<u>79,788,636</u>
	<u>80,421,601</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.

Un-Audited September 30, 2014	Audited June 30, 2014	Name of investee company/ modaraba	Un-Audited September 30, 2014	Audited June 30, 2014
Number of shares/ certificates				
48,500	31,000	Oil & gas exploration companies		
38,500	22,000	Attock Refinery Limited	9,936,680	6,580,990
16,000	7,000	National Refinery Limited	7,471,695	4,738,140
-	37,200	Pakistan State Oil Company Limited	5,767,200	2,721,950
42,000	15,600	Pakistan Petroleum Limited	-	8,345,448
13,600	-	Shell Pakistan Limited	11,493,300	4,309,968
8,000	-	Oil and Gas Development Company Limited	3,360,016	-
		Mari Petroleum Company Limited	3,486,160	-
		Chemicals		
-	100,000	Fauji Fertilizer Company Limited	-	11,225,000
100,000	100,000	Lotte Chemical Pakistan Limited	680,000	719,000
		Construction and materials (Cement)		
405,000	355,000	Fauji Cement Company Limited	7,893,450	6,830,200
96,500	17,500	D.G. Khan Cement Company Limited	7,691,050	1,539,300
40,000	15,000	Cherat Cement Company Limited	2,095,200	981,900
15,000	5,000	Maple Leaf Cement Factory Limited	407,850	150,250
		Automobile & Parts		
		General Tyre and Rubber Company of Pakistan Limited		2,826,250
		Food Producers		
		Engro Foods Limited		12,047,275
		Household goods		
100,000	72,000	Tariq Glass Industries Limited	3,020,000	2,260,800
		Personal goods		
525	525	Nishat Mills Limited	62,475	58,758
		Electricity		
165,000	183,000	The Hub Power Company Limited	10,556,700	10,749,420
125,000	125,000	Pak Gen Power Limited	2,261,250	2,255,000

First Prudential Modaraba

Un-Audited September 30, 2014	Audited June 30, 2014	Name of investee company/ modaraba	Un-Audited September 30, 2014	Audited June 30, 2014
Number of shares/ certificates				
1,495	1,495	Multiutilities (Gas and Water) Sui Northern Gas Pipeline Limited	31,814	33,862
90,000	-	Technology Hardware and Equipment Avanceon Limited	2,386,800	-
-	25,000	Equity Investment Instruments First Habib Modaraba (Face value of certificate Rs.5/- each)	-	243,750
40,000	40,000	Software & Computer Services NetSol Technologies Limited	1,117,200	1,168,800
348	348	Suspended/ Delisted Companies Hussain Industries Limited	-	2,575
360,000	360,000	Zeal-Pak Cement Factory Limited	-	-
<u>1,705,468</u>	<u>1,665,168</u>		<u>79,718,840</u>	<u>79,788,636</u>

	Note	Un-audited September 30, 2014 Rupees	Audited June 30, 2014 Rupees
5.2			
Unrealised (loss) / gain on investments - held for trading at fair value through profit or loss			
		81,311,893	83,043,827
		(1,593,053)	(3,255,191)
		<u>79,718,840</u>	<u>79,788,636</u>
6			
MUSHARIKA, MORABAHA AND OTHER FINANCE			
	6.1	-	-
	6.2	-	-
		<u>-</u>	<u>-</u>
6.1			
Musharika and morabaha finance			
		105,172,201	105,172,201
		45,238,105	45,238,105
		<u>150,410,306</u>	<u>150,410,306</u>
		85,408,423	85,408,423
		121,086,839	121,086,839
		<u>206,495,262</u>	<u>206,495,262</u>
		(150,410,306)	(150,410,306)
		(206,495,262)	(206,495,262)
		<u>(356,905,568)</u>	<u>(356,905,568)</u>
		-	-
6.2			
Other finance - unsecured			
		11,002,281	11,002,281
		(11,002,281)	(11,002,281)
		<u>-</u>	<u>-</u>

First Prudential Modaraba

7 CONTINGENCIES & COMMITMENTS

There were no contingencies & commitments at at September 30, 2014

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: -

Relationship with Modaraba	Nature of Transactions	Un-audited September 30, 2014 Rupees	Audited June 30, 2014 Rupees
Modaraba management company	Management fee	707,739	-
Provident fund	Contribution made	35,649	60,366

10 DATE OF AUTHORISATION OF ISSUE

These condensed interim financial statements have been authorised for issue on July 13, 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

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