



**FIRST  
PRUDENTIAL  
MODARABA**

**Quarterly Accounts  
September 30, 2015  
(Un-Audited)**

If undelivered please return to :

**First Prudential Modaraba**

8-C, Block-6, PECHS, Ofc. Sharih-e-Faisal, Karachi.

Tel: 021-34398852-5, 021-34370141

Managed by :  
**KASB Invest (Private) Limited**

**CORPORATE INFORMATION**

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

**DIRECTORS' REPORT**

The Board of Directors of KASB Invest (Private) Limited (KIPL), the Management Company of First Prudential Modaraba is pleased to present the first quarterly report together with unaudited condensed Interim Financial Statements, for the period ended September 30, 2015.

**KEY OPERATING / FINANCIAL HIGHLIGHTS**

<b>Quarter ended</b>	<b>(Rupees in millions)</b>	
	<b>September 30</b>	
	<b>2015</b>	<b>2014</b>
Total Income from Operations	10.24	16.69
Operating Expenses	(7.74)	(8.29)
Unrealized Gain / (Loss) on re-measurement of Investment	(0.32)	(1.59)
Reversal of impairment losses/provisions against doubtful receivables	-	1.09
Operating Profit	2.50	8.40
Management Company fee	(0.25)	(0.71)
Net Profit/(Loss) for the period	2.53	7.07
Earning per Modaraba Certificate (Rs.)	0.03	0.08

**REVIEW OF OPERATIONS:**

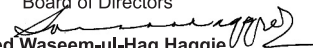
During the quarter ended on 30th September 2015, the Overall operating performance of First Prudential Modaraba reflects that gross operating Income of Rs. 10.24 million as against Rs. 16.69 million during the corresponding period. The Net Profit of the Modaraba was Rs. 2.53 million as compare to Rs. 7.07 Million in the corresponding period. During the period under review, the earning for the first quarter was Re. 0.03 per certificate . The decrease in revenue is mainly because the focus of the new management mainly remained on cleaning and correcting the books from long outstanding receivables with no collateral or insufficient collateral. Further, there are defaulted clients with no records or incomplete records, which also hit the capital of the Modaraba when it came to screening for recovery.

**FUTURE OUTLOOK:**

Our business strategy & approach are sound with a focus to enhance Shariah Compliant business. We are looking to enter into Agri business with long term profit prospects. The management is considering for a possibility of merging a Modaraba with and into KASB Modaraba for an efficient utilization of financial and human resources and also for achieving economies of scale. If materialized, this would enhance the capital and liquidity base of the Modaraba as well.

**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: October 30, 2015

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT SEPTEMBER 30, 2015

	Note	(Un-Audited) September 30 2015 Rupees	(Audited) June 30 2015 Rupees
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and bank balances	5	291,698,051	315,062,081
Investments	6	9,476,585	9,893,503
Musharika, morabaha and other finance	7	-	-
Diminishing musharika		81,992,191	29,672,069
Ijarah rentals receivable		1,067,209	1,011,291
Advances, prepayments and other receivables		16,586,896	15,895,384
<b>Total Current Assets</b>		<b>400,820,932</b>	<b>371,534,328</b>
<b>Non - Current Assets</b>			
Long term investments		20,367,033	20,553,052
Long term portion of diminishing musharika		6,371,370	29,351,232
Long term deposits		66,192	66,192
Intangible assets		-	41,713
Property and equipment - owned	8	20,982,651	21,118,286
Property, plant and equipment -Ijarah	9	36,915,601	42,755,944
Investment property		26,550,000	26,550,000
<b>Total Non - Current Assets</b>		<b>111,252,847</b>	<b>140,436,419</b>
<b>TOTAL ASSETS</b>		<b>512,073,779</b>	<b>511,970,747</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Ijarah deposits		13,270,424	17,360,122
Accrued and other liabilities		14,444,689	12,597,394
Unclaimed profit distribution		24,884,016	24,884,016
<b>Total Current Liabilities</b>		<b>52,599,129</b>	<b>54,841,532</b>
<b>Non - Current Liabilities</b>			
Long term portion of ijarah deposits		6,183,000	6,183,000
<b>TOTAL LIABILITIES</b>		<b>58,782,129</b>	<b>61,024,532</b>
<b>NET ASSETS</b>		<b>453,291,650</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		144,590,220	144,083,929
Accumulated loss		(563,475,170)	(565,314,314)
		<b>453,291,650</b>	<b>450,946,215</b>

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 PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

	Note	July 1, 2015 to September 30, 2015 Rupees	July 1, 2014 to September 30, 2014 Rupees
<b>INCOME</b>			
Ijarah rentals earned		2,151,097	3,437,690
Return on deposits with bank		4,255,585	3,879,510
Income on diminishing musharika		2,454,441	2,942,114
Capital gain on sale of investments		186,575	5,196,972
Dividend		437,250	1,038,390
Rental income from investment property		50,000	60,000
Other income		708,000	130,995
		<b>10,242,948</b>	<b>16,685,671</b>
Unrealised (loss)/ gain on investments - held for trading at fair value through profit or loss		317,482	(1,593,053)
Reversal/ provisions and impairment losses against doubtful receivables - net		-	1,088,337
		<b>10,560,430</b>	<b>16,180,955</b>
<b>EXPENDITURE</b>			
Depreciation on ijarah assets		(1,750,642)	(3,743,622)
Administrative expenses		(5,921,956)	(4,379,609)
Workers welfare fund		(50,629)	(141,548)
Bank and other charges		(14,632)	(24,890)
		<b>(7,737,859)</b>	<b>(8,289,669)</b>
<b>Profit for the year</b>		<b>2,822,571</b>	<b>7,891,286</b>
Modaraba company's management fee		(253,145)	(707,739)
Sales tax on management fee		(37,972)	(106,161)
<b>Profit before taxation</b>		<b>2,531,454</b>	<b>7,077,386</b>
Provision for taxation		-	-
<b>Profit after taxation</b>		<b>2,531,454</b>	<b>7,077,386</b>
Other comprehensive income			
Deficit on revaluation of investments available for sale		(186,019)	-
<b>Total comprehensive income for the year</b>		<b>2,345,435</b>	<b>7,077,386</b>
<b>Earnings per certificate</b>		<b>0.03</b>	<b>0.08</b>

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 CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

	September 30 2015 Rupees	September 30 2014 Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,531,454	7,077,386
Adjustments for non-cash changes and other items:		
Dividend income	(437,250)	(1,038,390)
Unrealised (gain)/ loss on changes in fair value of held for trading investments - at fair value through profit and loss	(317,482)	1,593,053
Reversal / (provisions and impairment losses) against doubtful receivables-net	-	(1,088,337)
Capital gain on sale of investments	(186,575)	(5,196,972)
Loss/ (Gain) on disposal-ijarah assets	-	(5,995)
Loss/ (Gain) on disposal-own use assets	(600,000)	-
Depreciation-own use assets	384,152	381,936
Depreciation on ijarah assets	1,750,642	3,743,622
Amortization - intangibles	41,713	125,000
	635,200	(1,486,083)
	3,166,654	5,591,303
Cash flows before movements in working capital (Increase)/ decrease in operating assets		
Diminishing musharika	(29,340,260)	2,522,054
Ijarah rentals receivable	(55,918)	(846,727)
Receivable against sale of shares - net	-	13,455,636
Advances, prepayments and other receivables	(691,512)	(976,552)
	(30,087,690)	14,154,411
Increase/ (decrease) in operating liabilities		
Ijarah deposits	(4,089,700)	4,600,000
Accrued and other liabilities	1,847,295	8,515,816
	(2,242,405)	13,115,816
Cash used in operations	(29,163,441)	32,861,530
Income tax paid	-	-
Net cash used in operating activities	(29,163,441)	32,861,530
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	437,250	503,900
Investments (purchased)/ encashed - net	920,976	(993,222)
Proceeds from disposal - own use assets	600,000	-
Proceeds from disposal - ijarah assets	4,089,700	1,078,469
Purchase of own use assets	(248,515)	-
Purchase of ijarah assets	-	(25,000,000)
Net cash (used in)/ generated from investing activities	5,799,411	(24,410,853)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit distribution and net cash used in financing activities	-	(195,444)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(23,364,030)	8,255,233
Cash and cash equivalents at beginning of the period	315,062,081	190,144,619
Cash and cash equivalents at end of the period	291,698,051	198,399,852

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 STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2015

	Reserves				Total
	Capital	Revenue	Accumulated	Sub Total	
	Certificate capital	Unrealized gain/ (loss) on available for sale investments	Revenue	Accumulated loss	
		.....Rupees.....			
Balance at July 1, 2014	872,176,600	138,650,648	(3,576,338)	(584,262,359)	422,988,551
Comprehensive income	-	-	7,077,386	-	7,077,386
Profit for the quarter ended September 30, 2014	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-
Balance at September 30, 2014	872,176,600	138,650,648	(3,576,338)	(580,761,311)	430,065,937
Balance at July 1, 2015	872,176,600	144,083,929	(2,785,079)	(562,529,235)	450,946,215
Comprehensive income	-	-	2,531,454	-	2,531,454
Profit for the quarter ended September 30, 2015	-	-	(186,019)	-	(186,019)
Other comprehensive income	-	-	-	-	-
Transfer to statutory reserve	-	506,291	-	(506,291)	-
Balance at September 30, 2015	872,176,600	144,590,220	(2,971,098)	(560,504,072)	453,291,650

Balance at July 1, 2014  
Comprehensive income  
Profit for the quarter ended September 30, 2014  
Other comprehensive income  
Transfer to statutory reserve  
Balance at September 30, 2014

Balance at July 1, 2015  
Comprehensive income  
Profit for the quarter ended September 30, 2015  
Other comprehensive income  
Transfer to statutory reserve  
Balance at September 30, 2015

\*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, 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 KASB Invest (Private) Limited 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

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.

	Note	Un-audited September 30, 2015 Rupees	Audited June 30, 2015 Rupees
5 CASH AND BANK BALANCES			
Cash in hand		10,000	10,000
Cash at banks			
Current accounts		8,986,605	8,978,754
Saving accounts	5.1	282,701,446	306,073,327
		<u>291,688,051</u>	<u>315,052,081</u>
		<u>291,698,051</u>	<u>315,062,081</u>

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

Note	Un-audited September 30, 2015 Rupees	Audited June 30, 2015 Rupees
6 INVESTMENTS		
Loans and receivables		
Receivable against TDR - considered good	702,490	702,490
Held for trading at fair value through profit or loss - quoted securities	8,774,095	9,191,013
6.1&6.2	<u>9,476,585</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.

	Un-Audited September 30, 2015	Audited June 30, 2015	Name of investee company/ modaraba	Un-Audited September 30, 2015	Audited June 30, 2015
			Number of shares/ certificates		
	90,000	162,000	Commercial Banks Bank Islami Pakistan Limited	864,900	1,652,400
	525	525	Personal goods Nishat Mills Limited	52,127	59,971
	79,500	79,500	Electricity The Hub Power Company Limited	7,810,080	7,438,815
	1,495	1,495	Multiutilities (Gas and Water) Sui Northern Gas Pipeline Limited	46,988	39,827
	<u>171,520</u>	<u>243,520</u>		<u>8,774,095</u>	<u>9,191,013</u>

	Un-audited September 30, 2015 Rupees	Audited June 30, 2015 Rupees
6.2 Unrealised (loss) / gain on investments - held for trading at fair value through profit or loss		
Weighted average cost of investments	8,456,613	6,671,095
Changes in fair value for the year	<u>317,482</u>	<u>2,519,918</u>
Market value of investments	<u>8,774,095</u>	<u>9,191,013</u>

	Un-audited September 30, 2015 Rupees	Audited June 30, 2015 Rupees
7 MUSHARIKA, MORABAHA AND OTHER FINANCE		
Musharika and morabaha finance		
- considered good	-	-
- considered doubtful	354,015,406	354,015,406
Less: Provision against doubtful amounts	<u>(354,015,406)</u>	<u>(354,015,406)</u>
	-	-

Note	Un-audited September 30, 2015 Rupees	Audited June 30, 2015 Rupees
Other finance - unsecured	-	-
- considered good	11,002,281	11,002,281
- considered doubtful	11,002,281	11,002,281
	(11,002,281)	(11,002,281)
Less: Provision against doubtful amounts	-	-
	-	-
	-	-
<b>8 PROPERTY AND EQUIPMENT - OWNED</b>		
Tangible assets	20,982,651	21,118,286
8.1 Details of addition / (disposal) during the period		
Addition		
- Furniture & Fixture	207,015	-
- Vehicle	41,500	-
	248,515	-
Disposal		
- Vehicle	1,090,576	-
	1,090,576	-
<b>9 PROPERTY PLANT AND EQUIPMENT - IJARAH</b>		
Addition	-	25,000,000
Deletion	4,089,700	1,078,469

#### 10 CONTINGENCIES & COMMITMENTS

##### Contingencies

The taxation officer while making assessment in respect of tax year 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 orders, which is pending.

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

#### 11 TAXATION

The income of the Modaraba is exempt from tax, provided that not less than 90% of their profits are distributed to the certificate holders. 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.

#### 12 RELATED PARTY TRANSACTIONS

Relationship with the Modaraba	Nature of Transactions	Un-audited September 30, 2015 Rupees	Un-audited September 30, 2014 Rupees
Modaraba Management Company	Management fee	253,145	707,739
Modaraba under common management	Sharing of common expenses	1,270,464	-
Provident Fund	Contribution made	48,702	35,649


#### 13 DATE OF AUTHORISATION OF ISSUE

These condensed interim financial statements have been authorised for issue on October 30, 2015 by the Board of Directors of the KASB Invest (Private) Limited.

#### 14 FIGURES

Figures have been rounded off to the nearest Rupee.

  
CHIEF EXECUTIVE

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

  
DIRECTOR