



FIRST

PRUDENTIAL

MODARABA

**HALF YEARLY REPORT
FOR THE PERIOD ENDED
DECEMBER 31, 2018 (UN-AUDITED)**

Managed by :

KASB Invest (Private) Limited

CORPORATE INFORMATION

Board of Directors

Muzaffar Ali Shah Bukhari
Farrukh S. Ansari
Amer Maqbool

Chairman
Director
Director/Chief Executive Officer

Chief Financial Officer

Aftab Afroz Mahmoodi

Company Secretary

Syed Shahid Owais

Auditor

RSM Avasi Hyder (Pvt.) Limited

Internal Auditor

EY Ford Rhodes

Audit Committee

Farrukh S. Ansari	Chairman
Muzaffar Ali Shah Bukhari	Member

Human Resource and Remuneration Committee

Farrukh S. Ansari	Chairman
Muzaffar Ali Shah Bukhari	Member
Amer Maqbool	Member

Certificate Transfer Office

C&K Management Associates (Pvt.) Limited
404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi – 75530
Phone : 021-35687839 - 021-35685930

Legal Advisor

1) Ahmed & Qazi , 2) S & B Durrani Law Associates

Shariah Advisor

Al-Hamad Shariah Advisory Services (Pvt) Limited

Registered Office & Head Office

19-C, Shahbaz Lane # 2, Phase VI,
Defence Housing Authority, Karachi
Phone: 021-35847921, 021-35847841

DHA Branch Office

16-C, Bukhari Towers,
Main Khayaban-e-Bukhari, Phase VI,
DHA, Karachi
Phone : 021-35171786-89

Lahore Branch Office

Office No. 318 3rd Floor,
Lahore Stock Exchange Building,
19 Khayaban-e-Awan-e-Iqbal,
Lahore.

Islamabad Branch Office

Basement, 90-91, Razia Sharif Plaza,
Jinnah Avenue, Blue Area, F-7,
Islamabad.
Phone: 051-2344422-24

www.firstprudentialmodaraba.com

DIRECTORS' REPORT

The Board of Directors of KASB Invest (Private) Limited, the Management Company of First Prudential Modaraba is pleased to present the half yearly unaudited financial statements of the Modaraba for the half year ended December 31, 2018.

FINANCIAL HIGHLIGHTS

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

BALANCE SHEET	December 31, 2018 Rs “000”	June 30, 2018 Rs “000”
Cash & Bank balance	60,332	45,039
Investments	17,112	24,274
Diminishing Musharaka Finance	197,542	218,473
Ijarah Assets	61,914	83,238
Total Assets	490,251	494,702
PROFIT & LOSS ACCOUNT	December 31, 2018 Rs “000”	December 31, 2017 Rs “000”
Gross Income	32,862	20,651
Operating & Financial Charges	(29,401)	(23,712)
Management Company Fee	(311)	Nil
Net Profit /(loss) for the period	3,110	(3,061)
Earning per Modaraba Certificate (Rupees)	0.04	(0.04)

OPERATIONS AND PERFORMANCE

By the grace of Almighty Allah, the half year ended December 31, 2018 ended successfully. The Modaraba registered net profit of Rs.3.1 million as compared to net loss of Rs.3.0 million for the corresponding period of the last year. Earning per certificate is Rs.0.04 as compared to negative earning of Rs.0.04 for the corresponding period of the last year.

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

FUTURE PROSPECTS

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

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.

**For & on behalf of the
Board of Directors**

-sd-

Chairman
Dated: February 22, 2019
Karachi

-sd-

Director

ڈائریکٹر رپورٹ

کے اے ایس بی انویسٹ (پرائیویٹ) لمیٹڈ مینجمنٹ کمپنی برائے فرسٹ پروڈنشل مضاربہ، کے بورڈ آف ڈائریکٹر انتہائی مسرت کے ساتھ مضاربہ کے 31 دسمبر 2018 کو اختتام پذیر ہونے والی ششماہی کا غیر آڈٹ شدہ مالیاتی گوشوارہ پیش کر رہا ہے۔

مالیاتی جھلکیاں

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

بیلنس شیٹ	31 دسمبر 2018 روپے ”...“ میں	30 جون 2018 روپے ”...“ میں
نقد اور بینک بیلنس	60,332	45,039
سرمایہ کاری	17,112	24,274
شرکت متناقصہ	197,542	218,473
اجارہ اثاثہ جات	61,914	83,238
مجموعی اثاثہ جات	490,251	494,702
نفع و نقصان کا حساب	31 دسمبر 2018 روپے ”...“ میں	31 دسمبر 2017 روپے ”...“ میں
مجموعی آمدنی	32,862	20,651
انتظامی و مالیاتی اخراجات	(29,401)	(23,712)
مینجمنٹ کمپنی فیس	(311)	(---)
خالص منافع برائے سہ ماہی	3,110	(3,061)
فی حصہ منافع (روپے)	0.04	(0.04)

انتظامی کارکردگی

اللہ تعالیٰ کے فضل و کرم سے فرسٹ پروڈنشل مضاربہ کی پہلی ششماہی کامیابی سے اختتام پذیر ہوئی۔ موجودہ مدت 3.1 ملین روپے کا خالص منافع ہوا جو کہ سال گزشتہ اسی مدت کے دوران 3.0 ملین روپے (نقصان) تھا۔ فی حصہ آمدنی 0.04 روپے رہی جو کہ اسی مدت میں سال گزشتہ منفی 0.04 روپے تھی۔ انتظامیہ مضاربہ کی انتظامی و مالیاتی ترقی اور

دیر پا استحکام کے لئے پُر عزم ہے۔ اور تمام اسٹیک ہولڈرز خصوصاً حصہ داروں کے لئے بہتر معاوضے کے لئے پُر امید ہے۔

مستقبل کے امکانات

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

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

اعتراف

بورڈ ریگولیٹری اتھارٹی، حصہ داروں، کسٹمرز اور بینکرز کی معاونت اور تعاون کو بہت سراہتا ہے اور مستقبل میں بھی ان کی معاونت اور مشورے کا منتظر رہے گا۔
ہم اللہ کے حضور آپ کے مضاربہ کی کامیابی کے لئے دُعا گو ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

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ڈائریکٹر

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چیئر مین

22 فروری 2019ء

کراچی

INDEPENDENT REPORT ON REVIEW OF
CONDENSED INTERIM FINANCIAL INFORMATION
TO THE CERTIFICATE HOLDERS OF FIRST PRUDENTIAL MODARABA

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

407, Progressive Plaza, Beaumont Road
Karachi, 75530 - Pakistan

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Introduction

We have reviewed the accompanying condensed interim balance sheet of FIRST PRUDENTIAL MODARABA as at December 31, 2018, the related condensed interim profit and loss account and condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period ended (here-in-after referred to as the "interim financial information"). Management of Modaraba Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." Review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at December 31, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures for the quarters ended December 31, 2018 and December 31, 2017 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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Adnan Chartered Accountants
Karachi
Dated:

Engagement Partner: Adnan Zaman

FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2018

		(Unaudited) December 31, 2018	(Audited) June 30, 2018
	Note	-----Rupees-----	
ASSETS			
Current assets			
Cash and bank balances	6	60,331,999	45,039,248
Investments	7	6,764,739	7,550,532
Musharika, morabaha and other finance	8	18,115,890	18,115,890
Current portion of diminishing musharika	9	98,569,954	92,979,031
Ijarah rentals receivable	10	1,398,515	279,176
Receivable against sale of agriculture produce	11	11,692,131	11,692,131
Advances, prepayments and other receivables	12	55,818,521	26,728,813
Tax refundable - considered good		12,913,879	12,913,879
Total current assets		265,605,628	215,298,700
Non - current assets			
Long term investments	13	10,347,133	16,724,294
Long term portion of diminishing musharika	9	98,971,813	125,494,123
Long term advances and deposits	14	529,120	408,178
Intangible assets	15	-	-
Property and equipment - own use	16	7,483,058	8,139,549
Property, plant and equipment - ijarah	17	61,913,788	83,238,064
Investment properties	18	45,400,000	45,400,000
Total Non - Current Assets		224,644,912	279,404,208
TOTAL ASSETS		490,250,540	494,702,908
LIABILITIES			
Current liabilities			
Current portion of ijarah deposits		2,394,450	6,732,550
Accrued and other liabilities		14,363,095	15,364,183
Unclaimed profit distribution		30,843,109	30,854,211
Total current liabilities		47,600,653	52,950,944
Non-current liabilities			
Long term portion of ijarah deposits		18,892,534	20,554,434
TOTAL LIABILITIES		66,493,187	73,505,378
NET ASSETS		423,757,352	421,197,530
Deficit on revaluation of invesments classified as 'available for sale'		(2,417,582)	(1,867,685)
REPRESENTED BY			
Authorized certificate capital			
87,217,660 modaraba certificates of rupees 10/- each		872,176,600	872,176,600
Issued, subscribed and paid-up certificate capital			
87,217,660 modaraba certificates of rupees 10/- each		872,176,600	872,176,600
Statutory reserves		151,904,868	151,282,924
Accumulated losses		(597,906,534)	(600,394,309)
		426,174,934	423,065,215
		423,757,352	421,197,530
Contingencies and commitments	19	-	-

The annexed notes from 1 to 24 an integral part of these condensed interim financial statements.

For KASB Invest (Private) Limited
(Management Company)

sd
CHIEF EXECUTIVE

sd
CHIEF FINANCIAL OFFICER

sd
DIRECTOR

sd
DIRECTOR

FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM PROFIT OR LOSS ACCOUNT AND CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Note	———— Rupees ————		———— Rupees ————	
INCOME				
Ijarah rentals earned	13,660,668	11,166,138	6,303,192	5,785,907
Return on deposits with bank	940,330	2,491,864	562,724	1,293,550
Income on diminishing musharika	13,730,972	11,075,466	6,795,839	5,264,236
Income on morabaha	1,173,207	1,080,000	583,398	540,000
Capital gain on sale of investments	795,292	-	734,844	-
Dividend income	247,600	409,744	25,000	210,994
Rental income from investment property	1,313,532	1,210,860	677,952	597,060
Other income	1,349,621	426,272	1,002,381	281,500
	<u>33,211,222</u>	<u>27,860,344</u>	<u>16,685,330</u>	<u>13,973,247</u>
Unrealized loss on investments - held for trading at fair value through profit or loss	(799,489)	(2,187,197)	(271,369)	(1,710,764)
Decrease in value of inventories held for sale - under morabaha arrangement	-	(5,022,341)	-	(5,022,341)
Reversal of provision against potential losses - net	450,527	-	-	-
	<u>32,862,260</u>	<u>20,650,806</u>	<u>16,413,961</u>	<u>7,240,142</u>
EXPENDITURE				
Depreciation on ijarah assets	(14,824,260)	(12,498,199)	(6,912,138)	(6,409,516)
Administrative expenses	(14,435,664)	(11,178,652)	(7,253,538)	(5,832,017)
Workers welfare fund	(62,194)	-	(38,985)	34,455
Bank and other charges	(79,025)	(35,323)	(39,772)	(15,293)
	<u>(29,401,143)</u>	<u>(23,712,174)</u>	<u>(14,244,433)</u>	<u>(12,222,371)</u>
Profit/ (loss) for the period	3,461,117	(3,061,368)	2,169,528	(4,982,229)
Modaraba company's management fee	20 (310,972)	-	(194,926)	-
Sales tax on management fee	(40,426)	-	(25,340)	-
Profit/ (loss) before taxation	3,109,718	(3,061,368)	1,949,261	(4,982,229)
Provision for taxation	21 -	-	-	-
Profit/(loss) after taxation	3,109,718	(3,061,368)	1,949,261	(4,982,229)
Other comprehensive income				
Items that will be reclassified				
subsequently to profit and loss account				
Reclassification on sale of 'available for sale' investment	(549,897)	-	-	-
Unrealized loss on remeasurement of investments classified as 'available for sale'	-	(153,378)	(549,897)	(264,401)
	<u>2,559,821</u>	<u>(3,214,747)</u>	<u>1,399,364</u>	<u>(5,246,631)</u>
Total comprehensive income for the period	2,559,821	(3,214,747)	1,399,364	(5,246,631)
Earning / (Loss) per certificate				
	0.04	(0.04)	0.02	(0.06)

The annexed notes from 1 to 24 an integral part of these condensed interim financial statements.

For KASB Invest (Private) Limited
(Management Company)

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CHIEF EXECUTIVE

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CHIEF FINANCIAL OFFICER

-sd-

DIRECTOR

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DIRECTOR

FIRST PRUDENTIAL MODARABA
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half year ended	
	December 31, 2018	December 31, 2017
	—Rupees—	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxation	3,109,718	(3,061,368)
Adjustments for non-cash changes and other items:		
-Dividend income	-	(409,744)
-Reclassification on sale of available for sale investment	(549,897)	-
-Unrealised loss on changes in fair value of held for trading investments - at fair value through profit and loss	799,489	2,187,197
-Impairment of inventories held for sale - under morabaha arrangement	-	5,022,341
-Gain on disposal-own assets	-	(13,500)
-Gain on disposal-ijarah assets	(213,037)	
-Depreciation-own use assets	656,491	164,768
-Depreciation on ijarah assets	14,824,260	12,498,199
	15,517,307	19,449,261
Cash flows before movements in working capital	18,627,025	16,387,893
(Increase) / decrease in operating assets		
-Musharika, morabaha and other finance	-	179,993
-Diminishing musharika	20,931,387	(4,066,661)
-Other assets	-	2,095,669
-Ijarah rentals receivable	(1,119,339)	116,610
-Advances, prepayments and other receivables	(28,939,960)	(1,916,347)
	(9,127,913)	(3,590,736)
(Decrease) / increase in operating liabilities		
-Ijarah deposits	(6,000,000)	3,449,999
-Accrued and other liabilities	(1,001,088)	(40,685)
	(7,001,088)	3,409,314
	2,498,024	16,206,470
-Income tax paid	(270,690)	(407,710)
Net cash generated from operating activities	2,227,334	15,798,761
B. CASH FLOWS FROM INVESTING ACTIVITIES		
-Dividend received	-	409,743
-Investments - net	6,363,464	702,489
-Purchase of own use assets	-	(2,709,655)
-Purchase of ijarah assets	-	(15,000,000)
-Proceeds from disposal of ijarah assets	6,713,053	-
-Proceeds from disposal - own use assets	-	13,500
Net cash generated from / (used in) investing activities	13,076,518	(16,583,923)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Profit distribution	(11,102)	(9,026,987)
Net cash used in financing activities	(11,102)	(9,026,987)
Net decrease in cash and cash equivalents (A+B+C)	15,292,751	(9,812,149)
Cash and cash equivalents at July 1	45,039,248	95,327,554
Cash and cash equivalents at December 31	60,331,999	85,515,405

For KASB Invest (Private) Limited
(Management Company)

-sd-
CHIEF EXECUTIVE

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CHIEF FINANCIAL OFFICER

-sd-
DIRECTOR

-sd-
DIRECTOR

FIRST PRUDENTIAL MODARABA

	Reserves						
	Capital	Revenue					
	Certificate capital	Statutory reserve	Sub total (a)	Unrealized gain/ (loss) on available for sale investments	Accumulated loss	Sub total (b)	Total (a + b)

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

The annexed notes from 1 to 24 an integral part of these condensed interim financial statements.

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

**FIRST PRUDENTIAL MODARABA
CONDENSED NOTES TO INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

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 (the Management Company) 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 19-C, Shahbaz Lane # 2, Phase VI, DHA, 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.
- 1.4 On February 21, 2018, the board of directors of the Management Company has decided to merge and amalgamate First Pak Modaraba with and into the Modaraba and the application has been filed to the Registrar Modaraba in this regard.

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 Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities & Exchange Commission of Pakistan (SECP). In case where requirements differ, the requirements of Modaraba Companies and Modaraba (Floatation & Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issues 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, 2017. The figures for the half year ended December 31, 2018 have been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.
- 2.3 This condensed interim financial statements comprises of the condensed interim balance sheet as at December 31, 2018 and the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and the notes forming part thereof for the half year ended December 31, 2017 which have been subjected to a review but not audited.
- 2.4 The comparative condensed balance sheet, presented in this condensed interim financial statements, as at June 30, 2018 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2018 whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year ended December 31, 2016 have been extracted from the condensed interim financial statements for the half year ended December 31, 2017 which were subjected to a review but not audited.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted for the preparation of this condensed interim financial statements are the same as those applied in preparing the financial statements of the Modaraba for the year ended June 30, 2018.
- 3.2 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2018 except those stated in note 3.2 (a) below.
- 3.3 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards
- 3.4 **Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards**
 - a) **New standards, amendments to approved accounting standards and interpretations that are effective during the six month and quarter ended December 31, 2018**

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the modaraba's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the modaraba's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

In addition to new standards IFRS 15 have become applicable to the modaraba effective July 1, 2018. Because of these new standards certain changes to the modaraba's accounting policies have been made in light of the following paragraphs:

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by these standard do not have any significant impact on these condensed interim financial statements of the modaraba.

- 3.5 **New standards, amendments to approved accounting standards and interpretations that are not yet effective**

There is a new standard, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the modaraba's annual accounting periods beginning on or after July 1, 2019. However, these will not have any significant impact on the financial reporting of the modaraba and, therefore, have not been disclosed in these condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES , JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of the condensed interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing the condensed interim financial statements, the significant judgments made by management in applying the Modaraba's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Modaraba as at and for the year ended June 30, 2018.

5. 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 fairvalue.

FIRST PRUDENTIAL MODARABA
CONDENCED NOTES TO INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

		Unaudited December 31, 2018	Audited June 30, 2018
	Note	-----Rupees-----	
6. CASH AND BANK BALANCES			
Cash in hand		10	100
Cash at banks			
Current accounts		13,449,952	13,461,054
Saving accounts	6.1	46,882,037	31,578,094
		60,331,989	45,039,148
		60,331,999	45,039,248

6.1 Effective mark-up rate in respect of saving accounts ranges from 20 % to 6.34 % per annum (Jun 2018: 1.95% to 6.00%)per annum.

7. INVESTMENTS

Held for trading at fair value through profit or loss - in quoted securities	7.1 & 7.2	6,764,739	7,550,532
Loan and receivables			
		6,764,739	7,550,532

7.1 Held for trading at fair value through profit or loss - in quoted securities

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

Unaudited December 31, 2018	Audited June 30, 2018		Unaudited December 31, 2018	Audited June 30, 2018
Number of Certificates / Shares / Units		Name of investee	-----Rupees-----	
		Personal Goods (Textile)		
525	525	Nishat Mills Limited	66,428	73,983
		Electricity		
69,500	79,500	The Hub Power Company Limited	5,962,405	7,326,720
		Multiutilities (Gas and Water)		
1,495	1,495	Sui Northern Gas Pipeline Limited	115,220	149,829
		Cement		
1,500	-	Kohat Cement Co. Ltd	127,410	-
		Engineering		
7,500	-	International Steel Ltd	493,275	-
		Suspended/ Delisted Companies		
348	348	Hussain Industries Limited	-	-
1,670,720	1,670,720	Prudential Stock Fund	-	-
360,000	360,000	Zeal-Pak Cement Factory Limited	-	-
2,111,588	2,112,588		6,764,739	7,550,532

**7.2 Unrealized gain on changes in fair value
of held for trading investments**

Weighted average cost of investments	7,564,228	9,641,627
Unrealized loss on changes in fair value of held for trading investments	(799,489)	(2,091,095)
Market value of investments	6,764,739	7,550,532

8. MUSHARIKA, MORABAHA AND OTHER FINANCE

Musharika and morabaha finance

- considered good	18,115,890	18,115,890
- considered doubtful	352,230,694	352,681,221
	370,346,584	370,797,111
Less: Provision against doubtful amounts	(352,230,694)	(352,681,221)
	18,115,890	18,115,890

Other finance - unsecured

- considered good	-	-
- considered doubtful	11,002,281	11,002,281
	11,002,281	11,002,281
Less: Provision against doubtful amounts	(11,002,281)	(11,002,281)
	-	-
	18,115,890	18,115,890

8.1 Movement in provision

	December 31, 2018			June 30, 2018		
	Principal	Profit	Total	Principal	Profit	Total
	----- Rupees -----					
Opening balance	189,800,678	162,880,543	352,681,221	178,574,997	162,880,543	341,455,540
Reversal of provision during the period / year	(450,527)	-	(450,527)	11,225,681	-	11,225,681
Closing balance	189,350,151	162,880,543	352,230,694	189,800,678	162,880,543	352,681,221

		Unaudited December 31, 2018	Audited June 30, 2018
		-----Rupees-----	
	Note	Rupees	Rupees
9. DIMINISHING MUSHARAKA			
Diminishing musharika			
Principal		196,648,885	217,864,249
Profit		892,882	608,905
		197,541,767	218,473,154
Less: long term portion of diminishing musharika		(98,971,813)	(125,494,123)
		98,569,954	92,979,031

9.1 These carry profit rate ranging from 10.13% to 18.00% (June 2018: 10.44% to 16.00%) per annum and are repayable on monthly basis over a maximum period of three years.

10. IJARAH RENTAL RECEIVABLE			
Considered good		1,398,515	279,176
Considered doubtful		49,083,826	49,083,826
		50,482,341	49,363,002
Less: Provision for doubtful receivables	10.1	(49,083,826)	(49,083,826)
		1,398,515	279,176
10.1 Movement in provision for doubtful receivables			
Opening balance		49,083,826	49,083,826
Charge during the period		-	-
Reversal during the period		-	-
Closing balance		49,083,826	49,083,826

11. RECEIVABLE AGAINST SALE OF AGRICULTURE PRODUCE - SECURED

Receivable against sale of agriculture produce	11.1	11,692,131	11,692,131
--	------	------------	------------

11.1 During financial year 2016 KASB Modaraba (KASBM) & First Prudential Modaraba (FPrM) entered into a joint project for crushing of banola seed and sale cake (Khal) in the market. M/s Pakistan Phutti International (Private) Limited (PPIPL) was engaged as seller & service provider responsible for sale of agriculture produce. Subsequently, natural cyclical shortage in productivity of cotton crop affected the availability of the banola seed and therefore the project was prudently discontinued by the management to safeguard the interest of the Modaraba. As per settlement agreement dated April 27, 2016, advance for purchase of banola seed was converted into ijarah finance (secured) leaving a balance of Rs. 27.81 million receivable against sale of agriculture produce. Receivable amount is secured against Registered Mortgage on Property of service provider. After continuous default of payment the management of Modaraba has filed recovery suits in the Banking courts which is pending adjudication. The management and the legal counsel are optimistic on favourable outcome of the

12. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Considered Good		Considered Doubtful		Total	
	December 31, 2018	June 30, 2018	December 31, 2018	June 30, 2018	December 31, 2018	June 30, 2018
<----- Rupees ----->						
Advance						
Income tax	4,189,654	3,918,964	-	-	4,189,654	3,918,964
To staff - Secured	330,600	361,581	1,814,000	1,814,000	2,144,600	2,175,581
Against purchase of assets	49,292,250	20,486,500	-	-	49,292,250	20,486,500
Deposits	-	180,000	-	-	-	180,000
Prepayments	763,749	932,820	-	-	763,749	932,820
Other receivables from						
Brokers on account						
- of sale of shares	-	-	65,619,559	65,619,559	65,619,559	65,619,559
- of advance for shares						
shares	12.1	-	18,432,273	18,432,273	18,432,273	18,432,273
A bank	12.2	-	10,241,347	10,241,347	10,241,347	10,241,347
Return on deposits with bank		195,800	-	-	195,800	240,706
Others		1,046,468	13,466,235	13,466,235	14,512,703	14,074,477
Sub total	55,818,521	26,728,813	109,573,414	109,573,414	165,391,935	136,302,227
Provision for doubtful receivables	12.3	-	(109,573,414)	(109,573,414)	(109,573,414)	(109,573,414)
		55,818,521	26,728,813	-	55,818,521	26,728,813

- 12.1** This amount includes Rs. 17,889,240/- paid as advance for purchase of securities to Prudential Securities Limited (PSL). Remaining amount of Rs. 543,03 blocked in CDC-sub account of the said broker against various shares.

Operations of PSL had been ceased by Karachi Stock Exchange Limited (KSE) and the Modarabahas filed a claim with the KSE of Rs. 18 million along with margin deposit of Rs. 3 million included in long term deposits.

- 12.2** This represents an unauthorised amount debited to Modaraba's account by a scheduled commercial bank on behalf of a party considered to be a group company. The Modaraba filed a suit for recovery under the Financial Institutions (Recovery of Finances) Ordinance, XLVI of 2001 which was decreed against the Modaraba only due to the reason that it was time-barred. Management filed an appeal in the Sindh High Court against the judgment of the Banking Court. The Sindh High Court has set aside the decree of the Banking Court with the direction that the Banking Court, in the first instance, shall decide the application for leave to defend moved by the Bank. The case is under process with the Banking Court.

		Unaudited December 31, 2018		Audited June 30, 2018	
		-----Rupees-----			
		Note			
12.3 Movement in provision for doubtful receivables					
Opening balance			109,573,414		109,573,414
Provision made			-		-
Reversal of provision			-		-
Closing balance			109,573,414		109,573,414
13. LONG TERM INVESTMENTS					
Available for sale					
Listed entity		13.1	-		6,377,161
Unlisted companies		13.2	10,347,133		10,347,133
			10,347,133		16,724,294
13.1 Listed entities					
Unaudited December 31, 2018		Audited June 30, 2017			
391,583		391,583		Meezan Balance Fund	
				Opening carrying value	
				6,377,161	
				7,002,512	
				Sale during the period	
				(6,377,161)	
				Unrealized loss	
				-	
				(625,351)	
				Closing carrying value	
				-	
				6,377,161	
13.2 Unlisted companies					
Number of Shares of Rs. 10 each					
1,107,244		1,107,244		Prudential Securities Limited (PSL)	
				Cost	
				4,173,707	
				Less: Impairment	
				(4,173,707)	
				-	
				-	
191,700		191,700		Prudential Discount and Guarantee House Limited	
				Cost	
				1,041,815	
				Less: Impairment	
				(1,041,815)	
				-	
				-	
843,975		843,975		LSE Financial Services Limited	
				Cost	
				12,764,715	
				Less: Fair value adjustment	
				(2,417,582)	
				10,347,133	
				10,347,133	
13.2.1 Movement of impairment					
Opening balance			5,215,522		5,215,522
Impairment charge during the period / year			-		-
Closing balance			5,215,522		5,215,522

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

13.2.2 This represent non-Shari'ahcompliant shares acquired againstthe surrenderof LahoreStock ExchangeLimited (LSE) membership card. Under the current circumstances the active market is not availablefor such shares as LSE has not listed yet, therefore the net asset valuebased valuationhas been considered as the closest estimate of the fair value of the shares. The Modarabahas recognizeda fair value adjustmentbased on latest availablefinancial informationof the investee company.

		December 31, 2018	June 30, 2018
	Note	-----Rupees-----	
14. LONG TERM ADVANCES & DEPOSITS			
Long term advances			
- Secured & interest free			
To executives - considered good		198,450	245,700
To employees - considered good		533,770	486,559
		732,220	732,259
Due within one year shown under current assets		(330,600)	(361,581)
		401,620	370,678
Long term deposits			
Margin deposit	12.1	3,000,000	3,000,000
Other deposits		127,500	37,500
		3,127,500	3,037,500
Less: Provision against doubtful amounts	10.3 & 12.2	(3,000,000)	(3,000,000)
		127,500	37,500
		529,120	408,178

15. INTANGIBLE ASSETS

PSX - Trading right entitlement certificate (TREC)	15.1	5,344,352	5,344,352
Impairment of TREC		(5,344,352)	(5,344,352)
		-	-

15.1 As per section 16 of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012, every TREC holder was required to register itself as a broker within two years of the date of demutualization i.e., by August 26, 2014, failure to which would've resulted in the lapse of TREC. The impairment was recorded as the Modaraba did not register itself as a broker before the expiry of the said date.

		Unaudited December 31, 2018	Audited June 30, 2018
	Note	-----Rupees-----	
16. PROPERTY AND EQUIPMENT - OWNED		7,483,058	8,139,549
16.1 Details of addition / (disposal) during the period			
Addition			
-Office Premises			3,100,000
-Furniture & Fixture		-	2,748,417
-Vehicle		-	2,709,655
		-	8,558,072
Disposal			
-Office Equipment		-	42,000
-Furniture & Fixture		-	7,940
		-	49,940
17. PROPERTY, PLANT AND EQUIPMENT - IJARAH		61,913,788	83,238,064

17.1 Details of addition / (disposal) during the period			
Addition			
-Plant & machinery		-	12,000,000
-Vehicle		-	25,990,500
		-	37,990,500
Disposal			
-Plant & machinery		-	3,500,000
-Vehicle		500,016	1,374,000
		500,016	4,874,000

		Unaudited December 31, 2018	Audited June 30, 2018
	Note	-----Rupees-----	
18. INVESTMENT PROPERTIES			
Opening balance	18.1	45,400,000	46,900,000
Addition		-	-
Deletion		-	(3,100,000)
Unrealized gain on measurement of investment property		-	1,600,000
Closing balance		<u>45,400,000</u>	<u>45,400,000</u>

18.1 These includes properties which are acquired by the Modaraba against settlement of Morahaba facility and from defaulted

19. CONTINGENCIES AND 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.

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

20. MODARABA COMPANY'S MANAGEMENT FEE

The management fee is calculated @ 10% on profit before tax.

21. 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.

22. RELATED PARTY TRANSACTIONS

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

		Unaudited December 31, 2018	Audited June 30, 2018
Relationship with Modaraba	Nature of Transactions	-----Rupees-----	
Balances with related parties			
Staff provident fund	Contribution made	-	-
Modaraba management company	Management fee	310,972	-
Modaraba under common management	Sharing of common expenses	2,482,559	-
		Unaudited December 31, 2018	Unaudited December 31, 2017
		-----Rupees-----	
Expense for the period			
Staff provident fund	Contribution made	92,972	92,972
Modaraba management company	Management fee	310,972	-
Modaraba under common management	Sharing of common expenses	2,482,559	2,731,305
Payments made during the period			
Staff provident fund	Contribution made	92,972	92,972
Modaraba management company	Management fee	-	832,792
Modaraba under common management	Sharing of common expenses	-	-

23. DATE OF AUTHORISATION OF ISSUE

This condensed interim financial statements have been authorized for issue on February 22, 2019 by the Board of Directors of the KASB Invest (Private) Limited.

24. GENERAL

Figures have been rounded off to the nearest Rupee.

SD	SD	SD	SD
ECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR	DIRECTOR



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