



FIRST PAK MODARABA

**HALF YEARLY REPORT
FOR THE PERIOD ENDED
DECEMBER 31, 2015 (UN-AUDITED)
(REVIEWED BY EXTERNAL AUDITORS)**

Managed by:

KASB Invest (Private) Limited

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First Pak Modaraba

8-C, Block-6, PECHS, Off. Sharah-e-Faisal, Karachi.

Tel: 021-34398852-5, 021-34370143

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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, 021-34370143	
Auditors	RSM Avais Hyder Liaquat Nauman Chartered Accountants	
Legal Advisor	Ahmed & Qazi Advocates	
Shariah Advisor	Mufti Muhammad Ibrahim Essa	
Bankers	Habib Bank Limited (Islamic Banking) Burj Bank Limited Al-Baraka Islamic Bank Faysal Bank Limited	
Share Registrar	F.D. Registrar Services (SMC-Pvt.) Limited Office # 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-74000. Tel: 35478192-93, 32271906.	

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DIRECTORS' REPORT

The Board of Directors of KASB Invest (Private) Limited, the Management Company of First Pak Modaraba is pleased to present unaudited condensed interim financial statements for the half year ended December 31, 2015 to the Certificate Holders.

FINANCIAL HIGHLIGHTS

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

	December 31, 2015 Rs "000"	June 2015 Rs "000"
BALANCE SHEET		
Diminishing Musharika	13,349	9,592
Investments	2,246	2,221
Total Assets	65,347	66,693
Net Assets	59,777	60,738
PROFIT & LOSS ACCOUNT		
Gross Income	2,646	4,156
Operating & Financial Charges	(2,458)	(2,603)
Operating Profit / Loss	187	1,553
Management Company Fee	(17)	(139)
Net Profit / Loss for the period	168	1,393
Earning per Modaraba Certificate (Rupees)	0.01	0.11

OPERATIONS AND PERFORMANCE

By the Grace of Allah, First Pak Modaraba has successfully completed its half year ended December 31, 2015. The period closed with net Profit of PKR. 0.17 million and earning per Certificate was PKR. 0.01. During the period the total income was PKR.2.65 million and the operating & financial charges were PKR.2.50 million.

The management is in the process of consolidating the assets of the Modaraba through rigorous recovery measures to pursue new profitable business avenues.

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

FUTURE PROSPECTS

Foreseeing growth prospects in the Pakistan's Capital markets and with a view to capitalizing on above average market returns on our funds, the Modaraba is planning to invest in sharia compliant stocks. This would include a mix of portfolio building and shorter term Capital Gains following the market trends. We are also looking for other secured avenues to generate more income in your Modaraba.


ACKNOWLEDGEMENT

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

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

Karachi.
Dated: February 26, 2016

For & on behalf of the
Board of Directors


Rashid K. Siddiqui
Chief Executive Officer



RSM Avais Hyder Liaquat Nauman
Chartered Accountants

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Karachi, 75530-Pakistan.
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INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction


We have reviewed the accompanying condensed interim balance sheet of **FIRST PAK MODARABA**(the Modaraba) as at December 31, 2015, the related condensed interim profit and loss account, 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." A 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, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



RSM Avais Hyder Liaquat Nauman
Chartered Accountants
Karachi

Dated: February 26, 2016

Engagement Partner: Adnan Zaman

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Avais Hyder Liaquat Nauman is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2015**

ASSETS	Note	(Unaudited) December 31 2015	(Audited) June 30, 2015
.....Rupees.....			
Current Assets			
Cash and Bank Balances	5	43,441,292	49,380,039
Investments	6	2,246,267	2,221,280
Current Portion of Diminishing Musharika	12	5,788,500	4,125,144
Morabaha finance	7	-	-
Ijarah rentals receivable	8	-	-
Advances, prepayments and other receivables	9	1,279,064	451,810
Tax refundable-considered good		4,929,854	4,929,854
Total Current Assets		<u>57,684,977</u>	<u>61,108,127</u>
Non-current Assets			
Property and equipment -Ijarah	10	-	-
Property and equipment - owned	11	56,266	72,901
Diminishing Musharika	12	7,560,479	5,466,546
Advances and deposits		45,750	45,750
Total Non-Current Assets		<u>7,662,495</u>	<u>5,585,197</u>
TOTAL ASSETS		<u>65,347,472</u>	<u>66,693,324</u>
LIABILITIES			
Current Liabilities			
Accrued and other liabilities		895,750	1,763,301
Unclaimed profit distribution		4,674,326	4,191,858
TOTAL LIABILITIES		<u>5,570,076</u>	<u>5,955,159</u>
NET ASSETS		<u>59,777,396</u>	<u>60,738,165</u>
REPRESENTED BY			
Certificate Holders' Equity			
Authorized certificate capital			
15,000,000 modaraba certificates of rupees 10/- each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up certificate capital			
12,540,000 modaraba certificates of rupees 10/- each		125,400,000	125,400,000
Statutory reserve		25,061,477	25,027,911
Accumulated loss		(90,684,081)	(89,689,746)
		<u>59,777,396</u>	<u>60,738,165</u>
Contingencies and commitments	13		

The annexed notes 1 to 17 form an integral part of this 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 HALF YEAR ENDED DECEMBER 31,2015**

Note	Half year ended December 31		Quarter ended December 31	
	2015	2014	2015	2014
 Rupees.....			
INCOME				
Return on bank deposits	1,397,704	1,715,184	705,010	918,929
Income on Diminishing Musharika	592,175	868,013	303,178	430,185
Gain on sale of investments	-	1,095,994	-	32,956
Dividend income	-	129,775	-	77,500
Other Income	630,653	93,776	630,653	93,776
	<u>2,620,532</u>	<u>3,902,742</u>	<u>1,638,841</u>	<u>1,553,346</u>
Unrealized gain on remeasurement of investments carried at fair value through profit and loss	24,987	253,006	62,141	470,739
	<u>2,645,519</u>	<u>4,155,748</u>	<u>1,700,982</u>	<u>2,024,085</u>
EXPENDITURE				
Administrative expenses	(2,455,031)	(2,575,139)	(1,625,489)	(1,886,510)
Workers welfare fund	(3,357)	(27,852)	(1,331)	(2,424)
	<u>(2,458,388)</u>	<u>(2,602,991)</u>	<u>(1,626,820)</u>	<u>(1,888,934)</u>
Modaraba company's management fee	187,131	1,552,757	74,162	135,151
Provision for sales tax on management fee	(16,783)	(139,261)	(6,651)	(12,121)
Profit before taxation	<u>(2,517)</u>	<u>(20,889)</u>	<u>(997)</u>	<u>(1,818)</u>
Provision for taxation	167,831	1,392,607	66,514	121,212
Profit after taxation	-	-	-	-
14	<u>167,831</u>	<u>1,392,607</u>	<u>66,514</u>	<u>121,212</u>
Other Comprehensive income				
	-	-	-	-
Total comprehensive income for the period	<u>167,831</u>	<u>1,392,607</u>	<u>66,514</u>	<u>121,212</u>
Earnings per certificate	<u>0.01</u>	<u>0.11</u>	<u>0.01</u>	<u>0.01</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial statements.


CHIEF EXECUTIVE

For KASB Invest (Private) Limited
(Management Company)


DIRECTOR


DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT(UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31,2015**

	Half Year Ended	
	December 31, 2015	December 31, 2014
Rupees.....	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	167,831	1,392,607
Adjustments for non-cash changes and other items:		
Gain on sale of investments	-	(1,095,994)
Gain on disposal of fixed assets-own	(325,000)	-
Dividend income	-	(129,775)
Unrealized gain on remeasurement of held for trading investments	(24,987)	(253,006)
Depreciation-own assets	20,435	20,138
	<u>(329,552)</u>	<u>(1,458,637)</u>
Cash flows before movements in working capital	<u>(161,721)</u>	<u>(66,030)</u>
(Increase) / decrease in operating assets		
Diminishing Musharika	(3,757,289)	419,094
Advances, prepayments and other receivables	(826,648)	3,265,298
	<u>(4,583,937)</u>	<u>3,684,392</u>
(Decrease) in operating liabilities		
Accrued and other liabilities	(867,551)	(1,280,026)
Cash (used in) / generated from operations	<u>(5,613,209)</u>	<u>2,338,336</u>
Income tax paid	(606)	(722)
Net cash (used in) / generated from operating activities	<u>(5,613,815)</u>	<u>2,337,614</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Sale proceeds from disposal of fixed assets-own	325,000	-
Dividend received	-	129,775
Investment proceeds - net	-	8,171,224
Purchase of own assets	(3,800)	(7,000)
Net cash generated from / (used in) investing activities	<u>321,200</u>	<u>8,293,999</u>

Half Year Ended
December 31, 2015 **December 31, 2014**
Rupees.....

C. CASH FLOWS FROM FINANCING ACTIVITIES

Profit distribution	(646,132)	(190,492)
Net cash used in financing activities	<u>(646,132)</u>	<u>(190,492)</u>
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(5,938,747)	10,441,121
Cash and cash equivalents at beginning of the period	49,380,039	31,488,537
Cash and cash equivalents at end of the period	<u><u>43,441,292</u></u>	<u><u>41,929,658</u></u>

The annexed notes 1 to 17 form an integral part of this 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 HALF YEAR ENDED DECEMBER 31, 2015

	Certificate capital	Statutory Reserve*	Accumulated Loss	Total
Balance as at July 01, 2014	125,400,000	24,716,601	(90,934,986)	59,181,615
Profit for the half year ended December 31, 2014	-	-	1,392,607	1,392,607
Transfer to Statutory Reserves	-	278,521	(278,521)	-
Balance as at December 31, 2014	<u>125,400,000</u>	<u>24,995,122</u>	<u>(89,820,900)</u>	<u>60,574,222</u>
Balance as at July 01, 2015	125,400,000	25,027,911	(89,689,746)	60,738,165
Profit for the half year ended December 31, 2015	-	-	167,831	167,831
Transfer to Statutory Reserves	-	33,566	(33,566)	-
Final dividend Re.0.09 per certificate for the year ended June 30, 2015	-	-	(1,128,600)	(1,128,600)
Balance as at December 31, 2015	<u><u>125,400,000</u></u>	<u><u>25,061,477</u></u>	<u><u>(90,684,081)</u></u>	<u><u>59,777,396</u></u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial statements.


 CHIEF EXECUTIVE

For KASB Invest (Private) Limited
 (Management Company)

 DIRECTOR


 DIRECTOR

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 First Pak 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 Royal Management Services (Pvt.) Limited. 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 Pak Modaraba effective from November 13, 2014.

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

1.3 The 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 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 informations 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, 2015.

2.2 This condensed interim financial statements are unaudited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements of the provisions of the Code of Corporate Governance and these condensed interim financial statements are being circulated to the certificate holders as required under the Modaraba Companies and Modaraba Rules, 1981.

3 SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING
ESTIMATES AND JUDGEMENTS

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, 2015.

3.2 Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Modaraba's operations and did not have any impact on the accounting policies of the Modaraba except where changes affected presentation and disclosures in this condensed interim financial statements.

4 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 / equity method.

Note	December 31, 2015 Un-audited (Rupees)	June 30, 2015 Audited (Rupees)
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5 CASH AND BANK BALANCES

	Cash in hand	2,550	4,750
	Cash at banks		
	Current accounts	1,022,663	538,134
5.1	Saving accounts	42,416,079	48,837,155
		43,438,742	49,375,289
		<u>43,441,292</u>	<u>49,380,039</u>

5.1 Effective mark-up rate in respect of saving accounts ranges from 3.00% to 6.05% (June 2015: 3.40% to 8.85%) per annum.

Note	December 31, 2015 Un-audited (Rupees)	June 30, 2015 Audited (Rupees)
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6 INVESTMENTS

6.1	Available for sale	-	-
6.2	Investments carried at fair value through profit or loss	2,246,267	2,221,280
		<u>2,246,267</u>	<u>2,221,280</u>

6.1 Available for sale

Fully paid ordinary shares of Rs. 10/- each

December 31, 2015 Un-audited	June 30, 2015 Audited	Name of Company	December 31, 2015 Un-audited (Rupees)	June 30, 2015 Audited (Rupees)
		Prudential Securities Limited		
487,500	487,500	Cost	4,875,000	4,875,000
		Less: Permanent Diminution	<u>(4,875,000)</u>	<u>(4,875,000)</u>
			<u>-</u>	<u>-</u>

6.2 Held for trading at fair value through profit or loss

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

December 31, 2015 Un-audited	June 30, 2015 Audited	Name of Company	December 31, 2015 Un-audited (Rupees)	June 30, 2015 Audited (Rupees)
Number of Shares / Units				
Quoted securities		Open-end Mutual Funds		
10,151	10,151	Al-Ameen Islamic Principal Preservation Fund III	1,115,718	1,108,183
		(Face value of certificate Rs.100/- each)		
75,876	75,876	Meezan Balanced Fund	1,130,549	1,113,097
		Suspended / Delisted Companies		
120,000	120,000	Prudential Investment Bank Limited	-	-
279,749	279,749	Pakistan Industrial & Commercial Leasing Limited	-	-
			<u>2,246,267</u>	<u>2,221,280</u>
		Note	December 31, 2015 Un-audited (Rupees)	June 30, 2015 Audited (Rupees)

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

Weighted average cost of investments	2,221,280	2,088,542
Unrealized gain on changes in fair value of held for trading investments	24,987	132,738
Market value of investments	<u>2,246,267</u>	<u>2,221,280</u>

7 MORABAHA FINANCE

Morabaha finance - Unsecured	15,319,705	15,319,705
Less: Provision for doubtful morabaha finance	(15,319,705)	(15,319,705)
	<u>-</u>	<u>-</u>

7.1 This include amount of Morabaha finance receivable from five different parties. These amounts are outstanding since many years. As per term of agreement, the profit against these finance ranged from 16.5% to 20%, however, based on the guidelines of prudential regulation for Modaraba, total profit against these finances are fully suspended.

8 IJARAH RENTALS RECEIVABLE

Considered doubtful	119,542	119,542
Less: Provision for doubtful receivables	(119,542)	(119,542)
	<u>-</u>	<u>-</u>

9 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Considered good

Advance income tax	11,440	10,834
Prepayments	458,744	174,036
Advance to staff	195,000	-
Profit receivable on bank deposits	194,641	229,782
Others	419,239	37,158
	<u>1,279,064</u>	<u>451,810</u>

Considered doubtful

Amount due from PSL	11,476,377	11,476,377
Amount due from PCML	999,832	999,832
Amount due from Royal Management Services (Pvt.) Ltd.	886,442	886,442
Profit receivable on Morabaha finance	4,028,913	4,028,913
	<u>17,391,564</u>	<u>17,391,564</u>
Less: Provision for doubtful receivables	<u>18,670,628</u>	<u>17,843,374</u>
	<u>1,279,064</u>	<u>451,810</u>

10 PROPERTY AND EQUIPMENT -IJARAH

There is no addition and disposal of Ijarah assets during the period.

11 PROPERTY AND EQUIPMENT - OWN

Details of additions and disposals during the period are as follows:

Additions		
Office equipment - Cost	<u>3,800</u>	<u>7,000</u>
Disposals		
Motor Vehicles	<u>82,400</u>	<u>-</u>
- Cost	<u>-</u>	<u>-</u>
- NBV	<u>-</u>	<u>-</u>

12 DIMINSHING MUSHARIKA

Diminishing Musharika	13,348,979	9,591,690
Less: Current Portion of Diminishing Musharika	(5,788,500)	(4,125,144)
	<u>7,560,479</u>	<u>5,466,546</u>

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2015.

14 Provision for Taxation

As per the Second Schedule to the Income Tax Ordinance, 2001, the income of a non-trading modaraba is exempt from income tax provided that it distributes 90% of its profits to its certificate holders for the year after making appropriation for statutory reserves. The Modaraba intends to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation for statutory reserves. Accordingly, no provision in respect of current and deferred tax has been made in these condensed interim financial statements.

15 Related party transactions

		December 31, 2015 Un-audited (Rupees)	June 30, 2015 Audited (Rupees)
Relationship with the Company	Nature of Transactions		
Modaraba Management Company	Management fee	16,783	139,261
Provident Fund	Contribution made	22,902	15,318

16 DATE OF AUTHORISATION OF ISSUE

These condensed interim financial statements has been authorized for issue on 26th February, 2016 by the Board of Directors of the KASB Invest (Private) Limited.

17 GENERAL

Figures have been rounded off to the nearest Rupee.


CHIEF EXECUTIVE

For KASB Invest (Private) Limited
(Management Company)


DIRECTOR


DIRECTOR