



**FIRST
PAK
MODARABA**

**QUARTERLY REPORT
FOR THE 1ST QUARTER ENDED
SEPTEMBER 30, 2015
(UN-AUDITED)**

Managed by:

KASB Invest (Private) Limited

BOOK - POST
Printed Matter

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First Pak Modaraba
8-C, Block-6, PECHS, Off. Sharah-e-Faisal, Karachi.
Tel: 021-34398852-5, 021-34370143

+

**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 Accounts	
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	Shares & Corporate Services (Pvt.) Limited Mehersons Estate, Talpur Road, Karachi. 74000 Tel: 021-32401634	

TABLE OF CONTENTS

CORPORATE INFORMATION	01
DIRECTORS' REPORT	02
CONDENSED INTERIM BALANCE SHEET	03
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT	04
CONDENSED INTERIM CASH FLOW STATEMENT	05
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	06
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	07

DIRECTORS' REPORT

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

KEY OPERATING / FINANCIAL HIGHLIGHTS

Quarter ended	(Rupees in millions)	
	September 30	
	2015	2014
Total Income from Operations	0.98	2.350
Operating Expenses	(0.832)	(0.714)
Unrealized Gain / (Loss) on Re-measurement of Investment	(0.037)	(0.218)
Operating Profit	0.113	1.418
Management Company fee	0.012	0.146
Net Profit/(Loss) for the period	0.101	1.271
Earnings /(Loss) per Modaraba Certificate (Rs.)	0.01	0.10

REVIEW OF OPERATIONS:

During the quarter ended September 30, 2015, the overall operating performance of the First Pak Modaraba reflects that gross operating income decreased by 58% and reached to Rs.0.98 million as against Rs.2.35 million during the corresponding period. The net profit is Rs.0.101 million as compared to net profit of Rs.1.271 million in the corresponding period. During the period under review, the earning for the quarter is Re. 0.01 per certificate as compare to Re. 0.10 per certificate in the corresponding period.

The decrease in revenue is mainly because the focus of the new management 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.

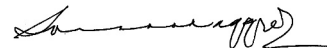
FUTURE OUTLOOK:

Our business strategy & approach are sound with a focus to enhance Shariah Compliant business. We are looking to enter into Education sector with long term profit prospects. We are further looking into possibility of increasing capital by issuing further Modaraba Certificates through rights to enhance the capital and liquidity base. 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: October 30, 2015

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2015

Note	September 30, 2015 (Unaudited) (Rupees)	June 30, 2015 (Audited) (Rupees)
ASSETS		
Current Assets		
	5	49,227,459
Cash and Bank Balances	6	2,184,126
Investments	12	4,125,144
Current Portion of Diminishing Musharika	7	-
Morabaha finance	8	-
Ijarah rentals receivable	9	696,455
Advances, prepayments and other receivables		4,929,854
Tax refundable-considered good		
Total Current Assets		61,163,038
Non-current Assets		
Property and equipment -Ijarah	10	-
Property and equipment - owned	11	66,406
Diminishing Musharika	12	5,122,784
Advances and deposits		45,750
Total Non-Current Assets		5,234,940
TOTAL ASSETS		66,397,978
LIABILITIES		
Current Liabilities		
Accrued and other liabilities		1,366,638
Unclaimed profit distribution		4,191,858
Total Current Liabilities		5,558,496
Non-Current liabilities		
TOTAL LIABILITIES		5,558,496
NET ASSETS		60,839,482
REPRESENTED BY		
Certificate Capital		
Authorized certificate capital		
15,000,000 modaraba certificates of rupees 10/- each		150,000,000
Issued, subscribed and paid-up certificate capital		
12,540,000 Modaraba Certificates of Rupees 10/- each		125,400,000
Statutory reserve		25,048,174
Accumulated loss		(89,608,692)
		60,839,482
Contingencies and commitments	13	60,738,165

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

S. M. Rahnman
DIRECTOR




DIRECTOR

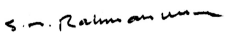
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015


	Note	September 30, 2015 (Rupees)	September 30, 2014 (Rupees)
INCOME			
Return on bank deposits		692,694	796,255
Income on Diminishing Musharika		288,997	437,828
Gain on sale of investments		-	1,063,038
Dividend income		-	52,275
		<u>981,691</u>	<u>2,349,396</u>
Unrealized loss on remeasurement of investments carried at fair value through profit and loss		<u>(37,154)</u>	<u>(217,733)</u>
		944,537	2,131,663
EXPENDITURE			
Administrative expenses		(829,542)	(688,629)
Workers welfare fund		(2,026)	(25,428)
		<u>(831,568)</u>	<u>(714,057)</u>
		112,969	1,417,606
Modaraba company's management fee		(10,132)	(127,140)
Provision for sales tax on management fee		(1,520)	(19,071)
Profit before taxation		<u>101,317</u>	<u>1,271,395</u>
Provision for taxation	14	-	-
Profit after taxation		<u>101,317</u>	<u>1,271,395</u>
Other Comprehensive income			
		-	-
Total comprehensive income for the period		<u>101,317</u>	<u>1,271,395</u>
Earnings per certificate		<u>0.01</u>	<u>0.10</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 QUARTER ENDED SEPTEMBER 30, 2015


	September 30, 2015 (Rupees)	September 30, 2014 (Rupees)
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	101,317	1,271,395
Adjustments for non-cash changes and other items:		
Gain on sale of investments	-	(1,063,038)
Dividend income	-	(52,275)
Unrealized loss / (gain) on remeasurement of held for trading investments	37,154	217,733
Depreciation-own assets	10,295	9,989
	<u>47,449</u>	<u>(887,591)</u>
	<u>148,766</u>	<u>383,804</u>
Cash flows before movements in working capital		
(Increase) / decrease in operating assets		
Diminishing Musharika	343,762	209,547
Advances, prepayments and other receivables	(244,391)	1,847,105
	<u>99,371</u>	<u>2,056,652</u>
Increase / (decrease) in operating liabilities		
Accrued and other liabilities	(396,663)	(2,226,655)
Cash generated from/(used in) from operations	(148,526)	213,801
Income tax paid	(254)	(302)
Net cash (used in) / generated from operating activities	<u>(148,780)</u>	<u>213,499</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	-	52,275
Investment proceeds - net	-	9,140,539
Purchase of own assets	(3,800)	(7,000)
Net cash (used in) / generated from investing activities	<u>(3,800)</u>	<u>9,185,814</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Profit distribution	-	(190,492)
Net cash used in financing activities	<u>-</u>	<u>(190,492)</u>
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(152,580)	9,208,821
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>49,227,459</u>	<u>40,697,358</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 QUARTER ENDED SEPTEMBER 30, 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 quarter ended September 30, 2014	-	-	1,271,395	1,271,395
Transfer to Statutory Reserves	-	254,279	(254,279)	-
Balance as at September 30, 2014	125,400,000	24,970,880	(89,917,870)	60,453,010
Balance as at July 01, 2015	125,400,000	25,027,911	(89,689,746)	60,738,165
Profit for the quarter ended September 30, 2015	-	-	101,317	101,317
Transfer to Statutory Reserves	-	20,263	(20,263)	-
Balance as at September 30, 2015	125,400,000	25,048,174	(89,608,692)	60,839,482

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 QUARTER ENDED SEPTEMBER 30, 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. 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 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 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 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.

5 CASH AND BANK BALANCES	Note	September 30,	June 30,
		2015 (Unaudited) (Rupees)	2015 (Audited) (Rupees)
Cash in hand		1,310	4,750
Cash at banks			
Current accounts		538,134	538,134
Saving accounts	5.1	48,688,015	48,837,155
		49,226,149	49,375,289
		<u>49,227,459</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.

6 INVESTMENTS

Available for sale	6.1	-	-
Investments carried at fair value through profit or loss	6.2	2,184,126	2,221,280
		<u>2,184,126</u>	<u>2,221,280</u>

6.1 Available for sale

Fully paid ordinary shares of Rs. 10/- each

September 30, 2015 (Unaudited)	June 30, 2015 (Audited)	Name of company	September 30, 2015 (Unaudited) Rupees	June 30, 2015 (Audited) Rupees
		Prudential Securities Limited		
487,500	487,500	Cost	4,875,000	4,875,000
		Less: Permanent Diminution	(4,875,000)	(4,875,000)
			<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

September 30, 2015 (Unaudited)	June 30, 2015 (Audited)	Number of Shares/Units Quoted Securities	Name of Investee	September 30, 2015 (Unaudited) Rupees	June 30, 2015 (Audited) Rupees
			Open-end Mutual Funds		
10,151	10,151		Al-Ameen Islamic Principal Preservation Fund III (Face value of certificate Rs.100/- each)	1,085,446	1,108,183
75,876	75,876		Meezan Balanced Fund	1,098,680	1,113,097
			Suspended / Delisted Companies		
120,000	120,000		Prudential Investment Bank Limited	-	-
279,749	279,749		Pakistan Industrial & Commercial Leasing Limited	-	-
				<u>2,184,126</u>	<u>2,221,280</u>

6.2.1 Unrealized loss on changes in fair value of held for trading investments	September 30, 2015 (Unaudited) (Rupees)	June 30, 2015 (Audited) (Rupees)
Weighted average cost of investments	2,221,280	2,088,542
Unrealized loss on changes in fair value of held for trading investments	(37,154)	132,738
Market value of investments	<u>2,184,126</u>	<u>2,221,280</u>

7 MORABAH 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 Modaraba 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
	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

Profit Receivable on Diminishing Musharika	109,614	-
Advance income tax	11,088	10,834
Prepayments	312,120	174,036
Profit receivable on bank deposits	216,483	229,782
Others	47,150	37,158
	<u>696,455</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>
	18,088,019	17,843,374
Less: Provision for doubtful receivables	(17,391,564)	(17,391,564)
	<u>696,455</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

During the period office equipment of Rs. 3,800 (September 30, 2014 : Rs. 7,000) is purchased.

	September 30, 2015 (Unaudited) (Rupees)	June 30, 2015 (Audited) (Rupees)
12 DIMINSHING MUSHARIKA		
Diminishing Musharika	9,247,928	9,591,690
Less: Current Portion of Diminishing Musharika	(4,125,144)	(4,125,144)
	5,122,784	5,466,546

12.1 These carry profit rate at 14.59% per annum and are repayable on monthly basis over a period of 3 years with a grace period of 1 year.

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 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

Relationship with the Company	Nature of Transactions	September 30, 2015 (Unaudited) (Rupees)	September 30, 2015 (Unaudited) (Rupees)
Modaraba management company	Management fee	10,132	127,140
Provident fund	Contribution made	11,451	7,659

16 DATE OF AUTHORISATION OF ISSUE

These condensed interim financial statements has been authorized for issue on October 30,2015 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