



**FIRST  
PAK  
MODARABA**

**25TH ANNUAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2016**

Managed by:

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**KASB Invest (Private) Limited**

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BOOK - POST  
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Social values of Islam provide the faithful with a large measure of spiritual peace and serenity, and this contentment can be reaped while pursuing business aspirations within the confines of Islamic law. We visualize creating an institution where society can seek a just and fair advantage from the richness of Islamic system of trade finance.

## TABLE OF CONTENTS

● CORPORATE INFORMATION	1
● DIRECTORS' REPORT	2
● KEY OPERATING AND FINANCIAL DATA FOR LAST SIX YEARS	5
● STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE	6
● REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE	9
● AUDITORS' REPORT TO THE CERTIFICATE HOLDERS	11
● SHARIAH ADVISOR'S REPORT	13
● BALANCE SHEET	15
● PROFIT AND LOSS ACCOUNT	16
● CASH FLOW STATEMENT	17
● STATEMENT OF CHANGES IN EQUITY	19
● NOTES TO THE FINANCIAL STATEMENTS	20
● PATTERN OF CERTIFICATE HOLDING	44
● CATEGORIES OF CERTIFICATE HOLDING	45
● NOTICE OF ANNUAL REVIEW MEETING	46
● DIRECTORS' REPORT (URDU)	47

## CORPORATE INFORMATION

<b>Board of Directors</b>	Syed Waseem-ul- Haq Haqqie Syed Muhammad Rehmanullah Farrukh S. Ansari Rashid K. Siddiqui	Chairman Director Director Chief Executive Officer
<b>Audit Committee</b>	Farrukh S. Ansari Syed Muhammad Rehmanullah Syed Waseem-ul- Haq Haqqie	Chairman Member Member
<b>Human Resource and Remuneration Committee</b>	Farrukh S. Ansari Syed Waseem-ul- Haq Haqqie Syed Muhammad Rehmanullah Rashid K. Siddiqui	Chairman Member Member Member
<b>Chief Financial Officer</b>	Aftab Afroz Mahmoodi	
<b>Company Secretary</b>	Zia-ul-Haq	
<b>Head of Internal Audit</b>	Syed Shahid Owais	
<b>Management Company</b>	KASB Invest (Private) Limited	
<b>Registered &amp; Head Office</b>	8-C, Block-6, PECHS, Off. Sharah-e-Faisal, Karachi. Tel: 021-34398852-5, 021-34370143	
<b>Auditors</b>	RSM Avas Hyder Liaquat Nauman Chartered Accountants	
<b>Legal Advisor</b>	Ahmed & Qazi Advocates	
<b>Shariah Advisor</b>	Mufti Muhammad Ibrahim Essa	
<b>Bankers</b>	Habib Bank Limited (Islamic Banking) Burj Bank Limited Faysal Bank Limited	
<b>Share Registrar</b>	F.D. Registrar Services (SMC-Pvt.) Limited Office # 1705, 17th Floor, Saima Trade Tower-A, I.I. Chunrigar Road, Karachi-74000. Tel: 35478192-93, 32271906.	

## DIRECTORS' REPORT

The Board of Directors of KASB Invest (Private) Limited, the Management Company of First PakModaraba is pleased to present the annual audited financial statements of the Modaraba for the year ended June 30, 2016.

### FINANCIAL HIGHLIGHTS

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

	June 30, 2016 Rs "000"	June 30, 2015 Rs "000"
<b>BALANCE SHEET</b>		
Cash and bank balances	42,483	49,380
Investments	1,236	2,221
Diminishing Musharakah Finance	12,608	9,592
Ijarah assets	5,435	-
Total Assets	67,432	66,693
Net Assets	59,811	60,738
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Gross Income	4,923	6,934
Operating & Financial Charges	(4,699)	(5,199)
Management Company Fee	(20)	(156)
Net Profit/Loss for the Year	201	1,557
Earning per Modaraba Certificate (Rupees)	0.02	0.12

### OPERATIONS AND PERFORMANCE

The financial year at First Pak Modaraba ended with a note of thanks to the Almighty Allah for keeping us upright despite difficult times. The period closed with net profit of Rs. 0.201 million and Earning per Certificate was Rs. 0.02. During the year, the gross income was Rs. 4.92 million and operating and financial charges were 4.70 million.

No provision against receivables was booked in the current year. However, there are impediments for recovery due to non-availability of records and short falls in security documents of credits handed over from the previous management.

During the year, the Modaraba kept a conservative approach in extending funding due to which the revenues remained low profile. However, this reduced the Modaraba's exposure to credit risk. Modaraba succeeded in cutting down operating expenses from PKR. 5.20 million last year to PKR. 4.7 million i.e. by 10% in the current 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.

### DIVIDEND

The Board of Directors has decided to retain the divisible profits of the Modaraba as the profit attributable to Certificate holders is not sufficient and would be uneconomical to distribute the same.

### YEAR AT A GLANCE

Though the conservative approach of financing has not added desired numbers to the profitability of the Modaraba on one hand, yet on the other hand it has helped the management to focus on recovery of old outstanding debts and to avoid any further substantial exposure to credit risk.

## FUTURE PROSPECTS

Our business strategy & approach is steady and sound. We have planned to capitalize on available funds through secure investment avenues and started taking calculated exposures in Ijarah and Diminishing Musharakah finances. We expect that this is going to be a productive business move to enhance the Certificate holders' returns with minimum credit risk.

We are in the process of merging the Modaraba with First Prudential Modaraba managed under the same umbrella for obtaining economies of scale and synergy. We believe that the combined resources and efforts would culminate better results for the stakeholders.

## CORPORATE AND FINANCIAL REPORTING

The Board of Directors is fully aware of its duties and responsibilities under Code of Corporate Governance issued by Securities and Exchange Commission of Pakistan. The following statements demonstrate the Board's philosophy and commitment towards maintaining high standards of Corporate Governance:

- The financial statements prepared by the management of the Modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards (IASs) as applicable in Pakistan have been followed in preparation of Financial Statements and any departure there from has been adequately disclosed.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- The Modaraba is financially sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Modaraba's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The Modaraba operates a provident fund for its permanent employees having value of PKR. 586,730 as on June 30, 2016.
- Key operating and financial data for the last six years in summarized form is included in this annual report.
- There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2016 except as disclosed in the financial statements.
- None of the directors of Modaraba, CEO, CFO, Company Secretary and their spouses and minor children has carried out trading of Certificates of the Modaraba.
- During the year, four meetings of the Board of Directors were held. Attendance by each director is as follows:

Name		No of Meetings Attended
Syed Waseem ul Haq Haqqie	Chairman	4
Mr. S. M. Rehmanullah	Director	4
Mr. Farrukh S. Ansari	Director	4
Mr. Rashid K.Siddiqui	Chief Executive	4

- The pattern of holding of Certificates by the Certificate-holders is included in this annual report.

**COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE**

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in its Rule Book relevant for the year ended June 30, 2016 have been adopted by the Modaraba and have been duly complied with. A statement to this effect is annexed with the report.

**HUMAN RESOURCES**

The Board is confident that the management and employees of your Modaraba will continue to work with the integrity and zeal that has been their hallmark, and your Modaraba shall Insha'Allah continue to prosper. Investment in the best Human Resources is the cornerstone of our policy.

**AUDITORS**

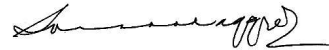
The term of appointment of present auditors M/s. Avais Hyder Liaquat Nauman, Chartered Accountants is expiring on the date of the ensuing Annual Review Meeting of the Modaraba. On the recommendation of the Audit Committee, the Board has approved the reappointment of M/s. Avais Hyder Liaquat Nauman, Chartered Accountants, as auditors for the year ending June 30, 2017, subject to approval by the Registrar of Modaraba Companies and 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.

For & on behalf of the Board of Directors



**Syed Waseem-ul-Haq Haqqie**  
Chairman

Karachi.  
Dated: October 07, 2016

**Summary of key Operating and Financial data of the  
Modaraba for last six years.  
Year ended June 30**

.....Rupees in million.....

Year	2016	2015	2014	2013	2012	2011
Paid-up Capital	<b>125.400</b>	125.400	125.400	125.400	125.400	125.400
Statutory Reserve	<b>25.068</b>	25.028	24.717	24.717	24.325	23.948
Certificate Holders' Equity	<b>59.811</b>	60.738	59.182	73.305	72.853	75.983
Current Liabilities	<b>6.007</b>	5.955	8.031	5.366	5.426	5.478
Non-Current Assets	<b>12.873</b>	5.585	10.087	0.494	2.030	1.956
Current Assets	<b>54.559</b>	61.108	57.125	78.178	76.537	79.971
Profit/(Loss) after taxation	<b>0.201</b>	1.557	(15.656)	1.957	1.886	13.432
Earning/(Loss) per Certificate (Rs.)	<b>0.02</b>	0.12	(1.25)	0.16	0.15	1.07
Dividend (%)	<b>Nil</b>	0.9%	Nil	1.2%	1.2%	4.0%
Break-up-value (Rs.)	<b>4.77</b>	4.84	4.72	5.85	5.81	6.06
ROA (%)	<b>0.30%</b>	2.33%	-23.29%	2.49%	2.40%	16.40%
ROE (%)	<b>0.34%</b>	2.56%	-26.45%	2.67%	2.59%	17.68%

**STATEMENT OF COMPLIANCE WITH THE CODE OF  
CORPORATE GOVERNANCE  
YEAR ENDED JUNE 30, 2016**

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19 of the Listing of Companies and Securities Regulations of the Rule Book of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent & Non- Executive Directors	Syed Waseem ul Haq Haqqie Syed Muhammad Rehmanullah Mr. Farrukh Shauket Ansari
Executive Directors	Mr. Rashid K. Siddiqui

The independent directors meet the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the board during the period.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. All Directors have obtained certification under the Directors Training Program as required by the CCG, except one who is exempt for director's training program by virtue of his experience as prescribed under Regulation 15.19.7 of the Listing of Companies and Securities Regulations of the Rule Book of Pakistan Stock Exchange

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises three members, all of whom are non-executive directors and the chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and are advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises four members of whom three are non-executive directors and the chairman of the committee is an independent director.

18. The board has set up an effective internal audit function. The Head of Internal audit is suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/ price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

For & on behalf of the Board of Directors

Karachi.  
Dated: October 07, 2016

  
**Syed Waseem-ul-Haq Haqqie**  
Chairman



RSM Awaiz Hyder Liaquat Nauman  
Chartered Accountants

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### REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of KASB Invest (Pvt.) Limited, the Management Company of First Pak Modaraba for the year ended June 30, 2016 to comply with the requirements of Listing Regulations of Pakistan Stock Exchange where the Modaraba is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provision of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risk and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the board of Directors for their review and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

THE POWER OF BEING UNDERSTOOD  
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Chartered Accountants

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Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all materials respects, which the best practices contained in the Code as applicable to the Modaraba, for the year ended June 30, 2016.

*RSM Awaiz Hyder Liaquat Nauman*

Chartered Accountants

Karachi.

Dated: October 7, 2016

Engagement Partner: Adnan Zaman

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**AUDITORS' REPORT TO THE  
CERTIFICATE HOLDERS**

We have audited the annexed Balance Sheet of **FIRST PAK MODARABA** as at June 30, 2016 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba Company's (KASB Invest (Private) Limited) responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of accounts have been kept by the Modaraba Company in respect of First Pak Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;

(b) in our opinion:

- i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied;
- ii. the expenditure incurred during the year was for the purpose of the Modaraba's business; and
- iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;

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(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2016 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

*RSM RSM Awaits Hyder Liaquat Nauman*

Chartered Accountants  
Karachi.  
Dated: October 07, 2016

Engagement Partner: Adnan Zaman

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## SHARIAH ADVISOR'S REPORT

I have reviewed the affairs of **First Pak Modaraba** managed by **KASB Invest (Private) Limited** for the Year ended **June 30,2016** in accordance with the requirements of the **Circular No.8 of 2012, issued by the Securities and Exchange Commission of Pakistan, regarding Shariah Compliance and Shariah Audit Mechanism for Modarabas.**

### SHARIAH COMPLIANCE:

The Modaraba effectively has a mechanism to strengthen the Shariah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles;

### REVIEW OF OPERATIONS:

Based on my review following were the major activities / developments in respect of Shari'ah that took place during this period:

### BANK ACCOUNTS:

Modaraba does not maintain any saving account with conventional banks. For investment and operational purpose, First Pak Modaraba is operating the Bank accounts maintained with Islamic Banks only.

### FRESH DISBURSEMENTS

#### DIMINISHING MUSHARAKAH AND IJARAH

Modaraba has disbursed number of Diminishing Musharaka and Ijarah Facilities to its clients. I confirm that these transactions are in accordance with Shariah.

### INVESTMENTS IN ISLAMIC FUNDS

Modaraba has its investment in Islamic products with Islamic Funds.

### DIVIDEND PURIFICATION :

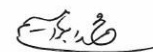
Modaraba has effectively performed process of dividend purification of equities and transferred charitable amount into charity payable account.

### TAKAFUL:

For risk mitigation, mainly Modaraba has adopted the Takaful coverage with Takaful companies for their assets.

### CONCLUSION:

By the grace of Almighty ALLAH, after introduction of Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas by Securities & Exchange Commission of Pakistan (SECP), through Circular No. 8 of 2012 the Management of First Pak Modaraba has effectively shown its sincerity to comply with Shariah Rulings in its true spirit, therefore, the business operations of First Pak Modaraba are Shari'ah compliant up to the best of my knowledge.



**Mufti Ibrahim Essa**  
Shariah Advisor



**Dated:** September 08, 2016

Karachi.

## BALANCE SHEET

### AS AT JUNE 30, 2016

ASSETS	Note	2016 Rupees	2015 Rupees
<b>Current Assets</b>			
Cash and bank balances	5	42,483,225	49,380,039
Investments	6	1,236,016	2,221,280
Current portion of diminishing Musharakah	12	5,256,089	4,125,144
Morabaha finance	7	-	-
Ijarah rentals receivable	8	-	-
Advances, deposits, prepayments and other receivables	9	653,571	451,810
Tax refundable - considered good		4,929,854	4,929,854
<b>Total Current Assets</b>		<b>54,558,755</b>	<b>61,108,127</b>
<b>Non - Current Assets</b>			
Property and equipment -Ijarah	10	5,435,000	-
Property and equipment - owned	11	40,902	72,901
Diminishing Musharakah	12	7,351,728	5,466,546
Advance and deposits	13	45,750	45,750
<b>Total Non - Current Assets</b>		<b>12,873,380</b>	<b>5,585,197</b>
<b>TOTAL ASSETS</b>		<b>67,432,135</b>	<b>66,693,324</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accrued and other liabilities	14	1,646,043	1,763,301
Unclaimed profit distribution		4,360,517	4,191,858
		<b>6,006,560</b>	<b>5,955,159</b>
<b>Non-Current Liabilities</b>			
Long term deposits	15	1,615,000	-
<b>TOTAL LIABILITIES</b>		<b>7,621,560</b>	<b>5,955,159</b>
<b>NET ASSETS</b>		<b>59,810,575</b>	<b>60,738,165</b>
<b>REPRESENTED BY</b>			
<b>Certificate holders' equity</b>			
Certificate Capital	16	125,400,000	125,400,000
Statutory reserve		25,068,113	25,027,911
Accumulated loss		(90,657,538)	(89,689,746)
		<b>59,810,575</b>	<b>60,738,165</b>
Contingencies and commitments	17		

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

For KASB Invest (Private) Limited  
(Management Company)

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

## PROFIT AND LOSS ACCOUNT

### FOR THE YEAR ENDED JUNE 30, 2016

INCOME	Note	2016 Rupees	2015 Rupees
Return on PLS accounts		2,634,515	3,251,811
Income on Diminishing Musharakah		1,213,169	1,592,724
Gain on sale of investments		24,109	1,567,434
Dividend income		45,525	295,890
Ijarah rentals		239,940	-
Other income	18	676,985	93,776
		<b>4,834,243</b>	<b>6,801,635</b>
Unrealised gain on remeasurement of held for trading investments		88,775	132,738
		<b>4,923,018</b>	<b>6,934,373</b>
<b>EXPENDITURE</b>			
Administrative expenses	19	(4,499,872)	(5,167,689)
Amortization on Ijarah assets		(195,000)	-
Workers welfare fund		(4,020)	(31,131)
		<b>(4,698,892)</b>	<b>(5,198,820)</b>
Profit for the year		224,126	1,735,553
Modaraba Company's Management Fee	19	(20,101)	(155,655)
Provision for sales tax on management fee		(3,015)	(23,348)
Profit before taxation		201,010	1,556,550
Provision for taxation	20	-	-
Profit after taxation		<b>201,010</b>	<b>1,556,550</b>
<b>Other Comprehensive income</b>			
		-	-
Total income for the year		<b>201,010</b>	<b>1,556,550</b>
<b>Earnings per certificate</b>	21	<b>0.02</b>	<b>0.12</b>

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

For KASB Invest (Private) Limited  
(Management Company)

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

**CASH FLOW STATEMENT**  
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	201,010	1,556,550
Adjustments for non-cash changes and other items:		
Gain on sale of investments	(24,109)	(1,567,434)
Dividend income	(45,525)	(295,890)
Gain on disposal-own assets	(325,000)	-
Unrealised gain on remeasurement of held for trading investments	(88,775)	(132,738)
Amortization on ijarah assets	195,000	-
Depreciation-owned	35,799	40,263
	<u>(252,610)</u>	<u>(1,955,799)</u>
	(51,600)	(399,249)
Cash flows before movements in working capital		
Decrease / (increase) in operating assets		
Diminishing Musharakah	(3,016,127)	2,551,515
Advances, prepayments and other receivables	(188,091)	3,603,845
	<u>(3,204,218)</u>	<u>6,155,360</u>
Increase / (decrease) in operating liabilities		
Long term ijarah deposits	1,615,000	-
Accrued and other liabilities	(117,258)	(1,883,294)
	<u>1,497,742</u>	<u>(1,883,294)</u>
Cash generated from / (used in) operations	(1,758,076)	3,872,817
Income tax paid / adjustment	(13,670)	(9,555)
Net cash generated from / (used in) operating activities	<u>(1,771,746)</u>	<u>3,863,262</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	45,525	295,890
Investments encashed / (made) -net	1,098,148	13,932,027
Proceeds from disposal-own assets	325,000	-
Purchase of own assets	(3,800)	(7,000)
Purchase of Ijarah assets	(5,630,000)	-
Net cash (used in) / generated from investing activities	<u>(4,165,127)</u>	<u>14,220,917</u>

	2016 Rupees	2015 Rupees
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit distribution	(959,941)	(192,677)
Net cash used in financing activities	<u>(959,941)</u>	<u>(192,677)</u>
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(6,896,814)	17,891,502
Cash and cash equivalents at July 01	49,380,039	31,488,537
Cash and cash equivalents at June 30	<u>42,483,225</u>	<u>49,380,039</u>
The annexed notes form an integral part of these financial statements.		

For KASB Invest (Private) Limited  
(Management Company)



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2016**

	Certificate capital	Statutory Reserve	Accumulated Loss	Total
Balance at July 1, 2014	125,400,000	24,716,601	(90,934,986)	59,181,615
Profit for the year ended June 30, 2015	-	-	1,556,550	1,556,550
Transfer to statutory reserve	-	311,310	(311,310)	-
Balance at June 30, 2015	125,400,000	25,027,911	(89,689,746)	60,738,165
Profit for the year ended June 30, 2016	-	-	201,010	201,010
Transfer to statutory reserve	-	40,202	(40,202)	-
Final dividend @ Re.0.09 per certificate for the year ended June 30, 2015	-	-	(1,128,600)	(1,128,600)
Balance at June 30, 2016	125,400,000	25,068,113	(90,657,538)	59,810,575

\* Statutory reserve represents profit set aside with the Prudential Regulations for Modarabas issued by the SECP. These regulations require the Modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equals 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.

During the current year, the Modaraba has transferred an amount of Rs.40,202/- (2015: Rs.311,310/-) to Statutory Reserve which represent 20% of the profit after tax.

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

  
CHIEF EXECUTIVE

For KASB Invest (Private) Limited  
(Management Company)

  
DIRECTOR

  
DIRECTOR

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**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 Pakistan Stock Exchange. The Modaraba is currently engaged in various modes of Islamic fundings and businesses which include ijarah financing, deployment of fund in Musharakah, morabaha and investment in securities.

1.3 The Financial Statements is presented in Pak Rupees, which is the Modaraba's functional and presentation currency.

**2. BASIS OF PREPARATION**

**2.1 Statement of Compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, 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). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Islamic Financial Accounting Standards (IFAS), Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP differ with the requirements of IFRS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Islamic Financial Accounting Standards (IFAS), Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP shall prevail.

**2.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective**

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

<b>Standard or Interpretation</b>	<b>Effective (annual periods Beginning on or after)</b>
IFRS 2 Share-based payments - Classification and Measurement of Share-based Payments Transaction (Amendments)	1-Jan-18
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment on Associates - Investment Entities: Applying the Consolidation Exception (Amendment)	1-Jan-16
IFRS 10 Consolidation Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	1-Jan-16
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	1-Jan-16
IAS 7 Financial Instruments: Disclosure - Disclosure Initiative - (Amendment)	1-Jan-17
IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendment)	1-Jan-17
IAS 16 Property, Plant and Equipment and IAS 28 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	1-Jan-16
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	1-Jan-16
IAS 27 - Separate Financial Statements - Equity Method in "Separate Financial Statements"	1-Jan-16

The above standards and amendments are not expected to have any material impact on the Mod araba's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB on September 2014. Such improvement are generally effective for accounting periods beginning on or after 01 January 2016. The Mod araba expects that such improvement to the standards will not have any material impact on the Modaraba's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of application in Pakistan.

<b>Standard or Interpretation</b>	<b>Effective (annual periods Beginning on or after)</b>
IFRS 9 - Financial Instruments: Classification and Measurement	1-Jan-18
IFRS 14 - Regulatory Deferral Accounts	1-Jan-16
IFRS 15 - Revenue from Contracts with Customers	1-Jan-18
IFRS 16 - Leases	1-Jan-19

**3. BASIS OF MEASUREMENT**

These financial statements have been prepared under the historical cost convention, except for certain investments which have been measured at fair value / equity method.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

**4.1 Property and equipment**

**(i) Ijarah and amortization**

Ijarah assets are stated at cost less accumulated amortization and impairment loss (if any). Amortization is charged to income applying the straight line method whereby the cost of an asset, less its residual value, is written off over its lease period. In respect of additions and disposals during the year, amortization is charged proportionately to the period of lease.

**(ii) In own use and depreciation**

Operating assets are stated at cost less accumulated depreciation and impairment loss (if any). Depreciation is charged to profit and loss account applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and disposal during the year, depreciation is charged proportionately to the period of use.

Profit or loss on disposal of assets is recognized as income or expense.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to income statement as and when incurred.

**4.2 Investments**

The Modaraba determines the appropriate classification of its investments at the time of purchase of investment and re-evaluates this classification on a regular basis. The existing investment portfolio of the Modaraba has been categorized as follows:

**Held-for-trading "at fair value through profit and loss"**

These are investments which are acquired principally for the purpose of generating profits from short-term fluctuations in market prices, interest rate movements, dealer's margin or are investments included in a portfolio in which a pattern of short-term profit taking exists.

**Available for sale**

These are investments that are intended to be held for an indefinite period of time and which may be sold in response to need for liquidity or changes to interest rates, exchange rates or equity prices.

**Held to maturity**

These are investments with fixed or determinable payments and fixed maturity that the Modaraba has the positive intention and ability to hold to maturity.

All investments are initially recognized at cost, being the fair value of the consideration given. Cost includes transaction costs associated with the investment. Subsequent to initial recognition, held-for trading and available-for-sale investments for which active market exists, are measured at their market value while held-to maturity investments are stated at amortized cost using the effective interest rate method less impairment, if any.

Any surplus or deficit on revaluation of held-for-trading investments are charged to income currently, while in case of available-for-sale investments, gains and losses arising from re-measurement at fair value is recognized in other comprehensive income.

Unquoted available for sale investments, except where an active market exists, are carried at cost less accumulated impairment losses, if any,

Impairment of investments is recognized when there is a permanent diminution in their values. Provision for impairment in the value of investment, if any, is taken to the profit and loss account.

#### **4.3 Ijarah rentals receivable, ijarah, morabaha and musharakah finances**

Receivables considered doubtful are provided for in accordance with the requirement of the Prudential Regulations for Modarabas. Specific provision is also made for receivables considered doubtful.

#### **4.4 Staff retirement benefits**

##### **Defined contribution plan**

The Modaraba operates a funded contribution provident fund for all employees. Equal monthly contributions are made both by the Modaraba and the employees to the fund at the rate of 8.33% of basic salary.

#### **4.5 Provisions**

Provisions are recognized when the Modaraba has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### **4.6 Impairment**

##### **Financial Assets**

Impairment is recognized by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modaraba and subjective evaluation carried out on an ongoing basis.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

##### **Available-for-sale financial investments**

For available-for-sale financial investments, the Modaraba assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the profit and loss account - is removed from equity and recognized in the profit and loss account. Impairment losses on equity investments are not reversed through the profit and loss account; increases in their fair value after impairment are recognized directly in equity.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original effective interest rate on the carrying amount of the asset and is recorded as part of 'Interest and similar income'. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the profit and loss account, the impairment loss is reversed through the profit and loss account.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

##### **Non-financial assets**

The Modaraba assesses at each balance sheet date whether there is any indication that assets except deferred tax assets and investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss for asset subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

#### **4.7 Revenue recognition**

##### **4.7.1 Ijarah rentals**

Income from ijarah is recognized as and when lease rentals become due on a systematic basis over the lease and ijarah period.

##### **4.7.2 Hire purchase transactions**

For hire purchase transactions, the unearned finance income is deferred and taken to income over the period of hire purchase, applying the annuity method to produce a constant rate of return on the net investment.

##### **4.7.3 Morabaha and musharakah transactions**

Profit from musharakah transactions is recognized on the basis of pro rata accrual of the profit estimated for the transaction over the period.

Profit from morabaha finance is accounted for on culmination of morabaha transaction. However, the profit on that portion of morabaha finance not due for payment is deferred by accounting for "Deferred Morabaha Income" with a corresponding credit to "Unearned Morabaha Income" which is recorded as a liability. The same is then recognized on a time proportion basis.

##### **4.7.4 Dividend income**

Dividend is recognized as income when the right of receipt is established.

**4.7.5 Markup income**

Mark-up / return on deposits / investments is recognized on accrual basis using the effective interest rate method.

**4.8 Taxation**

**Current**

Provision for taxation is made on taxable income if any, at the prevailing rates of tax after taking into account any tax credit available.

The income of non-trading is exempt from tax provided that not less than 90% of its total profits in the year as reduced by the amount transferred to statutory reserve are distributed amongst the certificate holders.

**Deferred**

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is generally recognized for all taxable temporary differences. Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

**4.9 Foreign currencies translation**

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange approximating to those prevalent on the balance sheet date. Foreign currency transactions are converted into Rupees at the rate of exchange prevailing on the date of transactions. Exchange gains and losses on translation are taken to income currently.

**4.10 Financial assets**

Financial assets comprise of Ijarah rentals receivable, investments, morabaha finances, deposits, other receivables, excluding taxation. Ijarah rentals receivable, morabaha and other receivables are stated at cost as reduced by appropriate allowances for estimated irrecoverable amounts.

**4.11 Financial liabilities**

Financial liabilities are classified according to the substance of contractual arrangements entered into. Significant financial liabilities includes ijarah deposits and accrued and other liabilities.

**4.12 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, with banks on current, savings and deposit accounts, as well as balance held with the State Bank of Pakistan (SBP).

**4.13 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Modaraba has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on the assets and charge on the liability is also off- set.

**4.14 Profit distribution**

Profit distribution to the Modaraba's Certificate Holders is recognized as a liability in the financial statements in the period in which the dividends are approved by the board of Modaraba Company.

**4.15 Significant accounting estimates and judgment**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgment was exercised in application of accounting policies are as follows: -

- i) Classification of investments (Note 6)
- iii) Provision against doubtful investments (Note 6)
- ii) Depreciation/amortization on property, plant and equipment (Note 10 & 11)

	Note	2016 Rupees	2015 Rupees
<b>5. CASH AND BANK BALANCES</b>			
Cash in hand		7,372	4,750
Cash at banks			
Current accounts		719,954	538,134
Saving accounts	5.1	41,755,899	48,837,155
		<u>42,475,853</u>	<u>49,375,289</u>
		<u>42,483,225</u>	<u>49,380,039</u>

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

**6. INVESTMENTS**

Available for sale	6.1	-	-
Held for trading at fair value through profit or loss account	6.2	1,236,016	2,221,280
		<u>1,236,016</u>	<u>2,221,280</u>

**6.1 Available for sale**

Fully paid ordinary shares of Rs 10 each.



2016	2015	Name of company	Note	2016 Rupees	2015 Rupees
<b>Unquoted securities</b>					
487,500	487,500	Prudential Securities Limited			
		Cost		4,875,000	4,875,000
		Less: Permanent Diminution	6.1.1	(4,875,000)	(4,875,000)
				<u>-</u>	<u>-</u>

6.1.1 The operations of Prudential Securities Limited remained suspended that indicates a significant and prolonged decline in the fair value of this investment below carrying value resulting in an objective evidence of impairment. Therefore, the investment has been considered as fully impaired.

#### 6.2 Held for trading at fair value through profit or loss account

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

2016	2015	Name of Company	2016 Rupees	2015 Rupees
<b>Open-end Mutual Funds</b>				
-	10,151	Al-Ameen Islamic Principal Preservation Fund III (Face value of certificate Rs.100/- each)	-	1,108,183
78,031	75,876	Meezan Balanced Fund	1,236,016	1,113,097
<b>Suspended / Delisted Company</b>				
120,000	120,000	Prudential Investment Bank Limited	-	-
279,749	279,749	Pakistan Industrial & Commercial Leasing Limited	-	-
			<u>1,236,016</u>	<u>2,221,280</u>
		<b>Note</b>	<b>2016 Rupees</b>	<b>2015 Rupees</b>

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

Weighted average cost of investments	1,147,241	2,088,542
Unrealized gain on changes in fair value of held for trading investments	<u>88,775</u>	<u>132,738</u>
Market value of investments	<u>1,236,016</u>	<u>2,221,280</u>

#### 7. MORABABA FINANCE

Morabaha finance - Unsecured	7.1	15,319,705	15,319,705
Less: Provision for doubtful morabaha finance		<u>(15,319,705)</u>	<u>(15,319,705)</u>
		<u>-</u>	<u>-</u>

7.1 This include amount of Morabaha finance receivable from five different parties 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, the principal and profit against these finances have been fully provided and suspended accordingly.

#### 8. IJARAH RENTALS RECEIVABLE

	Note	2016 Rupees	2015 Rupees
Considered doubtful		119,542	119,542
Less: Provision for doubtful receivables		<u>(119,542)</u>	<u>(119,542)</u>
		<u>-</u>	<u>-</u>

#### 9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

<b>Considered good</b>			
Advance income tax		24,504	10,834
Advance to staff		170,000	-
Prepayments		182,122	174,036
Profit receivable on bank deposits		231,795	229,782
Others		45,150	37,158
		<u>653,571</u>	<u>451,810</u>
<b>Considered doubtful</b>			
Amount due from PSL	9.1 & 9.2	11,476,377	11,476,377
Amount due from PCML	9.3	999,832	999,832
Amount due from Royal Management Services(Pvt) Ltd	9.4	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>
		<u>18,045,135</u>	<u>17,843,374</u>
Less: Provision for doubtful receivables		<u>(17,391,564)</u>	<u>(17,391,564)</u>
		<u>653,571</u>	<u>451,810</u>

9.1 This include the amount of Rs.1.0 million (2015: Rs.1.0 million) paid to Prudential Securities Limited (PSL) as advance for purchase of securities but the transaction remained incomplete. Operations of PSL were subsequently suspended by Pakistan Stock Exchange (PSX) formerly Karachi Stock Exchange Limited. Keeping in view remote chance of recovery, provision has been recorded against the total amount of claim.

9.2 This includes Rs. 10.476 million (2015: Rs. 10.476 million) receivable from PSL. As mentioned in note 9.1 operations of PSL were suspended by PSX and the Modaraba has filed claim with PSX for the amount. Keeping in view remote chance of recovery, provision has been recorded against the total amount of claim.

9.3 This represents Rs. 999,832 (2015: Rs. 999,832) receivable from Pearl Capital Management Limited (PCML). The operations of PCML has been suspended by PSX. A claim was lodged with the PSX for the recovery of the said amount which was rejected on the grounds of having been filed after the lapse of the last date for the submission of claims as notified by PSX. Hence, provision has been made against the total amount of claim.

9.4 This represents Rs. 886,442 (2015: Rs. 886,442) receivable from Royal Management Services (Private) Limited in respect of various expenses paid on their behalf. KASB Invest (Pvt.) Limited took over the management of Modaraba on November 11, 2014 from Royal Management Services (Private) Limited. Provision has been made against the total amount of receivable as the chances of the recovery is remote.

10. PROPERTY AND EQUIPMENT -IJARAH

2016	Cost		Amortization		Carrying value at June 30, 2016	Rate%
	at July 1, 2015	Additions/ (Disposals) at June 30, 2016	Accumulated at July 1, 2015	For the year ended June 30, 2016		
Plant and machinery	-	4,680,000	-	195,000	4,485,000	33.33
Vehicle	259,000	950,000	259,000	-	950,000	25-33.33
	259,000	5,630,000	259,000	195,000	5,435,000	

2015	Cost		Amortization		Carrying value at June 30, 2015	Rate%
	at July 1, 2014	Additions/ (Disposals) at June 30, 2015	Accumulated at July 1, 2014	For the year ended June 30, 2015		
Vehicles 10.1	259,000	-	259,000	-	-	33.33

10.1 This represent asset financed under ijarah arrangement to one defaulted client. The case is under litigation with Banking Court.

2016	Cost			Depreciation		Rate%	
	at July 1, 2015	Additions/ (Disposals) at June 30, 2016	Accumulated at July 1, 2015	For the year / (on disposals)	Accumulated at June 30, 2016		Carrying value at June 30, 2016
Office equipment	305,322	3,800	309,122	17,962	303,258	33.33	
Furniture and fixtures	39,645	-	39,645	1,137	32,700	10	
Motor vehicles	165,900	(82,400)	83,500	16,700 (82,400)	55,407	20	
	510,867	3,800 (82,400)	432,267	35,799 (82,400)	391,365	40,902	
2015	at July 1, 2014	Additions/ (Disposals) at June 30, 2015	Accumulated at July 1, 2014	For the year / (on disposals)	Accumulated at June 30, 2015	Carrying value at June 30, 2015	Rate%
Office equipment	298,322	7,000	305,322	22,303	285,296	20,026	33.33
Furniture and fixtures	39,645	-	39,645	1,260	31,563	8,082	10
Motor vehicles	165,900	-	165,900	16,700	121,107	44,793	20
	503,867	7,000	510,867	40,263	437,966	72,901	

11.1. Disposal of property and equipment -own			
Particulars	Cost	Written down depreciation	Particulars of buyers
Motor vehicle Suzuki Baleno	82,400	-	Mrs. Yasmeen Musharraf Khan Flat No. 610, Block 13, Gulistan-e-Jauhar, Karachi.
2016	82,400	-	
2015	-	-	

	Note	2016 Rupees	2015 Rupees
<b>12. DIMINISHING MUSHARIKA</b>			
Diminishing Musharakah	12.1	12,607,817	9,591,690
Less: Current Portion of Diminishing Musharakah		(5,256,089)	(4,125,144)
		<u>7,351,728</u>	<u>5,466,546</u>
12.1 These finance carry profit rate ranged from 12.50% to 17.00% per annum and are payable on monthly basis over a period from 3 to 4 years.			
<b>13. LONG TERM ADVANCES AND DEPOSITS</b>			
Long term deposits		<u>45,750</u>	<u>45,750</u>
		45,750	45,750
<b>14. ACCRUED AND OTHER LIABILITIES</b>			
Workers welfare fund	14.1	527,887	523,867
Auditors' remuneration		195,000	200,000
Charity fund payable		53,319	77,467
Other payables		<u>869,837</u>	<u>961,967</u>
		<u>1,646,043</u>	<u>1,763,301</u>
<b>14.1 WORKER WELFARE FUND</b>			
The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). Through these amendments Workers' Welfare Fund (WWF) is payable @2% of the profit before taxation as per the financial statements or taxable income which ever is higher.			
During the year 2011, the Honorable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013 a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.			
The Management Company, as a matter of abundant caution, has made the provision for WWF amounting to Rs. 527,887/- (2015: Rs. 523,867/-) as at the balance sheet date.			
<b>15. LONG TERM DEPOSITS</b>			
Ijarah security deposits		<u>1,615,000</u>	-
		1,615,000	-

## 16. CERTIFICATE CAPITAL

2016	2015		2016	2015
Number of Certificates			Rupees	Rupees
<b>Authorised</b>				
15,000,000	15,000,000	Modaraba certificates of Rs.10/- each	150,000,000	150,000,000
<b>Issued, subscribed and paid-up</b>				
10,000,000	10,000,000	Modaraba certificates of Rs.10/- each fully paid in cash	100,000,000	100,000,000
2,540,000	2,540,000	Modaraba certificates of Rs.10/- each fully paid bonus certificates	25,400,000	25,400,000
<u>12,540,000</u>	<u>12,540,000</u>		<u>125,400,000</u>	<u>125,400,000</u>

As at June 30, 2016, the Royal Management Services (Private) Limited (the Ex- Management Company) held 1,254,000 (2015: 1,254,000) certificates of Rs. 10 each.

## 17. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments at the year end.

## 18. OTHER INCOME

	2016	2015
	Rupees	Rupees
Gain on disposal of vehicle - owned	325,000	-
Termination charges on diminishing musharaka	285,653	-
Miscellaneous income	66,332	93,776
	<u>676,985</u>	<u>93,776</u>

	Note	2016	2015
		Rupees	Rupees
<b>19. ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances and benefits	19.1	1,606,608	744,030
Fees and subscription		656,513	703,095
Telephone and postage		403,004	131,754
Legal and professional		565,326	2,024,000
Registrar services		253,350	480,000
Auditors' remuneration	19.2	229,000	225,000
Travelling and conveyance		17,200	27,090
Printing and stationery		258,682	217,015
Transaction cost on investment		-	61,235
Repairs and maintenance		51,316	56,241
Stamp Papers		39,784	-
Entertainment		4,105	3,050
Depreciation-owned assets		35,799	40,263
Insurance		44,509	22,696
Bank charges		16,450	12,860
Reimbursement of common expenses		-	303,324
Advertisement in newspaper		258,750	23,000
Miscellaneous		59,476	93,036
		<u>4,499,872</u>	<u>5,167,689</u>

19.1 The aggregate amounts incurred during the year for remuneration including all benefits to officers and other employees of the Company are given below:

## REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

	2016			2015		
	Officers	Other Employees	Total	Officers	Other Employees	Total
	.....Rupees.....			.....Rupees.....		
Remuneration	-	1,402,000	1,402,000	-	640,758	640,758
Provident fund	-	45,804	45,804	-	30,636	30,636
Medical expenses	-	85,804	85,804	-	30,636	30,636
Others	-	73,000	73,000	-	42,000	42,000
		<u>1,606,608</u>	<u>1,606,608</u>		<u>744,030</u>	<u>744,030</u>
No. of persons	-	4	4	-	3	3

19.1.1 The total number of employees as at June 30th are 2 (2015: 3) and the average number of employees during the year equates to 3 (2015: 3)

	2016 Rupees	2015 Rupees
<b>19.2 AUDITORS' REMUNERATION</b>		
Statutory audit fee	175,000	175,000
Half year review fee	15,000	15,000
Review of code of corporate governance	10,000	10,000
CDC certification	10,000	15,000
Out of pocket expenses	19,000	10,000
	<u>229,000</u>	<u>225,000</u>

**20. Modaraba Management Company Fee**

In accordance with the Modaraba Companies and Modaraba Rules, 1981, management remuneration at the rate of 10% of annual profit is payable to the management company.

**21. Provision for Taxation**

The income of the Modaraba is exempt from tax provided that not less than 90% of total profits in the year as reduced by the amount transferred to statutory reserve, required under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980, are distributed amongst the certificate holders. Further, during the current year the Modaraba has incurred taxable loss and, since section 113 of the Income Tax Ordinance, 2001 is not applicable on the Modaraba, no provision for taxation would be required in these financial statements.

**22. EARNINGS/(LOSS) PER CERTIFICATE - BASIC AND DILUTED**

Profit for the year (Rupees)	201,010	1,556,550
Weighted average number of ordinary certificates	<u>12,540,000</u>	<u>12,540,000</u>
Earnings per certificate (Rupees per certificate)	<u>0.02</u>	<u>0.12</u>

**23. RELATED PARTY TRANSACTIONS**

The related parties comprise of associated undertakings, provident fund and directors of the Modaraba Management Company. The Modaraba, in the normal course of business carries out transactions with these related parties. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. Significant transactions with related parties are as follows: -

Relationship with the Company	Nature of transaction	2016 Rupees	2015 Rupees
Modaraba Management Company	Management fee	<u>20,101</u>	<u>155,655</u>
Provident Fund	Contribution made	<u>45,804</u>	<u>30,636</u>
Modaraba under common Management	Sharing of common expenses	<u>-</u>	<u>303,324</u>
<b>Balance as at the year end</b>			
Payable to Modaraba Management Company		<u>20,101</u>	<u>199,656</u>
Payable to Provident Fund		<u>-</u>	<u>16,106</u>

**24. FINANCIAL RISK MANAGEMENT**

The Modaraba's activities expose it to a variety of financial risks: market risk (including currency risk, fair value profit rate risk and price risk), credit risk and liquidity risk. The board of directors' of the management company has overall responsibility for the establishment and oversight of the Modaraba's risk management framework.

The Modaraba's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Modaraba's financial performance.

The Modaraba's principal financial liabilities comprise ijarah deposits, accrued and other liabilities and unclaimed profit distribution. The Modaraba's principal financial assets comprises of ijarah rentals receivable, diminishing musharakah & morabaha finances, advance, prepayments and other receivables and cash and bank balances that arrive directly from its operations. The Modaraba also holds held for trading, available-for-sale, and loan and receivable as its investments.

**24.1 Liquidity risk management**

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. Modaraba holds total current assets of Rs. 54.558 million against its current liability of Rs.6.006 million which lead to total surplus of Rs.48.552 million.

The table below shows an analyses of Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. However, Modaraba has surplus funds to pay off its liabilities. The amounts in the table are the contractual undiscounted cash flows.

2016	Total	More than three months and upto one year ..... Rupees .....		
		Upto three months	More than three months and upto one year	More than one year
Accrued and other liabilities	1,646,043	1,646,043	-	-
Unclaimed profit distribution	4,360,517	4,360,517	-	-
Ijarah deposits	<u>1,615,000</u>	-	-	<u>1,615,000</u>
	7,621,560	6,006,560	-	1,615,000
<b>2015</b>				
Accrued and other liabilities	1,763,301	1,763,301	-	-
Unclaimed profit distribution	4,191,858	4,191,858	-	-
Ijarah deposits	-	-	-	-
	<u>5,955,159</u>	<u>5,955,159</u>	-	-

**24.2 Credit risk and concentration of credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba controls credit risk by monitoring credit exposure, limiting transactions with specific counter parties and continually assessing the credit worthiness of counter parties.

The Modaraba is exposed to credit risk from its financing activities (Diminishing Musharakah & Morabaha finances and ijarah rental receivables), deposits with bank and financial institutions and other receivables.

The Modaraba has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and, if not available, the Modaraba uses other publicly available financial information and its own trading records to rate its major customers.

The Modaraba follows two sets of guidelines. It has its own operating policy and the management of the Modaraba also adheres to the regulations issued by the SECP. The operating policy defines the extent of fund and non-fund based exposures with reference to a particular sector or group.

The Modaraba's maximum exposure to credit risk related to financial instruments at June 30, 2016 and June 30, 2015 is the carrying amounts of following financial assets

	2016	2015
Diminishing Musharakah	12,607,817	9,591,690
Advances, deposits, prepayments and other receivables	653,571	451,810
Balances with banks and financial institutions	42,483,225	49,380,039
	<u>55,744,613</u>	<u>59,423,539</u>

The analysis below summarizes the quality rating of the major Banks in which the Modaraba deals:

Bank balances	Short Term	Long Term	2016	2015
Habib Bank Limited	A-1+	AAA	42,429,365	48,888,235
Al Baraka Bank (Pakistan) Limited	A1	A	-	315,474
Faysal Bank Limited	A1+	AA	8,746	8,746
Burj Bank Limited	A-2	BBB+	16,912	16,623
Bank AlFalah Limited	A1+	AA	-	125,380

Past due but not impaired financings are those for which contractual profit or principal payments are past due, but the Modaraba believes that impairment is not appropriate on the basis of the level of security/collateral available to the Modaraba.

An analysis of the financial assets that are individually impaired as per the accounting policy is as under:

	As at June 30, 2016				
	OAEM	Substandard	Doubtful	Loss	Total
Ijarah rentals receivable	-	-	-	119,542	119,542
Morabaha finance	-	-	-	15,319,705	15,319,705
	As at June 30, 2015				
	OAEM	Substandard	Doubtful	Loss	Total
Ijarah rentals receivable	-	-	-	119,542	119,542
Morabaha finance	-	-	-	15,319,705	15,319,705

Total impairment against these assets as at June 30, 2016 is Rs.15,439,247/- (June 2015:15,439,247/-)

**24.2.1 Concentration of Credit Risk**

Ijarah Assets	2016		2015	
	(Rupees)	%	(Rupees)	%
Individuals	950,000	17.48	-	-
Others	4,485,000	82.52	-	-
	<u>5,435,000</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

For Diminishing Musharika Finance	2016		2015	
	(Rupees)	%	(Rupees)	%
Transport & Communication	3,129,330	24.82	9,591,690	100.00
Individuals	6,967,343	55.26	-	-
Others	2,511,144	19.92	-	-
	<u>12,607,817</u>	<u>100.00</u>	<u>9,591,690</u>	<u>100.00</u>

**24.3 Market risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Modaraba incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Modaraba is exposed to profit risk.

**24.3.1 Profit rate risk**

The profit rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the profit rate exposure arises from short term deposits with banks, ijarah finance, diminishing musharaka and musharaka and morabaha finance. At the balance sheet date the profit rate risk profile of the Modaraba's profit bearing financial instruments is:

June 30, 2016

	Effective yield / profit rate %	Total	Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit risk
			.....Rupees.....					
Cash and bank balances	3.0% - 6.05%	42,483,225	41,755,899	-	-	-	-	727,326
Investments		1,236,016	-	-	-	-	-	1,236,016
Musharaka, morabaha and other finance	16.5% - 20.0%							
Diminishing musharaka	12.5% - 17.0 %	12,607,817	380,686	763,966	4,111,437	7,351,728	-	-
Ijarah rentals receivable								
Advances and other receivables		674,817	-	-	-	-	-	674,817
Total financial assets as at June 30, 2016		57,001,875	42,136,585	763,966	4,111,437	7,351,728	-	2,638,159
Ijarah deposit		1,615,000	-	-	-	-	-	1,615,000
Accrued and other liabilities		1,646,043	-	-	-	-	-	1,646,043
Unclaimed profit distribution		4,360,517	-	-	-	-	-	4,360,517
Total financial liabilities as at June 30, 2016		7,621,560	-	-	-	-	-	7,621,560
Total yield / profit risk sensitivity gap		42,136,585	42,136,585	763,966	4,111,437	7,351,728	-	-
Cumulative yield / profit risk sensitivity gap		42,136,585	42,900,551	47,011,988	54,363,716	54,363,716	-	-

June 30, 2015

	Effective yield / profit rate %	Total	Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit risk
			.....Rupees.....					
Cash and bank balances	3.40% - 8.85%	49,380,039	48,837,155	-	-	-	-	542,884
Investments		2,221,280	-	-	-	-	-	2,221,280
Musharaka, morabaha and other finance	16.5% - 20.0%							
Diminishing musharaka	12.5% - 14.59 %	9,591,690	343,762	687,524	3,093,858	5,466,546	-	-
Ijarah rentals receivable								
Advances and other receivables		486,726	-	-	-	-	-	486,726
Total financial assets as at June 30, 2015		61,679,735	49,180,917	687,524	3,093,858	5,466,546	-	3,250,890
Ijarah deposit		-	-	-	-	-	-	-
Accrued and other liabilities		1,763,301	-	-	-	-	-	1,763,301
Unclaimed profit distribution		4,191,858	-	-	-	-	-	4,191,858
Total financial liabilities as at June 30, 2015		5,955,159	-	-	-	-	-	5,955,159
Total yield / profit risk sensitivity gap		49,180,917	49,180,917	687,524	3,093,858	5,466,546	-	-
Cumulative yield / profit risk sensitivity gap		49,180,917	49,868,441	52,962,299	58,428,845	58,428,845	-	-

**24.3.1.1 Sensitivity Analysis**

The sensitivity of the net income for the year is the effect of the assumed changes in profit rates on the floating rate financial instruments held at the year end. The following table demonstrates the sensitivity of the Modaraba's income for the year to a reasonably possible change in profit rates, with all other variables held constant.

	Impact on profit after tax and equity	
	2016 Rupees	2015 Rupees
Changes in basis point		
+100	40,876	48,445
-100	(40,876)	(48,445)

**24.3.2 Equity Price Risk**

The Modaraba's Equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The modaraba manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the modaraba's senior management on a regular basis the board of directors of the management company reviews and approves all equity investment decision.

The carrying amount of investments in equity securities carried at fair value as shown in note 6 is as follows.

Investments	1,236,016	2,221,280
-------------	-----------	-----------

**24.3.4 Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Modaraba at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

**24.4 Fair Value of Financial Instruments**

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arms length transaction. Carrying values of financial assets and financial liabilities approximate their fair values.

**24.4.1 Fair Value Hierarchy**

The table below analysis financial instruments carried at fair value by valuation method. The different levels has been defined as follows.

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3:** Inputs for the assets or liability that are not based.

**June 30, 2016**

	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVTPL</b>				
Quoted companies	1,236,016	-	-	1,236,016
<b>Available-for-sale financial assets</b>				
Unlisted entities	-	-	-	-
	<u>1,236,016</u>	<u>-</u>	<u>-</u>	<u>1,236,016</u>

**June 30, 2015**

	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVTPL</b>				
Quoted companies	2,221,280	-	-	2,221,280
<b>Available-for-sale financial assets</b>				
Unlisted entities	-	-	-	-
	<u>2,221,280</u>	<u>-</u>	<u>-</u>	<u>2,221,280</u>

**24.5 Financial instruments by category**

**As at June 30, 2016**

	Loan and receivables	Assets at fair value through profit & loss	Available-for-sale	Total
		.....Rupees.....		
<b>ASSETS</b>				
Cash and bank balances	42,483,225	-	-	42,483,225
Investments	-	1,236,016	-	1,236,016
Diminishing Musharika	12,607,817	-	-	12,607,817
Advances, prepayments and other receivables	629,067	-	-	629,067
Long term deposits	45,750	-	-	45,750
	<u>55,765,859</u>	<u>1,236,016</u>	<u>-</u>	<u>57,001,875</u>
<b>LIABILITIES</b>				
Ijarah deposits	1,615,000	-	-	1,615,000
Accrued and other liabilities	1,646,043	-	-	1,646,043
Unclaimed profit distribution	4,360,517	-	-	4,360,517
	<u>7,621,560</u>	<u>-</u>	<u>-</u>	<u>7,621,560</u>



As at June 30, 2015

	Loan and receivables	Assets at fair value through profit & loss .....Rupees.....	Available-for -sale	Total
<b>ASSETS</b>				
Cash and bank balances	49,380,039	-	-	49,380,039
Investments	-	2,221,280	-	2,221,280
Diminishing Musharika	9,591,690	-	-	9,591,690
Advances, prepayments and other receivables	440,976	-	-	440,976
Long term deposits	45,750	-	-	45,750
	<u>59,458,455</u>	<u>2,221,280</u>	<u>-</u>	<u>61,679,735</u>
<b>LIABILITIES</b>				
Accrued and other liabilities	1,763,301	-	-	1,763,301
Unclaimed profit distribution	4,191,858	-	-	4,191,858
	<u>5,955,159</u>	<u>-</u>	<u>-</u>	<u>5,955,159</u>

**25. CAPITAL RISK MANAGEMENT**

The Modaraba manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. As at balance sheet date Modaraba do not have any exposure in short term and long term borrowing and it has sufficient surplus funds to manage the affairs of the Modaraba effectively. Further Modaraba has positive current ratio of 9.08:1 which is assessed as not overstated (2015: 10.26:1).

The Modaraba is continuously endeavoring for invest in risk free business with maximizing returns in order to improve the position of its accumulated reserves, however, due to risky economic and market conditions, the Modaraba is following conservative approach and it is not actively making any major investments or financing of its allowed business.

Consistently with others in the industry, the Modaraba monitors capital on the basis of the debt-to-adjusted capital ratio. Modaraba focus towards the equity based financing and therefore consistent with the previous years. Currently, the Modaraba is not exposed to any external borrowings.

**26. SEGMENT INFORMATION**

As per IFRS 8, operating segments are reported in a manner consistent with the internal reporting used by the chief decision-maker. The Board of Directors of the Management Company has been identified as the chief decision-makers, who is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the Board of Directors of the Management Company for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investments in entities incorporated in Pakistan.

**27. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE**

The Board of Directors have proposed dividend for the year ended June 30, 2016 of Re. Nil per certificate (2015: Re. 0.09 per certificate), amounting to Rs. Nil (2015: Rs.1,128,600/-) at their meeting held on October 7, 2016. The financial statements for the year ended June 30, 2016 do not include the effect of the above which will be accounted for in the period in which it is declared.

Due to non-appointment of chief executive officer these financial statements have been signed by two directors instead of chief executive officer and two directors.

**28. DATE OF AUTHORIZATION OF ISSUE**

These financial statements has been authorized for issue on October 7, 2016 by the Board of Directors of the KASB Invest (Private) Limited.

**26. CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation.

**29. GENERAL**

Figures have been rounded off to the nearest Rupee.

For KASB Invest (Private) Limited  
(Management Company)

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

## PATTERN OF CERTIFICATE HOLDINGS AS AT 30.06.2016

NUMBER OF CERTIFICATE HOLDERS	CERTIFICATE HOLDINGS		TOTAL CERTIFICATES HELD
871	1	- 100	44,350
1319	101	- 500	274,588
1096	501	- 1,000	716,617
504	1,001	- 5,000	1,049,207
67	5,001	- 10,000	454,689
32	10,001	- 15,000	381,853
11	15,001	- 20,000	189,484
3	20,001	- 25,000	66,730
7	25,001	- 30,000	186,454
2	30,001	- 35,000	61,908
4	35,001	- 40,000	152,262
1	40,001	- 45,000	41,954
6	45,001	- 50,000	289,119
1	60,001	- 65,000	62,700
1	65,001	- 70,000	65,835
1	85,001	- 90,000	89,503
2	105,001	- 110,000	219,725
1	110,001	- 115,000	111,860
3	125,001	- 130,000	376,602
1	145,001	- 150,000	149,790
1	160,001	- 165,000	160,500
1	210,001	- 215,000	210,649
2	245,001	- 250,000	500,000
1	285,001	- 290,000	290,000
1	290,001	- 295,000	295,000
1	335,001	- 340,000	337,919
1	450,001	- 455,000	453,000
1	840,001	- 845,000	840,338
1	865,001	- 870,000	868,500
1	1,035,001	- 1,040,000	1,036,296
1	1,250,001	- 1,255,000	1,254,000
1	1,305,001	- 1,310,000	1,308,568
<u>3,946</u>			<u>12,540,000</u>

## CATEGORIES OF CERTIFICATE HOLDING AS ON 30-06-2016

	No of Certificate holders	No of Certificate Held	Total No of Certificate	Percentage
ASSOCIATED COMPANIES UNDERTAKING AND RELATED PARTIES	-----	-----	-----	-----
NIT AND ICP	1		3,500	0.03
INVESTMENT CORPORATION OF PAKISTAN		3,500		
DIRECTORS, C.E.O THEIR SPOUSE AND MINOR CHILDREN	-----	-----	-----	-----
EXECUTIVE	-----	-----	-----	-----
PUBLIC SECTOR COMPANIES AND CORPORATIONS.	1		109,725	0.88
STATE LIFE INSURANCE CORPORATION OF PAKISTAN LTD		109,725		
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABA AND MUTUAL FUNDS	6		4,744	0.04
THE BANK OF KHYBER		1,526		
NATIONAL DEVELOPMENT LEASING CORPORATION LTD.		350		
NEW JUBILEE INSURANCE COMPANY LTD.		500		
L.T.V. CAPITAL MODARABA		1,345		
FIRST PRUDENTIAL MODARABA		100		
MODARABA AL MALL		923		
CERTIFICATEHOLDING FIVE PERCENT OR MORE VOTING INTREST IN THE LISTED COMPANY	3		5,487,770	43.76
ROYAL MANAGEMENT SERVICES (pvt) LTD		1,254,000		
RASHIDULLAH YACOOB		2,357,136		
PASHTOON RASHIDULLAH		1,876,634		
INDIVIDUALS	3,911	6,578,755	6,578,755	52.46
OTHER CORPORATE CERTIFICATEHOLDERS	24	355,506	355,506	2.83
TOTAL	<u>3,946</u>	<u>12,540,000</u>	<u>12,540,000</u>	<u>100.00</u>

**NOTICE OF THE ANNUAL REVIEW MEETING**

Notice is hereby given that the 17th Annual Review meeting of the Modaraba's Certificate Holders of First Pak Modaraba will be held on Monday October 31, 2016 at 7:45 pm at KASBIT Auditorium, 84-B, S.M.C.H.S, Off Shakra-e-Faisal, Karachi to review the performance of Modaraba for the year ended June 30, 2016 in terms of clause 20 of the Prudential Regulations for Modaraba issued vide Circular No. 5/2000 by Registrar Modaraba.

By Order of the Board

**Zia-ul-Haq**  
**Company Secretary**

**Karachi**  
**October 9, 2016**

**Notes**

1. The Modaraba Certificates transfer book shall remain closed from October 25, 2016 to October 31, 2016 (both days inclusive) to determine the names of Certificate Holders eligible to attend the Annual Review Meeting. Transfer received in order at the Registrar Office of the First Pak Modaraba (whose address is given below) up to the close of business hours on October 24, 2016 will be treated in time.

2. The Certificate holders are advised to notify to the Registrar of First Pak Modaraba of any change in their addresses to ensure prompt delivery of mails. Further, any Certificates for transfer, etc, should be lodged with the Registrar, F.D Registrar Services (SMC-Pvt.) Limited, Office # 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-7400 Tel: 35478192-93, 32271906.

3. Account Holders holding book entry securities of the First Pak Modaraba in Central Depository Company of Pakistan Limited, who wish to attend the Annual Review Meeting, are requested to bring original Computerized National Identity Card for identification purpose and will in addition, have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 25, 2000 of the Securities and Exchange Commission of Pakistan (SECP) for attending the meeting.

4. Pursuant to the provisions of the Finance Act 2016 effective July 01, 2016, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

a)	Rate of tax deduction for filers of income tax returns	12.5%
b)	Rate of tax deduction for non-filers of income tax returns	20.0%

All the certificate holders of First Pak Modaraba who hold certificates in physical form are therefore requested to send a valid copy of their CNIC and NTN Certificate, to First Pak Modaraba Registrar, F.D Registrar Services (SMC-Pvt.) Limited, at the above mentioned address to allow First Pak Modaraba to ascertain the status of certificate holders.