

**FIRST
PAK
MODARABA**

**QUARTERLY REPORT
FOR THE PERIOD ENDED
MARCH 31, 2015 (UN-AUDITED)**

Managed by:

KASB Invest (Private) Limited

CORPORATE INFORMATION

Board of Directors	Syed Waseem-ul- Haq Haqqie Syed Muhammad Rehmanullah Farrukh S. Ansari Rashid K. Siddiqui	Chairman Director Director Chief Executive Officer
Audit Committee	Farrukh S. Ansari Syed Muhammad Rehmanullah Syed Waseem-ul- Haq Haqqie	Chairman Member Member
Human Resource and Remuneration Committee	Farrukh S. Ansari Syed Waseem-ul- Haq Haqqie Syed Muhammad Rehmanullah Rashid K. Siddiqui	Chairman Member Member Member
Company Secretary & Chief Financial Officer	Aftab Afroz Mahmoodi	
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 Muhammad Zubair Quraishy & Co	
Shariah Advisor	Mufti Muhammad Ibrahim Essa	
Bankers	Habib Bank Limited (Islamic Banking) Burj Bank Limited Al-Baraka Islamic Bank Faysal Bank Limited Bank Al-Falah Limited	
Share Registrar	Shares & Corporate Services (Pvt.) Limited Mehersons Estate, Talpur Road, Karachi. 74000 Tel: 021-32401634	

DIRECTORS' REPORT

The Board of Directors of KASB Invest (Pvt) Limited (KIPL), the Management Company of First Pak Modaraba are pleased to present 3rd quarterly report together with unaudited condensed Interim Financial Statements, for the period ended March 31, 2015.

As detailed in the Financial Statements for the year ended June 30, 2014, KIPL had taken over the management and administrative control of the Modaraba effective November 13, 2014. After taken over the control, in concurrence with SECP, the legal and financial due diligence of the modaraba was conducted. The outcome of assignments warranted material adjustments in the earlier issued financial statement for the year ended June 30, 2014. The delay in the finalization of the revised audited financial statements for the year June 30 2014 caused inordinate delay in the finalization of the financial statements of the subsequent periods.

KEY OPERATING / FINANCIAL HIGHLIGHTS

Nine months period ended	(Rupees in millions)	
	March 31	
	2015	2014
Total Income from Operations	5.72	4.95
Operating Expenses	(3.94)	(2.86)
Unrealized Gain / (Loss) on re-measurement of Investment	0.05	(0.38)
Operating Profit	1.83	1.71
Management Company fee	0.16	-
Net Profit for the period	1.64	1.71
Earnings per Modaraba Certificate (Re.)	0.13	0.14

REVIEW OF OPERATIONS:

During the nine month period ended on 31st March 2015, the Overall operating performance of the First Pak Modaraba reflects that gross operating Income increased by 15% and reached to Rs.5.72 Million as against Rs. 4.95 Million during the corresponding period. The Net Profit of the Modaraba decreased by 4% to Rs.1.64 Million from a profit of Rs.1.71 Million in the corresponding period. During the period under review, the earning is Re. 0.13 per certificate as compare to Re. 0.14 per certificate during the corresponding period last year.

FUTURE OUTLOOK:

Our business strategy & approach are sound with a focus to enhance Shariah Compliant business. 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: July 14, 2015

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

	Note	March 31, 2015 (Unaudited) (Rupees)	June 30, 2014 (Audited) (Rupees)
ASSETS			
Current Assets			
Cash and Bank Balances	5	46,616,188	31,488,537
Investments	6	2,023,061	14,453,135
Current Portion of Diminishing Musharika	12	4,125,144	2,207,753
Morabaha finance	7	-	-
Ijarah rentals receivable	8	-	-
Advances, prepayments and other receivables	9	1,568,373	4,046,100
Tax refundable-considered good		4,929,854	4,929,854
Total Current Assets		59,262,620	57,125,379
Non-current Assets			
Property and equipment -Ijarah	10	-	-
Property and equipment - owned	11	82,940	106,164
Diminishing Musharika	12	6,845,774	9,935,452
Advances and deposits		45,750	45,750
Total Non-Current Assets		6,974,464	10,087,366
TOTAL ASSETS		66,237,084	67,212,745
LIABILITIES			
Current Liabilities			
Accrued and other liabilities		1,220,268	3,646,595
Unclaimed profit distribution		4,192,392	4,384,535
Total Current Liabilities		5,412,660	8,031,130
Non-Current liabilities		-	-
TOTAL LIABILITIES		5,412,660	8,031,130
NET ASSETS		60,824,424	59,181,615
REPRESENTED BY			
Certificate Capital			
Authorized certificate capital			
15,000,000 modaraba certificates of rupees 10/- each		150,000,000	150,000,000
Issued, subscribed and paid-up certificate capital			
12,540,000 Modaraba Certificates of Rupees 10/- each		125,400,000	125,400,000
Statutory reserve		25,045,163	24,716,601
Accumulated loss		(89,620,739)	(90,934,986)
		60,824,424	59,181,615
Contingencies and commitments	13		

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

For KASB Invest (Private) Limited
(Management Company)


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015**

Note	Nine months period ended March 31		Quarter ended March 31	
	2015	2014	2015	2014
 Rupees.....			
INCOME				
Return on bank deposits	2,600,270	2,424,183	885,086	688,460
Income on Diminishing Musharika	1,280,563	482,226	412,550	452,265
Gain on sale of investments	1,567,434	1,616,056	471,440	669,678
Dividend income	177,275	375,321	47,500	195,462
Ijarah rentals	-	49,664	-	-
Other Income	93,776	4,500	-	-
	<u>5,719,318</u>	<u>4,951,950</u>	<u>1,816,576</u>	<u>2,005,865</u>
Unrealized gain / (loss) on remeasurement of investments carried at fair value through profit and loss	49,001	(379,653)	(204,005)	(267,794)
	<u>5,768,319</u>	<u>4,572,297</u>	<u>1,612,571</u>	<u>1,738,071</u>
EXPENDITURE				
Administrative expenses	(3,903,731)	(2,808,299)	(1,328,592)	(771,219)
Amortization on ijarah assets	-	(37,259)	-	-
Workers welfare fund	(32,856)	(14,592)	(5,004)	-
	<u>(3,936,587)</u>	<u>(2,860,150)</u>	<u>(1,333,596)</u>	<u>(771,219)</u>
	<u>1,831,732</u>	<u>1,712,147</u>	<u>278,975</u>	<u>966,852</u>
Modaraba company's management fee	(164,281)	-	(25,020)	-
Provision for sales tax on management fee	(24,642)	-	(3,753)	-
Profit before taxation	<u>1,642,809</u>	<u>1,712,147</u>	<u>250,202</u>	<u>966,852</u>
Provision for taxation	-	-	-	-
Profit after taxation	<u>1,642,809</u>	<u>1,712,147</u>	<u>250,202</u>	<u>966,852</u>
Other Comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>1,642,809</u>	<u>1,712,147</u>	<u>250,202</u>	<u>966,852</u>
Earnings per certificate	<u>0.13</u>	<u>0.14</u>	<u>0.02</u>	<u>0.08</u>

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

For KASB Invest (Private) Limited
(Management Company)


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015**

	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,642,809	1,712,147
Adjustments for non-cash changes and other items:		
Gain on sale of investments	(1,567,434)	(1,616,056)
Dividend income	(177,275)	(375,321)
Unrealized loss / (gain) on remeasurement of held for trading investments	(49,001)	379,653
Gain on disposal of own assets	-	(4,500)
Amortization on ijarah assets	-	37,323
Depreciation-own assets	30,224	37,259
	<u>(1,763,486)</u>	<u>(1,541,642)</u>
	<u>(120,677)</u>	<u>170,505</u>
Cash flows before movements in working capital		
(Increase) / decrease in operating assets		
Diminishing Musharika	1,172,287	(12,352,752)
Ijarah rentals receivable	-	74,496
Advances, prepayments and other receivables	2,519,194	(390,824)
	<u>3,691,481</u>	<u>(12,669,080)</u>
Increase / (decrease) in operating liabilities		
Ijarah Deposits	-	(287,400)
Accrued and other liabilities	(2,426,327)	904,199
Cash generated from/(used in) from operations	<u>1,144,477</u>	<u>(11,881,776)</u>
Income tax paid	(967)	(938)
Net cash (used in) / generated from operating activities	<u>1,143,510</u>	<u>(11,882,714)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	136,775	256,571
Investment proceeds - net	14,046,509	(3,740,049)
Proceed on disposal of Ijarah assets	-	287,400
Proceed on disposal of own assets	-	4,500
Purchase of own assets	(7,000)	(29,015)
Net cash (used in) / generated from investing activities	<u>14,176,284</u>	<u>(3,220,593)</u>

FIRST PAK MODARABA

	March 31, 2015 (Rupees)	March 31, 2014 (Rupees)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Profit distribution	(192,143)	(1,245,549)
Net cash used in financing activities	<u>(192,143)</u>	<u>(1,245,549)</u>
Net (decrease) / increase in cash and cash equivalents (A+B+C)	15,127,651	(16,348,856)
Cash and cash equivalents at beginning of the period	31,488,537	48,371,514
Cash and cash equivalents at end of the period	<u><u>46,616,188</u></u>	<u><u>32,022,658</u></u>

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


CHIEF EXECUTIVE

For KASB Invest (Private) Limited
(Management Company)


DIRECTOR


DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015**

	Certificate capital	Reserves				Sub total	Total	
		Capital	Revenue					
		Statutory Reserve	Unrealized loss on available for sale investments	Accumulated loss				
						 Rupees.....	
Balance as at July 01, 2013	125,400,000	24,716,601	(3,037,125)	(73,774,472)	(76,811,597)		73,305,004	
Profit for the period ended March 31, 2014	-	-	-	1,712,147	1,712,147		1,712,147	
Transfer to Statutory Reserves	-	342,429	-	(342,429)	(342,429)		-	
Distribution @ 1.2 % declared for the year ended June 30, 2013				(1,504,800)	(1,504,800)		(1,504,800)	
Balance as at March 31, 2014	125,400,000	25,059,030	(3,037,125)	(73,909,554)	(76,946,679)		73,512,351	
Balance as at July 01, 2014	125,400,000	24,716,601	-	(90,934,986)	(90,934,986)		59,181,615	
Profit for the period ended March 31, 2015	-	-	-	1,642,809	1,642,809		1,642,809	
Transfer to Statutory Reserves	-	328,562	-	(328,562)	(328,562)		-	
Balance as at March 31, 2015	125,400,000	25,045,163	-	(89,620,739)	(89,620,739)		60,824,424	

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 PERIOD ENDED MARCH 31, 2015**

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 First Pak Modaraba (the Modaraba) is a multipurpose, perpetual Modaraba. The Modaraba is registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981 and was managed by Royal Management Services (Pvt.) Limited. In pursuance of instructions received from Securities and Exchange Commission of Pakistan (SECP), KASB Invest (Private) Limited has taken over the management and administrative control of First Pak Modaraba effective from November 13, 2014.

1.2 The registered office of First Pak Modaraba is situated at 8 C Block 6, PECHS, Shahrah e Faisal, Karachi. The Modaraba is listed on Karachi, Lahore and Islamabad Stock Exchanges. 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

These condensed interim financial statements comprise of condensed interim balance sheet, condensed interim profit and loss, condensed interim cash flow statement and condensed interim statement of changes in equity together with selected explanatory notes forming part thereof. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. It does not include all the statements and disclosures made in the annual published audited financial statements and should be read in conjunction with the annual audited financial statements of the Modaraba for the year ended June 30, 2014.

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, 2014.

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.

	March 31, 2015 (Un-audited) (Rupees)	June 30, 2014 (Audited) (Rupees)
5. CASH AND BANK BALANCES		
Cash in hand	750	4,380
Cash at banks		
Current accounts	537,504	31,026,336
Saving accounts	46,077,934	457,821
	5.1	
	<u>46,615,438</u>	<u>31,484,157</u>
	<u>46,616,188</u>	<u>31,488,537</u>

5.1 Effective mark-up rate in respect of saving accounts ranges from 3.40% to 8.85% (June 2014: 5% to 8.85%) per annum.

FIRST PAK MODARABA

6 INVESTMENTS	Note	March 31, 2015 (Un-audited) (Rupees)	June 30, 2014 (Audited) (Rupees)
Available for sale	6.1	-	-
Investments carried at fair value through profit or loss	6.2	2,023,061	14,453,135
		<u>2,023,061</u>	<u>14,453,135</u>

6.1 Available for sale

Fully paid ordinary shares of Rs. 10/- each

March 31, 2015	June 30, 2014	Name of Company	March 31, 2015 (Un-audited) (Rupees)	June 30, 2014 (Audited) (Rupees)
Number of shares				
Unquoted securities				
		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

Number of Shares / Units quoted securities		Name of Investee	March 31, 2015	June 30, 2014	March 31, 2015 (Un-audited) (Rupees)	June 30, 2014 (Audited) (Rupees)
March 31, 2015	June 30, 2014					
Open-end Mutual Funds						
9,625	9,623	Al-Ameen Islamic Principal Prservation Fund III (Face value of certificate Rs.100/- each)			1,016,502	974,060
71,939	-	Meezan Balanced Fund			1,006,559	-
Oil & Gas						
-	16,600	Pakistan Petroleum Limited			-	3,724,210
-	2,000	National Refinery Limited			-	430,740
-	1,000	Pakistan State Oil Limited			-	388,850
-	5,000	Shell Pakistan Limited			-	1,381,400
Chemicals						
-	5,000	Fauji Fertilizer Company Limited			-	561,250
Construction and materials						
-	18,000	Cherat Cement Limited			-	1,178,280
-	100,000	Fauji Cement Limited			-	1,924,000
Food Industries						
-	26,500	Engro Foods Limited			-	2,717,045
Software and Computer services						
-	10,000	NetSol Technologies			-	292,200

FIRST PAK MODARABA

March 31, 2015	June 30, 2014	Name of Investee	March 31, 2015 (Un-audited) (Rupees)	June 30, 2014 (Audited) (Rupees)
Number of Shares / Units quoted securities				
-	15,000	Electricity The Hub Power Company Limited	-	881,100
120,000	120,000	Suspended / Delisted Companies		
279,749	279,749	Prudential Investment Bank Limited	-	-
		Pakistan Industrial & Commercial Leasing Limited	-	-
			<u>2,023,061</u>	<u>14,453,135</u>

	March 31, 2015 (Un-audited) (Rupees)	June 30, 2014 (Audited) (Rupees)
6.2.1 Unrealized gain/ (loss) on changes in fair value of held for trading investments		
Weighted average cost of investments	1,974,060	15,052,201
Unrealized gain / (loss) on changes in fair value of held for trading investments	49,001	(599,066)
Market value of investments	<u>2,023,061</u>	<u>14,453,135</u>

7 MORABAHA FINANCE

Morabaha finance - Unsecured	15,319,705	15,319,705
Less: Provision for doubtful morabaha finance	<u>(15,319,705)</u>	<u>(15,319,705)</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 good	-	-
Considered doubtful	119,542	119,542
	<u>119,542</u>	<u>119,542</u>
Less: Provision for doubtful receivables	<u>(119,542)</u>	<u>(119,542)</u>
	-	-

FIRST PAK MODARABA

	March 31, 2015 (Un-audited) (Rupees)	June 30, 2014 (Audited) (Rupees)
9 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
Considered good		
Profit Receivable on Diminishing Musharika	129,162	147,641
Advance Sindh Sales Tax	-	13,000
Advance income tax	2,246	1,279
Advance to staff	2,500	22,000
Prepayments	137,765	191,781
Profit receivable on bank deposits	419,493	300,596
Dividend Receivable	40,500	-
Receivables against sale of shares	799,557	3,366,195
Others	37,150	3,608
	1,568,373	4,046,100
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
	18,959,937	21,437,664
Less: Provision for doubtful receivables	(17,391,564)	(17,391,564)
	1,568,373	4,046,100

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. 7,000 (March 31, 2014 : Rs. 29,015) is purchased.

12 DIMINSHING MUSHARIKA

Diminishing Musharika	10,970,918	12,143,205.
Less: Current Portion of Diminishing Musharika	(4,125,144)	(2,207,753)
	6,845,774	9,935,452

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 March 31, 2015.

FIRST PAK MODARABA

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

The related parties comprise of associated undertakings and directors of the Modaraba Management Company. The Modaraba, in the normal course of business carries out transactions with these related parties. Significant transactions with related parties are as follows: -

Relationship with the Company	Nature of Transactions	March 31, 2015 (Unaudited) Rupees	March 31, 2014 (Unaudited) Rupees
Modaraba Management Company	Management fee	164,281	-
Provident Fund	Contribution made	22,977	33,338
Modaraba under common Management	Expenses incurred on common facilities used	-	50,480
Modaraba Management Company (Previous Management Company)	Dividend Paid	-	150,480

16 DATE OF AUTHORISATION OF ISSUE

These condensed interim financial statements has been authorized for issue on July 14, 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

BOOK - POST
Printed Matter

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