

**FIRST  
PAK  
MODARABA**

**QUARTERLY REPORT  
FOR THE 1ST QUARTER ENDED  
SEPTEMBER 30, 2014  
(UN-AUDITED)**

*Managed by:*

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**KASB Invest (Private) Limited**

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**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>Company Secretary &amp; Chief Financial Officer</b>	Aftab Afroz Mahmoodi	
<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 Avais Hyder Liaquat Nauman Chartered Accounts	
<b>Legal Advisor</b>	Ahmed & Qazi Advocates Muhammad Zubair Quraishy & Co	
<b>Shariah Advisor</b>	Mufti Muhammad Ibrahim Essa	
<b>Bankers</b>	Habib Bank Limited (Islamic Banking) Burj Bank Limited Al-Baraka Islamic Bank Faysal Bank Limited Bank Al-Falah Limited	
<b>Share Registrar</b>	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 1st quarterly report together with unaudited condensed Interim Financial Statements, for the period ended September 30, 2014.

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**

Quarter ended	(Rupees in millions)	
	September 30	
	2014	2013
Total Income from Operations :	2.35	1.72
Operating Expenses :	(0.71)	(0.77)
Unrealized Gain / (Loss) on re-measurement of Investment :	(0.22)	(1.04)
Operating Profit :	1.42	(0.08)
Management Company fee :	0.15	-
Net Profit/(Loss) for the period :	1.27	(0.08)
Earning /(Loss) per Modaraba Certificate (Re.) :	0.10	(0.01)

**REVIEW OF OPERATIONS:**

During the quarter ended September 30, 2014, the overall operating performance of the First Pak Modaraba reflects that gross operating income increased by 36% and reached to Rs.2.35 million as against Rs.1.72 million during the corresponding period. The net profit is Rs.1.27 million as compared to net loss of Rs.0.08 million in the corresponding period. During the period under review, the earning for the quarter is Re. 0.10 per certificate as compare to loss of Re. 0.01 per certificate in the corresponding period.

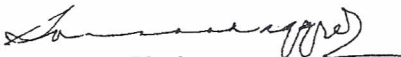
**FUTURE OUTLOOK:**

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 SEPTEMBER 30, 2014

	Note	September 30, 2014 (Unaudited) (Rupees)	June 30, 2014 (Audited) (Rupees)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Bank Balances	5	40,697,358	31,488,537
Investments	6	6,157,901	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	2,199,297	4,046,100
Tax refundable-considered good		4,929,854	4,929,854
<b>Total Current Assets</b>		<b>58,109,554</b>	<b>57,125,379</b>
<b>Non-current Assets</b>			
Property and equipment -Ijarah	10	-	-
Property and equipment - owned	11	103,175	106,164
Diminishing Musharika	12	7,808,514	9,935,452
Advances and deposits		45,750	45,750
<b>Total Non-Current Assets</b>		<b>7,957,439</b>	<b>10,087,366</b>
<b>TOTAL ASSETS</b>		<b>66,066,993</b>	<b>67,212,745</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accrued and other liabilities		1,419,940	3,646,595
Unclaimed profit distribution		4,194,043	4,384,535
<b>Total Current Liabilities</b>		<b>5,613,983</b>	<b>8,031,130</b>
<b>Non-Current liabilities</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>5,613,983</b>	<b>8,031,130</b>
<b>NET ASSETS</b>		<b>60,453,010</b>	<b>59,181,615</b>
<b>REPRESENTED BY</b>			
Certificate Capital			
<b>Authorized certificate capital</b>			
15,000,000 modaraba certificates of rupees 10/- each		150,000,000	150,000,000
<b>Issued, subscribed and paid-up certificate capital</b>			
12,540,000 Modaraba Certificates of Rupees 10/- each		125,400,000	125,400,000
Statutory reserve		24,970,880	24,716,601
Accumulated loss		(89,917,870)	(90,934,986)
		60,453,010	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 QUARTER ENDED SEPTEMBER 30, 2014**

	Note	September 30, 2014 (Rupees)	September 30, 2013 (Rupees)
<b>INCOME</b>			
Return on bank deposits		796,255	942,279
Income on Diminishing Musharika		437,828	-
Gain on sale of investments		1,063,038	684,883
Dividend income		52,275	47,145
Ijarah rentals		-	49,664
		<u>2,349,396</u>	<u>1,723,971</u>
Unrealized loss on remeasurement of investments carried at fair value through profit and loss		<u>(217,733)</u>	<u>(1,040,208)</u>
		2,131,663	683,763
<b>EXPENDITURE</b>			
Administrative expenses		(688,629)	(729,979)
Amortization on ijarah assets		-	(37,259)
Workers welfare fund		(25,428)	-
		<u>(714,057)</u>	<u>(767,238)</u>
		1,417,606	(83,475)
Modaraba company's management fee		(127,140)	-
Provison for sales tax on management fee		(19,071)	-
Profit before taxation		<u>1,271,395</u>	<u>(83,475)</u>
Provision for taxation	14	-	-
Profit after taxation		<u>1,271,395</u>	<u>(83,475)</u>
<b>Other Comprehensive income</b>		-	-
Total comprehensive income for the period		<u>1,271,395</u>	<u>(83,475)</u>
<b>Earnings per certificate</b>		<u>0.10</u>	<u>(0.01)</u>

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

  
 CHIEF EXECUTIVE

For KASB Invest (Private) Limited  
 (Management Company)

  
 DIRECTOR

  
 DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	September 30, 2014 (Rupees)	September 30, 2013 (Rupees)
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,271,395	(83,475)
Adjustments for non-cash changes and other items:		
Gain on sale of investments	(1,063,038)	(684,883)
Dividend income	(52,275)	(47,145)
Unrealized loss / (gain) on remeasurement of held for trading investments	217,733	1,040,208
Amortization on ijarah assets	-	37,259
Depreciation-own assets	9,989	12,893
	<u>(887,591)</u>	<u>358,332</u>
	<u>383,804</u>	<u>274,857</u>
 Cash flows before movements in working capital		
(Increase) / decrease in operating assets		
Diminishing Musharika	209,547	-
Ijarah rentals receivable	-	(49,664)
Advances, prepayments and other receivables	1,847,105	(82,240)
	<u>2,056,652</u>	<u>(131,904)</u>
Increase / (decrease) in operating liabilities		
Accrued and other liabilities	(2,226,655)	49,619
Cash generated from/(used in) from operations	213,801	192,572
Income tax paid	(302)	(46)
Net cash (used in) / generated from operating activities	<u>213,499</u>	<u>192,526</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	52,275	41,645
Investment proceeds - net	9,140,539	(1,194,155)
Purchase of own assets	(7,000)	(29,015)
Net cash (used in) / generated from investing activities	<u>9,185,814</u>	<u>(1,181,525)</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit distribution	(190,492)	(4,284)
Net cash used in financing activities	<u>(190,492)</u>	<u>(4,284)</u>
 Net (decrease) / increase in cash and cash equivalents (A+B+C)	9,208,821	(993,283)
 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>40,697,358</u>	<u>47,378,231</u>

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

  
**CHIEF EXECUTIVE**

For KASB Invest (Private) Limited  
(Management Company)

  
**DIRECTOR**

  
**DIRECTOR**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	Certificate capital	Reserves		Sub Total	Total	
		Capital	Revenue			
		Statutory Reserve*	Unrealized loss on available for sale investments			
					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
Loss for the quarter ended September 30, 2013	-	-	-	(83,475)	(83,475)	(83,475)
Transfer to Statutory Reserves	-	-	-	-	-	-
Balance as at September 30, 2013	125,400,000	24,716,601	(3,037,125)	(73,857,947)	(76,895,072)	73,221,529
Balance as at July 01, 2014	125,400,000	24,716,601	-	(90,934,986)	(90,934,986)	59,181,615
Profit for the quarter ended September 30, 2014	-	-	-	1,271,395	1,271,395	1,271,395
Transfer to Statutory Reserves	-	254,279	-	(254,279)	(254,279)	-
Balance as at September 30, 2014	125,400,000	24,970,880	-	(89,917,870)	(89,917,870)	60,453,010

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

  
CHIEF EXECUTIVE

For KASB Invest (Private) Limited  
(Management Company)

  
DIRECTOR

  
DIRECTOR



**NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

**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.

# FIRST PAK MODARABA

5 CASH AND BANK BALANCES	Note	September 30, 2014 (Unaudited) (Rupees)	June 30, 2014 (Audited) (Rupees)
Cash in hand		4,230	4,380
Cash at banks			
Current accounts		537,819	31,026,336
Saving accounts	5.1	40,155,309	457,821
		40,693,128	31,484,157
		<u>40,697,358</u>	<u>31,488,537</u>

5.1 Effective mark-up rate in respect of saving accounts ranges from 3.70% to 8.85% (June 2014: 5% to 8.85%) per annum.

## 6 INVESTMENTS

Available for sale	6.1	-	-
Investments carried at fair value through profit or loss	6.2	6,157,901	14,453,135
		<u>6,157,901</u>	<u>14,453,135</u>

### 6.1 Available for sale

Fully paid ordinary shares of Rs. 10/- each

September 30, 2014 (Unaudited)	June 30, 2014 (Audited)	Name of company	September 30, 2014 (Unaudited) Rupees	June 30, 2014 (Audited) Rupees
Number of Shares	Number of Shares	Prudential Securities Limited		
487,500	487,500	Cost	4,875,000	4,875,000
		Less: Permanent Diminution	(4,875,000 )	(4,875,000 )
			<u>-</u>	<u>-</u>

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

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

September 30, 2014 (Unaudited)	June 30, 2014 (Audited)	Name of Investee	September 30, 2014 (Unaudited) Rupees	June 30, 2014 (Audited) Rupees
Number of Shares/Units	Number of Shares/Units	<b>Open-end Mutual Funds</b>		
Quoted Securities	Quoted Securities	Al-Ameen Islamic Principal Prservation Fund III	984,541	974,060
		(Face value of certificate Rs.100/- each)		
		<b>Oil &amp; Gas</b>		
1,000	16,600	Pakistan Petroleum Limited	226,050	3,724,210
4,000	2,000	National Refinery Limited	776,280	430,740
-	1,000	Pakistan State Oil Limited	-	388,850
-	5,000	Shell Pakistan Limited	-	1,381,400
6,000	-	Oil & Gas Development Company Limited	1,482,360	-
		<b>Chemicals</b>		
2,000	5,000	Fauji Fertilizer Company Limited	226,880	561,250

## FIRST PAK MODARABA

September 30, 2014 (Unaudited) (Rupees)	June 30, 2014 (Audited) (Rupees)		September 30, 2014 (Unaudited) (Rupees)	June 30, 2014 (Audited) (Rupees)
Number of Shares/Units		Name of Investee		
Quoted Securities		<b>Construction and materials</b>		
6,000	18,000	Cherat Cement Limited	314,280	1,178,280
47,500	100,000	Fauji Cement Limited	925,775	1,924,000
7,000	-	DG Khan Cement Limited	557,900	-
7,500	-	Pioneer Cement Limited	396,225	-
		<b>Food Industries</b>		
-	26,500	Engro Foods Limited	-	2,717,045
		<b>Software and Computer services</b>		
5,000	10,000	NetSol Technologies	139,650	292,200
		<b>Electricity</b>		
2,000	15,000	The Hub Power Company Limited	127,960	881,100
		<b>Suspended / Delisted Companies</b>		
120,000	120,000	Prudential Investment Bank Limited	-	-
279,749	279,749	Pakistan Industrial & Commercial Leasing Limited	-	-
			<u>6,157,901</u>	<u>14,453,135</u>

	September 30, 2014 (Unaudited) (Rupees)	June 30, 2014 (Audited) (Rupees)
<b>6.2.1 Unrealized loss on changes in fair value of held for trading investments</b>		
Weighted average cost of investments	6,375,634	15,052,201
Unrealized loss on changes in fair value of held for trading investments	(217,733)	(599,066)
Market value of investments	<u>6,157,901</u>	<u>14,453,135</u>

### 7 MORABAHA FINANCE

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

7.1 This include amount of 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	(119,542)	(119,542)
	<u>-</u>	<u>-</u>



## FIRST PAK MODARABA

	September 30, 2014 (Unaudited) (Rupees)	June 30, 2014 (Audited) (Rupees)
<b>9 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>		
<b>Considered good</b>		
Profit Receivable on Diminishing Musharika	145,095	147,641
Advance Sindh Sales Tax	13,000	13,000
Advance income tax	1,581	1,279
Advance to staff	9,000	22,000
Prepayments	209,397	191,781
Profit receivable on bank deposits	406,540	300,596
Dividend Receivable	31,875	-
Receivables against sale of shares	1,345,659	3,366,195
Others	37,150	3,608
	2,199,297	4,046,100
<b>Considered doubtful</b>		
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
	19,590,861	21,437,664
Less: Provision for doubtful receivables	(17,391,564)	(17,391,564)
	2,199,297	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 (September 30, 2013 : Rs. 29,015) is purchased.

### 12 DIMINSHING MUSHARIKA

Diminishing Musharika	11,933,658	12,143,205
Less: Current Portion of Diminishing Musharika	(4,125,144)	(2,207,753)
	7,808,514	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 September 30, 2014.

### 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.



## FIRST PAK MODARABA

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### 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	September 30, 2014 (Unaudited) (Rupees)	September 30, 2013 (Unaudited) (Rupees)
Modaraba management company	Management fee	127,140	-
Provident fund	Contribution made	7,659	11,256

### 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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