



# **FIRST PAK MODARABA**

**HALF YEARLY REPORT  
FOR THE PERIOD ENDED  
DECEMBER 31, 2016 (UN-AUDITED)  
(REVIEWED BY EXTERNAL AUDITORS)**

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>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 Avais 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) 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.	

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## DIRECTORS' REPORT

The Board of Directors of KASB Invest (Private) Limited, the Management Company of First Pak Modaraba is pleased to present the half yearly unaudited financial statements of the Modaraba for the half year ended December 31, 2016.

### FINANCIAL HIGHLIGHTS

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

	December 31, 2016 Rs "000"	June 30, 2016 Rs "000"
<b>BALANCE SHEET</b>		
Cash and bank balances	13,054	42,483
Investments	1,424	1,236
Diminishing Musharakah Finance	34,293	12,608
Ijarah assets	4,787	5,435
Total Assets	68,365	67,432
Net Assets	61,415	59,811
	December 31, 2016 Rs "000"	December 31, 2015 Rs "000"
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Gross Income	4,146	2,646
Operating & Financial Charges	(2,357)	(2,458)
Management Company Fee	(160)	(17)
Net Profit/Loss for the Year	1,605	168
Earning per Modaraba Certificate (Rupees)	0.13	0.01

### OPERATIONS AND PERFORMANCE

By the Grace of the Almighty Allah, the first half of the financial year of the Modaraba ended at a Green bottom line, substantially higher than the corresponding half year. Net profit for the period remained PKR. 1.605 million (December 31, 2015: PKR. 0.168 million). Earning per Certificate was PKR. 0.13 per Certificate (December 31, 2015: PKR. 0.01 per Certificate). The Administrative and Financial Charges reduced from PKR. 2.46 million in December 31, 2015 to PKR. 2.36 million in the current period. The major contributors to the reduction were Administrative expenses which reduced from PKR. 2.45 million in December 31, 2015 to PKR. 1.67 million in the current year.

During the period, modaraba increased its investment in Diminishing Musharika Finance from PKR. 12.61 million as on December 31, 2015 to PKR. 34.30 million as on December 31, 2016. No fresh provision was required to be made against receivables during the current period. This is because of management's conservative approach and vigorous follow-ups on financing avenues.

The management has continued to adopt a cautious approach in its conduct of financing activities for better future prospects.

### FUTURE PROSPECTS

Your Modaraba would keep investing in secured low risk sharia compliant business avenues for long term profitability. We have adopted a cautious yet vigorous approach towards recovery from financing facilities for uninterrupted cash flows and returns for the stakeholders.

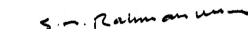
The planned merger of First Pak Modaraba and First Prudential Modaraba would bring about substantial positive changes in the business results through synergy and economies of scale.

### ACKNOWLEDGEMENT

The Board greatly appreciates the support and 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 and behalf of Board of Directors

  
Syed Muhammad Rehmanullah

Director

February 28, 2017

Karachi

### انتظامی کارکردگی

اللہ تعالیٰ کے فضل و کرم سے مضاربہ کی پہلی ششماہی گذشتہ ششماہی کے مقابلے میں خاطر خواہ بہتر نتائج کے ساتھ اختتام پذیر ہوئی۔ خالص منافع 1.605 ملین روپے رہا (31 دسمبر 2015، 0.168 ملین روپے)۔ فی حصہ آمدنی 0.13 روپے رہی (31 دسمبر 2015، 0.01 روپے فی حصہ)۔ انتظامی و مالیاتی اخراجات گذشتہ ششماہی کے 2.46 ملین روپے سے کم ہو کر موجودہ ششماہی کے اختتام پر 2.36 ملین روپے رہے۔ اس کمی کی بڑی وجہ انتظامی اخراجات میں کمی رہی جو کہ گذشتہ ششماہی کے 2.45 ملین روپے سے کم ہو کر موجودہ ششماہی کے اختتام پر 1.67 ملین روپے رہے۔

دوران مدت مضاربہ نے شرکت متناقصہ مالیات میں سرمایہ کاری میں خاطر خواہ اضافہ کیا۔ گذشتہ سال کی 12.61 ملین روپے کی سرمایہ کاری کے مقابلے میں موجودہ ششماہی میں یہ سرمایہ کاری 34.30 ملین روپے رہی۔ قابل وصول قرضہ جات میں سے کوئی نیا قرضہ مشکوک قرضوں کی صف میں شامل نہیں ہوا۔ یہ مضاربہ کی انتظامیہ کے مضبوط نگرانی اور قرضوں کی فراہمی میں قدامت پسند رویہ کی وجہ سے ممکن ہوا۔

مضاربہ کے بہتر مستقبل کے لئے مالی معاونت کے اس طرز عمل میں انتظامیہ نے محتاط رویہ قائم رکھا ہے۔

### مستقبل کے امکانات

آپکا مضاربہ دیرپا منافع کے لئے شرعی کم انڈینٹوں سے مزین مواقعوں میں سرمایہ کاری کرتا رہے گا۔ ہم نے بلا تھقل سرمائے کے بہاؤ اور حصہ داروں کے لئے منافع کی خاطر ایک محتاط لیکن مضبوط فنانسنگ کی روش اختیار کئے رکھی ہے۔

فرسٹ پاک مضاربہ اور فرسٹ پروڈنشل مضاربہ کے مجوزہ انضمام کے ذریعے ہم امید کرتے ہیں کہ خاطر خواہ مثبت نتائج اور مطابقت اور پیمانے کی معیشت کے ثمرات حاصل ہونگے۔

### اعتراف

بورڈ ریگولیشنز، حصص یافتگان، کسٹمرز اور بینکران کی معاونت اور تعاون کو بے حد سراہتا ہے اور مستقبل میں بھی انکی معاونت اور مشورے کا منتظر رہے گا۔ ہم اللہ تعالیٰ کے حضور آپ کے مضاربہ کی کامیابی کے لئے دعا گو ہیں۔

بورڈ آف ڈائریکٹرز کی جانب و توسط سے

سید محمد رحمن اللہ

ڈائریکٹر

کراچی۔

28 فروری 2017

## ڈائریکٹرز رپورٹ

کے اے۔ ایس۔ بی انویسٹ (پرائیویٹ) لمیٹڈ، انتظامی کمپنی برائے فرسٹ پاک مضاربہ، کے بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ مضاربہ کی 31 دسمبر 2016 کو اختتام پذیر ہونے والی ششماہی کا عبوری ملخص غیر آڈٹ شدہ مالیاتی گوشوارہ پیش کر رہا ہے۔

## مالیاتی جھلکیاں

زیر جائزہ مدت کیلئے مالیاتی جھلکیاں درج ذیل ہیں۔

بیلنس شیٹ	31 دسمبر 2016	30 جون 2016
	روپے (000)	روپے (000)
نقد اور بینک میں رقم	13,054	42,483
سرمایہ کاری	1,424	1,236
شرکت متناقصہ	34,293	12,608
اجارہ اثاثہ جات	4,787	5,435
کل اثاثہ جات	68,365	67,432
خالص اثاثہ جات	61,415	59,811

نفع و نقصان کا حساب	31 دسمبر 2016	31 دسمبر 2015
	روپے (000)	روپے (000)
مجموعی آمدنی	4,146	2,646
انتظامی و مالیاتی اخراجات	(2,357)	(2,458)
بیٹجمنٹ کمپنی فیس	(160)	(17)
خالص منافع برائے موجودہ مدت	1,605	168
فی حصہ آمدنی	0.13	0.01



**RSM Avais Hyder Liaquat Nauman**  
Chartered Accountants

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**INDEPENDENT AUDITORS' REPORT TO THE  
CERTIFICATE HOLDERS ON REVIEW OF  
CONDENSED INTERIM FINANCIAL INFORMATION**

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of **FIRST PAK MODARABA**(the Modaraba)as at December 31, 2016, the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period ended (here-in-after referred to as the "interim financial information"). Management of Modaraba Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Other matter**

The figures for the quarters ended December 31, 2016and December 31, 2015 in the condensed interim profit and loss account has not been reviewed and we do not express a conclusion on them.

*RSM Avais Hyder Liaquat Nauman*  
Chartered Accountants  
Karachi  
Dated: February 28, 2017

Engagement Partner: Adnan Zaman

THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING

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

**CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31,2016**

ASSETS	Note	(Unaudited)	(Audited)
		December 31 2016	June 30, 2016
.....Rupees.....			
<b>Current Assets</b>			
Cash and bank balances	5	13,054,295	42,483,225
Investments	6	1,424,071	1,236,016
Current portion of diminishing Musharakah	11	14,421,655	5,256,089
Morabaha finance	7	-	-
Advances, deposits, prepayments and other receivables	8	9,801,964	653,571
Tax refundable - considered good		4,929,854	4,929,854
<b>Total Current Assets</b>		<b>43,631,839</b>	<b>54,558,755</b>
<b>Non - Current Assets</b>			
Property and equipment -Ijarah	9	4,786,875	5,435,000
Property and equipment - owned	10	29,341	40,902
Long term portion of Diminishing Musharakah	11	19,870,950	7,351,728
Advance and deposits		45,750	45,750
<b>Total Non - Current Assets</b>		<b>24,732,916</b>	<b>12,873,380</b>
<b>TOTAL ASSETS</b>		<b>68,364,755</b>	<b>67,432,135</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accrued and other liabilities		974,083	1,646,043
Unclaimed profit distribution		4,360,517	4,360,517
		5,334,600	6,006,560
<b>Non-Current Liabilities</b>			
Long term deposits		1,615,000	1,615,000
<b>TOTAL LIABILITIES</b>		<b>6,949,600</b>	<b>7,621,560</b>
<b>NET ASSETS</b>		<b>61,415,155</b>	<b>59,810,575</b>
<b>REPRESENTED BY</b>			
<b>Certificate holders' equity</b>			
Certificate Capital		125,400,000	125,400,000
Statutory reserve		25,389,029	25,068,113
Accumulated loss		(89,373,874)	(90,657,538)
		61,415,155	59,810,575
Contingencies and commitments	13		

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

*Adnan Zaman*  
CHIEF EXECUTIVE

For KASB Invest (Private) Limited  
(Management Company)

*S. M. Raheem*  
DIRECTOR

*Adnan Zaman*  
DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

Note	Half year ended December 31		Quarter ended December 31	
	2016	2015	2016	2015
	..... Rupees.....			
<b>INCOME</b>				
Return on PLS accounts	496,107	1,397,704	147,823	705,010
Income on Diminishing Musharakah Ijarah rentals	2,043,182	592,175	1,278,963	303,178
Other income	821,343	-	418,488	-
	105,000	630,653	20,000	630,653
	3,465,632	2,620,532	1,865,274	1,638,841
Unrealised gain on remeasurement of held for trading investments	188,055	24,987	140,461	62,141
Reversal of provision for WWF	12	492,736	-	492,736
	4,146,423	2,645,519	2,498,471	1,700,982
<b>EXPENDITURE</b>				
Administrative expenses	(1,677,099)	(2,455,031)	(1,106,917)	(1,625,489)
Amortization on Ijarah assets	(648,125)	-	(324,063)	-
Workers welfare fund	(32,092)	(3,357)	(18,811)	(1,331)
	(2,357,316)	(2,458,388)	(1,449,791)	(1,626,820)
Profit for the period	1,789,107	187,131	1,048,680	74,162
Modaraba Company's Management Fee	(160,458)	(16,783)	(94,052)	(6,651)
Provision for sales tax on management fee	(24,069)	(2,517)	(14,108)	(997)
Profit before taxation	1,604,580	167,831	940,520	66,514
Provision for taxation	14	-	-	-
Profit after taxation	1,604,580	167,831	940,520	66,514
<b>Other Comprehensive income</b>	-	-	-	-
Total income for the period	1,604,580	167,831	940,520	66,514
<b>Earnings per certificate</b>	0.13	0.01	0.08	0.01

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

For KASB Invest (Private) Limited  
(Management Company)

  
 CHIEF EXECUTIVE

  
 DIRECTOR

  
 DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Half Year Ended December 31,	
	2016	December 31, 2015
	..... Rupees.....	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,604,580	167,831
Adjustments for non-cash changes and other items:		
Gain on disposal of fixed assets-own	-	(325,000)
Unrealised gain on remeasurement of held for trading investments	(188,055)	(24,987)
Amortization on ijarah assets	648,125	-
Depreciation-owned	11,561	20,435
	471,631	(329,552)
Cash flows before movements in working capital	2,076,211	(161,721)
(Increase) in operating assets		
Diminishing Musharakah	(21,684,788)	(3,757,289)
Advances, prepayments and other receivables	(9,095,763)	(826,648)
	(30,780,551)	(4,583,937)
(Decrease) in operating liabilities		
Accrued and other liabilities	(671,960)	(867,551)
Cash generated from / (used in) operations	(29,376,300)	(5,613,209)
Income tax paid	(52,630)	(606)
Net cash (used in) operating activities	(29,428,930)	(5,613,815)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal-own assets	-	325,000
Purchase of own assets	-	(3,800)
Net cash generated from investing activities	-	321,200
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit distribution	-	(646,132)
Net cash (used in) financing activities	-	(646,132)
Net (decrease) in cash and cash equivalents (A+B+C)	(29,428,930)	(5,938,747)
Cash and cash equivalents at July 01	42,483,225	49,380,039
Cash and cash equivalents at December 31	13,054,295	43,441,292

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

For KASB Invest (Private) Limited  
(Management Company)

  
 CHIEF EXECUTIVE

  
 DIRECTOR

  
 DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Certificate capital	Statutory Reserve*	Accumulated Loss	Total
Balance as at July 01, 2015 (Audited)	125,400,000	25,027,911	(89,689,746)	60,738,165
Profit for the half year ended December 31, 2015	-	-	101,317	101,317
Transfer to Statutory Reserves	-	20,263	(20,263)	-
Balance as at December 31, 2015 (Unaudited)	125,400,000	25,048,174	(89,608,692)	60,839,482
Balance as at July 1, 2016 (Audited)	125,400,000	25,068,113	(90,657,538)	59,810,575
Profit for the half year ended December 31, 2016	-	-	1,604,580	1,604,580
Transfer to statutory reserve	-	320,916	(320,916)	-
Balance as at December 31, 2016 (Unaudited)	125,400,000	25,389,029	(89,373,874)	61,415,155

\*Statutory reserve represents profit set aside to comply with the Prudential Regulations for Modarabas issued by the SECP.

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

For KASB Invest (Private) Limited  
(Management Company)

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

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

**2.1** These condensed interim financial statements comprise of condensed interim balance sheet, condensed interim profit and loss, condensed interim cash flow statement and condensed interim statement of changes in equity together with selected explanatory notes forming part thereof. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. It does not include all the informations and disclosures made in the annual published audited financial statements and should be read in conjunction with the annual audited financial statements of the Modaraba for the year ended June 30, 2016.

**2.2** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Modaraba for the year ended June 30, 2016.

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

**3 SIGNIFICANT ACCOUNTING POLICIES**

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, 2016.

**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.

Note	December 31, 2016 Un-audited (Rupees)	June 30, 2016 Audited (Rupees)
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**5. CASH AND BANK BALANCES**

Cash in hand		2,442		7,372
Cash at banks				
Current accounts		716,374	719,954	
Saving accounts	5.1	12,335,479	41,755,899	
		13,051,853	42,475,853	
		<u>13,054,295</u>	<u>42,483,225</u>	

**5.1** Effective mark-up rate in respect of PLS accounts ranges from 3.90% to 5.07% (June 2016: 3.00% to 6.05%) per annum.

**6. INVESTMENTS**

Available for sale	6.1	-		-
Held for trading at fair value through profit or loss account	6.2	1,424,071		1,236,016
		<u>1,424,071</u>		<u>1,236,016</u>

**6.1 Available for sale**

Fully paid ordinary shares of Rs. 10/- each

December 31, 2016 Un-audited	June 30, 2016 Audited	Name of Company	December 31, 2016 Un-audited (Rupees)	June 30, 2016 Audited (Rupees)
		Number of shares Unquoted securities		
		Prudential Securities Limited		
487,500	487,500	Cost	4,875,000	4,875,000
		Less: Permanent Diminution (Note 6.1.1)	<u>(4,875,000)</u>	<u>(4,875,000)</u>
			<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**

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

December 31, 2016 Un-audited	June 30, 2016 Audited	Name of Investee	December 31, 2016 Un-audited (Rupees)	June 30, 2016 Audited (Rupees)
<b>Number of Shares / Units</b>				
<b>Quoted securities</b>		<b>Open-end Mutual Funds</b>		
78,031	78,031	Meezan Balanced Fund	1,424,071	1,236,016
		<b>Suspended / Delisted Company</b>		
120,000	120,000	Prudential Investment Bank Limited	-	-
279,749	279,749	Pakistan Industrial & Commercial Leasing Limited	-	-
			<u>1,424,071</u>	<u>1,236,016</u>

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

	December 31, 2016 Un-audited (Rupees)	June 30, 2016 Audited (Rupees)
Weighted average cost of investments	1,236,016	1,147,241
Unrealized gain/ (loss) on changes in fair value of held for trading investments	188,055	88,775
Market value of investments	<u>1,424,071</u>	<u>1,236,016</u>

**7. MORABAHA FINANCE**

	Note	December 31, 2016 Un-audited (Rupees)	June 30, 2016 Audited (Rupees)
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>

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.

December 31, 2016  
Un-audited  
(Rupees)

June 30, 2016  
Audited  
(Rupees)

**8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

**Considered good**

Profit eceivable on diminishing musharakah	97,557	-
Ijarah rental receivable	15,633	-
Advance income tax	77,134	24,504
Advance to staff	145,000	170,000
Prepayments	119,015	182,122
Profit receivable on bank deposits	207,975	231,795
Advance for booking vehicles	9,094,500	-
Others	45,150	45,150
	<u>9,801,964</u>	<u>653,571</u>

**Considered doubtful**

Amount due from PSL	11,476,377	11,476,377
Amount due from PCML	999,832	999,832
Amount due from Royal Management Services(Pvt) Ltd	886,442	886,442
Profit receivable on Morabaha finance	4,028,913	4,028,913
	<u>17,391,564</u>	<u>17,391,564</u>
	27,193,528	18,045,135
Less: Provision for doubtful receivables	<u>(17,391,564)</u>	<u>(17,391,564)</u>
	<u>9,801,964</u>	<u>653,571</u>

**9. PROPERTY AND EQUIPMENT -IJARAH**

Details of addition / (disposal) during the period

Addition	-	<u>5,630,000</u>
Deletion	-	-

**10. PROPERTY AND EQUIPMENT - OWN**

Details of addition / (disposal) during the period

Addition		
Office equipment	-	<u>3,800</u>
Deletion		
Motor Vehicle	-	<u>82,400</u>

**11. DIMINISHING MUSHARIKA**

Diminishing Musharakah	11.1	34,292,605	12,607,817
Less: Current Portion of Diminishing Musharakah		<u>(14,421,655)</u>	<u>(5,256,089)</u>
Long term portion of Diminishing Musharakah		<u>19,870,950</u>	<u>7,351,728</u>

11.1 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.

**12. PROVISION FOR WORKER'S WELFARE FUND**

The Finance Act 2008, introduced an amendment to the Worker's Welfare Fund Ordinance, 1971 (WWF Ordinance). Through these amendments Workers Welfare Fund (WWF) was payable @ 2% of the profit before taxation or taxable income whichever is higher. The legality of the above amendments were challenged in Sindh, Lahore and Peshawar High Courts. Due to variable judgments from the aforesaid Courts, the matter was forwarded to the Honorable Supreme Court of Pakistan. The Honorable Supreme Court has decided the matter on November 10, 2016, and Para 21 of its judgment states that the levy of WWF is in the nature of fee and the law could not be amended by a money bill and as such the amendments made in the year 2006 and 2008 are unlawful and ultravires to the Constitution. In terms of judgment by the Honorable Supreme Court of Pakistan, WWF under WWF Ordinance, is no more payable by the Modaraba and provision made against WWF up till June 30, 2014 is reversed during the period.

Subsequently the Sindh Assembly passed a bill on May 4, 2015 and notified Sindh Worker's Welfare Act 2014 on June 4, 2015. As per the said Act the applicability of the Sindh Workers Welfare Fund is effective from the financial year of the entities ended on or after December 31, 2013. Accordingly, provision has been made at the rate of 2% of profit before taxation or taxable income, whichever is higher, after June 30, 2014."

### 13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2016.

### 14. 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. Since section 113 of the Income Tax Ordinance, 2001 is not applicable on the Modaraba, no provision for taxation has been made in these financial statements.

### 15. RELATED PARTY TRANSACTIONS

The related parties and associated undertakings comprise the modaraba management company [KASB Invest (Private) Limited], First Pak Modaraba staff provident fund, directors and key management personnel. Modaraba, in the normal course of business carries out transactions with these related parties at arm's length prices. Significant transactions with related parties are as follows: -

Relationship with the Company	Nature of Transactions	December 31, 2016	June 30, 2016
		Un-audited (Rupees)	Audited (Rupees)
<b>Balances with Related Parties</b>			
Modaraba Management Company	Management fee	94,052	22,101
Staff Provident Fund	Contribution made	-	-
<b>Expense for the Period</b>			
		Unaudited December 31, 2016	Unaudited December 31, 2015
		Rupees	Rupees
Modaraba Management Company	Management fee	160,458	16,783
Staff Provident Fund	Contribution made	25,103	22,902
<b>Payments made during the Period</b>			
Modaraba Management Company	Management fee	86,507	155,655
Staff Provident Fund	Contribution paid	25,103	22,902

### 16. DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial statements has been authorized for issue on February 28, 2017 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