



KASB Modaraba

(Formerly known as First Mehran Modaraba)



**Condensed Interim Financial Statements
For the Half Year Ended December 31, 2007**

Managed by
TECHNOLOGY VENTURES (PVT) LTD.

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CORPORATE INFORMATION

Board of Directors

Mr. Syed M. Husaini – Chairman/CEO
Mr. Muhammad Hamidullah
Mr. Muhammad Aftab Changi
Mr. Mir Mujahid Ali Khan

Company Secretary & Chief Financial Officer

Mr. Mohammad Wajid

Management Company

Technology Ventures (Private) Limited

Auditors

A.F. Ferguson & Co.
Chartered Accountants
Member Price Water House Coopers

Audit Committee

Mir Mujahid Ali Khan
Mr. Muhammad Hamidullah
Mr. Muhammad Aftab Changi

Bankers

Habib Metropolitan Bank Limited
KASB Bank Limited

Registered Office

407, Gul Tower,
I. I. Chundrigar Road,
Karachi, Pakistan
Telephone: (92-21) 2424616, 2424655
Telefax: (92-21) 2443547

Certificate Transfer Office

C&K Management Associates
(Private) Limited
404, Trade Tower,
Abdullah Haroon Road,
Near Metropole Hotel
Karachi – 75530
Telephone: 5687839 – 5685930

DIRECTORS' REPORT

The Board of Directors of Technology Ventures (Private) Ltd., the management company of KASB Modaraba (formerly First Mehran Modaraba) is pleased to present the un-audited financial statements for the half-year ended December 31, 2007.



Financials

Financials results are summarized as under:

	December 2007	December 2006
	Rupees	Rupees
Total Income	3,744,298	2,419,860
Total Expense	1,651,701	1,253,150
Operating Profit	2,092,597	1,166,710
Modaraba Company Management Fee	209,260	116,671
Profit for the Period	1,233,337	1,036,108
Earning per Modaraba Certificate	0.15	0.12

During the period under review, the Modaraba earned an operating profit of Rs.2.09 million, as compared to an operating profit of Rs.1.16 million during the corresponding period last year. This represents earning per certificate of Rs.0.15, as compared to earnings per certificate of Rs.0.12 in the corresponding period last year.

The KASB Modaraba Management Company is now owned by KASB Group, which has major interests in a number of financial houses including a commercial bank, a securities & brokerage firm and KASB Asset Management Company.

Future outlook and plans

The business of KASB Modaraba shall be conducted strictly in accordance with the principles of Islam and on the basis of instruments and agreements approved by the Religious Board, from time to time. The management may also consult renowned Sharia scholars for advice.

A revival plan has been drawn out bearing a purposeful strategy to secure and sustain competitive advantage. The plan ensures that we work within the framework of Islamic principles and effectively utilize our resources for achieving maximum profitability, in course of time.

We believe that tomorrow's most successful Modaraba's will be built on a system that offers an efficient and competitive alternative to avenues of financial intermediation, which caters to all segments of population and economy.

We have decided to raise the paid up capital of the Modaraba by Rs. 200 million through right issue of 240 % at par and the process is likely to be completed by May 2008.

Your Modaraba will pursue high quality business to achieve consistent annual growth in earnings, which exceeds or equals the growth of successful peer Modarabas with similar market opportunities. Currently, KASB Modaraba is reorganizing its systems and operations and we expect our investments in human resources, systems and business to generate steady profit in course of time.

Credit Rating

The entity credit rating of Modaraba is in process by M/s JCR-VIS Credit Rating Co. Ltd. The process is likely to be completed by the year ending 30 June 2008.

Acknowledgement

The Board wishes to place on record its appreciation for the dedication and hard work put in by officers and staff of the Modaraba. The Board also expresses its appreciation for the guidance and support provided by the Registrar Modaraba and Securities & Exchange Commission of Pakistan (SECP).

We owe special gratitude to our certificate holders and the clients for their kindness and support.

Syed M. Husaini

Chairman

Karachi

29th February 2008



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

INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of KASB Modaraba (formerly First Mehran Modaraba) as at December 31, 2007, and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information') for the half year then ended. The Modaraba Management Company (Technology Ventures (Private) Limited) is approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. the figures of teh condensed interim profit and loss account for the quarters ended December 31, 2007 and December 31, 2006 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2007.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on review Engagements 2410, "Review or 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 condensed interim financial information as of and for the half year ended December 31, 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The Financial statements of the Modaraba for the year ended June 30, 2007 and half year ended December 31, 2006 were audited and reviewed respectively by another firm of Chartered Accountants who had expressed unqualified opinions thereon vide their reports dated September 26, 2007 and February 22, 2007 respectively.

A.F. Ferguson & Co.
Chartered Accountants
Date 29th February 2008
Karachi.

CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2007



	December 31	June 30
	2007	2007
Notes	Rupees (Un-audited)	Rupees (Audited)
ASSETS		
Current assets		
Cash and bank balances	10,694,997	42,795,347
Investments	4 2,953,567	5,476,520
Current portion of Musharika Finance	190,000	130,000
Current portion of net investment in finance lease	5 9,851,384	1,493,680
Advances, deposits, prepayments and other receivables	2,853,834	2,259,325
Accrued profit	17,501	26,477
Taxation recoverable	646,569	419,776
	27,207,852	52,601,125
Non-current assets		
Long-term deposits	25,000	115,000
Musharika Finance - due after one year	450,000	510,000
Net investment in finance lease - due after one year	5 30,418,267	282,525
Deferred tax asset	-	650,000
Operating fixed assets	6 480,213	605,710
	31,373,480	2,163,235
Total assets	<u>58,581,332</u>	<u>54,764,360</u>
LIABILITIES		
Current liabilities		
Current portion of liabilities against assets subject to finance lease	-	220,998
Current maturity of security deposits	50,000	500,500
Creditors, accrued and other liabilities	532,732	361,844
Unclaimed profit distribution	584,516	314,472
	1,167,248	1,397,814
Non-current liabilities		
Long-term portion of security deposits	5,193,995	74,750
Liabilities against assets subject to finance lease	-	264,264
Deferred liabilities - Staff gratuity	193,100	128,007
Deferred income	-	26,873
	5,387,095	493,894
Total liabilities	<u>6,554,343</u>	<u>1,891,708</u>
NET ASSETS	<u>52,026,989</u>	<u>52,872,652</u>
REPRESENTED BY		
CAPITAL AND RESERVES		
Certificate capital		
Authorised:		
20,000,000 (June 30, 2007: 20,000,000) certificates of Rs. 10/- each	200,000,000	200,000,000
Issued, subscribed and paid-up capital		
Statutory reserve	83,160,000	83,160,000
Accumulated loss	8,733,559	8,733,559
	(39,866,570)	(39,020,907)
CONTINGENCIES AND COMMITMENTS	8	
	<u>52,026,989</u>	<u>52,872,652</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Director



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2007

Note	Half year ended		Quarter ended	
	December 31,		December 31,	
	2007	2006	2007	2006
	-----Rupees-----		-----Rupees-----	
Income from leases	201,676	253,956	92,774	203,964
Gain on sale of marketable securities - net	857,078	805,999	630,158	(285,580)
Income on Musharika Finance	7,981	360,963	7,981	209,399
Income on Term Finance Certificates	187,543	721,783	187,543	457,228
Income on deposit with banks	2,031,654	418,313	906,260	418,141
Unrealised (diminution) / appreciation in the value of investments at fair value through profit or loss	(88,832)	(366,297)	39,904	(435,827)
	3,197,100	2,194,717	1,864,620	567,325
Administrative and operating expenses	1,427,352	1,218,284	940,633	668,935
Finance charges	24,349	34,866	1,125	16,148
Provision for potential lease losses	200,000	-	200,000	-
	1,651,701	1,253,150	1,141,758	685,083
	1,545,399	941,567	722,862	(117,758)
Other income	547,198	225,143	505,325	143,930
	2,092,597	1,166,710	1,228,187	26,172
Modaraba company's management fee	(209,260)	(116,671)	(122,819)	(2,618)
Profit before taxation	1,883,337	1,050,039	1,105,368	23,554
Taxation				
- current	-	(13,931)	7,515	(5,736)
- deferred	(650,000)	-	(650,000)	-
Profit after taxation	1,233,337	1,036,108	462,883	17,818
Earning per certificate	0.148	0.125	0.056	0.002

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2007



	Half year ended December 31, 2007	Half year ended December 31, 2006
----- Rupees -----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	1,883,337	1,050,039
Adjustments for:		
Dividend income	(7,321)	(217,464)
Gain on sale of marketable securities - net	(857,078)	(805,999)
Unrealised diminution in the value of investments at fair value through profit or loss	88,832	366,297
Gain on disposal of fixed assets	(15,000)	-
Deferred income	(26,873)	(7,679)
Depreciation	107,497	110,670
Amortisation	18,000	20,499
Gratuity expense	91,768	31,946
Finance charges	24,349	34,866
Provision for potential lease losses	200,000	-
	1,507,511	583,175
(Increase) / decrease in assets		
Net investment in finance lease	(38,693,446)	3,203,244
Musharika finance	-	1,975,958
Advances, deposits, prepayments and other receivables	(594,509)	67,518
Accrued profit	8,976	(329,223)
Long term deposits	90,000	-
	(39,188,979)	4,917,497
Increase / (decrease) in liabilities		
Security deposits on lease contracts	4,668,745	(250,000)
Creditors, accrued and other liabilities	170,888	94,496
	4,839,633	(155,504)
Taxes paid	(226,793)	(100,204)
Dividend paid	(1,808,956)	-
Finance charges paid	(24,349)	(34,866)
Gratuity paid	(26,675)	-
	(2,086,773)	(135,070)
Net cash (usedin)/generated from operating activities	(34,928,608)	5,210,098
CASH FLOW FROM INVESTING ACTIVITIES		
Sales proceeds from disposal of fixed assets	15,000	-
Dividends received	7,321	137,686
Purchase of investments - net	-	(11,089,224)
Proceeds from sale of investments-net	3,291,199	-
Net cash inflow/(outflow) on investing activities	3,313,520	(10,951,538)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	(485,262)	(95,419)
Net cash outflow on financing activities	(485,262)	(95,419)
Net decrease in cash and cash equivalents	(32,100,350)	(5,836,859)
Cash and cash equivalents at the beginning of the period	42,795,347	11,104,512
Cash and cash equivalents at the end of the period	10,694,997	5,267,653

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	Certificate capital	Statutory reserve	Accumulated loss	Surplus on revaluation of investments	Total
	Rupees				
Balance as at June 30, 2006	83,160,000	8,288,189	(40,802,385)	37,800	50,683,604
Profit for half year ended December 31, 2006	-	-	1,036,108	-	1,036,108
Transfer to statutory reserve	-	207,222	(207,222)	-	-
Surplus on revaluation of investments classified as 'available for sale'	-	-	-	(37,800)	(37,800)
Balance as at December 31, 2006	<u>83,160,000</u>	<u>8,495,411</u>	<u>(39,973,499)</u>	-	<u>51,681,912</u>
Profit for the period from January 1, 2007 to June 30, 2007	-	-	1,190,740	-	1,190,740
Transfer to statutory reserve	-	238,148	(238,148)	-	-
Balance as at June 30, 2007	<u>83,160,000</u>	<u>8,733,559</u>	<u>(39,020,907)</u>	-	<u>52,872,652</u>
Profit for half year ended December 31, 2007	-	-	1,233,337	-	1,233,337
Transfer to statutory reserve	-	-	-	-	-
Profit distribution for the year ended June 30, 2007 @ Re 0.25 per certificate	-	-	(2,079,000)	-	(2,079,000)
Balance as at December 31, 2007	<u>83,160,000</u>	<u>8,733,559</u>	<u>(39,866,570)</u>	-	<u>52,026,989</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Director

**NOTE TO AND FORMING PART OF THE CONDENSED
INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007**



1 STATUS AND NATURE OF BUSINESS

KASB Modaraba (formerly First Mehran Modaraba) was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed there under and is managed by Technology Ventures (Private) Limited, a company incorporated in Pakistan. The address of its registered office is 407, Gul Tower, I.I.Chundrigar Road, Karachi. The management company is a subsidiary of Network Leasing Corporation Limited, which holds 485,000 shares out of total issued capital of 500,000 shares of Technology Ventures (Private) Limited. The management control of Network Leasing Corporation Limited had been acquired by KASB Capital Limited, by acquiring 53.90% of its total issue, with the approval of Securities and Exchange Commission of Pakistan vide letter #SC/NBFC-1HM/NLCL/2007 dated May 11, 2007.

The Modaraba is a multipurpose perpetual modaraba and is primarily engaged in lease financing, musharika financing and investing in listed securities. The Modaraba is listed on the Karachi and Lahore Stock Exchanges.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

2.1.1 These condensed interim 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, 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, the 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, the Modaraba Rules, 1981 or directives issued by SECP prevail. 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'.

These condensed interim financial statements are unaudited. However, limited scope review has been performed by the statutory auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance and these condensed interim financial statements are being circulated to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981.

SECP vide its circular No. 10 of 2004 dated February 13, 2004 has deferred, till further orders, the applicability of International Accounting Standard (IAS) 17 "Leases" on Modarabas with effect from July 1, 2003 and advised the management companies of modarabas that they may continue to prepare the financial statements of the Modarabas without applying the requirements of the said IAS to the Modarabas. However, the requirements of above IAS have been considered for the purpose of preparation of these condensed interim financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2007.

		December 31 2007	June 30 2007
	Notes	Rupees (Un-audited)	Rupees (Audited)
4 INVESTMENTS			
Assets at fair value through profit or loss-held for trading			
- listed term finance certificates	4.1	2,489,163	3,895,263
- listed equity securities	4.2	464,404	1,581,257
		2,953,567	5,476,520



4.1 Listed Term Finance Certificates - 'Assets at fair value through profit or loss' - held for trading

Name of the Investee Company	Number of certificates				Profit / mark-up rate	Balance as at December 31, 2007		
	As at July 01, 2007	Purchases during the period	Sales during the period	As at December 31, 2007		Carrying value	Market value	Appreciation / (diminution)

4.1.1 Term Finance Certificates of Rs. 5,000 each unless stated otherwise

Al-Zamin Leasing Modaraba	258	-	-	258	8%	438,600	438,600	-
Trust Investment Bank	1,000	-	-	1,000	11.50%	2,118,063	2,050,563	(67,500)
Total listed Term Finance Certificates						2,556,663	2,489,163	(67,500)

4.2 Listed equity securities - 'Assets at fair value through profit or loss' - held for trading

Name of the Investee Company	Number of shares					As at December 31, 2007	Balance as at December 31, 2007		
	As at July 01, 2007	Purchases during the period	Bonus / rights issue	Sales during the period	As at December 31, 2007		Carrying value	Market value	Appreciation / (diminution)

4.2.1 Fully paid ordinary shares of Rs.10 each unless stated otherwise

JS Bank Limited	81,000	-	-	81,000	-	-	-	-
Oil and Gas Development Corporation	-	23,500	-	23,500	-	-	-	-
Pakistan Oil Fields Limited	-	7,000	-	7,000	-	-	-	-
Engro Chemical Pakistan Limited	-	14,000	-	14,000	-	-	-	-
Pakistan Petroleum Limited	-	30,500	-	30,500	-	-	-	-
New Jubilee Insurance	-	10,000	-	10,000	-	-	-	-
Arif Habib Securities	-	5,000	-	5,000	-	-	-	-
Packages Limited	-	1,900	-	1,900	-	-	-	-
Agriautos Industries Ltd.	-	5,000	-	1,100	3,900	463,729	422,175	(41,554)
ICI Pakistan Ltd.	-	3,000	-	3,000	-	-	-	-
Fauji Fertilizer Bin Qasim	-	5,000	-	5,000	-	-	-	-
PTCL	-	5,000	-	5,000	-	-	-	-
Saleem Denim Industries Limited	19,200	-	-	-	19,200	19,200	38,400	19,200
Crescent Jute Products Limited	1,021	-	-	-	1,021	2,807	3,829	1,022
Total listed equity securities						485,736	464,404	(21,332)

5 NET INVESTMENT IN FINANCE LEASES

	Unaudited			Audited		
	December 31, 2007			June 30, 2007		
	Due within one year	Due after one year but within five year	Total	Due within one year	Due after one year but within five year	Total
	-----Rupees-----					
Minimum lease payment receivable	15,039,841	29,795,756	44,835,597	1,056,750	230,015	1,286,765
Add: Residual value of leased assets	50,000	5,193,995	5,243,995	500,500	74,750	575,250
Lease contract receivable	15,089,841	34,989,751	50,079,592	1,557,250	304,765	1,862,015
Less: Unearned lease income (including suspended income)	(5,038,457)	(4,571,484)	(9,609,941)	(63,570)	(22,240)	(85,810)
Provision for potential lease losses	(200,000)	-	(200,000)	-	-	-
	9,851,384	30,418,267	40,269,651	1,493,680	282,525	1,776,205

Half year ended
December 31,
2007



Rupees
Unaudited

6 OPERATING FIXED ASSETS

Details of additions / (disposals) during the period are as follows:

Additions during the period

Disposals during the period

Office equipment

59,100

7 TAXATION

As per the current tax law, income of 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. As the management intends to follow the policy of distributing 90% of its profits for the current year, no provision in respect of current and deferred taxation has been made in these condensed interim financial statements.

8 CONTINGENCIES AND COMMITMENTS

The Modaraba has no contingencies and commitments as at December 31, 2007.

	Half year ended December 31, 2007	Half year ended December 31, 2006
	Rupees Unaudited	Rupees Unaudited
9 TRANSACTIONS WITH RELATED PARTIES		
Transactions during the period		
Technology Ventures (Private) Limited (Management Company)		
Modaraba management fee	209,260	116,671
Network Leasing Corporation Limited (NLCL)		
Income on placements	-	264,555
	As at December 31, 2007	As at June 30, 2007
	Rupees Unaudited	Rupees Audited
Balance outstanding as at period / year end		
Technology Ventures (Private) Limited (Management Company)		
Modaraba management fee	209,260	227,403
Network Leasing Corporation Limited (NLCL)		
Expenses incurred on behalf of NLCL	-	1,973,720
Payable against expenses incurred by NLCL on behalf of KASB Modaraba	58,539	-

10 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison.

11 GENERAL

Figures have been rounded off to the nearest rupee.

12 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 29th February 2008 by the Board of Directors of the Management Company.

Chief Executive

Director

Director

Book Post

**Under
Certificate
of
Posting**

if Undelivered please return to

KASB Modaraba

407, Gul Tower, I. I. Chundrigar Road, Karachi, Pakistan
Tel: (92-21) 2424616-2424655, Fax: (92-21) 2443547