



KASB Modaraba
An Islamic Financial Institution



**HALF YEARLY REPORT
DECEMBER 2011**

صاف اور شفاف آمدنی،
سچا سکون ہم...

CONTENTS

◆ CORPORATE INFORMATION	01
◆ DIRECTORS' REPORT	02
◆ AUDITORS' REPORT ON INTERIM FINANCIAL INFORMATION	04
◆ CONDENSED INTERIM BALANCE SHEET	05
◆ CONDENSED INTERIM PROFIT AND LOSS ACCOUNT	06
◆ CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	07
◆ CONDENSED INTERIM CASH FLOW STATEMENT	08
◆ CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	09
◆ NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	10

CORPORATE INFORMATION

Board of Directors

Syed Waseem-ul-Haq Haqqie
Syed Majeedullah Husaini
Mir Mujahid Ali Khan
Syed Muhammad Rehmanullah

Chairman
Chief Executive Officer
Director
Director

Company Secretary & Chief Financial Officer

Ms. Faiqa Naz

Management Company

KASB Invest (Private) Limited [Formerly KASB Modaraba Management (Private) Limited]

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Audit Committee

Syed Waseem-ul-Haq Haqqie
Syed Muhammad Rehmanullah
Mir Mujahid Ali Khan

Chairman
Member
Member

Bankers

KASB Bank Limited
Al-Baraka Islamic Bank
Burj Bank Limited
Meezan Bank
Summit Bank Limited
Bank Al-Falah Limited
Silk Bank Limited

Registered Office

80-C, 13th Commercial Street,
D.H.A. Phase II Extension
Karachi.
Telephone: 021-35313939-43

Certificate Transfer Office

C&K Management Associates (Private) Limited
404, Trade Tower,
Abdullah Haroon Road,
Near Metropole Hotel
Karachi - 75530
Telephone: 021-35687839 - 021-35685930

Legal Advisor

Ghulam Ali & Co.
Ahmed & Qazi

Branch Offices

Gulshan-e-Iqbal (University Road) Branch:
Mezzanine Floor,
Friends Paradise, SB-36,
Block No. 13-B, University Road,
Karachi.
Telephone: 021-34822814-18

D.H.A. Branch
80-C, 13th Commercial Street,
D.H.A. Phase II Extension
Karachi.
Telephone: 021-35313939-43

Web Address

www.kasbmodaraba.com

E-mail

info.modaraba@kasb.com

Gulshan-e-Iqbal Branch:
B-9, Allama Shabbir Ahmed Usmani Road
Gulshan-e-Iqbal, Block 1
Opposite Shaheen Public School
Karachi
Phone No.: 021-34983034-35
Fax No. : 021-34965081

DIRECTORS' REPORT



The Board of Directors of KASB Invest (Private) Limited formerly KASB Modaraba Management (Private) Limited, the management company of KASB Modaraba, is pleased to present the un-audited condensed interim financial statements for the half year ended December 31, 2011.

This half year's results have reinforced our belief in Halal and Shariah Compliant Business. Its benefits have manifested in the shape of quality growth and profitability.

FINANCIAL HIGHLIGHTS

Financial results for the period under review are summarized as under:

BALANCE SHEET	As at December 31, 2011	As at June 30, 2011
Rupees in 000's		
Morabaha Finance	688,332	480,436
Modaraba Finance	84,523	75,630
Musharaka Finance	81,265	42,798
Diminishing Musharaka	283,796	279,101
Investment in Finance Lease	3,132	7,329
Ijarah Assets	46,643	56,235
Total Assets	1,426,734	1,113,872
Net Assets	306,249	307,640

PROFIT AND LOSS ACCOUNT	For the half year ended December 31, 2011	For the half year ended December 31, 2010
Rupees in 000's		
Total Income	90,816	78,508
Total Operating and Financial Expenses	71,461	53,447
Operating Profit	19,204	25,061
Management Company Fee	1,920	2,506
Profit for the Period	17,284	22,555
Earning per Modaraba Certificate	0.61	0.80

DIRECTORS' REPORT



ASSETS

Apart from quantitative growth, our policy of caution and prudence has helped create a sound and high quality asset portfolio. The management has built a wide array of Islamic asset products with a focus to enhance Shariah Compliant Business. We are trying to take a fair advantage from the richness of the Islamic system of trade finance.

PROFITABILITY

Our total income has increased from Rs 78.5 million to Rs 90.8 million. This growth of 16% in gross revenue shows the earning capacity of our assets. However, some business related expenses have slightly reduced the bottom line profitability. It is expected that our assets will yield more returns in future and consequently the profitability will also increase.

DEPOSIT

Investment in our Certificate of Musharaka has substantially increased from Rs. 656.02 million to Rs. 791.37 million. This shows our investors' trust and confidence on our Management and Vision. It is also worth appreciating that the retail deposits constitute 97.36% of total deposits which safeguards the institution from any vulnerability in liquidity needs.

CREDIT RATING

JCR-VIS has reaffirmed the long term rating of BBB+ and short term rating of A3 with stable outlook.

ACKNOWLEDGEMENT

The Board would like to place on record its appreciation for the dedication and hard work put in by the employees of the Modaraba. The Board would also like to express its appreciation for the guidance and support provided by Registrar Modaraba and Securities and Exchange Commission of Pakistan (SECP).

We also take this opportunity to express our special gratitude to our certificate holders and clients for their continued support and co-operation.

Syed Waseem Haqqie

Chairman

February 20, 2012





AUDITORS' REPORT ON INTERIM FINANCIAL INFORMATION
AS AT 31 DECEMBER 2011



Ernst & Young Ferd Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530, Pakistan
Tel: +9221 3565 0007
Fax: +9221 3568 1965
www.ey.com

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of KASB Modaraba (the Modaraba) as at 31 December 2011 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, 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 "interim financial information") for the six-months' period then ended. KASB Modaraba Management (Private) Limited is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. 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 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Date: 20 February 2012

Karachi

A member firm of Ernst & Young Global Limited

CONDENSED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2011



	31 December 2011 (Unaudited)	30 June 2011 (Audited)
Note	(Rupees)	
ASSETS		
Current assets		
Cash and bank balances	4 161,964,547	109,828,848
Short-term investments	5.1 28,325,696	13,363,500
Short-term Mudaraba finance	84,523,215	75,630,285
Short-term Musharaka finance	6 81,266,137	42,797,914
Current portion of long-term Murabaha finance - gross	7 554,715,056	413,298,799
Current portion of long-term Diminishing Musharaka finance - gross	8 140,775,364	121,415,169
Current portion of long-term net investment in finance lease	1,875,803	5,789,101
Ijarah rentals receivable	4,550,862	3,157,976
Advances, prepayments and other receivables	9,735,868	6,035,316
Accrued profit	9,977,790	6,771,821
Stores	-	117,337
Advance tax	380,193	1,027,928
	1,078,089,631	801,244,695
Non-current assets		
Long-term deposits	526,000	528,000
Long-term investments	5.2 14,373,852	18,958,750
Long-term Murabaha finance - gross	7 133,616,622	67,146,231
Long-term Diminishing Musharaka finance	8 143,020,862	157,685,470
Long-term net investment in finance lease	1,256,344	1,539,882
Ijarah assets	46,642,620	56,235,042
Fixed assets	9 9,205,523	10,534,090
	348,844,023	312,627,565
	1,426,733,554	1,113,672,460
TOTAL ASSETS		
LIABILITIES		
Current liabilities		
Short-term finances	197,379,323	61,654,581
Current portion of long-term deposits	10 652,255,000	506,035,000
Current portion of long-term security deposits	6,554,772	7,386,054
Current portion of long-term deferred Murabaha income	32,253,391	27,734,291
Creditors, accrued and other liabilities	44,442,593	29,669,718
Unclaimed dividend	1,310,312	706,878
	934,195,391	633,396,520
Non-current liabilities		
Long-term deposits	10 139,115,000	149,985,000
Long-term security deposits	3,904,514	4,873,872
Long-term deferred Murabaha income	42,616,622	17,446,231
Deferred liabilities - staff gratuity	653,020	541,182
	186,289,156	172,846,285
	1,120,484,547	806,232,805
	306,249,007	307,639,655
NET ASSETS		
REPRESENTED BY		
CAPITAL AND RESERVES		
Certificate capital		
Authorised:		
50,000,000 (30 June 2011: 50,000,000) certificates of Rs 10/- each	500,000,000	500,000,000
Issued, subscribed and paid-up capital	282,744,000	282,744,000
Statutory reserve	44,012,028	40,565,263
Accumulated loss	(19,928,113)	(15,859,598)
Unrealised loss on revaluation of available-for-sale investments	(578,908)	-
	306,249,007	307,639,655
COMMITMENTS		
	11	
	306,249,007	307,639,655

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

For KASB Invest (Private) Limited
[Formerly KASB Mudaraba Management (Private) Limited]
(Management Company)

Chief Executive

Director

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED 31 DECEMBER 2011 (UNAUDITED)



	Half year ended		Quarter ended	
	31 December		31 December	
	2011	2010	2011	2010
	Rupees		Rupees	
Income from leasing operations	4,907,052	8,811,630	2,498,894	3,658,369
Profit on:				
Musharaka finance	4,658,630	3,721,518	3,400,245	2,088,956
Mudaraba finance	40,869,338	30,286,735	20,050,285	16,935,971
Modaraba finance	6,947,645	11,309,575	6,130,105	3,793,691
Diminishing musharaka finance	27,003,610	15,309,737	13,749,783	8,626,538
Sukuk bonds	1,401,099	1,459,518	878,083	789,170
Bank deposits	3,289,211	4,630,800	1,883,927	2,250,801
Net (loss) / gain on investment classified as financial asset 'at fair value through profit or loss'				
Gain / (loss) on sale of investments	557,878	869,978	(10,555)	296,088
Unrealised loss on revaluation of investment	(272,472)	-	(412,250)	-
	285,404	869,978	(422,805)	296,088
Financial charges	69,059,990	74,199,488	47,769,517	38,448,584
Allowance for finance lease loss	(51,518,818)	(37,869,631)	(27,697,918)	(19,827,104)
	(150,000)	-	(150,000)	-
	37,391,174	36,329,858	19,919,589	18,819,480
Other income	1,755,702	4,308,733	1,263,193	3,573,650
Administrative and operating expenses	(19,942,568)	(16,577,450)	(10,301,868)	(8,069,217)
Modaraba management fee	(1,920,431)	(2,506,114)	(1,087,863)	(1,433,381)
Profit before taxation	17,283,876	22,555,027	8,791,843	12,900,432
Taxation	12	-	-	-
Net profit for the period	17,283,876	22,555,027	8,791,843	12,900,432
Earning per certificate	0.61	0.80	0.35	0.46

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

For KASB Invest (Private) Limited
[Formerly KASB Mudaraba Management (Private) Limited]
(Management Company)

Chief Executive

Director

Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2011 (UNAUDITED)**



	Half year ended		Quarter ended	
	31 December 2011	2010	31 December 2011	2010
	- Rupees			
Net profit for the period	17,283,878	22,565,027	9,791,843	12,900,432
Other comprehensive income / loss				
Unrealised loss on revaluation of available-for-sale investments	(578,908)	-	(578,908)	-
Reclassification to profit and loss account upon disposal of investments	-	865,295	-	444,843
Total comprehensive income for the period	16,704,968	23,220,322	9,212,935	13,345,075

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

For KASB Invest (Private) Limited
[Formerly KASB Modaraba Management (Private) Limited]
(Management Company)

Chief Executive

Director

Director

CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2011 (UNAUDITED)



	Half year ended	
	31 December 2011	31 December 2010
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	17,283,878	22,555,027
Adjustments for non-cash items:		
Dividend income	(76,000)	(269,000)
Net (loss) / gain on investment classified as financial asset 'at fair value through profit or loss'		
Unrealised loss on revaluation of investment	272,472	-
Gain on sale of investments	(567,876)	(869,978)
Gain on disposal of Ijarah assets	(45,452)	(873,478)
Loss on disposal of fixed assets	11,000	-
Depreciation	13,888,044	12,309,449
Amortisation	174,186	166,698
Gratuity expense	111,838	83,316
Deferred income	(23,928)	-
Provision for workers' welfare fund	381,733	-
Financial charges	51,618,818	37,869,631
	65,639,845	48,416,637
(Increase) / decrease in assets		
Net investment in finance lease	4,198,938	25,146,424
Musharaka finance	(36,467,223)	36,934,809
Mudaraba finance	(207,895,648)	(50,525,204)
Modaraba finance	(8,892,930)	119,741,107
Ijarah rental receivables	(1,392,866)	479,449
Diminishing Musharaka	(4,695,587)	(100,528,973)
Advances, prepayments and other receivables	(3,700,562)	(9,384,083)
Accrued profit	(1,205,869)	(777,117)
Stores	117,397	250
	(281,936,422)	20,106,862
Increase / (decrease) in liabilities		
Security deposits	(1,800,840)	(8,094,749)
Deferred Mudaraba income	29,689,491	28,688,325
Creditors, accrued and other liabilities	13,818,636	19,473,120
	41,707,487	40,066,696
Taxes paid	(75,297)	(98,121)
Dividend paid	(17,482,182)	(7,655,003)
Workers' Welfare Fund paid	(95,796)	-
Financial charges paid	(50,243,065)	(40,559,297)
Net cash (used in) / Inflow from operating activities	(205,211,553)	82,862,601
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale proceeds from disposal of fixed assets / Ijarah assets	962,745	10,115,965
Purchase of investments-net	(10,650,802)	(1,863,337)
Purchase of fixed assets	(517,733)	(1,344,535)
Purchase of Ijarah assets	(3,389,500)	(365,400)
Dividends received	78,000	269,000
Net cash (used in) / Inflow from investing activities	(13,527,290)	7,011,693
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term finance	135,524,742	(56,826,437)
Deposits	135,350,000	86,820,000
Net cash inflow from financing activities	270,874,742	30,000,000
Net increase in cash and cash equivalents	62,135,899	129,885,857
Cash and cash equivalents at the beginning of the period	109,828,648	59,226,467
Cash and cash equivalents at the end of the period	181,984,547	189,091,324

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

For KASB Invest (Private) Limited
 [Formerly KASB Modaraba Management (Private) Limited]
 (Management Company)

Chief Executive

Director

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2011 (UNAUDITED)



	Certificate capital	Statutory reserve	Accumulated losses	Unrealised loss on revaluation of available-for-sale investments	Total
	--- Rupees ---				
Balance as at 30 June 2010	282,744,000	20,485,977	(27,812,042)	(665,295)	274,752,640
Total comprehensive income for the period from 1 July 2010 to 31 December 2010	-	-	22,555,027	665,295	23,220,322
Profit distribution for the year ended - 30 June 2010 @ Rs.0.28 per certificate	-	-	(7,916,832)	-	(7,916,832)
Transfer to statutory reserve	-	4,511,005	(4,511,005)	-	-
Balance as at 31 December 2010	282,744,000	24,996,982	(17,684,852)	-	290,056,130
Total comprehensive income for the period from 01 January 2011 to 30 June 2011	-	-	17,583,525	-	17,583,525
Transfer to statutory reserve	-	15,558,271	(15,558,271)	-	-
Balance as at 30 June 2011	282,744,000	40,555,253	(15,659,698)	-	307,639,655
Total comprehensive income for the period from 1 July 2011 to 31 December 2011	-	-	17,283,676	(578,908)	16,704,968
Profit distribution for the year ended - 30 June 2011 @ Rs.0.64 per certificate	-	-	(16,095,616)	-	(16,095,616)
Transfer to statutory reserve	-	3,456,775	(3,456,775)	-	-
Balance as at 31 December 2011	282,744,000	44,012,028	(19,928,113)	(578,908)	306,249,007

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

For KASB Invest (Private) Limited
[Formerly KASB Modaraba Management (Private) Limited]
(Management Company)

Chief Executive

Director

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011 (UNAUDITED)**



1. STATUS AND NATURE OF BUSINESS

- 1.1 KASB Modaraba (the Modarabha) was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed there under and is managed by KASB Invest (Private) Limited [Formerly KASB Modaraba Management (Private) Limited] (the Management Company), a company incorporated in Pakistan. The registered office of the Modaraba is located at 80-C, 13th Commercial Street, DHA Phase-II, Extension, Karachi. The Management Company is a subsidiary of KASB Bank Limited, which holds 3,985,000 shares out of total issued capital of 4,150,000 shares of the Management Company.
- 1.2 The Modaraba is a multipurpose perpetual modaraba and is primarily engaged in ijarah financing, finance leasing, musharaka financing, murabaha financing, modaraba financing, diminishing musharaka and investment in listed securities. The Modaraba is listed on the Karachi and Lahore Stock Exchanges.

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting", 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). In case where requirements differ, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP prevail.
- 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 30 June 2011.
- 2.3 These condensed interim financial statements are unaudited but subject to limited scope review by the auditors except for the figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2011 and 31 December 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

New and amended standards and Interpretations

The Modaraba has adopted the following amended IFRS and IFRIC interpretation which became effective during the period.

- IFRS 7 - Financial Instruments: Disclosures
- IAS 24 - Related Party Disclosures (Revised)
- IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment)

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

- IFRS 7 - Financial Instruments Disclosures - Clarification of disclosures
- IAS 1 - Presentation of Financial Statements - Clarification of statement of changes in equity
- IAS 34 - Interim Financial Reporting - Significant events and transactions
- IFRIC 13 - Customer Loyalty Programmes - Fair value of award credits

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on the condensed interim financial statements.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011 (UNAUDITED)**



Note
31 December 2011 (Unaudited)
30 June 2011 (Audited)
(Rupees)

4. CASH AND BANK BALANCES

Cash at bank in:

- current accounts
- saving accounts
- certificates of deposits

4.1 & 4.2	1,320,869	2,878,643
	160,597,834	51,636,459
	-	55,000,000
	161,918,703	108,815,402
	35,644	10,646
	10,290	2,600
	161,964,547	108,828,648

Cash in hand
Stamp papers

4.1 These carry profit rates ranging from 5% to 12.15% (30 June 2011: 5% to 12.15%).

4.2 Includes Rs. 30,863,930 (30 June 2011: Rs. 12,644,560) maintained as redemption reserve fund in respect of Certificate of Musharaka issued by the Moderabe.

5. INVESTMENTS

5.1 SHORT TERM INVESTMENTS

At fair value through profit and loss account (Held-for-trading)

5.1.1	3,265,408	-
	3,265,408	-
5.1.2	9,016,140	-
	13,000,000	13,000,000
	22,016,140	13,000,000
5.2	3,044,148	383,500
	28,325,668	13,383,500

5.1.1 At fair value through profit and loss account (Held-for-trading)

Listed Ordinary Shares

Name of the investee company Fully paid ordinary shares of Rs. 10 each	Number of shares					Balance as at December 31, 2011 (Un-audited)		
	As at July 1, 2011	Purchase during the period	Bonus / rights issue	Sales during the period	As at December 31, 2011	Cost	Market value	Appreciation / (diminution)
Engro Corporation Limited	-	27,000	-	27,000	-	-	-	-
Pakistan Petroleum Limited	-	27,000	2,400	10,000	19,400	3,537,680	3,265,408	(272,472)
						3,537,680	3,265,408	(272,472)

5.1.2 Available-for-sale

Listed Ordinary Shares

Name of the investee company Fully paid ordinary shares of Rs. 10 each	Number of shares					Balance as at December 31, 2011 (Un-audited)		
	As at July 1, 2011	Purchase during the period	Bonus / rights issue	Sales during the period	As at December 31, 2011	Cost	Market value	Appreciation / (diminution)
Engro Corporation Limited	-	21,000	-	-	21,000	2,303,671	1,946,700	(356,971)
Pakistan Petroleum Limited	-	42,000	-	-	42,000	7,381,377	7,369,450	(221,537)
						9,385,048	9,016,140	(678,908)

5.2 LONG TERM INVESTMENTS

Held-to-maturity

Unlisted Sukuk Bonds

Name of the investee company Sukuk bonds of Rs. 5,000 each	Number of Certificate	Rate of profit	31 December 2011	30 June 2011
			(Unaudited)	(Audited)
(Rupees)				
Kohat Cement Company Limited	2,000	13.44% (3Month KBOR + 1.50%)	7,080,000	8,980,000
Map'e Leaf Cement Factory Limited	2,000	12.93% (3Month KBOR + 1.00%)	9,983,000	9,987,250
Map'e Leaf Cement Factory Limited	75	12.98% (3Month KBOR + 1.00%)	375,000	376,000
			17,418,000	19,342,250
			3,044,148	383,500
			14,373,852	18,958,750

Less: current portion of sukuk bonds

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011 (UNAUDITED)**



	31 December 2011 (Unaudited)	30 June 2011 (Audited)
	(Rupees)	
6. SHORT TERM MUSHARAKA FINANCE		
Musharaka finance - considered good	81,285,137	42,797,914
- considered doubtful	584,503	606,844
	81,849,640	43,404,758
Provision for non-performing assets	(584,503)	(606,844)
	<u>81,265,137</u>	<u>42,797,914</u>
6.1	The Mudaraba has provided funds under musharaka arrangements for working capital requirements on profit and loss sharing basis. Expected rate of profit ranges from 15.50% to 17.50% (30 June 2011: 17.50% to 20.00%) per annum. All musharaka arrangements are secured against hypothecation of assets, personal guarantees and promissory notes.	
7. MURABAHA FINANCE - Considered good		
Murabaha finance - gross	888,331,878	480,436,030
Murabaha finance due after one year	(133,616,622)	(67,146,231)
Current portion of Murabaha finance	<u>554,715,256</u>	<u>413,289,799</u>
7.1	The profit rates on these murabaha arrangements range from 14.50% to 20.00%. (30 June 2011: 14.50% to 20.00%). All murabaha arrangements are secured against hypothecation of assets, personal guarantees and promissory notes.	
8. DIMINISHING MUSHARAKA FINANCE		
Diminishing Musharaka finance - gross	346,703,750	352,061,754
Unearned Income	(62,907,524)	(72,961,115)
	283,796,226	279,100,639
Diminishing Musharaka finance due after one year	(143,020,862)	(157,665,470)
Current portion of Diminishing Musharaka finance	<u>140,775,364</u>	<u>121,415,169</u>
	The profit rates on these diminishing musharaka arrangements range from 16.00% to 20.00%. (30 June 2011: 16.00% to 20.00%). All diminishing musharaka arrangements are secured against hypothecation of assets, personal guarantees and promissory notes.	
9. FIXED ASSETS		
Tangible assets	8,988,480	10,143,848
Intangible assets	219,043	380,242
	<u>9,205,523</u>	<u>10,534,090</u>
	Half year ended	
	31 December 2011 (Unaudited)	31 December 2011 (Unaudited)
	(Rupees)	
9.1	Details of additions / (disposals) during the period are as follows:	
Additions to fixed assets:		
- Electrical equipment	104,845	142,232
- Furniture and fixtures	363,688	107,044
- Computers	49,200	162,759
- Vehicle	-	932,500
	<u>517,733</u>	<u>1,344,535</u>
Disposal of fixed assets		
- Electrical equipment	23,940	-
- Motor vehicles	692,000	-
	<u>715,940</u>	<u>-</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011 (UNAUDITED)



	31 December 2011 (Unaudited)	30 June 2011 (Audited)
	----- (Rupees) -----	
10. DEPOSITS		
Certificates of Musharaka	789,870,000	854,020,000
Others	1,500,000	2,000,000
	<u>791,370,000</u>	<u>856,020,000</u>
Long-term portion of deposits	(139,115,000)	(149,985,000)
	<u>652,255,000</u>	<u>506,035,000</u>

10.1 The estimated share of profit payable on certificate of musharaka ranges from 9.65% to 14.75% (30 June 2011: 9.65% to 14.75%).

11. COMMITMENT

The Moderaba has provided guarantees amounting to Rs. 25,324,200 (30 June 2011: Rs.8,100,000) on behalf of its customers to KASB Bank Limited (a related party).

12. 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 Moderaba 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.

13. TRANSACTIONS WITH RELATED PARTIES

13.1 Transactions during the period

	Half year ended	
	31 December 2011 (Unaudited)	31 December 2010 (Unaudited)
	----- (Rupees) -----	
Management company		
Modaraba Management fee	1,920,431	2,508,114
Associated companies		
Income on bank deposit	737,685	2,965,294
Financial charges	8,320,273	3,818,381
Rent expense	216,298	212,850
Custodial charges	-	2,032
Other related party		
Rentals received	1,912,170	1,152,474

13.2 Outstanding / balances at the period / year end

	31 December 2011 (Unaudited)	30 June 2011 (Audited)
	----- (Rupees) -----	
Management company		
Modaraba Management fee payable	1,920,431	4,459,839
Associated companies		
Bank balances	13,334,659	17,704,578
Accrued profit on bank balances	8,421	9,171
Short term finance	197,379,323	61,654,581
Certificate of musharaka	18,050,000	17,300,000
Accrued mark-up payable	3,355,298	3,903,444
Custodian charges payable	-	4,060
Other related party		
Rentals receivable	14,855,622	1,207,714
Investment in unlisted shares	13,000,000	13,000,000





**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011 (UNAUDITED)**



14. GENERAL

Figures in these condensed interim financial statements have been rounded off to the nearest Rupee.

15. DATE OF AUTHORISATION

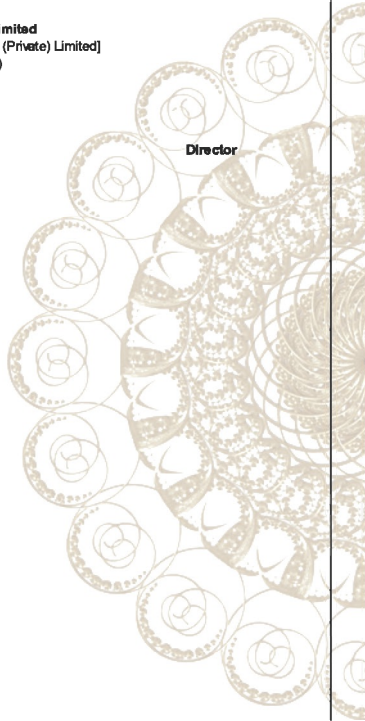
These condensed interim financial statements were authorised for issue on 20 February 2012 by the Board of Directors of the Management Company.

For KASB Invest (Private) Limited
[Formerly KASB Modaraba Management (Private) Limited]
(Management Company)

Chief Executive

Director

Director





HALF YEARLY REPORT DECEMBER 2011

Book Post

Under
Certificate
of
Posting

If undelivered please return to
KASB Modaraba

Registered Office: 80-C, 13th Commercial Street, D.H.A. Phase II Extension Karachi.
Telephone: (92-21) 35313939 - 43 Fax: (92 -21) 35313933