




HALF YEARLY REPORT DECEMBER 2011

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 **KASB Modaraba**
An Islamic Financial Institution


اسلامی مالیاتی ادارہ

HALF YEARLY REPORT
DECEMBER 2012

صاف اور شفاف آمدنی،
سچا سکون ہے...

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CORPORATE INFORMATION

Board of Directors

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

Chairman
Chief Executive Officer
Director
Director
Director

Company Secretary & Chief Financial Officer

Ms. Faiqa Naz

Management Company

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

Shariah Advisor

Mufti Abdul Sattar Laghari

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Audit Committee

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

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, the management company of KASB Modaraba, is pleased to present the un-audited condensed interim financial statements for the half year ended December 31, 2012.

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, 2012	As at June 30, 2012
Rupees in 000's		
Murabaha Finance	697,772	807,765
Modaraba Finance	135,114	77,456
Musharaka Finance	120,863	82,208
Diminishing Musharaka	479,824	470,813
Investment in Finance Lease	807	1,542
Ijarah Assets	56,970	66,460
Total Assets	1,660,865	1,636,966
Net Assets	338,604	330,222

PROFIT AND LOSS ACCOUNT	For the half year ended December 31, 2012	For the half year ended December 31, 2011
Rupees in 000's		
Total Income	125,723	90,816
Total Operating and Financial Expenses	95,755	71,461
Operating Profit	29,972	19,204
Management Company Fee	2,997	1,920
Profit for the Period	26,975	17,284
Earning per Modaraba Certificate	0.95	0.61

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 90.8 million to Rs 125.7 million. This growth of 38.43% in gross revenue shows the earning capacity of our assets. 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. 946.23 million to Rs. 1,114.14 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 upgraded short term rating to A-2 from A-3. Medium to long term rating has been maintained at BBB+ with positive outlook.

CHIEF EXECUTIVE OFFICER

On December 14, 2012 Syed M. Husaini Esq. resigned as CEO of KASB Modaraba. The Board would like to express its appreciation to Mr. Husaini for his countless contributions to Modaraba's success and to the whole Modaraba industry. His extraordinary vision and leadership guided the Modaraba to its current position as the most innovative Modaraba in the market. The Board would also like to thank him for his dedication and accomplishments and wish him well in his future endeavors. After his resignation, CFO took charge as acting CEO.

Mr. Abid Aziz Merchant joined KASB Modaraba as CEO on February 1, 2013. Prior to joining KASB Modaraba, he was associated with KASB Bank as Group Head - Operations, Financial Institutions & Trade since January 2, 2012. Mr. Merchant brings with him 20 years of banking experience that includes four plus years experience as Head- Financial Institutions, International Banking and Centralized Operations at KASB Bank during 2003-2007.

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.

Abid Aziz Merchant
Chief Executive Officer

February 15, 2013



SHARIAH ADVISOR'S REPORT



*All Praise is due to Allah, the Cherisher of the world
Peace and Blessings be upon the Prophet of Allah, on his family and all his companions, and on those who
follow him with iman till the day of Akhirah*

Shariah Advisor's Report (Half Yearly)

Alhamdulillah, I have conducted the Shariah audit & review of **KASB Modaraba** managed by KASB Invest (Private) Limited, Modaraba Management Company for the half year ended **December 31, 2012**, in accordance with the requirements of the Shariah Compliance and Shariah Audit Mechanism for Modarabas and report that except the observations as reported hereunder, in my opinion:

- i. **KASB Modaraba** has introduced a mechanism which has strengthened the Shariah compliance, in letter and spirit to a better extent. The systems, procedures and policies adopted by the **KASB Modaraba** during the period, most of these are in line with the Shariah principles.
- ii. Following were the major developments that took place during the year:
 - a. KASB Modaraba is the only Modarabah that is doing Musharakah and Modarabah on asset side. KASB Modaraba has some unique products under consideration.
 - b. During the period KASB Modaraba nominated its staff members for different trainings in Islamic banking and finance. Instead, there lies a need for more comprehensive HR trainings in Islamic finance.
- iii. The agreement(s) entered into by the KASB Modaraba are Shariah compliant and the financing agreements have been executed on the formats as approved by the Religious Board and it has been tried to meet all the related conditions.
- iv. KASB Modaraba is doing business mainly in area of Murabaha, Ijarah, Diminishing Musharakah, Musharakah and Modarabah.
- v. **KASB Modaraba** raises its funds through approved scheme of Certificate of Musharakah. The existing portfolio of COM is Rs 1,114,140,000/-. The Profit sharing weightages / ratios, profits distribution relating to Certificate of Musharakah (COM) are in line with principles & guidelines issued by SECP about COM.

Mufti Abdul Sattar Laghari
Shariah Advisor
KASB Modaraba

SHARIAH ADVISOR'S REPORT



- vi. To the best of my information and according to the explanations given to me, the business transactions undertaken by the **KASB Modaraba** and other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Regulations for Modarabas.
- vii. Profit sharing ratios, profits and charging of losses relating to COM conform to the basis and principles of guidelines provided by SECP.

Any payment received over and above due payments due to delay:

- I. KASB Modaraba has collected and credited to charity account Rs. 141,248 during the period
- II. The dividend income from non Shariah scripts & from remunerative accounts in commercial banks has also been credited to charity account amounting Rs. 161,321/-

Observation(s)

1. KASB Modaraba is maintaining a current account in KASB bank for the purpose of remittances.
2. KASB Modaraba has small investment of Rs. 4,417,920/- in non Shariah compliant shares. Subsequently the management of KASB Modaraba has sold these shares.
3. The mechanism of allocation of weightages/profit rates needs further better development.
4. KASB Modaraba is providing subsidized loan facility to its staff. It is an appreciable fact but the system needs to be revised as per Shariah requirements.
5. KASB Modaraba has its major portfolio of assets insured through commercial insurance companies. It has been advised to shift towards Takaful.
6. The senior management and staff of KASB Modaraba are well wishing and well cooperative in observing Shariah compliance in its true spirit.

Recommendation(s) Conclusion

In my opinion and best of my knowledge and information provided by **KASB Modaraba** management with relevant explanation, I am of the view that during the period overall business operations of the Modaraba are Shariah Compliant.

And Allah Taala knows Better & Perfect.

12/2/2013
Dated:

Signature
Stamp of the Shari'ah Advisor



AUDITORS' REPORT ON INTERIM FINANCIAL INFORMATION
AS AT 31 DECEMBER 2012



Ernst & Young Ford Rhodes Elliot & Hyder
Chartered Accountants
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Fax: +9221 3568 1966
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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 2012 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
Engagement Partner: Arslan Khalid
Date: 15 February 2013
Karachi

CONDENSED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2012



	31 December 2012 (Unaudited)	30 June 2012 (Audited)
Note	(Rupees)	
ASSETS		
Current assets		
Cash and bank balances	4 85,285,909	66,987,448
Short-term investments	5.1 20,160,147	15,879,244
Short-term Modaraba finance	135,114,346	77,455,748
Short-term Musharaka finance	6 120,863,143	82,207,511
Current portion of long-term Murabaha finance - gross	7 573,788,250	657,720,964
Current portion of long-term Diminishing Musharaka finance - gross	8 247,078,149	235,716,615
Current portion of long-term net investment in finance lease	372,348	890,675
Ijarah rentals receivable	3,038,294	3,817,801
Advances, prepayments and other receivables	26,658,485	13,550,348
Accrued profit	16,524,050	10,107,860
Advance tax	564,259	457,784
	<u>1,229,447,380</u>	<u>1,164,791,998</u>
Non-current assets		
Long-term investments	5.2 9,525,633	10,494,506
Long-term Murabaha finance - gross	7 123,983,640	150,043,637
Long-term Diminishing Musharaka finance	8 232,745,409	235,096,306
Long-term net investment in finance lease	435,038	651,214
Long-term deposits	1,110,300	546,000
Ijarah assets	56,969,900	66,459,510
Fixed assets	9 6,648,595	8,882,812
	<u>431,418,515</u>	<u>472,173,985</u>
TOTAL ASSETS	<u>1,660,865,895</u>	<u>1,636,965,983</u>
LIABILITIES		
Current liabilities		
Short-term finances	84,539,543	229,477,558
Current portion of long-term deposits	10 1,064,500,000	873,290,000
Current portion of long-term security deposits	3,519,579	6,306,521
Current portion of long-term deferred Murabaha income	26,007,115	44,433,083
Creditors, accrued and other liabilities	59,429,251	35,151,201
Unclaimed dividend	1,682,256	1,059,459
	<u>1,239,677,744</u>	<u>1,189,717,822</u>
Non-current liabilities		
Long-term deposits	10 49,640,000	72,940,000
Long-term security deposits	8,146,681	7,752,281
Long-term deferred Murabaha income	23,814,224	35,543,637
Deferred liabilities - staff gratuity	983,540	790,694
	<u>82,584,445</u>	<u>117,026,612</u>
TOTAL LIABILITIES	<u>1,322,262,189</u>	<u>1,306,744,434</u>
NET ASSETS	<u>338,603,706</u>	<u>330,221,549</u>
REPRESENTED BY		
CAPITAL AND RESERVES		
Certificate capital		
Authorised:		
50,000,000 (30 June 2012: 50,000,000) certificates of Rs 10/- each	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up capital	282,744,000	282,744,000
Statutory reserve	66,289,047	60,894,008
Accumulated loss	(10,214,663)	(13,416,459)
Unrealised loss on revaluation of available-for-sale investments	(214,678)	-
	<u>338,603,706</u>	<u>330,221,549</u>
COMMITMENTS	11	

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

For KASB Invest (Private) Limited
(Management Company)

Chief Executive

Director

Director



HALF YEARLY REPORT DECEMBER 2012



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED 31 DECEMBER 2012 (UNAUDITED)



	Half year ended 31 December		Quarter ended 31 December	
	2012	2011	2012	2011
	Rupees		Rupees	
Income from leasing operations	4,448,080	4,907,052	2,228,227	2,498,894
Profit on:				
Musharaka finance	2,977,935	4,656,630	1,211,050	3,400,245
Murabaha finance	55,795,290	40,669,339	27,338,760	20,050,285
Modaraba finance	11,252,100	6,847,645	8,372,859	6,130,105
Diminishing musharaka finance	43,745,501	27,003,610	22,366,267	13,749,783
Sukuk bonds	781,886	1,401,099	358,251	676,083
Bank deposits	3,083,269	3,289,211	1,550,689	1,683,927
Gain / (loss) on sale of investments	5,446	557,876	5,446	(10,555)
Unrealised loss on revaluation of investment	-	(272,472)	-	(412,250)
	5,446	285,404	5,446	(422,805)
	122,089,507	89,059,990	63,431,549	47,766,517
Financial charges	(72,171,037)	(51,518,816)	(37,812,142)	(27,697,918)
Allowance for potential finance lease loss	-	(150,000)	-	(150,000)
	49,918,470	37,391,174	25,619,407	19,918,599
Other income	3,638,329	1,755,702	2,830,589	1,263,193
Administrative and operating expenses	(23,584,360)	(19,942,569)	(12,010,746)	(10,301,966)
	29,972,439	19,204,307	16,439,250	10,879,826
Modaraba management fee	(2,997,244)	(1,920,431)	(1,643,925)	(1,087,983)
Profit before taxation	26,975,195	17,283,876	14,795,325	9,791,843
Taxation	-	-	-	-
Net profit for the period	26,975,195	17,283,876	14,795,325	9,791,843
Earning per certificate	0.95	0.61	0.52	0.35

The annexed notes 1 to 15 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 COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2012 (UNAUDITED)



	Half year ended		Quarter ended	
	31 December		31 December	
	2012	2011	2012	2011
	Rupees			
Net profit for the period	26,975,195	17,283,876	14,795,325	9,791,843
Other comprehensive income / loss				
Unrealised loss on revaluation of available-for-sale investments	(214,678)	(578,908)	-	(578,908)
Total comprehensive income for the period	26,760,517	16,704,968	14,795,325	9,212,935

The annexed notes 1 to 15 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
FOR THE HALF YEAR ENDED 31 DECEMBER 2012 (UNAUDITED)



	Half year ended	
	31 December 2012	31 December 2011
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	26,975,195	17,283,876
Adjustments for non-cash items:		
Dividend income	-	(78,000)
Net (loss) / gain on investment classified as financial asset "at fair value through profit or loss"	-	272,472
Unrealised loss on revaluation of investment	-	(557,876)
Gain on sale of investments	(5,446)	(45,452)
Gain on disposal of ijarah assets	(7,277)	11,000
(Gain) / loss on disposal of fixed assets	(251,914)	13,898,044
Depreciation	12,166,633	171,198
Amortisation	39,784	111,838
Gratuity expense	268,844	(23,928)
Deferred income	(23,928)	361,733
Provision for workers' welfare fund	539,504	51,518,816
Financial charges	72,171,037	65,639,845
	84,897,237	65,639,845
(Increase) / decrease in assets		
Net investment in finance lease	734,503	4,196,936
Musharaka finance	(38,655,632)	(38,467,223)
Murabaha finance	109,992,711	(207,895,648)
Modaraba finance	(57,658,598)	(8,892,930)
Ijarah rental receivables	779,507	(1,392,886)
Diminishing Musharaka	(9,010,637)	(4,695,587)
Advances, prepayments and other receivables	(13,108,137)	(3,700,552)
Accrued profit	(6,416,190)	(1,205,869)
Long-term deposits	(564,300)	-
Stores	-	117,337
	(13,906,773)	(261,936,422)
Increase / (decrease) in liabilities		
Security deposits	(2,392,542)	(1,800,640)
Deferred Murabaha income	(30,155,381)	29,689,491
Creditors, accrued and other liabilities	19,204,648	13,818,636
	(13,343,275)	41,707,487
Taxes paid	(106,475)	(75,297)
Dividend paid	(17,755,563)	(17,492,182)
Workers' Welfare Fund paid	-	(95,795)
Gratuity paid	(75,998)	-
Financial charges paid	(67,613,211)	(50,243,065)
Net cash used in operating activities	(928,863)	(205,211,553)
CASH FLOWS FROM INVESTING ACTIVITIES		
Safe proceeds from disposal of fixed assets / ijarah assets	5,399,928	962,745
Purchase of investments-net	(3,521,262)	(10,650,802)
Purchase of fixed assets	(871,104)	(517,733)
Purchase of Ijarah assets	(4,752,223)	(3,399,500)
Dividends received	-	78,000
Net cash used in investing activities	(3,744,661)	(13,527,290)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term finance	(144,938,015)	135,524,742
Deposits	167,910,000	135,350,000
Net cash inflow from financing activities	22,971,985	270,874,742
Net increase in cash and cash equivalents	18,298,461	52,135,899
Cash and cash equivalents at the beginning of the period	66,987,448	109,828,648
Cash and cash equivalents at the end of the period	85,285,909	161,964,547

The annexed notes 1 to 15 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
FOR THE HALF YEAR ENDED 31 DECEMBER 2012 (UNAUDITED)



	Certificate capital	Statutory reserve	Rupees		Total
			Accumulated loss	Unrealised loss on revaluation of available-for- sale investments	
Balance as at 30 June 2011	282,744,000	40,555,253	(15,659,598)	-	307,639,655
Total comprehensive income for the period from 1 July 2011 to 31 December 2011	-	-	17,283,876	(578,908)	16,704,968
Profit distribution for the year ended - 30 June 2011 @ Rs.0.64 per certificate	-	-	(18,095,616)	-	(18,095,616)
Transfer to statutory reserve	-	3,456,775	(3,456,775)	-	-
Balance as at 31 December 2011	<u>282,744,000</u>	<u>44,012,028</u>	<u>(19,928,113)</u>	<u>(578,908)</u>	<u>306,249,007</u>
Balance as at 1 July 2012	282,744,000	60,894,008	(13,416,459)	-	330,221,549
Total comprehensive income for the period from 1 July 2012 to 31 December 2012	-	-	26,975,195	(214,678)	26,760,517
Profit distribution for the year ended - 30 June 2012 @ Rs.0.65 per certificate	-	-	(18,378,360)	-	(18,378,360)
Transfer to statutory reserve	-	5,395,039	(5,395,039)	-	-
Balance as at 31 December 2012	<u>282,744,000</u>	<u>66,289,047</u>	<u>(10,214,663)</u>	<u>(214,678)</u>	<u>338,603,706</u>

The annexed notes 1 to 15 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
FOR THE HALF YEAR ENDED 31 DECEMBER 2012 (UNAUDITED)**



1. STATUS AND NATURE OF BUSINESS

- 1.1 KASB Modaraba (the Modaraba) 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 2012.
- 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 2012 and 31 December 2011.

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

- The Modaraba has adopted the following amendments to IFRSs which became effective for the current period:
IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)
IAS 12 – Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any effect on the financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012 (UNAUDITED)



	Note	31 December 2012 (Unaudited)	30 June 2012 (Audited)
(Rupees)			
4. CASH AND BANK BALANCES			
Cash at bank in:			
- current accounts		1,692,585	1,065,580
- saving accounts	4.1 & 4.2	83,520,574	65,890,118
		85,213,159	66,955,698
Cash In hand		68,350	20,250
Stamp papers		4,400	11,500
		<u>85,285,909</u>	<u>66,987,448</u>

4.1 These carry profit rates ranging from 6% to 10% (30 June 2012: 6% to 11%).

4.2 Includes Rs. 56,130,520 (30 June 2012: Rs. 13,452,956) maintained as redemption reserve fund in respect of Certificate of Musharaka issued by the Modaraba.

5. INVESTMENTS

5.1 SHORT TERM INVESTMENTS

Available-for-sale

Listed Ordinary Shares	5.1.1	4,417,920	-
Un-listed Ordinary Shares		13,000,000	13,000,000
		17,417,920	13,000,000

Held-to-maturity

Current portion of Sukuk Bonds - unlisted	5.2	2,742,227	2,879,244
		<u>20,160,147</u>	<u>15,879,244</u>

5.1.1 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, 2012 (Un-audited)		
	As at July 1, 2012	Purchase during the period	Bonus / rights issue	Sales during the period	As at December 31, 2012	Cost	Market value	Appreciation / (diminution)
Engro Corporation Limited	-	58,000	-	10,000	48,000	4,632,598	4,417,920	(214,678)

5.1.2 Un-listed Ordinary Shares

Name of the investee company (Fully paid ordinary shares of Rs. 10 each)	2012		
	No. of shares	Cost per share	Total
New Horizon Exploration & Production Limited	2,600,000	5	<u>13,000,000</u>

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 Certificates	Rate of profit	31 December 2012 (Unaudited)	30 June 2012 (Audited)
(Rupees)				
Kohat Cement Company Limited	2,000	10.87% (3Month KBOR + 1.50%)	2,664,112	3,020,000
Maple Leaf Cement Factory Limited	2,000	10.49% (3Month KBOR + 1.00%)	9,478,750	9,978,750
Maple Leaf Cement Factory Limited	75	10.36% (3Month KBOR + 1.00%)	124,998	375,000
			<u>12,267,860</u>	<u>13,373,750</u>
Less: current portion of sukuk bonds			<u>(2,742,227)</u>	<u>(2,879,244)</u>
			<u>9,525,633</u>	<u>10,494,506</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012 (UNAUDITED)**



	31 December 2012 (Unaudited)	30 June 2012 (Audited)
	(Rupees)	
6. SHORT TERM MUSHARAKA FINANCE		
Musharaka finance - considered good	120,863,143	82,207,511
- considered doubtful	539,821	547,268
	<u>121,402,964</u>	<u>82,754,779</u>
Provision for non-performing assets	(539,821)	(547,268)
	<u>120,863,143</u>	<u>82,207,511</u>
6.1	The Modaraba has provided funds under musharaka arrangements for working capital requirements on profit and loss sharing basis. Expected rate of profit ranges from 6.00% to 20.00% (30 June 2012: 6.00% 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	697,771,890	807,764,601
Murabaha finance due after one year	(123,983,640)	(150,043,637)
Current portion of Murabaha finance	<u>573,788,250</u>	<u>657,720,964</u>
7.1	The profit rates on these murabaha arrangements range from 14.50% to 20.00%. (30 June 2012: 14.50% to 20.00%). All murabaha arrangements are secured against hypothecation of assets, personal guarantees and promissory notes.	
8. DIMINISHING MUSHARKA FINANCE		
Diminishing Musharaka finance - gross	577,784,504	575,454,259
Unearned Income	(97,960,946)	(104,641,338)
	<u>479,823,558</u>	<u>470,812,921</u>
Diminishing Musharaka finance due after one year	(235,745,409)	(235,096,306)
Current portion of Diminishing Musharaka finance	<u>247,078,149</u>	<u>235,716,615</u>
	The profit rates on these diminishing musharaka arrangements range from 9.51% to 21.00%. (30 June 2012: 16.00% to 21.00%). All diminishing musharaka arrangements are secured against hypothecation of assets, personal guarantees and promissory notes.	
9. FIXED ASSETS		
Tangible assets	6,601,786	8,796,219
Intangible assets	46,809	66,593
	<u>6,648,595</u>	<u>8,862,812</u>
	Half year ended	
	31 December 2012 (Unaudited)	31 December 2011 (Unaudited)
	(Rupees)	
9.1	Details of additions and disposals during the period are as follows:	
Additions to fixed assets :		
- Electrical equipment	11,500	104,845
- Furniture and fixtures	379,874	363,688
- Office equipment	283,700	-
- Computers	103,800	49,200
- Vehicle	92,230	-
	<u>871,104</u>	<u>517,733</u>
Disposal of fixed assets		
- Electrical equipment	-	23,940
- Motor vehicles	3,502,711	692,000
- Computers	22,200	-
	<u>3,524,911</u>	<u>715,940</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012 (UNAUDITED)



	31 December 2012 (Unaudited)	30 June 2012 (Audited)
	(Rupees)	
10. DEPOSITS		
Certificates of Musharaka	1,114,140,000	946,230,000
Long-term portion of deposits	<u>(49,640,000)</u>	<u>(72,940,000)</u>
	1,064,500,000	873,290,000

10.1 The estimated share of profit payable on certificate of musharaka ranges from 10.00% to 14.75% (30 June 2012: 11.25% to 14.75%).

11. COMMITMENT

The Modaraba has provided guarantees amounting to Rs. 24,200,000 (30 June 2012: Rs.40,700,000) 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 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.

13. TRANSACTIONS WITH RELATED PARTIES

13.1 Transactions during the period

	Half year ended	
	31 December 2012 (Unaudited)	31 December 2011 (Unaudited)
	(Rupees)	
Management company		
Modaraba Management fee	2,997,244	1,920,431
Associated companies		
Income on bank deposit	407,987	737,685
Financial charges	16,434,496	6,320,273
Rent expense	234,666	218,298
Other related party		
Rentals received	3,126,627	1,912,170
	31 December 2012 (Unaudited)	30 June 2012 (Audited)
	(Rupees)	

13.2 Balances at the period / year end

Management company		
Modaraba Management fee payable	2,997,244	4,519,723
Associated companies		
Bank balances	724,728	13,452,956
Accrued profit on bank balances	6,015	-
Short term finance	84,539,543	229,477,558
Certificate of musharaka	159,080,000	72,550,000
Accrued mark-up payable	6,640,492	7,383,821
Other related party		
Rentals receivable	11,132,016	14,427,567
Investment in unlisted shares	13,000,000	13,000,000



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012 (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 February 15, 2013 by the Board of Directors of the Management Company.

For KASB Invest (Private) Limited
(Management Company)

Chief Executive

Director

Director

