



KASB Modaraba

An Islamic Financial Institution



HALF YEARLY REPORT
DECEMBER 2013

صاف اور شفاف آمدنی،
سچا سکون ہے...

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CORPORATE INFORMATION

Board of Directors

Syed Waseem-ul-Haq Haqqie
Rashid K. Siddiqui
Syed Muhammad Rehmanullah
Farrukh S. Ansari

Chairman
Chief Executive Officer
Director
Director

Company Secretary & Chief Financial Officer

Amir Iqbal

Head of Internal Audit

Syed Shahid Owais

Management Company

KASB Invest (Private) Limited

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Audit Committee

Farrukh S. Ansari
Syed Muhammad Rehmanullah
Syed Waseem-ul-Haq Haqqie

Chairman
Member
Member

Human Resource and Remuneration Committee

Farrukh S. Ansari
Syed Waseem-ul-Haq Haqqie
Syed Muhammad Rehmanullah
Rashid K. Siddiqui

Chairman
Member
Member
Member

Bankers

KASB Bank Limited
Al-Baraka Islamic Bank
Burj Bank Limited
Meezan Bank
Bank Islami
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

Shariah Advisor

Mufti Abdul Sattar Laghari

Branch Offices

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

P.E.C.H.S Branch

8-C, Block 6, P.E.C.H.S
Behind Hotel Faran
Shahrah-e-Faisal,
Karachi.
Phone No.: 021-34557233-34

D.H.A. Branch

80-C, 24th Commercial Street,
D.H.A. Phase II Extension
Karachi.
Telephone: 021-35313939-43

Web Address

www.kasbmodaraba.com

E-mail

info.modaraba@kasb.com

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, 2013.

FINANCIAL HIGHLIGHTS

Financial highlights are as under:-

BALANCE SHEET	December 2013	June 2013
Modaraba Finance	68,889,296	83,696,118
Musharaka Finance	83,826,171	98,161,363
Murabaha Finance	556,972,605	627,204,878
Diminishing Musharaka Finance	360,401,092	424,230,843
Ijarah Assets	43,339,465	47,368,313
Property acquired in satisfaction of financing facility	33,759,860	-
Total Assets	1,398,543,379	1,516,092,083
Net Assets	274,886,382	265,214,869

PROFIT & LOSS ACCOUNT	December 2013	December 2012
Income	84,655,842	125,679,404
Operating & Financial Charges	(73,909,712)	(95,706,964)
Operating Profit	10,746,130	29,972,440
Management Company Fee	(1,074,613)	(2,997,244)
Profit for the Period	9,671,513	26,975,196
Earning per Modaraba Certificate	0.34	0.96

REVIEW OF OPERATIONS

By the Grace of Allah, KASB Modaraba has successfully completed half year ended December 31, 2013. The half year closed with net Profit of Rs 9.67 million and earning per Certificate was Rs 0.34. During the half year the total income was Rs 84.66 million and the operating & financial charges were Rs 73.91 million.

The management has continued to adopt a cautious approach in its conduct of financing activities thus ensuring steady growth in profitability and build a sound Institution for the extension of Islamic finance.

FUTURE PROSPECTS

Our business strategy & approach are sound with a focus to enhance Shariah Compliant business. We are confident that your Modaraba will Inshallah continue to improve profitability in future.

ACKNOWLEDGEMENT

The Board greatly appreciates the support co-operation of the regulatory authorities, certificate holders, customers and bankers and looks forward to their continued support and guidance in future. We pray to Almighty Allah for the success of your Modaraba.

**For and behalf of
Board of Directors**



Syed Waseem-ul-Haq Haqqie
Chairman

Dated: 10th February, 2014
Karachi

AUDITORS' REPORT ON INTERIM FINANCIAL INFORMATION

AS AT DECEMBER 31, 2013



Ernst & Young Ford Rhodes Siddiqi Hyder
Chartered Accountants
Progressive Plaza, Seawood Road
P.O. Box 15541, Karachi 75530
Pakistan

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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 2013 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 Invest (Private) Limited (the Management Company) 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: 10 February 2014

Karachi

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT DECEMBER 31, 2013



	Note	December 31, 2013 Un-audited	June 30, 2013 Audited (Restated)
----- (Rupees) -----			
ASSETS			
Current assets			
Cash and bank balances	4	211,900,641	175,151,750
Short-term investments	5.1	2,104,400	15,515,756
Short term modaraba finance		68,689,296	83,696,118
Short term musharaka finance	6	83,826,171	98,161,363
Current portion of long term murabaha finance- gross	7	495,383,305	552,998,416
Current portion of long term diminishing musharaka finance	8	204,556,991	221,674,597
Current portion of long term net investment in finance lease		297,439	205,033
Jarah rentals receivable		4,046,994	3,048,215
Advances, prepayments and other receivables		11,015,853	15,402,596
Accrued profit		9,597,858	9,232,199
Property acquired in satisfaction of financing facility	9	33,759,860	-
Advance tax		836,036	638,468
		1,126,214,844	1,175,724,511
Non-current assets			
Long-term investments	5.2	7,052,222	7,978,750
Long-term murabaha finance - gross	7	61,589,300	74,206,462
Long-term diminishing musharaka finance	8	155,844,101	202,556,246
Long-term net investment in finance lease		225,475	317,882
Long-term deposits		2,130,300	1,110,300
Jarah assets		39,292,471	47,368,313
Fixed assets	10	6,194,666	6,829,619
		272,328,535	340,367,572
TOTAL ASSETS		1,398,543,379	1,516,092,083
LIABILITIES			
Current liabilities			
Current portion of long term deposits	11	907,357,301	1,109,590,000
Current portion of long term security deposits		312,347	312,347
Current portion of long term deferred murabaha income		17,418,531	37,048,229
Creditors, accrued and other liabilities		73,586,460	38,941,015
Unclaimed profit distribution		1,651,044	1,651,044
Total current liabilities		1,000,325,683	1,187,542,635
Non-current liabilities			
Long-term deposits	11	107,577,197	42,135,000
Security deposits		8,671,431	8,671,431
Long-term portion of deferred murabaha income		6,341,912	10,911,132
Deferred liabilities - staff gratuity		740,774	1,617,016
		123,331,314	63,334,579
TOTAL LIABILITIES		1,123,656,997	1,250,877,214
NET ASSETS		274,886,382	265,214,869
REPRESENTED BY			
CAPITAL AND RESERVES			
Certificate capital			
Authorised:			
50,000,000 (June 30, 2013: 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		62,828,311	60,894,008
Accumulated loss		(70,685,929)	(78,423,139)
CONTINGENCIES AND COMMITMENTS	12	274,886,382	265,214,869

The annexed notes 1 to 16 form an integral part of these financial statements.

For KASB Invest (Private) Limited
(Management Company)

Chief Executive

Director

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)



FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	Half year ended 31 December		Quarter ended 31 December	
	2013	2012 (Restated)	2013	2012 (Restated)
	Rupees		Rupees	
Income from:				
- leasing operations	3,611,277	4,448,080	1,857,399	2,228,227
- musharaka finance	9,159,971	2,977,935	5,516,523	1,211,050
- murabaha finance	26,150,184	55,795,290	11,470,539	27,338,760
- modaraba finance	5,227,574	11,252,100	5,838,251	8,372,859
- diminishing musharaka finance	33,490,253	43,745,501	15,875,222	22,386,287
- sukuk bonds	538,427	781,886	257,122	358,251
- bank deposits	3,649,452	3,083,289	1,658,565	1,550,689
Gain on sale of investments - net	-	5,446	-	5,446
	81,827,138	122,089,507	42,473,621	63,431,549
Financial charges	(50,207,867)	(72,171,037)	(24,239,955)	(37,812,142)
	31,619,271	49,918,470	18,233,666	25,619,407
Other income	2,828,700	3,638,329	1,870,420	2,830,589
Administrative and operating expenses	(23,701,845)	(23,535,927)	(12,075,604)	(11,986,529)
	10,746,126	30,020,872	8,028,482	16,463,467
Modaraba management fee	(1,074,613)	(2,997,244)	(802,848)	(1,643,825)
Profit before taxation	9,671,513	27,023,628	7,225,634	14,819,542
Taxation	-	-	-	-
Net profit for the period	9,671,513	27,023,628	7,225,634	14,819,542
Earning per certificate	0.34	0.96	0.26	0.52

The annexed notes 1 to 16 form an integral part of these financial statements.

For KASB Invest (Private) Limited
(Management Company)

Chief Executive

Director

Director

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)**

FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013



	Half year ended		Quarter ended	
	31 December 2013	2012 (Restated)	31 December 2013	2012 (Restated)
	Rupees			
Net profit for the period	9,671,513	27,023,628	7,225,634	14,819,542
Other comprehensive income				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Unrealised loss on revaluation of available-for-sale investments		(214,678)		
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial loss on defined benefit plans (note 3.2)	-	(97,190)	-	(48,595)
Total comprehensive income for the period	9,671,513	26,711,760	7,225,634	14,770,947

The annexed notes 1 to 16 form an integral part of these financial statements.

For KASB Invest (Private) Limited
(Management Company)

Chief Executive

Director

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013



Note	December 31,	December 31,
	2013	2012
Rupees		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	9,671,513	27,023,628
Adjustments for non-cash charges and other items:		
Gain on disposal of Ijarah assets	(4,979)	(7,277)
Gain on disposal of fixed assets	-	(251,914)
Gain on sale of marketable securities	-	(5,446)
Depreciation	10,247,504	12,166,633
Amortisation	109,502	39,784
Gratuity expense	1,108,217	220,411
Deferred income	-	(23,928)
Provision for Workers' Welfare Fund	-	539,504
Financial charges	50,207,867	72,171,037
	61,668,111	84,848,604
(Increase) / decrease in assets		
Net investment in finance lease	-	734,503
Musharaka finance	14,335,192	(38,655,632)
Murabaha finance	36,472,413	109,992,711
Modaraba finance	14,806,822	(57,658,598)
Ijarah rentals receivable	(986,779)	779,507
Diminishing Musharaka	63,829,751	(9,010,637)
Advances, deposits, prepayments and other receivables	4,386,743	(13,108,137)
Accrued profit	(365,659)	(6,416,190)
Long-term deposits	(1,020,000)	(564,300)
	131,446,483	(13,906,773)
Increase / (decrease) in liabilities		
Security deposits	-	(2,382,542)
Deferred murabaha income	(24,198,918)	(30,155,381)
Creditors, accrued and other liabilities	30,900,480	19,204,648
	6,701,562	(13,343,275)
Taxes paid	(197,568)	(106,475)
Dividend paid	-	(17,755,563)
Staff Gratuity paid	(1,984,459)	(75,998)
Financial charges paid	(46,446,417)	(67,613,211)
	(48,628,444)	(85,551,247)
Net cash generated from / (utilised in) operating activities	160,859,225	(928,863)
CASH FLOW FROM INVESTING ACTIVITIES		
Sales proceeds from disposal of Ijarah assets	402,750	-
Proceeds from sale or (purchase) of investments - net	14,337,884	(3,521,262)
Sales proceeds from disposal of fixed assets	-	5,399,528
Purchase of fixed Assets	(154,467)	(871,104)
Purchase of Ijarah Assets	(1,906,000)	(4,752,223)
Net cash generated from / (utilised in) investing activities	12,680,167	(3,744,661)
CASH FLOW FROM FINANCING ACTIVITIES		
Short-term Musharaka finance	-	(144,938,015)
Deposits	(136,790,502)	167,910,000
Net cash (utilised in) / generated from financing activities	(136,790,502)	22,971,985
Net increase in cash and cash equivalents	36,748,891	18,298,461
Cash and cash equivalents at the beginning of the period	175,151,750	66,987,448
Cash and cash equivalents at the end of the period	4 211,900,641	85,285,909

The annexed notes 1 to 16 form an integral part of these financial statements.

For KASB Invest (Private) Limited
(Management Company)

Chief Executive

Director

Director

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013



	Certificate Capital	Statutory Reserve	Unrealised appreciation / (diminution) on remeasurement of investments classified as 'available-for- sale' Rupees	Accumulated Loss	Total
Balance as at July 01, 2012	282,744,000	60,894,008	-	(13,416,459)	330,221,549
Effect of Change in Accounting Policy (Note 3.2)	-	-	-	(404,804)	(404,804)
Balance as at July 01, 2012 - (restated)	282,744,000	60,894,008	-	(13,821,263)	329,816,745
Total comprehensive income for the Period ended December 31, 2012- Restated	-	-	(214,678)	26,926,438	26,711,760
Profit distribution for the year ended June 30, 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 December 31, 2012 - restated	282,744,000	66,289,047	(214,678)	(16,668,224)	338,150,145
Balance as at July 01, 2013	282,744,000	60,894,008	-	(77,920,820)	265,717,188
Effect of Change in Accounting Policy (Note 3.2)	-	-	-	(502,319)	(502,319)
Balance as at July 01, 2013 - (restated)	282,744,000	60,894,008	-	(78,423,139)	265,214,869
Total comprehensive income for the Period ended December 31, 2013	-	-	-	9,671,513	9,671,513
Transfer to statutory reserve	-	1,934,303	-	(1,934,303)	-
Balance as at December 31, 2013	282,744,000	62,828,311	-	(70,685,929)	274,886,382

The annexed notes 1 to 16 form an integral part of these financial statements.

For KASB Invest (Private) Limited
(Management Company)


Chief Executive


Director


Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)



FOR THE HALF YEAR ENDED 31 DECEMBER 2013 (UNAUDITED)

1. LEGAL 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 thereunder and is managed by KASB Invest (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 (KBL). KBL holds 3,965,000 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, musharaka financing, murabaha financing, modaraba financing, diminishing musharaka and investing 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 June 30, 2013.
- 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 and condensed interim statement of comprehensive income for the quarters ended December 31, 2013 and December 31, 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the Modaraba for the year ended June 30, 2013 except

3.1 New, Amended and Revised Standards and Interpretations of IFRSs

The Modaraba has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

- IAS 19 - Employee Benefits - (Revised)
- IFRS 7 - Financial Instrument : Disclosure -(Amendment)
 - Amendments enhancing disclosures about Offsetting of Financial Assets and Financial Liabilities
- IFRIC 20 - Stripping Cost In a Production Phase of a Surface Mine

Improvements to Accounting Standards Issued by IASB

- IAS 1 - Presentation of Financial Statements - clarification of the requirements for comparative information
- IAS 16 - Property, Plant and Equipment - Clarification of Servicing Equipment
- IAS 32 - Financial Instruments : Presentation - Tax Effects of Distribution to Holders of Equity Instruments
- IAS 34 - Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above revisions, amendments and improvements to accounting standards and interpretations did not have any effect on these condensed interim financial statements except for change in accounting Policy as disclosed in (note 3.2) and additional disclosures required by IAS 1 - Amendment.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2013 (UNAUDITED)



3.2 Change in accounting policy

During the period, the Modaraba Company has adopted Revised IAS 19 - 'Employee Benefits'. As per revised standard, actuarial gains and losses for defined benefit plans are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income / (expense). All other changes in the net defined benefit asset / (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

The adoption of above revised standard has resulted in change in accounting policy of the Company related to recognition of actuarial gains and losses to recognize actuarial gains and losses in total in other comprehensive income in the period in which they occur. Previously, actuarial gains or losses in excess of 10% of the Modaraba's gratuity obligation were recognized in profit and loss account over the expected average working life of the employees. The impact of the said changes on these condensed interim financial statements is as under:

	Rupees
Increase in accumulated loss as at July 01, 2012	404,804
Increase in profit for the period ended December 31, 2012	48,433
Decrease in other comprehensive income for the period ended December 31, 2012	97,190
Increase in defined benefit liability as at June 30, 2013	502,319

	Note	December 31, 2013	June 30, 2013
		Un-audited	Audited
		Rupees	
4. CASH & BANK BALANCES			
Cash at bank in:			
- current accounts		2,288,323	2,631,407
- saving accounts	4.1. & 4.2	<u>209,490,078</u>	<u>172,456,118</u>
		211,778,401	175,067,525
Cash in hand			
- cash in hand		83,880	55,395
- stamp papers		<u>38,380</u>	<u>8,830</u>
		<u>211,900,641</u>	<u>175,151,750</u>

4.1 These carry profit rates ranging from 5% to 9% (June 30, 2013: 6.5% to 9.25%)

4.2 Includes Rs. 62,192,578 (June 30, 2013: Rs. 57,926,347) 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

Ordinary Shares - Un-listed	5.1.1	-	13,000,000
		-	13,000,000

Held to maturity

Current portion of sukuk bonds - unlisted	5.2	2,104,400	2,515,756
		<u>2,104,400</u>	<u>15,515,756</u>

5.1.1 Ordinary Shares - Un-listed

During the period, the Modaraba sold 2,600,000 shares of New Horizon Exploration & Production Limited at a selling price of Rs. 5 each to the Chief Executive Officer of KASB Corporation limited (related party).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2013 (UNAUDITED)



5.2 Long Term Investment

Held to maturity Sukuk bonds-unlisted

Name of investee company	Carrying Value	
	Balance as at December 31, 2013	Balance as at June 30, 2013
	Un-audited	Audited
Rupees		
Sukuk bond of Rs. 5,000 each unless stated otherwise		
Kohat Cement Company Limited	1,104,400	1,515,756
Maple Leaf Cement Factory Limited	8,052,222	8,978,750
Total sukuk bonds	9,156,622	10,494,506
Less: Current portion of sukuk bonds	(2,104,400)	(2,515,756)
	7,052,222	7,978,750
	December 31, 2013	June 30, 2013
	Un-audited	Audited
	Rupees	

6. SHORT TERM MUSHARAKA FINANCE

Musharaka finance - considered good	83,826,171	98,161,363
- considered doubtful	24,602,297	24,602,297
	108,428,468	122,763,660
Less: Provision for non-performing musharaka arrangements	(24,602,297)	(24,602,297)
Current portion of musharaka finance	83,826,171	98,161,363

6.1 Expected range of profits ranges from 15.00% to 20.00% (June 30, 2013: 6.00% to 20.00%) per annum. All musharaka arrangements are secured against hypothecation of assets, personal guarantees and promissory

7. MURABAHA FINANCE

Murabaha receivables - gross	601,300,470	671,532,743
Less: Provision for non-performing assets	(44,327,865)	(44,327,865)
	556,972,605	627,204,878
Murabaha finance- due after one year	61,589,300	74,206,462
Current portion of murabaha finance	495,383,305	552,998,416

7.1 The Profit rates on these murabaha arrangements range from 11.5% to 20% (June 30, 2013: 11.5% to 20%). All murabaha Arrangements are secured against hypothecation of assets, personal guarantees and

8. DIMINISHING MUSHARAKA

Diminishing musharaka receivables - gross	419,154,291	506,221,891
Less: Unearned income	58,753,199	81,991,048
	360,401,092	424,230,843
Diminishing musharaka finance- due after one year	155,844,101	202,556,246
Current portion of diminishing musharaka finance	204,556,991	221,674,597

8.1 The Profit rates on these diminishing musharaka arrangements range from 9.5% to 21% (June 30, 2013: 9.5% to 21%). All diminishing musharaka arrangements are secured against hypothecation of assets, personal guarantees and promissory notes.

9. PROPERTY ACQUIRED IN SATISFACTION OF FINANCING FACILITY

This represents residential property acquired by the Modaraba in satisfaction of murabaha finance facility. The assessed market value and forced sale value of the said property amounts to Rs. 47.5 million and 38 million respectively.

**NOTES TO AND FORMING PART OF THE CONDENSED
INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**

FOR THE HALF YEAR ENDED 31 DECEMBER 2013 (UNAUDITED)



	December 31, 2013	June 30, 2013
	Un-audited	Audited
	-----Rupees-----	
10. FIXED ASSETS		
Tangible assets	5,684,357	6,209,810
Intangible assets	510,309	610,809
	<u>6,194,666</u>	<u>6,820,619</u>

	Half year ended	
	December 31, 2013	December 31, 2012
	Unaudited	Un-audited
	-----Rupees-----	
10.1 Details of addition / (disposals) during the period as follows:		
Addition to fixed assets		
- Office equipment	-	283,700
- Electrical equipment	-	11,500
- Furniture & fixture	-	379,874
- Computers	154,467	103,800
- Vehicles	-	92,230
	<u>154,467</u>	<u>871,104</u>
Disposal during the period		
- Motor vehicles	-	3,502,711
- Computers	-	22,200
	<u>-</u>	<u>3,524,911</u>

	December 31, 2013	June 30, 2013
	Un-audited	Audited
	-----Rupees-----	
11. DEPOSITS		
Certificate of Musharaka	1,014,934,498	1,151,725,000
Long-term portion of deposits	(107,577,197)	(42,135,000)
	<u>907,357,301</u>	<u>1,109,590,000</u>

11.1 The estimate share of profit payable on certificate of musharaka ranges from 8.00% to 14.75% (June 30, 2013: 10.00% to 14.75%)

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2013

13. 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

14. TRANSACTIONS WITH RELATED

14.1 Transactions during the period

Management Company		
Modaraba management fee	1,074,613	2,997,244
Associated companies		
Income on bank deposits	-	407,987
Financial charges	4,425,418	16,434,496
Rent expense	60,000	234,686
Custodian charges	1,138	-

NOTES TO AND FORMING PART OF THE CONDENSED
INTERIM FINANCIAL STATEMENTS (UN-AUDITED)



FOR THE HALF YEAR ENDED 31 DECEMBER 2013 (UNAUDITED)

	December 31, 2013 Un-audited	June 30, 2013 Audited
	Rupees	
Other Related Parties		
Income from diminishing musharaka finance	360,170	3,126,627
Sale of investment - unlisted shares	13,000,000	-
Management Company		
Modaraba management fee payable	1,074,613	-
Associated companies		
Cash and bank balances	1,292,745	1,670,838
Certificate of Musharaka	7,675,000	53,000,000
Accrued mark-up payable	87,584	2,303,671
Creditors, accrued and other liabilities	151,989	175,000
Other Related Parties		
Certificate of Musharaka	-	9,040,000
Accrued mark-up payable	-	447,609
Diminishing musharaka finance	3,241,686	974,124
Investment in unlisted shares	-	13,000,000

15. GENERAL

15.1 Figures have been rounded off to the nearest Rupee.

15.2 Certain prior period figures have been reclassified for the purpose of comparison. However, there are no material reclassifications to the report.

16. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on February 10, 2014.

For KASB Invest (Private) Limited
(Management Company)

Chief Executive

Director

Director



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