

KASB MODARABA

QUARTERLY REPORT

MARCH 31, 2020

Managed By

Awwal Modaraba Management Limited

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Khalid Aziz Mirza	Chairman	Independent Director
Mr. Shahid Ghaffar		Independent Director
Ms. Ayesha Aziz		Non-Executive Director
Mr. Abdul Jaleel Shaikh		Non-Executive Director
Mr. Ahmed Ateeq		Non-Executive Director
Mr. Karim Hatim		Chief Executive Officer

Audit Committee

Mr. Shahid Ghaffar	Chairman
Mr. Khalid Aziz Mirza	Member
Mr. Abdul Jaleel Shaikh	Member
Mr. Ahmed Ateeq	Member

Human Resource and Remuneration Committee

Mr. Khalid Aziz Mirza	Chairman
Ms. Ayesha Aziz	Member
Mr. Karim Hatim	Member

Company Secretary

Ms. Iqra Sajjad

Chief Financial Officer

Mr. Aftab Afroz Mahmoodi

Auditor

RSM Avais Hyder Liaquat Nauman, Chartered Accountants

Bankers

Habib Bank Limited
Soneri Bank
Summit Bank

Certificate Registrar

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

Legal Advisor

Ahmed & Qazi
S & B Durrani Law Associates

Shariah Advisor

Al-Hilal Shariah Advisors (Private) Limited

Registered Office & Head Office

Office No:- B, 5th Floor, Lakson Square
Building No: 1, Sarwar Shaheed Road,
Karachi
Phone : 021- 35630621,021-35630623

Lahore Branch Office

Office No. 318 3rd Floor,
Lahore Stock Exchange Building,
19 Khayaban-e-Awan-e-Iqbal, Lahore
Phone : 042-36311001-02

Islamabad Branch Office

Basement, 90-91,
Razia Sharif Plaza ,Jinnah Avenue,
Blue Area, F-7, Islamabad.
Phone: 051-2344422-24

Directors' Report

For the nine months period ended 31 March 2020

On behalf of the Board of Directors of Awwal Modaraba Management Limited, the management company of KASB Modaraba, we are pleased to present the Directors' Report together with unaudited financial results of KASB Modaraba, for the nine months period ended 31 March 2020.

Economy

The world is facing difficult times due to Covid-19 factor which needs no introduction. Economic disruption caused by the preventive and protective measures taken globally by leaders have major consequences for growth and sustainability, more so by their interconnection due to trade ties and investment flows. Overall, IMF has significantly downgraded its global growth outlook for 2020 from 3.3 percent growth previously to below zero.

Our economy has taken a huge hit as well. Consumer demand has fallen. Export industry has suffered due to cancellation of orders. There has been significant outflow of foreign funds from our capital markets as investors are panicking and facing liquidity issues. The PKR USD parity which had stabilized around PKR 155 to USD is now hovering around PKR 165 to USD. Targets agreed upon with IMF are being re-negotiated as the Government struggles to give relief to industry and consumers.

Our government and regulators are taking necessary steps to support the economy. The State Bank of Pakistan (SBP) has rapidly reduced the policy rate in two consecutive Monetary Policy Statements (MPS) from 13.25% in September 2019 to 11% in March 2020 to provide relief to borrowers. It was further reduced to 9% in April 2020. Special Covid-19 policy measures including concessionary financing to new projects as well as hospitals setting up Covid-19 treatment facilities and relief on debt servicing to borrowers. Similarly, Government of Pakistan is continuously taking measures to stimulate industry. Support given by multilateral lenders to fight the pandemic and fresh facility from IMF of USD 1.39 billion under Rapid Financing Instrument to meet the urgent balance of payment needs provide breathing space to focus on social sector as opposed to debt servicing.

Financial Performance

During the nine months under review, overall revenues were recorded at PKR 10.56 million inclusive of return on deposit of PKR 3.54 million, compared to PKR 32.76 million in corresponding period last year. Admin and operating expenses for the period amounted to PKR 24.31 million. The Modaraba posted loss before management fee expense and tax of PKR 101.33 million during Jul –March, 2020 compared to the profit before management fee expense and tax of PKR 2.10 million in the corresponding period of last year.

Future Prospects

Awwal Modaraba Management Limited has submitted viable business plan to SECP for revival of the Modaraba to be rolled out gradually within a two year time frame and is working towards it. Currently AMML's focus is to streamline existing operations and concentrate on recoveries of stuck up portfolio during this time.

Governance

There has been no change in the Board of Directors of Awwal Modaraba Management Limited during the period under review.

Acknowledgement

The Board would like to acknowledge and appreciate Securities and Exchange Commission of Pakistan and Registrar Modaraba for their continuous guidance and support. Also, would like to avail this opportunity to thank its customers and investors for placing their trust in the Modaraba.

On behalf of the Board

-sd-

Karim Hatim
Chief Executive Officer

-sd-

Abdul Jaleel Shaikh
Director

Date: 24 April 2020

ڈائریکٹر رپورٹ

برائے اختتام نومبر 31 مارچ 2020

اول مضاربہ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز جو کے اے ایس بی مضاربہ کی منجمنٹ کمپنی ہے کے اے ایس بی مضاربہ کے غیر آڈٹ شدہ مالی نتائج برائے اختتام نومبر 31 مارچ 2020 کے ڈائریکٹرز رپورٹ پیش کرتے ہوئے انتہائی مسرت محسوس کر رہے ہیں۔

معیشت

دنیا اس وقت Covid-19 کے باعث مشکل وقت سے دوچار ہے جس کے تعارف کی اب مزید ضرورت نہیں ہے۔ معاشی تناؤ جو کہ عالمی قائدین کی جانب سے اختیار کیئے جانے والے احتیاطی اور حفاظتی اقدامات کے باعث عالمی ترقی اور استحکام پر گہرے اثرات مرتب کر رہا ہے خصوصاً تجارتی معاملات اور سرمایہ کاری کے بہاؤ کے باہمی رابطہ کے باعث مجموعی طور پر IMF نے 2020 کے لئے اپنی عالمی ترقی کے منظر نامے کو نمایاں تنزیلی کے ساتھ ترقی کی گزشتہ 3.3 فیصد کے شرح کے مقابلے میں صفر سے بھی کم کر دیا ہے۔

ہماری معیشت پر بھی کاری ضرب پڑی ہے صارفین کی طلب گرگئی ہے آرڈرز کی منسوخی کے باعث برآمدی حالات و گروہوں ہیں سرمایہ کی عدم دستیابی اور خوف و ہراس کے باعث کیپٹل مارکیٹ سے کثیر بیرونی سرمایہ کا انخلاء ہوا۔ پاکستانی روپے اور امریکی ڈالر کا باہمی تناسب جو امریکی ڈالر کے مقابلے میں 155 پاکستانی روپے پر مستحکم ہو چکا تھا اب 165 پاکستانی روپے تک پہنچ چکا ہے صنعت اور صارفین کو سہولیات فراہم کرنے کے لئے حکومت IMF کے ساتھ متعلقہ اہداف پر دوبارہ گفت و شنید کر رہی ہیں۔

ہماری حکومت اور ریگولیٹر معیشت کو سنبھالنے کے لئے ضروری اقدامات کر رہے ہیں اسٹیٹ بینک آف پاکستان SBP نے قرض داروں کی ریلیف مہیا کرنے کے لئے زرعی پالیسی کے دو لگاتار بیانیوں MPS میں پالیسی کی شرح کو ستمبر 2019 کی 13.25 فیصد کے مقابلے میں مارچ 2020 میں 11 فیصد تک تیزی سے کم کیا اسے اپریل 2020 میں مزید کم کر کے 9 فیصد کر دیا گیا۔ Covid-19 خصوصی پالیسی اقدامات میں نئے پراجیکٹ اور وہ ہسپتال جو کہ Covid-19 کے علاج کی سہولیات مہیا کریں، کے لئے رعایتی قرضے اور قرض داروں کو ادائیگی پر ریلیف شامل ہے اسی طرح حکومت پاکستان صنعتوں میں تحریک پیدا کرنے کے لئے مسلسل اقدامات کر رہی ہے اس عالمگیر وبا سے مقابلہ کرنے کے لئے کثیر الجہتی قرض دہندگان کی معاونت اور آئی ایم ایف کی 1.39 بلین امریکی ڈالر ہنگامی قرضہ کی

سہولت ادائیگی کے توازن کو برقرار رکھنے میں معاون ہے۔ اس گنجائش کے نتیجے میں توجہ قرض کی ادائیگی کے مقابلے میں سماجی شعبہ پر بھی مرکوز ہوگی۔

مالیاتی کارکردگی

زیر جائزہ نو ماہی کے دوران، 10.56 ملین پاکستانی روپے آمدنی رہی جس میں 3.54 ملین روپے کا بینک ڈیپازٹ پر منافع شامل ہے جبکہ گذشتہ سال مماثل دورانیہ میں 32.76 ملین پاکستانی روپے تھا۔ انتظامی اور عملیاتی اخراجات برائے دورانیہ ہذا 24.31 ملین پاکستانی روپے حساب لگائے گئے ہیں۔ مضاربہ نے انتظامیہ کے سامنے فیس اور ٹیکس کے اخراجات سے قبل برائے دورانیہ جولائی تا مارچ 2020 نقصان مبلغ 101.33 ملین پاکستانی روپے پیش کیے ہیں جبکہ اس کے مقابلے گذشتہ سال مماثل دورانیہ میں یہ منافع 2.10 ملین روپے پاکستانی تھے۔

مستقبل کے امکانات

اول مضاربہ منجمنٹ لمیٹڈ نے مضاربہ کی بحالی کے لئے ایک قابل عمل کاروباری منصوبہ SECP کو پیش کیا ہے جو دو سال کے عرصے کے اندر بتدریج تیار کیا جائے گا اور وہ اس کے اوپر کام کر رہا ہے فی الحال AMML کی توجہ موجودہ کاروائیوں کو ہموار کرنے اور اس وقت کے دوران پھنسے ہوئے پورٹ فولیو کی بازیابی پر مرکوز ہے۔

نظامت

زیر نظر مدت کے دوران اول مضاربہ منجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز میں کوئی تبدیلی نہیں کی گئی ہے۔

تسلیمات/ اظہار تشکر

بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان اور رجسٹرار مضاربہ کی جانب سے ان کی مسلسل رہنمائی اور حمایت کو سراہتے ہیں اور انہیں تسلیم کرتے ہیں۔ اس کے علاوہ ہم مضاربہ کے صارفین اور سرمایہ کاروں کی جانب سے مضاربہ پر بھروسہ کرنے پر ان کا شکر یہ ادا کرتے ہیں۔
بورڈ کی جانب سے۔

عبدالجلیل شیخ

ڈائریکٹر

کریم حاتم

چیف ایگزیکٹو آفیسر

مورخہ: 24 اپریل 2020

KASB MODARABA
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2020

	Un-audited March 31, 2020	Audited June 30, 2019
Note	-----Rupees-----	
Current assets		
Cash and bank balances	5. 68,699,605	51,147,044
Short term Investments	6. 5,117,011	6,350,180
Short term modaraba finance	7. -	-
Short term musharaka finance	8. -	3,100,000
Murabaha finance	9. -	83,796,155
Current portion of long term diminishing musharaka finance	10. 13,528,056	22,862,832
Receivable against sale of agricultural produce	-	7,651,449
Ijarah rentals receivable	-	52,003
Advances, prepayments and other receivables	8,281,570	14,393,609
Property acquired in satisfaction of financing facility	47,082,936	47,082,936
	<u>142,709,178</u>	<u>236,436,209</u>
Non-current assets		
Long-term diminishing musharaka finance	10. 7,791,480	19,045,539
Long-term advances	42,374	304,682
Ijarah assets	11. 3,579,900	9,097,408
Fixed assets	12. 1,554,833	5,699,672
	<u>12,968,587</u>	<u>34,147,301</u>
TOTAL ASSETS	<u>155,677,765</u>	<u>270,583,511</u>
LIABILITIES		
Current liabilities		
Redeemable capital	13. 1,315,000	1,315,000
Term finance	14. -	12,566,727
Current portion of long term security deposits	3,579,900	100,000
Creditors, accrued and other liabilities	4,528,193	6,189,690
Unclaimed profit distribution	2,834,156	2,834,156
Total current liabilities	<u>12,257,249</u>	<u>23,005,572</u>
Non-current liabilities		
Long-term security deposits	-	3,479,900
Deferred liabilities - staff gratuity	4,042,528	3,389,955
	<u>4,042,528</u>	<u>6,869,855</u>
TOTAL LIABILITIES	<u>16,299,777</u>	<u>29,875,427</u>
NET ASSETS	<u>139,377,988</u>	<u>240,708,083</u>
REPRESENTED BY		
CAPITAL AND RESERVES		
Certificate capital		
Authorised:		
50,000,000 (June 30, 2019: 50,000,000) certificates of Rs. 10/- each	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up capital	15. 480,664,800	480,664,800
Discount on issuance of certificates	(98,960,400)	(98,960,400)
Statutory reserve	83,505,138	83,505,138
Accumulated losses	(325,831,550)	(224,501,455)
CONTINGENCIES AND COMMITMENTS	16. <u>139,377,988</u>	<u>240,708,083</u>

The annexed notes form an integral part of these financial statements

-sd-
Chief Financial Officer

-sd-
Chief Executive Officer

-sd-
Director

-sd-
Director

KASB MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

	Note	Nine months ended		Quarter ended	
		March 31, 2020 -----Rupees-----	March 31, 2019 -----Rupees-----	March 31, 2020 -----Rupees-----	March 31, 2019 -----Rupees-----
Income from:					
- Ijarah finance		-	3,726,222	-	1,715,602
- murabaha finance		104,394	2,327,734	9,064	917,081
- diminishing musharaka finance		2,713,619	7,548,473	799,143	1,959,822
- Gain / (loss) on sale of shares		-	32,452	-	32,452
- bank deposits		3,544,773	730,000	1,674,928	240,000
		<u>6,362,786</u>	<u>14,364,881</u>	<u>2,483,135</u>	<u>4,864,957</u>
Financial charges					
Depreciation on assets under ijarah arrangements		(366,109)	(3,176,276)	55,896	(813,583)
		<u>(1,379,382)</u>	<u>(4,997,573)</u>	<u>-</u>	<u>(1,388,661)</u>
		<u>(1,745,491)</u>	<u>(8,173,849)</u>	<u>55,896</u>	<u>(2,202,244)</u>
		<u>4,617,295</u>	<u>6,191,032</u>	<u>2,539,031</u>	<u>2,662,713</u>
Other income					
Unrealized (loss) / gain on investments - at fair value through profit or loss		907,972	2,665,937	165,281	374,404
Impairment of ijarah asset		(1,233,169)	8,500,312	(793,413)	178,635
Provision / suspension against potential losses-Morabaha		(4,138,125)	-	-	-
Provision for receivable against sale of agriculture produce		(72,808,617)	-	-	-
Reversal of Provision		(7,651,449)	-	-	-
Administrative and operating expenses		3,290,000	7,242,849	2,390,000	-
		<u>(24,314,002)</u>	<u>(22,492,695)</u>	<u>(5,124,750)</u>	<u>(6,047,428)</u>
		<u>(105,947,390)</u>	<u>(4,083,597)</u>	<u>(3,362,882)</u>	<u>(5,494,389)</u>
		<u>(101,330,095)</u>	<u>2,107,435</u>	<u>(823,851)</u>	<u>(2,831,676)</u>
Modaraba management fee		-	(186,005)	-	249,928
Sales tax on management fee		-	(24,181)	-	32,490
Provision for Workers' Welfare Fund		-	(37,201)	-	49,986
(Loss) / profit before taxation		<u>(101,330,095)</u>	<u>1,860,048</u>	<u>(823,851)</u>	<u>(2,499,272)</u>
Taxation	17	-	-	-	-
Net (loss) / profit after taxation		<u>(101,330,095)</u>	<u>1,860,048</u>	<u>(823,851)</u>	<u>(2,499,272)</u>
(Loss) / earnings per certificate		<u>(2.11)</u>	<u>0.04</u>	<u>(0.02)</u>	<u>(0.05)</u>

The annexed notes form an integral part of these financial statements

-sd-
Chief Financial Officer

-sd-
Chief Executive Officer

-sd-
Director

-sd-
Director

KASB MODARABA
NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

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 was managed by KASB Invest (Private) Limited (the Management Company) - KIPL, a company incorporated in Pakistan. The principal office of KASB Modaraba was situated at 16-C, Khayaban-e-Bukhari, Bukhari Commercial Area, Phase VI, DHA, Karachi. It has been relocated to Office # B, 5th Floor, Lakson Square Building 1, Sarwar Shaheed Road, Karachi, with effect from August 5, 2019.
- 1.2 The Registrar (Modarabas), with the approval of the Securities & Exchange Commission of Pakistan, vide order dated April 03, 2019 appointed Mr.Khawaja Waheed Raza as Administrator of the Modaraba to take over and manage the affair of the Modaraba in place of KIPL (Management Company). As per terms of the order, all the powers and duties of the Modaraba Management Company as well as those of its Board of Directors assumed by the Administrator. The term of the Administrator, for holding the modaraba office, was initially for the period of six months which was gradually enhanced till February 03, 2020 as directed by the SECP.
- 1.3 The Registrar (Modarabas), with the approval of the Securities & Exchange Commission of Pakistan, vide order dated January 31, 2020 appointed Awwal Modaraba Management Limited (AMML) to take over and manage the affair of the Modaraba. AMML has taken over the management and administrative control of KASB Modaraba effective from February 03, 2020.
- 1.4 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 sukuk bonds, mutual funds and listed securities. The Modaraba is listed on the Pakistan Stock Exchange.

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 Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities & Exchange Commission of Pakistan (SECP). In case where requirements differ, the requirements of Modaraba Companies and Modaraba (Floatation & Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issues 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, 2019.
- 2.3 The comparative condensed balance sheet, presented in this condensed interim financial statements, as at June 30, 2019 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2019 whereas the comparative 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 for the period ended March 31, 2019 have been extracted from the condensed interim financial statements for the period ended March 31, 2019.
- 2.4 These interim financial statements have been presented in pak rupees which is the functional currency of the modaraba.

3. BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis, except for investments which have been carried at fair value and certain staff retirement benefits that are carried at present value of defined benefit obligation.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted for the preparation of this condensed interim financial statements are the same as those applied in preparing the financial statements of the Modaraba for the year ended June 30, 2019.

KASB MODARABA
CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

	Nine months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Rupees		Rupees	
Net (loss) / profit for the period	(101,330,095)	1,860,048	(823,851)	(2,499,272)
Other comprehensive income			-	-
Total comprehensive income for the period	(101,330,095)	1,860,048	(823,851)	(2,499,272)

The annexed notes form an integral part of these financial statements

-sd-
Chief Financial Officer

-sd-
Chief Executive Officer

-sd-
Director

-sd-
Director

KASB MODARABA
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

Note	Un-audited	Un-audited
	March 31, 2020	March 31, 2019
	-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(101,330,095)	1,860,048
Adjustments for non-cash charges and other items:		
Unrealized (loss) / gain on investments - at fair value through profit or loss	1,233,169	(8,500,312)
Provision/suspension against potential losses-Morabaha	72,808,617	-
Depreciation - ijarah assets	1,379,382	7,212,822
Depreciation - own assets	859,819	-
Impairment of ijarah assets	4,138,125	-
Writeoff of own assets	3,215,645	-
Provision for doubtful receivable against sale of agriculture produce	7,651,449	-
Amortisation	69,375	208,125
Gratuity expense	736,299	117,108
Financial charges	366,109	3,176,276
	92,457,989	2,214,020
Decrease / (increase) in current assets		
Musharaka finance	3,100,000	5,400,000
Murabaha finance	10,987,538	13,236,058
Modaraba finance	-	112,000
Ijarah rentals receivable	52,003	65,600
Diminishing Musharaka	20,588,835	39,800,383
		1,136,226
Advances, deposits, prepayments and other receivables	6,374,349	(1,318,526)
Long-term deposits	-	267,000
	41,102,725	58,698,740
Decrease in current liabilities		
Security deposits	-	(2,441,375)
Deferred murabaha income	-	597,506
Creditors, accrued and other liabilities	(1,661,497)	(7,397,641)
	(1,661,497)	(9,241,510)
Staff Gratuity paid	(83,726)	(760,103)
Financial charges paid	(366,109)	(3,176,276)
	(449,835)	(3,936,379)
Net cash generated from operating activities	30,119,288	49,594,918
CASH FLOW FROM INVESTING ACTIVITIES		
Sale / (Purchase) of ijarah assets	-	5,411,375
Sale / (Purchase) of own assets	-	7,209
Net cash generated from investing activities	-	5,418,584
CASH FLOW FROM FINANCING ACTIVITIES		
Term Financing	(12,566,727)	(18,850,087)
Deposits	-	(35,570,000)
Net cash used in financing activities	(12,566,727)	(54,420,087)
Net increase in cash and cash equivalents	17,552,561	593,415
Cash and cash equivalents at the beginning of the period	51,147,044	30,947,769
Cash and cash equivalents at the end of the period	68,699,605	31,541,184

5.

The annexed notes form an integral part of these financial statements

-sd-
Chief Financial Officer

-sd-
Chief Executive Officer

-sd-
Director

-sd-
Director

KASB MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2020

	Certificate Capital	Discount on Issuance of certificates	Statutory Reserve	Accumulated Loss	Total
	----- Rupees -----				
Balance as at July 01, 2018 (Audited)	480,664,800	(98,960,400)	83,505,139	(190,261,914)	274,947,625
Net profit for the period ended March 31, 2019	-	-	-	1,860,048	1,860,048
Transfer to statutory reserve	-	-	372,010	(372,010)	-
Balance as at March 31, 2019 (Un-audited)	<u>480,664,800</u>	<u>(98,960,400)</u>	<u>83,877,149</u>	<u>(188,773,876)</u>	<u>276,807,673</u>
Balance as at July 01, 2019 (Audited)	480,664,800	(98,960,400)	83,505,138	(224,501,455)	240,708,083
Net loss for the period ended March 31, 2020	-	-	-	(101,330,095)	(101,330,095)
Transfer to statutory reserve	-	-	-	-	-
Balance as at March 31, 2020 (Un-audited)	<u>480,664,800</u>	<u>(98,960,400)</u>	<u>83,505,138</u>	<u>(325,831,550)</u>	<u>139,377,988</u>

The annexed notes form an integral part of these financial statements

-sd-
Chief Financial Officer

-sd-
Chief Executive Officer

-sd-
Director

-sd-
Director

	March 31, 2020	June 30, 2019
	Un-audited	Audited
Note	------(Rupees)-----	

5. CASH AND BANK BALANCES

Cash at bank in :

- current accounts
- saving accounts

	2,889,522	22,377,003
5.1	<u>65,711,900</u>	<u>28,686,987</u>
	68,601,423	51,063,990

Cash in hand

	98,183	83,054
	<u>68,699,605</u>	<u>51,147,044</u>

- 5.1 The expected profit rates on these accounts range between 4.00% and 11.00% (June 30, 2019: 4.00% to 10.25%)

6. INVESTMENTS

Fair value through profit or loss (FVTPL) - quoted securities

Quoted securities

March 31, 2020	June 30, 2019		March 31, 2020	June 30, 2019
Un-audited	Audited		Un-audited	Audited
Number of fully paid ordinary shares of Rs. 10 each		Name of Investee	------(Rupees)-----	
		Automobile Parts & Accessories		
16,468	16,468	Thal Limited	4,837,969	5,995,340
200	200	Indus Motor Company Limited	145,906	240,784
		Textile & Weaving		
42,400	42,400	Service Fabrics Limited	133,136	114,056
<u>59,068</u>	<u>59,068</u>		<u>5,117,011</u>	<u>6,350,180</u>

- 6.1 During the year ended June 30, 2019, these shares were identified (through consultants) as the unrecorded investment in the books of modaraba. The claim for acquisition was lodged by the modaraba and upon receipt of the actual shares, investment has been initially recorded at nil cost and subsequently measured at its market value.

7. MODARABA FINANCE

The Modaraba has provided funds under modaraba arrangements on profit and loss sharing basis to various entities. However, based on the guidelines of Prudential Regulations for Modarabas, the principal and profit against these finances have been fully provided and suspended accordingly.

	March 31, 2020	June 30, 2019
	Un-audited	Audited
	------(Rupees)-----	
Modaraba finance	37,791,201	37,791,201
Less: Provision for non-performing modaraba arrangements	<u>(37,791,201)</u>	<u>(37,791,201)</u>
	-	-

8. MUSHARAKA FINANCE

Musharaka finance

- 3,100,000

- considered unrecoverable

8.1	<u>14,702,297</u>	<u>15,602,297</u>
-----	-------------------	-------------------

14,702,297 18,702,297

Less: Provision for non-performing musharaka arrangements

	<u>(14,702,297)</u>	<u>(15,602,297)</u>
	-	3,100,000

- 8.1 This represents waiver given to a client as per settlement agreement dated December 24, 2016. The client has paid all dues as per the agreement and the residual amount is provided accordingly.

	March 31, 2020 Un-audited	June 30, 2019 Audited
	-----Rupees-----	
9. MURABAHA FINANCE		
Murabaha finance - considered good	-	83,796,155
- considered doubtful	156,381,143	88,682,898
	<u>156,381,143</u>	<u>172,479,053</u>
Less: provision for non-performing murabaha arrangements	<u>(156,381,143)</u>	<u>(88,682,898)</u>
	<u>-</u>	<u>83,796,155</u>

9.1 All murabaha arrangements are secured against hypothecation of assets, personal guarantees, promissory notes and in some cases mortgage of properties. Further, as mentioned in note # 1, new management company is appointed by Registrar Modaraba and they have reassessed the risk on outstanding balances. Prior to their appointment, above balances were provided in compliance with the requirements of prudential regulations and based on the risk assessment of new management company, above balances are further provided on prudent basis.

Reconciliations of provision for non-performing murabaha arrangements	March 31, 2020	June 30, 2019
	-----Rupees-----	
Opening balance	88,682,898	85,126,172
Provision for the period / year	67,698,245	3,556,726
Closing balance	<u>156,381,143</u>	<u>88,682,898</u>

10. DIMINISHING MUSHARAKA

Diminishing musharaka finance - considered good	23,853,276	48,935,462
Diminishing musharaka finance - considered doubtful	6,384,294	6,384,294
Less: Unearned income	<u>(3,262,128)</u>	<u>(7,027,091)</u>
	26,975,442	48,292,665
Less: Provision for non-performing diminishing musharaka	<u>(5,655,906)</u>	<u>(6,384,294)</u>
	21,319,536	41,908,371
Diminishing musharaka due after one year	<u>(7,791,480)</u>	<u>(19,045,539)</u>
Current portion of diminishing musharaka finance	<u>13,528,056</u>	<u>22,862,832</u>

10.1 The Profit rates on these diminishing musharaka arrangements range from 10.00% to 19.00% (June 30, 2019: 9.51% to 19%). All diminishing musharaka arrangements are secured against hypothecation of assets, personal guarantees and promissory notes.

	March 31, 2020 Un-audited	June 30, 2019 Audited
	-----Rupees-----	
11. IJARAH ASSETS	<u>3,579,900</u>	<u>9,097,408</u>
11.1 Details of addition / (disposals) during the period as follows:		
Addition to ijarah assets	<u>-</u>	<u>-</u>
Disposal during the period / year		
- Motor vehicles	<u>-</u>	<u>(12,452,500)</u>
	<u>-</u>	<u>(12,452,500)</u>
Impairment during the period / year		
- Machinery & equipment	<u>(4,138,125)</u>	<u>(12,452,500)</u>
	<u>(4,138,125)</u>	<u>(12,452,500)</u>

The ijarah financing were made against settlement agreement to M/s Pakistan Phutti International (PPIL) dated April 27, 2016. Due to the continuous default in repayment, the previous management of Modaraba has filed recovery suits in the Banking Courts which is pending adjudication. The previous management and the legal counsel were optimistic on favourable outcome of the case. The impairment of assets were not recorded in compliance with prudential regulations as collaterals were available. However, new management company which is appointed by Registrar Modaraba as disclosed in note # 1 has recognised impairment of these assets on prudent basis.

	March 31, 2020 Un-audited	June 30, 2019 Audited
	-----Rupees-----	
12. FIXED ASSETS	12.1	
	<u>1,554,833</u>	<u>5,699,672</u>
12.1 Additions, disposal and impairment in fixed assets		
- Additions during the period / year	<u>-</u>	<u>-</u>
- Disposal (at book value) during the period / year		
Computer & Accessories	<u>-</u>	<u>(72,092)</u>
- Impairment during the period / year		
Plant & Machinery	2,356,149	-
Electrical Equipment	859,496	-
Furniture and fixtures	<u>-</u>	<u>6,526,015</u>
	<u>3,215,645</u>	<u>6,526,015</u>

The modaraba entered into modaraba financing and for the purpose acquired some specialised assets which have zero value-in-use at reporting date. Accordingly, modaraba has recognised impairment loss on those assets.

13. REDEEMABLE CAPITAL

Certificate of Musharaka	13.1	<u>1,315,000</u>	<u>1,315,000</u>
13.1 This represents matured and unclaimed balances of musharaka certificates.			

14. TERM FINANCE

The Modaraba availed finance facility of Rs.100 million under Risk Participation Agreement from JS Bank Limited (Bank) for a term of three years. With the payment of last monthly installment in December 2019, the facility stands fully settled.

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

March 31, 2020	June 30, 2019		March 31, 2020	June 30, 2019
Number of certificates			-----Rupees-----	
24,958,400	24,958,400	Modaraba Certificates of Rs. 10/- each fully paid in cash	249,584,000	249,584,000
3,316,000	3,316,000	Modaraba Certificates of Rs. 10/- each issued as fully paid bonus certificates	33,160,000	33,160,000
19,792,080	19,792,080	Modaraba Certificates of Rs. 10/- each issued at 50% discount as right certificates	197,920,800	197,920,800
<u>48,066,480</u>	<u>48,066,480</u>		<u>480,664,800</u>	<u>480,664,800</u>

16. CONTINGENCIES AND COMMITMENTS

Some of the modarabas in the sector have received letter from Assistant Commissioner, Sindh Revenue Board (SRB), whereby it came to their notice that these Modarabas are engaged in providing / rendering taxable services which falls under the Second Schedule of Sindh Sales Tax on Services Act, 2011 (the Act), and the sales tax on such services, i.e. on lease rentals / lease financing transactions remains outstanding. The modarabas who have received the said letter, collectively decided that under the supervision of NBFI & Modaraba Association Pakistan, a petition against the same be filed through a common legal counsel in the Honorable High Court of Sindh (HCS) challenging levy of Services Sales Tax on lease rental/ lease financing transactions including the vires of various headings of the Second Schedule of the Act. Being similar in nature of business it was expected that the same type of letter shall be received by KASB Modaraba. Therefore, management has taken cautious approach and become a party in collective effort undertaken by the other modarabas.

17. TAXATION

The income of the Modaraba is exempt from tax subject to the condition that not less than ninety per cent of its total profits in the year as reduced by the amount transferred to a mandatory reserve, required under the provisions of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed amongst the shareholders.

No provision for current and deferred taxation has been made in these financial statements in accordance with the accounting policy of the Modaraba.

18. TRANSACTIONS WITH RELATED

The related parties and associated undertakings comprise the modaraba management company, modarabas under common management (First Prudential Modaraba & First Pak Modaraba) directors and key management personnel. Modaraba, in the normal course of business carries out transactions with these related parties at arm's length prices. Significant transactions with related parties are as follows: -

Relationship with Modaraba	Nature of Transactions	March 31,	June 30,
		2020	2019
		Un-audited	Audited
		-----Rupees-----	
Balances with related parties			
Ex-Modaraba management company	Issue of certificates at discount	98,946,930	98,946,930
Modarabas under common management	Receivable against reimbursement of expenses	3,166,726	2,607,313
Administrator (Note # 1)	Salaries & other benefits payable	-	240,000
		March 31,	December 31,
		2020	2019
		Un-audited	Un-audited
		-----Rupees-----	
Expense/(Income) for the period			
Modarabas under common management	Reimbursement of expenses	(9,938,919)	7,182,344
Administrator (Note # 1)	Salaries & other benefits	632,793	240,000
Payments /(Receipts) made during the period			
Modaraba under common management	Reimbursement of expenses	(9,379,506)	4,691,803
Administrator (Note # 1)	Salaries & other benefits	872,793	

19. GENERAL

19.1 Figures have been rounded off to the nearest Rupee.

20. These condensed interim financial statements were authorized by the Board of Directors of Management Company on April 24, 2020.

-sd-
Chief Financial Officer

-sd-
Chief Executive Officer

-sd-
Director








-sd-
Director










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