



KASB Modaraba

(Formerly known as First Mehran Modaraba)



**Condensed Interim Financial Statements
For the Quarter Ended March 31, 2008**

Managed by

KASB Modaraba Management (Pvt) Ltd.

(Formerly Technology Ventures (Pvt) Ltd.)

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CORPORATE INFORMATION

Board of Directors

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

Company Secretary & Chief Financial Officer

Mr. Muhammad Sohail

Management Company

KASB Modaraba Management (Pvt) Ltd
(Formerly Technology Ventures (Pvt) Ltd.)

Auditors

A.F. Ferguson & Co.
Chartered Accountants
Member PriceWaterHouseCoopers

Audit Committee

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

Bankers

KASB Bank Limited
Habib Metropolitan Bank Limited

Registered Office

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

Certificate Transfer Office

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

DIRECTORS' REPORT

The Board of Directors of KASB Modaraba Management (Pvt.) Ltd, (formerly Technology Ventures (Pvt.) Ltd.), the management company of KASB Modaraba (formerly First Mehran Modaraba) is pleased to present the un-audited financial statements for the period ended March 31, 2008.



Financials

Financials results are summarized as under:

	March 2008	March 2007
	Rupees	Rupees
Total Income	6,180,068	3,239,194
Total Expense	6,459,186	2,523,666
Operating (Loss)/Profit	(279,118)	715,528
Modaraba Company Management Fee	-	(71,552)
(Loss)/Profit for the Period	(929,118)	624,088
Earning/(Loss) per Modaraba Certificate	(0.11)	0.08

As mentioned in our last report, the KASB Group now owns the Modaraba management company. As such, keeping in line with the Group's philosophy of pursuing quality growth in business and operations, the Modaraba is currently in the phase of strengthening its resource base and systems, along with building a superior book of business.

The Modaraba's paid-up capital will be raised to Rs.283 million from Rs.83 million, through a Rights Issue, likely to be concluded by June, 2008.

The operating loss is largely on account of expenses incurred on the increase in authorized capital of Modaraba, and other capacity and infrastructure building measures.

The company is raising its technology platform, hiring skilled professionals, improving control & risk management systems and boosting management competency to efficiently deliver financial services to the individual and corporate sectors. The company will continue to invest in capacity enhancing activities in the next couple of months.

It is Management's firm belief that these measures will gradually increase profits and bring about sustained growth.

Acknowledgment

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

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

Syed M. Husaini

Chairman

Karachi

Dated 21st April, 2008



CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT MARCH 31, 2008

		March 2008	June 2007
	Notes	Rupees (Un-audited)	Rupees (Audited)
ASSETS			
Current Assets			
Cash and bank balances		21,365,606	42,795,347
Investments	4	2,394,227	5,476,520
Current portion of musharika finance	5	12,500,000	130,000
Morabaha finance	6	5,000,000	-
Current portion of net investment in finance lease	7	24,659,103	1,493,680
Advances, deposit, prepayments and other receivables		1,603,502	2,052,918
Accrued profit		204,249	232,884
Taxation recoverable	9	668,241	419,776
		68,394,928	52,601,125
Non-Current Assets			
Long-term deposits		25,000	115,000
Musharika finance - due after one year	5	-	510,000
Net investment in finance lease - due after one year	7	68,682,784	282,525
Deferred tax asset		-	650,000
Operating fixed assets	8	579,740	605,710
		69,287,524	2,163,235
Total Assets		137,682,452	54,764,360
LIABILITIES			
Current Liabilities			
Current portion of liabilities against assets subject to finance lease		-	220,998
Current maturity of security deposits		50,000	500,500
Short term finance		75,000,000	-
Creditors, accrued and other liabilities		930,046	361,844
Unclaimed profit distribution		528,982	314,472
		76,509,028	1,397,814
Non-Current Liabilities			
Long-term portion of security deposits		11,105,340	74,750
Liabilities against assets subject to finance lease		-	264,264
Deferred liabilities - Staff gratuity		203,550	128,007
Deferred income		-	26,873
		11,308,890	493,894
Total Liabilities		87,817,918	1,891,708
NET ASSETS		49,864,534	52,872,652
REPRESENTED BY			
CAPITAL AND RESERVES			
Certificate Capital			
Authorised:			
50,000,000 (June 30, 2007: 20,000,000) certificates of Rs. 10/- each		500,000,000	200,000,000
Issued, subscribed and paid-up capital		83,160,000	83,160,000
Statutory reserve		8,733,559	8,733,559
Accumulated loss		(42,029,025)	(39,020,907)
CONTINGENCIES AND COMMITMENTS	10	-	-
		49,864,534	52,872,652

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE PERIOD ENDED MARCH 31, 2008



Notes	JULY 01, 2007 to MARCH 31, 2008	JULY 01, 2006 to MARCH 31, 2007	JANUARY 01, 2008 to MARCH 31, 2008	JANUARY 01, 2007 to MARCH 31, 2007
	----- Rupees -----			
Income from leases	2,004,417	292,373	1,802,741	38,417
Gain/(Loss) on sale of marketable securities - net	809,329	810,676	(47,749)	4,677
Income on Musharika Finance	169,518	445,144	161,537	84,181
Income on Morabaha Finance	7,977	-	-	-
Income on Term Finance Certificates	251,277	1,450,502	63,734	728,719
Income on deposit with banks	2,371,392	501,634	339,738	83,321
Unrealised (diminution) in the value of investment at fair value through profit or loss	(197,593)	(738,327)	(108,761)	(372,030)
	<u>5,416,317</u>	<u>2,762,002</u>	<u>2,211,240</u>	<u>567,285</u>
Administrative and operating expenses	4,868,633	1,699,235	3,441,281	1,255,880
Financial charges	646,015	49,502	621,666	14,636
Provision for potential losses	944,538	774,929	744,538	-
	<u>6,459,186</u>	<u>2,523,666</u>	<u>4,807,485</u>	<u>1,270,516</u>
	(1,042,869)	238,336	(2,596,245)	(703,231)
Other Income	763,751	477,192	216,553	252,049
	<u>(279,118)</u>	<u>715,528</u>	<u>(2,379,692)</u>	<u>(451,182)</u>
Modaraba company's management fee	-	(71,552)	-	45,117
Profit before taxation	<u>(279,118)</u>	<u>643,976</u>	<u>(2,379,692)</u>	<u>(406,065)</u>
Taxation				
- current	-	(19,888)	-	(5,957)
- deferred	(650,000)	-	-	-
Profit after taxation	<u>(929,118)</u>	<u>624,088</u>	<u>(2,379,692)</u>	<u>(412,022)</u>
Earning/(Loss) per certificate	<u>(0.11)</u>	<u>0.08</u>	<u>(0.29)</u>	<u>(0.05)</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Director



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE PERIOD ENDED MARCH 31, 2008

	JULY 01, 2007 TO MARCH 31, 2008	JULY 01, 2006 TO MARCH 31, 2007
	----- Rupees -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) for the period before taxation	(279,118)	643,976
Adjustment for:		
Dividend income	(7,321)	(218,464)
Gain on the sale of marketable securities - net	(809,329)	(810,676)
Unrealised (diminution) in the value of investments at fair value through profit or loss	197,593	738,327
(Gain)/Loss on disposal of fixed assets	(15,000)	17,347
Deferred income	(26,873)	(11,520)
Depreciation	163,790	164,947
Amortisation	27,000	29,499
Gratuity expense	102,218	5,031
Financial charges	646,015	49,502
Provision for potential losses	944,538	600,000
	1,222,631	563,993
(Increase) / decrease in assets		
Net investment in finance lease	(91,870,220)	3,665,527
Musharika finance	(12,500,000)	4,718,958
Morabaha finance	(5,000,000)	-
Advance, deposits, prepayments and other receivables	449,416	(259,058)
Accrued profit	28,635	(123,631)
Long term deposits	90,000	-
	(108,802,169)	8,001,796
Increase / (decrease) in liabilities		
Security deposits on lease contracts	10,580,090	(250,000)
Creditors, accrued and other liabilities	176,421	(92,868)
	10,756,511	(342,868)
Taxes paid	(248,465)	(196,901)
Dividend paid	(1,864,490)	-
Financial charges paid	(254,233)	(49,502)
Gratuity paid	(26,675)	(39,600)
	(2,393,863)	(286,003)
Net cash (used in)/generated from operating activities	(99,496,009)	8,580,894
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(164,820)	-
Sales proceeds from disposal of fixed assets	15,000	7,550
Dividend received	7,321	218,464
Purchase of investments - net	-	(14,995,017)
Proceeds from sale of investments - net	3,694,029	-
Net cash inflow/(outflow) on investing activities	3,551,530	(14,769,003)
CASH FLOW FROM FINANCING ACTIVITIES		
Short term finance	75,000,000	-
Repayment of liabilities against assets subject to finance lease	(485,262)	(145,263)
Net cash inflow/(outflow) on financing activities	74,514,738	(145,263)
Net decrease in cash and cash equivalents	(21,429,741)	(6,333,372)
Cash and cash equivalents at the beginning of the period	42,795,347	11,104,512
Cash and cash equivalents at the end of the period	21,365,606	4,771,140

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2008



	Certificate Capital	Statutory Reserve	Accumulated Loss	Surplus/(Deficit) on Revaluation of Investments	Total
	----- Rupees -----				
Balance as at July 01, 2006	83,160,000	8,288,189	(40,802,385)	37,800	50,683,604
Profit for the period ended March 31, 2007	-	-	624,088	-	624,088
Transfer to statutory reserve	-	124,818	(124,818)	-	-
Surplus/(Deficit) on revaluation of investments classified as 'available for sale'	-	-	-	(37,800)	(37,800)
Balance as at March 31, 2007	<u>83,160,000</u>	<u>8,413,007</u>	<u>(40,303,115)</u>	<u>-</u>	<u>51,269,892</u>
Profit for the period from April 01, 2007 to June 30, 2007	-	-	1,602,760	-	1,602,760
Transfer to statutory reserve	-	320,552	(320,552)	-	-
Balance as at June 30, 2007	<u>83,160,000</u>	<u>8,733,559</u>	<u>(39,020,907)</u>	<u>-</u>	<u>52,872,652</u>
Loss for the period ended March 31, 2008	-	-	(929,118)	-	(929,118)
Transfer to statutory reserve	-	-	-	-	-
Profit distribution for the period ended June 30, 2007 @ Rs. 0.25 per certificate	-	-	(2,079,000)	-	(2,079,000)
Balance as at March 31, 2008	<u><u>83,160,000</u></u>	<u><u>8,733,559</u></u>	<u><u>(42,029,025)</u></u>	<u><u>-</u></u>	<u><u>49,864,534</u></u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Chief Executive

Director

Director



**NOTES TO AND FORMING PART OF THE CONDENSED
INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2008**

1. STATUS AND NATURE OF BUSINESS

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

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

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issue by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Rules, 1981 and directives issued by the SECP differ with the requirements of IFRS, the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Rules, 1981 or directives issued by the SECP prevail. The disclosure made in these condensed interim financial statements have, however been limited, based on the requirements of the International Accounting Standard IAS 34: 'Interim Financial Reporting'.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Notes	March 2008	June 2007
	Rupees (Un-audited)	Rupees (Audited)
4. INVESTMENTS		
Assets at fair value through profit or loss - held for trading		
Listed term finance certificates	4.1 2,348,397	3,895,263
Listed equity securities	4.2 45,830	1,581,257
	<u>2,394,227</u>	<u>5,476,520</u>

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



Name of Investee Company	Number of Shares				Profit / mark-up rate	Balance as at March 31, 2008		
	As at July 01, 2007	Purchases during the period	Sales during the period	As at March 31, 2008		Carrying Value	Market Value	Appreciation/ (Diminution)

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

Al- Zamin Leasing Modaraba	258	-	-	258	8%	438,600	412,284	(26,316)
Trust Leasing Corporation Limited	1,000	-	-	1,000	11.50%	2,118,063	1,936,113	(181,950)
Total listed Finance Certificates						<u>2,556,663</u>	<u>2,348,397</u>	<u>(208,266)</u>

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

Name of Investee Company	Number of Shares					Balance as at March 31, 2008		
	As at July 01, 2007	Purchases during the period	Bonus/ right issue	Sales during the period	As at March 31, 2008	Carrying Value	Market Value	Appreciation/ (Diminution)

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

J S Bank	81,000	-	-	81,000	-	-	-	-
Oil and Gas Development Corporation	-	23,500	-	23,500	-	-	-	-
Pakistan Oil Field Limited	-	7,000	-	7,000	-	-	-	-
Engro Chemical Pakistan Limited	-	14,000	-	14,000	-	-	-	-
Pakistan Petroleum Limited	-	30,500	-	30,500	-	-	-	-
New Jubilee Insurance	-	10,000	-	10,000	-	-	-	-
Arif Habib Securities	-	5,000	500	5,000	500	13,150	13,150	-
Packages Limited	-	1,900	-	1,900	-	-	-	-
Agriautos Industries	-	5,000	-	5,000	-	-	-	-
ICI Pakistan Ltd.	-	3,000	-	3,000	-	-	-	-
Fauji Fertilizer Bin Qasim	-	5,000	-	5,000	-	-	-	-
PTCL	-	5,000	-	5,000	-	-	-	-
Saleem Denim Industries Limited	19,200	-	-	-	19,200	19,200	28,800	9,600
Crescent Jute Products Limited	1,021	-	-	-	1,021	2,807	3,880	1,073
Total listed equity securities						<u>35,157</u>	<u>45,830</u>	<u>10,673</u>

	March 2008	June 2007
Notes	Rupees (Un-audited)	Rupees (Audited)
5. MUSHARIKA FINANCE		
Musharika Receivables	13,140,000	640,000
Provision for non-performing assets	(640,000)	-
	12,500,000	640,000
Current portion of Musharika Finance	(12,500,000)	(130,000)
Musharika finance- due after one year	<u>-</u>	<u>510,000</u>

The Modaraba has provided funds under Musharika arrangements for working capital requirements on profit and loss sharing basis. Expected rate of profit is 13 percent to 18 percent (2007: 13 percent to 18 percent) per annum. These are secured against hypothecation of assets, personal guarantees and promissory notes.



KASB MODARABA

		March 2008	June 2007
	Notes	Rupees (Un-audited)	Rupees (Audited)
6. MORABAHA FINANCE			
Morabaha Receivables		5,000,000	-
Provision for non-performing assets		-	-
		5,000,000	-
Current portion of Morabaha Finance		(5,000,000)	-
Morabaha finance- due after one year		-	-
		<u>-</u>	<u>-</u>
7. NET INVESTMENT IN LEASE FINANCE			
Minimum lease payments receivable		102,728,203	1,286,765
Residual value of leased assets		11,155,340	575,250
Gross investment in lease	7.1	113,883,543	1,862,015
Less: Unearned lease income		(20,202,197)	(85,810)
Less: Income suspended	7.2	(34,921)	-
Less: Provision for potential lease losses	7.3	(304,538)	-
		(20,541,656)	(85,810)
Net investment in lease finance		93,341,887	1,776,205
Less: Current portion of net investment in leases		(24,659,103)	(1,493,680)
Due after one year but not later than five years		<u>68,682,784</u>	<u>282,525</u>
7.1 Gross investment in leases			
Due within one year		35,770,127	1,557,250
Due after one year but not later than five years		78,113,416	304,765
		<u>113,883,543</u>	<u>1,862,015</u>
7.2 Income suspended			
Balance at beginning of the period		-	-
Income suspended during the period		34,921	-
Balance at end of the period		<u>34,921</u>	<u>-</u>
7.3 Provision for potential lease losses			
Balance at beginning of the period		-	-
Charge for the year		304,538	-
Reversed during the period		-	-
Balance at end of the period		<u>304,538</u>	<u>-</u>
8. OPERATING FIXED ASSETS			
Details of addition / (disposals) during the period as follows:			
Addition during the period			
Furniture & fixtures		12,000	-
Office equipment		4,540	-
Computers		148,280	-
Disposal during the period			
Office equipment		(59,100)	(63,482)
Vehicles		-	(48,645)
Computers		-	(24,900)

9. TAXATION

As per the current tax law, income of non-trading modaraba is exempt from income tax provided that it distributes 90% of its profits to its certificate holders for the year after making appropriation for statutory reserves. As the management intends to follow the policy of distributing 90% of its profit for the current year, no provision in respect of current and deferred taxation has been made in these financial statements.



10. CONTINGENCIES AND COMMITMENTS

The Modaraba has neither any contingencies nor commitments as at March 31, 2008.

	March 2008	June 2007
Notes	Rupees (Un-audited)	Rupees (Audited)
11. TRANSACTION WITH RELATED PARTIES		
Transaction during the period		
KASB Modaraba Management (Private) Limited (Formerly Technology Venture (Private) Limited)		
Modaraba management fee	-	227,403
Network Leasing Corporation Limited (NLCL)		
Financial charges	620,946	-
Placement income received	-	264,555
Short term finance from NLCL	75,000,000	-
Placement with NLCL	-	70,000,000
Balances outstanding as at period / year end		
KASB Modaraba Management (Private) Limited (Formerly Technology Venture (Private) Limited)		
Modaraba management fee	-	227,403
Network Leasing Corporation Limited (NLCL)		
Expenses incurred on behalf of NLCL	27,600	1,973,720
Payable against expenses incurred by NLCL on behalf of KASB Modaraba	5,000	-

12. CORRESPONDING FIGURES

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

13. DATE OF AUTHORISATION

These interim financial statement were authorised for issue by Board of Directors of the Management Company on 21st April, 2008.

14. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director

Director

Book Post

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of
Posting**

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