



KASB Modaraba

An Islamic Financial Institution



اسلامی مالیاتی ادارہ

QUARTERLY REPORT
MARCH 2011

صاف اور شفاف آمدنی،
سچا سکون ہے...

CONTENTS

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

CORPORATE INFORMATION

Board of Directors

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

Chairman
Chief Executive Officer
Director
Director

Company Secretary & Chief Financial Officer

Ms. Faiqa Naz

Management Company

KASB Modaraba Management (Private) Limited

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Audit Committee

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

Chairman
Member
Member

Bankers

KASB Bank Limited
Al-Baraka Islamic Bank
Dawood Islamic Bank
Meezan Bank
MyBank Limited
Bank Al-Falah Limited
Silk Bank Limited

Registered Office

80-C, 13th Commercial Street,
D.H.A. Phase II Extension
Karachi.

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
1st Floor of KASB Bank Limited
Friends Paradise, SB-36, Block -13B, University Road, Karachi
Phone No. 021-34822814-18, Fax No.021-34822817

Gulshan-e-Iqbal (Block-1) Branch

~~B-9, Allama Shahbir Ahmed Usmani Road,~~
Gulshan-e-Iqbal Block-1, Opposite Shaheen Public School
Near Caltex Petrol Pump, Karachi
Phone No. 021-34983034-35, Fax No.021-34965081

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

DIRECTORS' REPORT



The Board of Directors of KASB Modaraba Management (Private) Limited, the management company of KASB Modaraba, is pleased to present the un-audited condensed interim financial statements for the quarter & nine months period ended March 31, 2011.

FINANCIAL HIGHLIGHTS

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

BALANCE SHEET	As at March 31, 2011	As at June 30, 2010
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Rupees in 000's

Morabaha Finance	605,171	362,561
Modaraba Finance	41,403	154,440
Musharaka Finance	63,211	83,634
Diminishing Musharaka	260,485	131,600
Investment in Finance Lease	12,369	45,002
Ijarah Assets	54,856	65,997
Total Assets	1,211,269	953,668
Net Assets	300,402	274,753

PROFIT AND LOSS ACCOUNT	For the nine months period ended March 31, 2011	For the nine months period ended March 31, 2010
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Rupees in 000's

Total Income	125,033	60,843
Total Operating and Financial Expenses	88,477	44,053
Operating Profit	36,556	16,790
Management Company Fee	3,656	1,679
Profit for the Period	32,900	15,111
Earnings per Modaraba Certificate	1.16	0.53



REVIEW OF OPERATIONS

By the Grace of Allah, KASB Modaraba has managed to maintain a steady growth in all areas of its operations despite a difficult economic environment and a 'business strained' Modaraba industry. Rather than relying simply on Ijarah business, we have built a balanced spread of assets allocating resources to various forms of Islamic finance, thus leading the industry in terms of innovation and growth of Islamic products.

A two fold increase in total income during the nine months period ended March 2011 reflects the capacity of our assets to generate revenue. The net profit grew by 1.18 times over the corresponding period last year.

Our deposits based on Certificate of Musharaka have generated additional liquidity to the tune of Rs.58.25 million during the quarter.

Moreover, with the passage of time the Modaraba has developed "brand loyalty" among its customers by delivering excellent services and achieving quality growth. In the month of February 2011 KASB Modaraba has also opened its third commercial branch in Gulshan area of Karachi.

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

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 & Exchange Commission of Pakistan (SECP).

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

Syed Waseem Haqqie
Chairman

April 26, 2011



CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2011



		(Unaudited) March 31, 2011	(Audited) June 30, 2010
	Note	------(Rupees)-----	
ASSETS			
Current assets			
Cash and bank balances		110,031,075	59,225,467
Short-term investments	4	13,383,500	9,805,640
Current portion of murabaha finance	5	534,256,204	358,503,935
Modaraba finance	6	41,402,793	154,440,342
Musharaka finance	7	83,211,418	83,633,662
Current portion of Diminishing Musharaka finance	8	97,305,793	45,012,173
Current portion of net investment in finance lease	9	10,003,132	37,971,580
Ijarah rentals receivable		2,234,221	1,963,147
Advances, deposits, prepayments and other receivables		9,350,294	5,708,246
Accrued profit		8,993,320	5,367,988
Stores		130,771	14,570
Taxation recoverable		985,660	889,702
Total current assets		891,286,181	762,636,452
Non-current assets			
Long-term deposits		528,000	28,000
Long-term investments	4, 1, 2	18,960,875	19,342,250
Long-term portion of Murabaha finance	5	70,914,783	4,057,067
Long-term portion of Diminishing Musharaka finance	8	163,179,103	86,587,513
Long-term portion of net investment in finance lease	9	2,365,998	7,029,925
Ijarah assets	10	54,855,976	65,996,757
Fixed assets	11	9,176,339	8,089,749
Total non-current assets		319,881,074	191,131,261
Total Assets		1,211,269,255	953,667,713
LIABILITIES			
Current liabilities			
Deposits	12	540,570,000	481,990,000
Musharaka financing		198,663,568	158,835,198
Current maturity of security deposits		6,175,519	10,341,557
Creditors, accrued and other liabilities		31,537,626	23,006,612
Current portion of deferred murabaha income		28,236,851	11,153,821
Unclaimed profit distribution		709,826	478,790
Total current liabilities		805,893,389	665,903,976
Non-current liabilities			
Security deposits		8,183,757	12,593,311
Long term portion of deposits		76,590,000	-
Long term portion of deferred murabaha income		19,714,783	57,067
Deferred liabilities - staff gratuity		485,693	360,719
Total non-current liabilities		104,974,233	13,011,097
Total Liabilities		910,867,622	678,915,073
NET ASSETS		300,401,633	274,752,640
REPRESENTED BY			
CAPITAL AND RESERVES			
Certificate capital			
Authorized:			
50,000,000 (June 30, 2010: 50,000,000) certificates of Rs 10/- each		50,000,000	50,000,000
Issued, subscribed and paid-up capital			
Statutory reserve		282,744,000	282,744,000
Accumulated loss		27,066,083	20,485,977
Unrealised loss on available-for-sale investments		(9,408,450)	(27,812,042)
		-	(665,295)
CONTINGENCIES AND COMMITMENTS	13	300,401,633	274,752,640

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For KASB Modaraba Management (Private) Limited
(Management Company)

Chief Executive

Director

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2011



	Nine months period ended March 31,		Quarter ended March 31,	
	2011	2010	2011	2010
	-----Rupees-----		-----Rupees-----	
Income from Ijarah operations	8,937,563	17,463,878	2,325,933	8,871,372
Profit on:				
Musharaka finance	7,092,388	7,704,659	3,370,870	2,448,665
Murabaha finance	52,610,758	19,880,186	22,324,023	10,136,585
Modaraba finance	12,140,422	896,322	830,847	266,290
Diminishing Musharaka finance	26,995,916	4,962,102	11,686,179	3,140,846
Sukuk Bonds-Held to Maturity	2,169,841	2,068,800	710,325	748,603
Bank deposits	8,756,641	6,237,804	4,125,841	1,124,253
Loss on dairy farming business activities	-	(413,515)	-	(397,250)
Loss due to changes in fair value of biological assets	-	(136,000)	-	-
Gain on sale of marketable securities - net	869,978	716,456	-	299,273
Unrealised appreciation on remeasurement on investments classified as financial assets 'at fair value through profit or loss'	-	36,789	-	36,789
	119,573,507	59,417,481	45,374,018	26,675,426
Financial charges	(64,292,057)	(25,976,593)	(26,422,426)	(13,192,914)
Allowance for potential Ijarah & Musharaka losses	55,281,450	33,440,888	18,951,592	13,482,512
Other income	5,459,255	1,425,150	1,150,522	394,927
Administrative and operating expenses	(24,184,560)	(18,075,966)	(8,607,110)	(6,082,989)
Modaraba Management Company fee	36,556,145	16,790,072	11,495,004	7,794,450
Profit before taxation	13,655,615	(1,679,007)	(1,149,500)	(779,445)
Taxation				
- current	-	-	-	-
- prior	-	-	-	-
- deferred	-	-	-	-
Profit after taxation	32,900,530	15,111,065	10,345,504	7,015,005
Earnings per certificate	1.16	0.53	0.37	0.25

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For KASB Modaraba Management (Private) Limited
(Management Company)

Chief Executive

Director

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2011



	Nine months period ended		Quarter ended	
	March 31		March 31	
	2011	2010	2011	2010
	----- Rupees -----			
Profit after taxation	32,900,530	15,111,065	10,345,504	7,015,005
Other comprehensive income	665,295	-	-	-
Total comprehensive income for the period	<u>33,565,825</u>	<u>15,111,065</u>	<u>10,345,504</u>	<u>7,015,005</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For KASB Modaraba Management (Private) Limited
(Management Company)

Chief Executive

Director

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)



FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2011

	Nine months period ended March 31, 2011	Nine months period ended March 31, 2010
-----Rupees-----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	32,900,530	15,111,065
Adjustments for non-cash charges and other items:		
Dividend income	(269,000)	(29,604)
Gain on sale of marketable securities-net	(869,978)	(716,456)
Unrealised (appreciation) on remeasurement of investments classified as financial assets 'at fair value through profit or loss'	-	(36,789)
Gain on disposal of ijarah assets	(922,474)	-
Gain on disposal of fixed assets	-	(300,096)
Depreciation	18,748,694	17,370,180
Loss due to changes in fair value of biological assets	-	136,000
Amortisation	250,047	222,264
Gratuity expense	124,974	84,798
Investments written off	-	30,331
Financial charges	64,292,057	25,976,593
Loss on disposal of biological assets	-	397,250
Provision for WWF	658,011	302,221
	82,012,331	43,436,692
(Incr ase) / decrease in assets		
Net investment in finance lease	32,632,375	39,252,583
Musharaka finance	20,422,244	(9,567,700)
Murabaha finance	(242,609,985)	(194,685,306)
Modaraba finance	113,037,549	(129,213,811)
Ijarah rental receivables	(271,074)	(1,405,794)
Diminishing Musharaka	(128,885,210)	(108,103,762)
Advances, deposits, prepayments and other receivables	(3,642,048)	(961,817)
Accrued profit	(3,625,332)	(3,369,156)
Stock	(116,201)	-
Long-term deposits	(500,000)	100,000
	(213,557,682)	(407,954,763)
(Decrease) / Increase in liabilities		
Security deposits on lease contracts	(8,575,592)	(1,950,430)
Deffered Murabaha Income	36,740,746	(933,762)
Creditors, accrued and other liabilities	328,420	(1,332,132)
	28,493,574	(4,216,324)
Taxes paid	(95,958)	(88,301)
Dividend paid	(7,683,797)	-
Financial charges paid	(56,405,560)	(18,506,406)
WWF paid	(341,914)	-
Gratuity paid	-	-
	(64,527,229)	(18,594,707)
Net cash (used in) operating activities	(134,678,476)	(372,218,037)
CASH FLOW FROM INVESTING ACTIVITIES		
Sale proceeds from disposal of fixed assets / ijarah assets	10,560,483	12,382,366
Proceeds from sale of biological assets	-	1,271,750
Purchase of fixed assets	(2,700,235)	(12,417,981)
Purchase of biological assets	-	(3,474,000)
Purchase of Ijarah assets	(15,882,324)	(33,195,810)
Purchase / sale of investment - net	(1,661,212)	1,604,948
Dividends received	269,000	29,604
Net cash outflow on investing activities	(9,414,288)	(33,799,123)
CASH FLOW FROM FINANCING ACTIVITIES		
Musharaka finance	39,728,372	193,375,492
Proceeds from deposits	155,170,000	158,540,000
Net cash inflow from financing activities	194,898,372	351,915,492
Net increase / (decrease) in cash and cash equivalents	50,805,606	(54,101,668)
Cash and cash equivalents at the beginning of the period	59,225,467	128,714,414
Cash and cash equivalents at the end of the period	110,031,075	74,612,746

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements

For KASB Modaraba Management (Private) Limited
(Management Company)

Chief Executive

Director

Director

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)



FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2011

	Certificate capital	Statutory reserve	Unrealized loss on available-for-sale investments	Accumulated losses	Total
	Rupees				
Balance as at June 30, 2009	282,744,000	11,938,132	-	(36,359,887)	258,322,245
Total comprehensive income for the period from July 1, 2009 to March 31, 2010	-	-	-	15,111,065	15,111,065
Transfer to statutory reserve	-	3,022,213	-	(3,022,213)	-
Balance as at March 31, 2010	282,744,000	14,960,345	-	(24,271,035)	273,433,310
Total comprehensive income for the period from April 1, 2010 to June 30, 2010	-	-	(665,295)	1,984,625	1,319,330
Transfer to statutory reserve	-	5,525,632	-	(5,525,632)	-
Balance as at June 30, 2010	282,744,000	20,485,977	(665,295)	(27,812,042)	274,752,640
Total comprehensive income for the period from July 1, 2010 to March 31, 2011	-	-	665,295	32,900,530	33,565,825
Profit distribution for the year ended June 30, 2010 @ Rs. 0.28 per certificate	-	-	-	(7,916,832)	(7,916,832)
Transfer to statutory reserve	-	6,580,106	-	(6,580,106)	-
Balance as at March 31, 2011	282,744,000	27,066,083	-	(9,408,456)	300,401,633

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

For KASB Modaraba Management (Private) Limited
(Management Company)

Chief Executive

Director

Director

1 STATUS AND NATURE OF BUSINESS

KASB Modaraba was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder and is managed by KASB Modaraba Management (Private) Limited, a company incorporated in Pakistan. The address of its registered office is 80-C, 13th Commercial Street, D.H.A. 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 KASB Modaraba Management (Private) Limited.

The Modaraba is a multipurpose perpetual modaraba and is primarily engaged in ijarah financing, finance leasing, musharaka financing, murabaha financing, modaraba financing, investment in listed securities and issue of Certificates of Musharaka. 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 International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan.

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 2010.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Modaraba's annual financial statements for the year ended 30 June 2010.

The Modaraba has adopted the following amended IFRS and related interpretations which became effective during the period:

IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment)

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

In April 2009, International Accounting Standards Board issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations

IFRS 8 - Operating Segments

IAS 1 - Presentation of Financial Statements

IAS 7 - Statement of Cash Flows

IAS 17 - Leases

IAS 36 - Impairment of Assets

IAS 39 Financial Instruments: Recognition and measurement

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

	Note	(Unaudited) March 31, 2011	(Audited) June 30, 2010
4 INVESTMENTS			
			------(Rupees)-----
4.1 Short-term investments			
Available for sale			
- Equity securities - listed		-	9,797,140
- Equity securities - un-listed	4.1.1	13,000,000	-
		13,000,000	9,797,140
Held to maturity			
Current portion of Sukuk Bonds - unlisted	4.2	383,500	8,500
		13,383,500	9,805,640



4.1.1 Available for sale

Equity securities - un-listed

Name of the company	March 31, 2011 (Unaudited)		
	No. of shares	Cost per share	Total cost
New Horizon Exploration & Production Limited	2,600,000	5	13,000,000

4.1.2 Long-term investments

Held to maturity

Sukuk bonds - un-listed

Name of the investee company	Number of certificates	Profit rate	Carrying cost	
			March 31, 2011 (Unaudited)	June 30, 2010 (Audited)
Sukuk bonds of Rs. 5,000 each unless stated otherwise				
Kohat Cement Company Limited	2,000	15.33% (3 months KIBOR + 1.80%)	8,980,000	8,980,000
Maple Leaf Cement Factory Limited	2,000	14.59% (3 months KIBOR + 1.00%)	9,989,375	9,999,750
Maple Leaf Cement Factory Limited	75	14.59% (3 months KIBOR + 1.00%)	375,000	375,000
Total Sukuk Bonds			19,344,375	19,350,750
Less: current portion of sukuk bonds			(383,500)	(8,500)
			18,960,875	19,342,250

5 MURABAHA FINANCE

Murabaha receivables - gross	605,170,997	362,561,002
Murabaha finance - due after one year	(70,914,783)	(4,057,097)
Current portion of Murabaha finance	534,256,204	358,503,935

5.1 The profit rates on these murabaha arrangements range from 14.50% to 20.00%. (June 30, 2010: 14.50% to 20.00%).

(Unaudited) March 31, 2011	(Audited) June 30, 2010
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6 MODARABA FINANCE

Modaraba finance	41,402,793	154,440,342
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The Modaraba has provided funds under modaraba arrangements on profit and loss sharing basis to various entities. The profit / loss is to be shared in pre-agreed ratios. On termination date, the accounts of the modaraba shall be drawn up in accordance with accepted accounting principles and the profit / loss if any shall be worked out and paid in proportion specified.

(Unaudited) March 31, 2011	(Audited) June 30, 2010
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7 MUSHARAKA FINANCE

Musharaka receivables - considered good	83,211,418	83,633,662
- considered doubtful	(621,738)	(640,000)
Less: provision for non-performing assets	(621,738)	(640,000)
Musharaka Finance	83,211,418	83,633,662

7.1 The Modaraba has provided funds under Musharaka arrangements for working capital requirements on profit and loss sharing basis. Expected rate of profit ranges from 17.50% to 18.00% (June 30, 2010: 16.76% to 18.00%) per annum. All musharaka arrangements are secured against hypothecation of assets, personal guarantees and promissory notes.



	(Unaudited)	(Audited)
	March 31, 2011	June 30, 2010
	------(Rupees)-----	
8 DIMINISHING MUSHARAKA FINANCE		
Diminishing Musharaka Receivable-gross	334,284,699	168,706,721
Less: Unearned Income	(73,799,803)	(37,107,035)
	260,484,896	131,599,686
Less: Diminishing Musharaka due after 1 year	(163,179,103)	(86,587,513)
Current portion of Diminishing Musharaka	97,305,793	45,012,173

The profit rates on these diminishing musharaka arrangements range from 15.64% to 20.00%, (June 30, 2010: 15.00% to 20.00%).

9 NET INVESTMENT IN FINANCE LEASE

	(Unaudited)			(Audited)		
	March 31, 2011			June 30, 2010		
	Not later than one year	Later than one year and less than five years	Total	Not later than one year	Later than one year and less than five years	Total
	-----Rupees-----					
Minimum lease payments receivable	5,564,871	1,474,340	7,039,211	30,035,148	4,056,472	34,091,620
Add: Residual value	5,055,877	933,685	5,989,562	10,341,557	3,214,060	13,555,617
	10,620,748	2,408,025	13,028,773	40,376,705	7,270,532	47,647,237
Less: Unearned finance income	(302,586)	(42,027)	(344,613)	(2,068,073)	(240,607)	(2,308,680)
Suspended income	(104,677)	-	(104,677)	(92,514)	-	(92,514)
Allowance for potential lease losses	(210,353)	-	(210,353)	(244,538)	-	(244,538)
	10,003,132	2,365,998	12,369,130	37,971,580	7,029,925	45,001,505

10 IJARAH ASSETS

	(Unaudited)	(Audited)
	March 31, 2011	June 30, 2010
	------(Rupees)-----	
Plant and machinery	38,481,706	33,415,823
Equipment	430,774	575,026
Vehicles	15,943,496	32,005,908
	64,855,976	65,996,757

11 FIXED ASSETS

	(Unaudited)	(Audited)
	March 31, 2011	June 30, 2010
Owned assets	8,731,999	7,395,362
Intangible assets	444,340	694,387
	9,176,339	8,089,749

(Unaudited)
Nine months ended

March 31, 2011	March 31, 2010
------(Rupees)-----	

11.1 Details of additions / (disposals) during the period are as follows:

Additions to fixed assets :		
- Plant & machinery	-	11,000,000
- Electrical equipment	288,132	126,215
- Furniture and fixtures	1,179,044	15,500
- Computers	300,559	241,700
- Vehicle	932,500	34,566
- Computer software	-	1,000,000
	2,700,235	12,417,981
Disposal of fixed assets		
- Plant & machinery	-	11,000,000
- Motor vehicles	-	1,439,890
	-	12,439,890

(Unaudited)	(Audited)
March 31, 2011	June 30, 2010
------(Rupees)-----	

12 DEPOSITS

Certificate of musharaka	815,180,000	444,390,000
Others	2,600,000	17,600,000
	617,180,000	461,990,000
Less: Certificate of musharaka due after one year	(76,590,000)	-
	540,570,000	461,990,000



12.1 The estimated share of profits payable on certificate of musharaka ranges from 9.65% to 14.75% (June 30, 2010: 9.65% to 14.5%).

13 COMMITMENTS

13.1 The Modaraba has provided guarantees amounting to Rs. 16,348,541 (June 30, 2010: 80,133,960) on behalf of customers to KASB Bank Limited.

14 TAXATION

14.1 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.

15 TRANSACTIONS WITH RELATED PARTIES

The related parties of the modaraba comprise of its management company, associated companies, directors of the management company and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel (which are employed by the management company under the terms of their employment) are as follows:

	(Unaudited)	
	Nine months ended	
	March 31, 2011	March 31, 2010
	------(Rupees)-----	
15.1 Transactions during the period		
Management company		
Modaraba Management Company fee	3,655,615	1,679,007
Associated companies		
Income on bank deposit	4,257,243	5,006,116
Financial charges	11,520,492	5,702,600
Rent expense	316,800	297,000
Brokerage expense	-	4,560
Custodial charges	4,933	2,562
Other Related Parties		
Ijarah rentals	150,456	150,180
Finance lease rentals	1,578,789	1,578,789
Investment in un-listed shares	13,000,000	-
	(Unaudited) March 31, 2011	(Audited) June 30, 2010
	------(Rupees)-----	
15.2 Transactions outstanding at the period / year end		
Management company		
Modaraba Management Company fee payable	3,655,615	1,839,521
Associated companies		
Cash and bank balances	13,465,793	33,970,924
Accrued profit	9,212	15,088
Musharaka financing	198,663,568	158,935,196
Accrued mark-up payable	7,560,748	7,973,270
Custodian charges payable	4,933	3,030
Rent payable	-	198,000
Other Related Parties		
Ijarah rentals outstanding	286,212	433,368
Finance lease rentals outstanding	1,498,273	3,077,062



16 GENERAL

Figures have been rounded off to the nearest rupee.

17 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on April 26, 2011 by the Board of Directors of the Modaraba Management Company.

For KASB Modaraba Management (Private) Limited
(Management Company)

Chief Executive

Director

Director



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QUARTERLY REPORT MARCH 2011

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