



KASB Modaraba

(Formerly known as First Mehran Modaraba)



KASB MODARABA

Financial Statements
For the Quarter Ended September 30, 2008
(Un-Audited)

Managed by

KASB Modaraba Management (Pvt) Ltd.

(Formerly Technology Ventures (Pvt) Ltd.)



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CORPORATE INFORMATION



Board of Directors	Syed M. Husaini – Chairman/CEO Mr. Muhammad Hamidullah S. M. Rehmanullah Mir Mujahid Ali Khan
Company Secretary & Chief Financial Officer	Mr. Muhammad Sohail
Management Company	KASB Modaraba Management(Private) Limited (Formerly Technology Ventures (Private) Limited)
Auditors	A.F. Ferguson & Co. Chartered Accountants Member PriceWaterHouseCoopers
Audit Committee	Mir Mujahid Ali Khan Mr. Muhammad Hamidullah S. M. Rehmanullah
Bankers	KASB Bank Limited Dawood Islamic 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
Share Registrar	C&K ManagementAssociates (Private) Limited 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel Karachi – 75530 Telephone:5687839-5685930



Directors' Review

The Board of Directors of KASB Modaraba Management (Private) Limited. (formerly Technology Ventures (Private) Limited, the management company of KASB Modaraba (formerly First Mehran Modaraba) is pleased to present the un-audited financial statements for the quarter ended September 30, 2008.

Financial Highlights

Financial results are summarized below:

	September 30 2008	September 30 2007
	Rupees	Rupees
Total Income	8,618,866	1,374,353
Total Expense	5,890,041	509,943
Operating Profit	2,728,825	864,410
Modaraba Company Management Fee	(272,882)	(86,441)
Profit for the Period	2,455,943	777,969
Earning per Modaraba Certificate	0.09	0.09

Review of Operations

KASB Modaraba has continued to expand its business. Pursuing a philosophy of quality growth in its operations, the Modaraba has earned a total income of Rs. 8.62 million during the first quarter of 2008-09 as compared to the income of Rs. 1.37 million for the corresponding period in 2007-08.

We are pleased to inform you that the right issue has been successfully concluded. The equity of Modaraba has accordingly increased to Rs. 245 million, the borrowings of Rs. 145 million obtained for stepped-up operations of the Modaraba have been fully repaid that will have substantial impact on financial charges and future profitability of the company.

A scheme to mobilize resource through Certificate of Musharaka (COM) has been prepared and is planned to be launched shortly. The COMs will provide a Shariah compliant instrument to savers in the individual and corporate sectors.

The Management will continue to follow a policy of sustained growth in operations and profits of the company.

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 Registrar Modaraba and Securities Exchange Commission of Pakistan.

We owe special gratitude to our Certificate Holders and clients for their continued support.

Syed M. Husaini

Chairman

October 29, 2008

Condensed Interim Balance Sheet (Un-audited)

As At September 30, 2008



	Notes	September 2008	June 2008
		Rupees (Un-audited)	Rupees (Audited)
ASSETS			
Current assets			
Cash and bank balances		69,516,582	33,845,102
Investments	4	2,685,158	3,950,889
Consumer Morabaha finance		18,665,568	19,014,375
Current portion of Musharika finance		14,000,000	24,968,800
Modaraba finance		15,000,000	-
Current portion of net investment in Ijarah finance	5	43,340,677	41,275,094
Advances, deposits, prepayments and other receivables		1,350,309	1,046,800
Accrued profit		92,698	265,312
Taxation recoverable		676,507	671,171
Total Current assets		165,327,499	125,037,543
Non-current assets			
Long-term deposits		25,000	25,000
Long-term portion of net investment in Ijarah finance	5	99,876,366	105,641,031
Fixed assets		1,717,727	1,803,427
Total non-current assets		101,619,093	107,469,458
Total Assets		266,946,592	232,507,001
LIABILITIES			
Current liabilities			
Current maturity of security deposits		-	50,000
Creditors, accrued and other liabilities		1,392,087	4,781,889
Short term finance		-	75,000,000
Unclaimed profit distribution		477,068	477,068
Total Current liabilities		1,869,155	80,308,957
Non-current liabilities			
Long term finance		-	70,000,000
Security deposits		20,097,662	19,310,262
Deferred liabilities - staff gratuity		224,450	214,000
Total non-current liabilities		20,322,112	89,524,262
Total liabilities		22,191,267	169,833,219
NET ASSETS		244,755,325	62,673,782
REPRESENTED BY			
CAPITAL & RESERVES			
Issued, subscribed and paid-up capital		282,744,000	83,160,000
Statutory reserve		8,733,559	8,733,559
Accumulated loss		(46,722,234)	(49,178,177)
Right share subscription money		-	19,958,400
CONTINGENCIES AND COMMITMENTS	7	-	-
		244,755,325	62,673,782

The annexed notes 1 to 12 form an integral part of these interim financial statements.

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

Chief Executive

Director

Director



Condensed Interim Profit and Loss Account (Un-audited)

For the three months period ended September 30, 2008

	September 30 2008	September 30 2007
	Rupees	Rupees
Ijarah finance income	5,492,419	108,902
Income on Musharika finance	1,591,320	-
Income on Morabaha finance	1,332,218	-
Income on Term Finance Certificates	9,062	-
Gain on sale of marketable securities - net	-	226,920
Unrealised (diminution) / appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	(1,265,731)	(128,736)
Income on bank deposits	<u>1,309,358</u>	<u>-</u>
	8,468,646	207,086
Financial charges	<u>(2,785,061)</u>	<u>(23,224)</u>
	5,683,585	183,862
Other income	150,220	1,167,267
Administrative and operating expenses	<u>(3,104,981)</u>	<u>(486,719)</u>
	2,728,824	864,410
Modaraba management company fee	<u>(272,882)</u>	<u>(86,441)</u>
Profit before taxation	2,455,943	777,969
Taxation		
- current and deferred	-	(7,515)
Profit after taxation	<u><u>2,455,943</u></u>	<u><u>770,454</u></u>
Earning per certificate	<u><u>0.09</u></u>	<u><u>0.09</u></u>

The annexed notes 1 to 12 form an integral part of these interim financial statements.

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

Chief Executive

Director

Director

Condensed Interim Cash Flow Statement (Un-audited)

For the three months period ended September 30, 2008



Notes	September 30 2008	September 30 2007
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period before taxation	2,455,943	777,969
Adjustment for non-cash charges and other items:		
Dividend income	(22,020)	(5,816)
Gain on sale of marketable securities - net	-	(226,873)
Unrealised diminution on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	1,265,731	128,736
Gain on disposal of fixed assets	-	(14,999)
Deferred income	-	(26,873)
Depreciation	116,700	53,749
Amortisation	-	9,000
Gratuity expense	10,450	81,318
Financial charges	2,785,061	23,224
Provision for potential Ijarah and Musharaka losses	-	59,171
	4,155,922	80,590
(Increase) / decrease in assets		
Net investment in Ijarah finance	3,699,082	540,839
Musharika finance	10,968,800	-
Murabaha finance	(414,658)	-
Mudaraba finance	(15,000,000)	-
Advance, deposits, prepayments and other receivables	(303,509)	1,946,420
Accrued profit	172,614	-
	(877,671)	2,487,259
Increase / (decrease) in liabilities		
Security deposits on lease contracts	737,400	(5,500)
Creditors, accrued and other liabilities	(1,578,737)	72,000
	(841,337)	66,500
Taxes paid	(5,336)	(96,330)
Financial charges paid	(3,832,661)	(23,224)
Gratuity paid	-	(26,675)
	(3,837,997)	(146,229)
Net cash generated from operating activities	1,054,860	3,266,089
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(31,000)	-
Sales proceeds from disposal of fixed assets	-	15,000
Deposit received	-	5,816
Dividends received	22,020	-
Purchase of investments - net	-	(7,548,008)
Proceeds from sale of investments - net	-	7,016,492
Net cash outflow on investing activities	(8,980)	(510,700)
CASH FLOW FROM FINANCING ACTIVITIES		
Obligation under finance lease	-	(485,262)
Short term finance	(75,000,000)	-
Long term finance	(70,000,000)	-
Proceeds from issue of Certificates	179,625,600	-
Net cash inflow/(outflow) from financing activities	34,625,600	(485,262)
Net increase in cash and cash equivalents	35,671,480	2,270,127
Cash and cash equivalents at the beginning of the period	33,845,102	42,795,347
Cash and cash equivalents at the end of the period	69,516,582	45,065,474

The annexed notes 1 to 12 form an integral part of these interim financial statements.

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

Chief Executive

Director

Director



Condensed Interim Statement Of Changes In Equity (Un-audited)

For the three months period ended September 30, 2008

	Certificate Capital	Statutory Reserve	Accumulated Loss	Right Share Issued	Total
	Rupees				
Balance as at July 01, 2007	83,160,000	8,733,559	(39,020,907)	-	52,872,652
Profit for the quarter ended September 30, 2007	-	-	770,454	-	770,454
Transfer to statutory reserve	-	154,090	(154,090)	-	-
Balance as at September 30, 2007	<u>83,160,000</u>	<u>8,887,649</u>	<u>(38,404,543)</u>	<u>-</u>	<u>53,643,106</u>
Balance as at July 01, 2008	83,160,000	8,733,559	(49,178,177)	19,958,400	62,673,782
Profit for the quarter ended September 30, 2008	-	-	2,455,943	-	2,455,943
Right share subscription money	-	-	-	179,625,600	179,625,600
Transfer from Right Share to Certificate Capital	199,584,000	-	-	(199,584,000)	-
Balance as at September 30, 2008	<u>282,744,000</u>	<u>8,733,559</u>	<u>(46,722,234)</u>	<u>-</u>	<u>244,755,325</u>

The annexed notes 1 to 12 form an integral part of these interim financial statements.

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

Chief Executive

Director

Director

NOTES TO THE ACCOUNTS

For the period ended September 30, 2008 (Un-audited)



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 3,985,000 shares out of total issued capital of 4,000,000 shares of KASB Modaraba Management (Private) Limited [formerly Technology Ventures (Private) Limited]. Last year the management control of Network Leasing Corporation Limited had been acquired by KASB Capital Limited, by acquiring 53.90% of its total issue, with the approval of Securities and Exchange Commission of Pakistan vide letter # SC/NBFC-1/HM/NLCL/2007 dated May 11, 2007.

The Modaraba is a multipurpose perpetual Modaraba and is primarily engaged in Ijarah financing, Musharakah financing, Morabaha financing and investing in listed securities. The Modaraba is listed on the Karachi and Lahore Stock Exchanges.

2. BASIS OF PREPARATION

These financial statements are presented in a condensed form in accordance with the requirements of Approved Accounting Standards as applicable in Pakistan for Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Modaraba as at and for the year ended 30 June 2008.

During the year 2007 Islamic Financial Accounting Standard (IFAS)-2 'Ijarahh' was issued by the Institute of Chartered Accountants of Pakistan and the same was notified by the Securities and Exchange Commission of Pakistan (SECP) vide an SRO dated 22 May 2007. Under the IFAS 2, the 'Ijarahh' transactions are required to be accounted for as operating leases. The IFAS is operative for financial statements covering the period beginning on or after 1 July 2007 and is required to be followed on those Ijarahhs which commence after 1 July 2007. The Modaraba has not yet adopted the above standard due to implications relating to accounting of similar leases under two different practices (new leases as operating and old leases as finance lease), concurrent application with International Accounting Standard 17 and other requirements of the standard. The Modaraba Association of Pakistan has approached the SECP for the deferment of the IFAS.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements of the Modaraba for the year ended 30 June 2008.

	Notes	30 September 2008	30 June 2008
		Rupees (Un-audited)	Rupees (Audited)

4. INVESTMENTS

Financial assets at fair value through profit or loss - held for trading

Listed term finance certificates	4.1	438,600	438,600
Listed equity securities	4.2	2,246,558	3,512,289
		2,685,158	3,950,889



4.1 Listed Term Finance Certificates

Name of Investee Company	Number of Shares				Profit / mark-up rate	Balance as at September 30, 2008		
	As at July 01, 2008	Purchases during the period	Mature during the period	As at Sep 30, 2008		Carrying Value	Market Value	Appreciation/ (Diminution)

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

Al- Zamin Leasing Modaraba	258	-	-	258	8%	438,600	438,600	-
Total listed Term Finance Certificates						<u>438,600</u>	<u>438,600</u>	<u>-</u>

4.2 Listed Equity Securities

Name of Investee Company	Number of Shares					Balance as at September 30, 2008		
	As at July 01, 2008	Purchases during the period	Bonus/ right issue	Sales during the period	As at Sep 30, 2008	Carrying Value	Market Value	Appreciation/ (Diminution)

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

Saleem Denim Industries Limited	19,200	-	-	-	19,200	28,800	28,800	-
Crescent Jute Products Limited	1,021	-	-	-	1,021	2,859	1,838	(1,021)
Engro Chemical Pakistan Limited	11,000	-	-	-	11,000	3,088,910	1,984,840	(1,104,070)
Lucky Cement	4,000	-	-	-	4,000	391,720	231,080	(160,640)
Total listed equity securities						<u>3,512,289</u>	<u>2,246,558</u>	<u>(1,265,731)</u>

5. NET INVESTMENTS IN FINANCE LEASE

	UN-AUDITED			AUDITED		
	September 30, 2008			June 30, 2008		
	Due within one year	Due after one year but within five year	Total	Due within one year	Due after one year but within five year	Total
	----- Rupees -----					
Minimum lease payments receivable	61,699,198	92,291,337	153,990,535	57,832,300	99,123,494	156,955,794
Add: Residual value of leased assets	-	20,097,662	20,097,662	50,000	19,310,262	19,360,262
Lease contract receivable	61,699,198	112,388,999	174,088,197	57,882,300	118,433,756	176,316,056
Less: Unearned lease income (including suspended income)	(18,053,983)	(12,512,633)	(30,566,616)	(16,342,595)	(12,752,798)	(29,095,393)
Less: Provision for potential lease losses	(304,538)	-	(304,538)	(264,611)	(39,927)	(304,538)
	<u>43,340,677</u>	<u>99,876,366</u>	<u>143,217,043</u>	<u>41,275,094</u>	<u>105,641,031</u>	<u>146,916,125</u>

6. SIGNIFICANT EVENT DURING THE PERIOD

The board of directors of the Modaraba in their meeting held on February 23, 2008 had decided to issue 240% right certificates to its existing certificate holders. The right issue has been successfully concluded. The equity of Modaraba has accordingly increased to Rs. 245 million during the quarter ended September 30, 2008.

7. CONTINGENCIES AND COMMITMENTS

The Modaraba has neither any contingencies nor commitments as at September 30, 2008.

Notes

September 30
2008June 30
2008Rupees
(Un-audited)Rupees
(Audited)

KASB MODARABA

8. RISK MANAGEMENT POLICIES

Risk management policies are consistent with those disclosed in the financial statements for the year ended 30 June 2008.

9. TRANSACTION WITH RELATED PARTIES

Transaction during the period

Management Company

Modaraba management fee	272,882.00	-
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Associated companies

Income on bank deposit	607,260	2,917,085
Financial charges	2,783,561	3,630,339
Ijarah rentals received	4,842,564	2,984,753

Balances outstanding at the period / year end

Management Company

Modaraba management fee	272,882	-
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Associated companies

Cash and bank balances	25,536,462	29,669,011
Accrued profit	-	13,077
Underwriting commission payable	112,614	1,010,383
Accrued markup payable	-	1,047,600
Long term finance	-	70,000,000
Short term finance	-	75,000,000
Ijarah rentals outstanding	20,600,413	19,759,036

10. CORRESPONDING FIGURES

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

11. DATE OF AUTHORIZATION

These interim financial statement were authorized for issue by board of directors of the Management Company on October 29, 2008.

12. GENERAL

Figures have been rounded off to the nearest rupee.

 Chief Executive

 Director

 Director

Book Post

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407, Gul Tower, I. I. Chundrigar Road, Karachi, Pakistan
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