



KASB Modaraba

An Islamic Financial Institution



**Condensed Interim Financial Statements
For The Period Ended September 30, 2009
(Un-Audited)**

Managed by
KASB Modaraba Management (Pvt) Ltd.

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CORPORATE INFORMATION



Board of Directors

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

Chairman
Chief Executive Officer
Director
Director

Company Secretary & Chief Financial Officer

Ms. Faiqa Naz

Management Company

KASB Modaraba Management (Private) Limited

Auditors

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

Audit Committee

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

Chairman
Member
Member

Bankers

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

Registered Office

80-C, 24th 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: 5687839 – 5685930

Legal Advisor

Ghulam Ali & Co.
Ahmed & Qazi

Branch Offices

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

D.H.A. Branch

80-C, 24th Commercial Street,
D.H.A. Phase II Extension
Karachi.

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 ended September 30, 2009.

Financial Highlights:

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

BALANCE SHEET	September 30, 2 0 0 9	June 30, 2 0 0 9
	Rupees in 000's	
Murabaha Finance	134,542	63,893
Modaraba Finance	9,840	20,744
Musharaka Finance	50,367	39,594
Diminishing Musharaka	19,475	-
Investment in Finance Lease	78,359	97,718
Ijarah Assets	51,219	55,337
Total Assets	473,988	443,514
Net Assets	261,969	258,322

PROFIT AND LOSS ACCOUNT	September 30, 2 0 0 9	September 30, 2 0 0 8
	Rupees in 000's	
Total Income	15,257	8,619
Total Operating and Financial Expenses	11,205	5,890
Operating Profit / (Loss)	4,052	2,729
Management Company Fee	(405)	(273)
Profit / (Loss) for the Period	3,647	2,456
Earning / (Loss) per Modaraba Certificate	0.13	0.17

Review of Operations

During the period under review, the Modaraba has focused in expanding its business in Musharaka, Morabaha and Modaraba finance.

Net profit of the Modaraba has increased by 48% over the corresponding period last year. The higher profitability is mainly attributed to the increase in business volume. The management continues to adopt a model of steady growth to ensure quality of the financing portfolio. Business relationship is established only with those customers who have credible market repute, sound financial base and good repayment track record.

The Board wishes to assure all stakeholders that the management will strive hard to sustain the growth in operations and profits of the Modaraba.

Entity Rating

The JCR-VIS Credit Rating Co. Ltd has upgraded the long term entity rating from BBB to BBB+ with a 'Stable' Outlook. The short-term rating has been reaffirmed at 'A-3'.

Acknowledgement

The Board would like to place on record its appreciation for the dedication and hard work put in by the officers and staff 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 co-operation.

S. M. Rehmanullah

Chairman
Karachi

Dated: October 24, 2009

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at September 30, 2009



	Notes	SEPTEMBER 2009	JUNE 2009
		Rupees (Un-audited)	Rupees (Audited)
ASSETS			
Current Assets			
Cash and bank balances		79,410,626	128,714,414
Short-term investments	4	1,960,000	4,256,334
Current portion of murabaha finance	5	134,542,280	55,892,966
Modaraba finance	6	9,839,820	20,774,248
Musharaka finance	7	50,366,829	39,594,329
Current portion of diminishing musharaka	8	5,921,702	-
Current portion of net investment in finance lease	9	41,401,972	44,753,495
Ijarah rental receivables	10	804,030	810,667
Advances, deposits, prepayments and other receivables		10,397,530	5,644,579
Accrued profit		1,937,676	1,240,907
Taxation recoverable		765,109	739,682
		337,347,574	302,421,621
Non-Current Assets			
Long-term deposits		28,000	128,000
Long-term investment	4.2	17,020,000	17,020,000
Long-term portion of murabaha finance	5	-	8,000,000
Diminishing musharaka - due after one year	8	13,553,585	-
Net investment in finance lease - due after one year	9	36,956,978	52,964,055
Ijarah assets		51,218,729	55,336,939
Fixed assets		17,863,447	7,643,188
Total non-current assets		136,640,739	141,092,182
Total assets		473,988,313	443,513,803
LIABILITIES			
Current Liabilities			
Certificate of musharaka		171,220,272	150,625,000
Current maturity of security deposits		968,800	874,750
Creditors, accrued and other liabilities		16,596,183	7,929,592
Unclaimed profit distribution		476,790	476,790
		189,262,045	159,906,132
Non-current Liabilities			
Security deposits		22,526,918	25,083,668
Deferred liabilities - Staff gratuity		230,024	201,758
		22,756,942	25,285,426
Total liabilities		212,018,987	185,191,558
NET ASSETS		261,969,326	258,322,245
REPRESENTED BY			
CAPITAL & RESERVES			
Certificate capital			
Authorised:			
50,000,000 (June 30, 2009: 50,000,000) certificate of Rs. 10/- each		500,000,000	500,000,000
Issued, subscribed and paid-up capital		282,744,000	282,744,000
Statutory reserves		12,667,548	11,938,132
Accumulated (loss)		(33,442,222)	(36,359,887)
		261,969,326	258,322,245

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 18 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 (UN-AUDITED)

For the three months period ended September 30, 2009



Notes	SEPTEMBER 2009 Rupees	SEPTEMBER 2008 Rupees
Income from leasing operation	4,935,252	5,492,419
Profit on musharaka finance	2,088,357	1,591,320
Profit on murabaha finance	3,158,914	1,332,218
Profit on modaraba finance	235,780	-
Profit on diminishing musharaka arrangements	183,432	-
Profit on term finance certificates	-	9,062
Profit on sukuk bonds - Held to maturity	722,126	-
Profit on bank deposits	3,387,297	1,309,358
Gain on sale of marketable securities - net	259,176	-
Unrealised (diminution) / appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	-	(1,265,731)
	<u>14,970,334</u>	<u>8,468,646</u>
Finance charges	<u>(5,556,463)</u>	<u>(2,785,061)</u>
	9,413,871	5,683,585
Other income	286,575	150,220
Administrative and operating expenses	<u>(5,648,134)</u>	<u>(3,104,981)</u>
	4,052,312	2,728,824
Modaraba company's management fee	<u>(405,231)</u>	<u>(272,882)</u>
Profit before taxation	<u>3,647,081</u>	<u>2,455,942</u>
Taxation		
- current	-	-
- deferred	-	-
Profit after taxation	<u><u>3,647,081</u></u>	<u><u>2,455,942</u></u>
Earning per certificate	<u><u>0.13</u></u>	<u><u>0.17</u></u>

The annexed notes 1 to 18 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 (UN-AUDITED)

For the three months period ended September 30, 2009



Notes	SEPTEMBER 2009	SEPTEMBER 2008
	Rupees	Rupees
Profit for the period	3,647,081	2,455,942
Other comprehensive income	-	-
Total comprehensive income	<u>3,647,081</u>	<u>2,455,942</u>

The annexed notes 1 to 18 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 (UN-AUDITED)

For the three months period ended September 30, 2009



	Notes	SEPTEMBER 2009	SEPTEMBER 2008
		Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the period before taxation		3,647,081	2,455,943
Adjustment for non-cash charges and other items:			
Dividend income		(2,104)	(22,020)
Gain on the sale of marketable securities - net		(259,176)	-
Unrealised diminution in the value of investments at fair value through profit or loss		-	1,265,731
Gain on disposal of fixed assets		(25,099)	-
Investment written-off		30,331	-
Depreciation		4,670,895	116,700
Amortisation		55,566	-
Gratuity expense		28,266	10,450
Finance charges		5,556,463	2,785,061
		<u>13,702,223</u>	<u>6,611,865</u>
(Increase) / decrease in assets			
Net investment in finance lease		19,358,600	3,699,082
Musharaka finance		(10,772,500)	10,968,800
Murabaha finance		(70,649,314)	(414,658)
Modaraba finance		10,934,428	(15,000,000)
Diminishing musharaka arrangements		(19,475,287)	-
Ijarah rental receivables		6,637	-
Advance, deposits, prepayments and other receivables		(4,752,951)	(303,509)
Accrued profit		(696,769)	172,614
Long term deposits		100,000	-
		<u>(75,947,156)</u>	<u>(877,671)</u>
Increase / (decrease) in liabilities			
Security deposits on lease contracts		(2,462,700)	737,400
Creditors, accrued and other liabilities		8,277,641	(1,578,737)
		5,814,941	(841,337)
Taxes paid		(25,427)	(5,336)
Finance charges paid		(5,167,514)	(3,832,661)
		<u>(5,192,941)</u>	<u>(3,837,997)</u>
Net cash (utilized) in/generated from operating activities		<u>(61,622,933)</u>	<u>1,054,860</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(12,015,500)	(31,000)
Sales proceeds from disposal of fixed assets		1,345,000	-
Purchase of ijarah assets		(132,910)	-
Dividend received		2,104	22,020
Purchase of investments - net		(3,244,867)	-
Proceeds from sale of investments - net		5,770,046	-
Net cash outflow on investing activities		<u>(8,276,127)</u>	<u>(8,980)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Short term finance		-	(75,000,000)
Long term Finance		-	(70,000,000)
Proceeds from issue of certificates		-	179,625,600
Certificates of musharaka		20,595,272	-
Net cash inflow on financing activities		<u>20,595,272</u>	<u>34,625,600</u>
Net (decrease)/increase in cash and cash equivalents		<u>(49,303,788)</u>	<u>35,671,480</u>
Cash and cash equivalents at the beginning of the period		128,714,414	33,845,102
Cash and cash equivalents at the end of the period		<u><u>79,410,626</u></u>	<u><u>69,516,582</u></u>

The annexed notes 1 to 18 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 CHANGES IN EQUITY (UN-AUDITED)

For the three months period ended September 30, 2009



	Certificate Capital	Statutory Reserve	Accumulated Loss	Right Share Issued	Total
----- Rupees -----					
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
Transfer to statutory reserve	-	-	-	-	-
Right share subscription money	-	-	-	179,625,600	179,625,600
Transfer from right share to share capital	199,584,000	-	-	(199,584,000)	-
Balance as at September 30, 2008	282,744,000	8,733,559	(46,722,234)	-	244,755,325
Balance as at July 01, 2009	282,744,000	11,938,132	(36,359,887)	-	258,322,245
Profit for the quarter ended September 30, 2009	-	-	3,647,081	-	3,647,081
Transfer to statutory reserve	-	729,416	(729,416)	-	-
Balance as at September 30, 2009	282,744,000	12,667,548	(33,442,222)	-	261,969,326

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

Director

**NOTES TO AND FORMING PART OF
THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the three months period ended September 30, 2009



1. LEGAL 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, 24th Commercial Street, DHA 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 4,000,000 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 and investing in listed securities. The Modaraba is listed on the Karachi and Lahore Stock Exchanges.

2. BASIS OF PREPARATION

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) issued by 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.

These condensed interim financial statements comprise of a condensed interim balance sheet, condensed interim profit & loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof. The disclosures made in these financial statements have, however, been limited based on the requirements of International Accounting Standard 34, "Interim Financial Reporting". These do not include all the information and disclosures made in the annual published financial statements and thereof should be read in conjunction with the annual published financial statements of the Modaraba for the year ended June 30, 2009.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation of balances adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statement for the year ended June 30, 2009.

Notes	SEPTEMBER 2009	JUNE 2009
	Rupees (Un-audited)	Rupees (Audited)
4 INVESTMENTS		
4.1 Short Term Investments		
Financial assets at fair value through profit or loss - held for trading		
- Equity securities		
Equity securities - listed	4.1.1	2,296,334
	-	2,296,334
- Held to maturity		
Current portion of sukuk bonds - unlisted	4.2	1,960,000
	1,960,000	1,960,000
	1,960,000	4,256,334

4.1.1 Equity Securities - Listed



Name of Investee Company	Number of Shares					Balance as at September 30, 2009 (un-audited)		
	As at July 01, 2009	Purchases during the period	Bonus/ right issue	Write-off / Sales during the period	As at September 30, 2009	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	-	-	-	-
Crescent Jute Products Limited	1,021	-	-	1,021	-	-	-	-
Engro Chemical Pakistan Limited	16,400	13,652	-	30,052	-	-	-	-
Sui Northern Gas Pipelines Limited	5,000	-	-	5,000	-	-	-	-
Total equity securities - listed								

4.1.2 Shares of Saleem Denim Industries Limited & Crescent Jute Products Limited have been written-off during the period ended September 30, 2009.

4.2 Long Term Investment - Held to maturity

Sukuk bonds -unlisted

Name of investee company	Number of certificates				Profit / mark-up rate	Carrying out	
	As at July 01, 2009	Purchases during the period	Sales during the period	As at September 30, 2009		Balance as at September 30, 2009 (un-audited)	Balance as at June 30, 2009 (audited)
Sukuk bond of 5,000 each unless stated otherwise							
Kohat Cement Company Limited	2,000	-	-	2,000	14.71% (6M KIBOR + 1.80%)	8,980,000	8,980,000
Maple Leaf Cement Factory Limited	2,000	-	-	2,000	15.44% (6M KIBOR + 1.70%)	10,000,000	10,000,000
Total sukuk bonds						18,980,000	18,980,000
Less: Current portion of sukuk bonds						(1,960,000)	(1,960,000)
						<u>17,020,000</u>	<u>17,020,000</u>

	Notes	SEPTEMBER 2009	JUNE 2009
		Rupees (Un-audited)	Rupees (Audited)
5. MURABAHA FINANCE			
Murabaha receivables - gross		140,712,264	70,777,104
Less: Unearned income		6,169,984	6,884,138
		134,542,280	63,892,966
Provision for non-performing assets		-	-
		134,542,280	63,892,966
Murabaha finance- due after one year		-	(8,000,000)
Current portion of murabaha finance		<u>134,542,280</u>	<u>55,892,966</u>
6. MODARABA FINANCE			
Modaraba finance		<u>9,839,820</u>	<u>20,774,248</u>

The Modaraba has provided funds under modaraba arrangements on profit and loss sharing basis. The profit / loss is to be shared in pre-agreed ratios. On termination date, the accounts of the modaraba are drawn up in accordance with accepted accounting principles and the profit / loss is worked out and shared in agreed proportion.

	Notes	SEPTEMBER	JUNE
		2009	2009
		Rupees (Un-audited)	Rupees (Audited)
7. MUSHARAKA FINANCE			
Musharaka receivables		51,006,829	40,234,329
Provision for non-performing assets		(640,000)	(640,000)
		50,366,829	39,594,329
Musharaka finance- due after one year		-	-
Current portion of musharaka finance		50,366,829	39,594,329
8. DIMINISHING MUSHARAKA			
Diminishing musharaka receivables - gross		25,111,189	-
Less: Unearned income		5,635,902	-
		19,475,287	-
Diminishing musharaka finance- due after one year		(13,553,585)	-
Current portion of diminishing musharaka finance		5,921,702	-
9. NET INVESTMENTS IN FINANCE LEASE			

	September 30, 2009			June 30, 2009		
	UN-AUDITED			AUDITED		
	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	48,032,659	23,311,485	71,344,144	55,182,592	40,387,949	95,570,541
Add: Residual value of leased assets	966,000	14,705,267	15,671,267	874,750	16,243,467	17,118,217
	48,998,659	38,016,752	87,015,411	56,057,342	56,631,416	112,688,758
Less: Unearned lease income	(7,226,088)	(1,059,774)	(8,285,862)	(10,567,095)	(3,667,361)	(14,234,456)
Suspended income	(66,061)	-	(66,061)	(432,214)	-	(432,214)
Allowance for potential lease losses	(304,538)	-	(304,538)	(304,538)	-	(304,538)
	41,401,972	36,956,978	78,358,950	44,753,495	52,964,055	97,717,550

	Notes	SEPTEMBER	JUNE
		2009	2009
		Rupees (Un-audited)	Rupees (Audited)
10. IJARAH RENTAL RECEIVABLES			
Ijarah rental accrued		804,030	810,667
		804,030	810,667
11. IJARAH ASSETS			
Details of addition / (disposals) during the period as follows:			
Additions to ijarah assets			
- Plant & machinery		90,000	30,867,719
- Computers		-	28,000
- Motor vehicles		42,910	21,420,192
Disposal during the period			
- Motor vehicles		-	1,709,000

Notes	SEPTEMBER 2009	JUNE 2009
	Rupees (Un-audited)	Rupees (Audited)
12. OPERATING FIXED ASSETS		
Details of addition / (disposals) during the period as follows:		
Addition to fixed assets		
- Furniture & fixtures	-	3,542,858
- Electrical equipment	-	1,665,647
- Office equipment	-	6,150
- Plant & machinery	11,000,000	-
- Motor vehicles	-	1,473,390
- Computers	15,500	213,250
- Intangible assets	1,000,000	-
Disposal during the period		
- Motor vehicles	1,439,890	448,500

13. 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 condensed interim financial statements.

Notes	SEPTEMBER 2009	JUNE 2009
	Rupees (Un-audited)	Rupees (Audited)
14. CONTINGENCIES AND COMMITMENTS		
14.1 Transaction related to contingent liabilities		
Guarantees favouring		
- Government	-	-
- Banks	4,100,000	-
- Others	-	-
	4,100,000	-
14.2 Trade related contingent liabilities		
Import letters of credits	22,341,519	-
Acceptances	-	-
	22,341,519	-
14.3 Commitments in respect of forward lending		
Commitment to provide diminishing musharaka facility	187,000	5,889,100
	187,000	5,889,100

Notes	SEPTEMBER 2009	SEPTEMBER 2008
	Rupees (Un-audited)	Rupees (Un-audited)
15. TRANSACTIONS WITH RELATED PARTIES		
15.1 Transactions during the period		
Management Company		
Modaraba management fee	405,231	272,882
Associated Companies		
Income on bank deposit	3,106,368	607,260
Financial charges	121,784	2,783,561
Rent expense	99,000	-
Lease rental received	-	1,185,358
Other Related Parties		
Lease rental received	576,351	672,453

Notes	SEPTEMBER 2009	JUNE 2009
	Rupees (Un-audited)	Rupees (Audited)
15.2 Transactions outstanding as at period / year end		
Management Company		
Modaraba management fee	405,231	1,780,318
Associated companies		
Cash and bank balances	54,266,770	49,593,140
Certificate of musharaka	3,500,000	3,500,000
Accrued profit on deposits	27,024	352,119
Accrued markup payable	-	1,361
Rent payable	99,000	99,000
Other Related Parties		
Lease / Ijarah rental outstanding	5,240,211	5,846,354

16. CORRESPONDING FIGURES

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

17. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue by board of directors of the Management Company on October 24, 2009.

18. GENERAL

Figures have been rounded off to the nearest rupee.

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

Chief Executive

Director

Director

Book Post

**Under
Certificate
of
Posting**



if Undelivered please return to

KASB Modaraba

Registered Office: 80-C, 24th Commercial Street, D.H.A. Phase II Extension, Karachi.
Tel: (92-213) 5313939-43, Fax: (92-213) 5313933