



KASB Modaraba
An Islamic Financial Institution



QUARTERLY REPORT 2010

صاف اور شفاف آمدنی،
سچا سکون ہے...

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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 Fords Rhodes Sidat Hyder & Co.
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.
Telephone: 35313939-43

Certificate Transfer Office

C&K Management Associates (Private) Limited
404, Trade Tower,
Abdullah Haroon Road,
Near Metropole Hotel
Karachi – 75530
Telephone: 35687839 – 35685930

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.
Telephone: 34822814 - 18

D.H.A. Branch

80-C, 13th Commercial Street,
D.H.A. Phase II Extension
Karachi.
Telephone: 35313939 - 43

Web Address

www.kasbmodaraba.com

e-mail

info.modaraba@kasb.com

SEPTEMBER 30, 2010

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, 2010.

FINANCIAL HIGHLIGHTS

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

BALANCE SHEET	As at September 30, 2010	As at June 30, 2010
	Rupees in 000's	
Murabaha Finance	434,969	362,561
Modaraba Finance	69,070	154,440
Musharaka Finance	36,766	83,634
Diminishing Musharaka	185,764	131,600
Investment in Finance Lease	30,895	45,001
Ijarah Asscts	59,899	65,997
Total Assets	817,363	953,668
Net Assets	276,711	274,753

PROFIT AND LOSS ACCOUNT	For the quarter ended September 30, 2010	For the quarter ended September 30, 2009
	Rupees in 000's	
Total Income	36,488	15,257
Total Operating and Financial Expenses	25,761	11,205
Operating Profit	10,727	4,052
Management Company Fee	(1,073)	(405)
Profit for the Period	9,654	3,647
Earning per Modaraba Certificate	0.34	0.13



REVIEW OF OPERATIONS

By the Grace of Allah, KASB Modaraba has successfully completed its first quarter for the year ending June 30, 2011. The quarter closed with the net profit of Rs 9.65 million showing an increase of 2.64 times from corresponding period last year. Consequently, return on equity has also increased from 5.61% to 14% and EPC has increased from Rs 0.13 to Rs 0.34.

The Modaraba has once again managed to maintain a steady growth in all areas of its operations during the period under review. 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.

During the current quarter gross disbursements of Rs 393 million were made to different customers. However, 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. Our deposits based on Certificate of Musharaka have generated additional liquidity to the tune of Rs.103.730 million during the current quarter.

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 M. Husaini
CEO

October 25, 2010

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2010



	Note	September 30, 2010	June 30, 2010
ASSETS			
----- (Rupees) -----			
Current assets			
Cash and bank balances		62,860,704	58,225,467
Short-term investments	4.1	9,939,321	9,805,840
Current portion of murabaha finance - gross	5	429,176,451	358,503,935
Modaraba finance	6	69,070,109	154,440,342
Musharaka finance	7	36,765,698	83,633,662
Current portion of diminishing musharaka finance	8	54,001,607	45,012,173
Current portion of net investment in finance lease	9	25,988,054	37,971,580
Ijarah rentals receivable	10	2,030,005	1,963,147
Advances, deposits, prepayments and other receivables		22,697,033	5,708,246
Accrued profit		5,514,100	5,367,988
Stores		14,320	14,570
Taxation recoverable	13	925,081	889,702
Total current assets		718,982,483	762,536,452
Non-current assets			
Long-term deposits		28,000	28,000
Long-term investments	4.2	19,340,125	19,342,260
Long-term portion of murabaha finance - gross	5	5,783,000	4,057,067
Long-term portion of diminishing musharaka finance	8	131,781,631	86,587,513
Long-term portion of net investment in finance lease	9	4,907,420	7,029,925
Ijarah assets		59,899,345	65,996,757
Fixed assets in own use		7,685,717	8,089,749
Total non-current assets		228,415,238	191,131,261
Total Assets		948,397,721	953,667,713
LIABILITIES			
Current liabilities			
Deposits		565,720,000	461,980,000
Short-term musharaka finance		34,184,837	158,935,196
Current maturity of security deposits		8,788,332	10,341,557
Creditors, accrued and other liabilities		37,086,729	23,006,612
Current portion of deferred murabaha income	5	13,526,541	11,153,821
Unclaimed profit distribution		476,790	476,790
Total current liabilities		669,723,219	665,903,976
Non-current liabilities			
Long term finance		-	-
Security deposits		11,468,071	12,593,311
Long-term portion of deferred murabaha income	5	93,000	57,087
Deferred liabilities - staff gratuity		402,377	360,719
Total non-current liabilities		11,963,448	13,011,097
Total Liabilities		671,686,667	678,915,073
NET ASSETS		276,711,054	274,752,640
REPRESENTED BY			
CAPITAL AND RESERVES			
Certificate capital			
Authorised:			
50,000,000 (June 30, 2010: 50,000,000) certificates of Rs 10/- each		500,000,000	500,000,000
Issued, subscribed and paid-up capital			
Statutory reserve		282,744,000	282,744,000
Accumulated loss		22,416,896	20,485,977
Right certificates subscription money		(28,005,199)	(27,812,042)
Unrealised diminution on remeasurement of investment classified as 'available for sale'- net		(444,643)	(665,295)
CONTINGENCIES AND COMMITMENTS	14	276,711,054	274,752,640

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

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

Chief Executive

Director

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2010



	September 30, 2010	September 30, 2009
	------(Rupees)-----	
Income from leasing operations	2,953,261	4,935,252
Profit on Musharaka finance	1,634,562	2,088,357
Profit on Murabaha finance	13,350,764	3,158,914
Profit on Modaraba finance	7,515,884	235,780
Profit on Diminishing Musharaka finance	6,683,199	183,432
Profit on Sukuk bonds - Held to maturity	670,346	722,126
Profit on bank deposits	2,370,999	3,387,297
(Loss) / gain on sale of marketable securities - net	573,890	259,176
	<hr/>	<hr/>
Financial charges	35,752,905 (18,242,527)	14,970,334 (5,556,463)
	<hr/>	<hr/>
Allowance for potential Musharaka & Ijarah losses	17,510,377	9,413,871
	<hr/>	<hr/>
Other income	-	-
Administrative and operating expenses	17,510,377 735,183 (7,518,233)	9,413,871 286,575 (5,648,134)
	<hr/>	<hr/>
Modaraba Management Company fee	10,727,327 (1,072,733)	4,052,312 (405,231)
	<hr/>	<hr/>
Profit before taxation	9,654,594	3,647,081
Taxation		
- current	-	-
- deferred	-	-
	<hr/>	<hr/>
Profit after taxation	9,654,594	3,647,081
	<hr/>	<hr/>
Earnings per certificate	<u>0.34</u>	<u>0.13</u>

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

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

Chief Executive

Director

Director

SEPTEMBER 30, 2010

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2010



	September 30, 2010	September 30, 2009
	(Rupees)-----	
Profit after taxation	9,654,594	3,647,081
Other comprehensive income		
Unrealised appreciation on remeasurement of investments classified as 'available for sale'	220,652	-
Total comprehensive income for the period	<u>9,875,246</u>	<u>3,647,081</u>

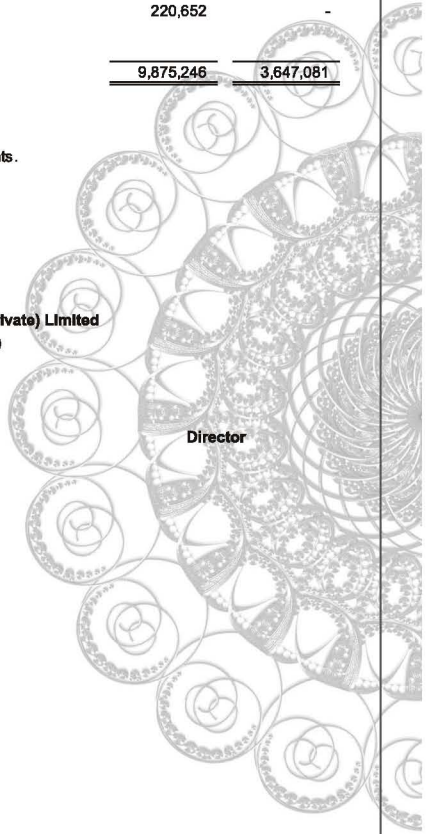
The annexed notes 1 to 18 form an integral part of these financial statements.

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

Chief Executive

Director

Director



SEPTEMBER 30, 2010

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2010



	September 30, 2010	September 30, 2009
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	9,654,594	3,647,081
Adjustments for non-cash charges and other items:		
Dividend income	(197,000)	(2,104)
(Gain) on sale of marketable securities - net	(573,890)	(259,176)
(Gain) on disposal of fixed assets	-	(25,099)
Depreciation	6,709,495	4,670,895
Amortisation	83,349	55,566
Provision for Workers' Welfare Fund	193,092	-
Gratuity expense	41,658	28,266
Financial charges	18,242,527	5,556,463
Investment written-off	-	30,331
	<u>34,153,826</u>	<u>13,702,223</u>
(Increase) / decrease in assets		
Net Investment in finance lease	14,106,031	19,358,600
Musharaka finance	46,867,964	(10,772,500)
Murabaha finance	(72,408,449)	(70,649,314)
Modaraba finance	85,370,233	10,934,428
Diminishing Musharaka finance	(54,163,552)	(19,475,287)
Ijarah rentals receivable	(66,858)	6,637
Advances, deposits, prepayments and other receivables	(18,988,787)	(4,752,951)
Accrued profit	(146,112)	(696,769)
Stores	250	-
Long-term deposits	-	100,000
	<u>2,570,720</u>	<u>(75,947,156)</u>
Increase / (decrease) in liabilities		
Security deposits on lease contracts	(2,678,465)	(2,462,700)
Deferred murabaha income	2,408,653	-
Creditors, accrued and other liabilities	10,672,197	8,277,641
	<u>10,402,385</u>	<u>5,814,941</u>
Purchase of Ijarah assets	(208,000)	(132,910)
Sales proceeds from disposal of Ijarah assets	-	-
Taxes paid	(35,380)	(25,427)
Financial charges paid	(23,004,541)	(5,167,514)
	<u>(23,247,921)</u>	<u>(5,325,851)</u>
Net cash generated / (utilised) in operating activities	<u>23,879,010</u>	<u>(61,755,843)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(63,400)	(12,015,500)
Sales proceeds from disposal of fixed assets	-	1,345,000
Dividends received	197,000	2,104
Purchase of investments - net	662,986	2,525,179
	<u>67,586</u>	<u>(8,143,217)</u>
Net cash generated / (utilised) in investing activities	<u>67,586</u>	<u>(8,143,217)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Short-term Musharaka finance	(124,750,359)	-
Deposits	103,730,000	20,595,272
	<u>(21,020,359)</u>	<u>20,595,272</u>
Net cash (utilised) / generated from financing activities	<u>(21,020,359)</u>	<u>20,595,272</u>
Net increase / (decrease) in cash and cash equivalents	<u>3,635,237</u>	<u>(49,303,788)</u>
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	<u>62,860,704</u>	<u>79,410,626</u>

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

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

Chief Executive

Director

Director

SEPTEMBER 30, 2010

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2010



	Certificate Capital	Statutory Reserve	Unrealised appreciation / (diminution) on remeasurement of investments classified as 'available-for-sale'	Accumulated Loss	Total
----- Rupees -----					
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
Balance as at July 01, 2010	282,744,000	20,485,977	(665,295)	(27,812,042)	274,752,640
Total comprehensive income for the quarter ended September 30, 2010	-	-	220,652	9,654,594	9,875,246
Profit distribution for the year ended June 30, 2010 @ Rs. 0.28 per certificate	-	-	-	(7,916,832)	(7,916,832)
Transfer to statutory reserve	-	1,930,919	-	(1,930,919)	-
Balance as at September 30, 2010	282,744,000	22,416,896	(444,643)	(28,005,199)	276,711,054

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

SEPTEMBER 30, 2010

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2010



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, 13th 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 4,150,000 shares of KASB Modaraba Management (Private) Limited.

The Modaraba is a multipurpose perpetual modaraba and is primarily engaged in ijarah financing, finance leasing, diminishing musharaka, 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, 2010.

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, 2010.

4. INVESTMENTS

4.1 Short Term Investments

	Note	Un-audited	Audited
		September 30, 2010	June 30, 2010
		----- Rupees -----	
Available for sale			
Equity securities - listed	4.1.1	9,930,821	9,797,140
		9,930,821	9,797,140
Held to maturity			
Current portion of sukuk bonds - unlisted	4.2	8,500	8,500
		8,500	8,500
		9,939,321	9,805,640

4.1.1 Available for sale

Equity Securities - Listed

Name of Investee Company	Number of Shares				Balance as at September 30, 2010 (Un-audited)			
	As at July 01, 2010	Purchases during the period	Bonus/ right issue	Sales / Write-off during the period	As at September 30, 2010	Carrying Value	Market Value	Appreciation/ (Diminution)
	----- Rupees -----							
Fully paid ordinary shares of Rs.10 each unless stated otherwise								
Hagro Corporation Limited	23,000	23,000	-	-	46,000	7,938,166	8,013,660	75,494
Fuaji Fertilizer Company Limited	2,900	-	-	2,000	-	-	-	-
Loite Pakistan PTA Limited	55,000	5,000	-	-	60,000	480,050	503,400	23,350
Pakistan Petroleum Limited	28,000	6,000	4,200	30,000	8,200	1,291,953	1,413,761	121,808
Total equity securities - listed						9,710,169	9,930,821	220,652

4.2 Long Term Investment

Held to maturity
Sukuk bonds - unlisted

Name of investee company	Number of certificates				Profit / mark-up rate	Carrying Value		
	As at July 01, 2010	Purchases during the period	Sales during the period	As at September 30, 2010		Balance as at September 30, 2010 (Un-audited)	Balance as at June 30, 2010 (Audited)	
	----- Rupees -----							
Sukuk bond of Rs. 5,000 each unless stated otherwise								
Kohat Cement Company Limited		2,000	-	-	2,000	14.55% (3M KIBOR + 1.80%)	8,980,000	8,980,000
Maple Leaf Cement Factory Limited		2,000	-	-	2,000	13.72% (3M KIBOR + 1.00%)	9,993,625	9,995,750
Maple Leaf Cement Factory Limited		75	-	-	75	13.72% (3M KIBOR + 1.00%)	375,000	375,000
Total sukuk bonds							19,348,625	19,350,750
Less: Current portion of sukuk bonds							(8,500)	(8,500)
							19,340,125	19,342,250

SEPTEMBER 30, 2010

NOTES TO AND FORMING PART OF THE CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2010



	<i>Un-audited</i> September 30, 2010	<i>Audited</i> June 30, 2010
	----- Rupees -----	
5. MURABAHA FINANCE		
Murabaha receivables - gross	434,969,451	362,561,002
Less: Provision for non-performing assets	-	-
	434,969,451	362,561,002
Murabaha finance- due after one year	5,793,000	4,057,067
Current portion of murabaha finance	429,176,451	358,503,935
Less:		
Unearned finance income	13,619,541	11,210,888
Due after one year	93,000	57,067
Current portion of unearned finance income	13,526,541	11,153,821
Current portion of murabaha finance - net	<u>415,649,910</u>	<u>347,350,114</u>

	<i>Un-audited</i> September 30, 2010	<i>Audited</i> June 30, 2010
	----- Rupees -----	
6. MODARABA FINANCE		
Modaraba finance	69,070,109	154,440,342

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.

	<i>Un-audited</i> September 30, 2010	<i>Audited</i> June 30, 2010
	----- Rupees -----	
7. MUSHARAKA FINANCE		
Musharaka receivables	37,405,698	84,273,662
Provision for non-performing assets	(640,000)	(640,000)
	36,765,698	83,633,662
Musharaka finance- due after one year		
Current portion of musharaka finance	<u>36,765,698</u>	<u>83,633,662</u>

	<i>Un-audited</i> September 30, 2010	<i>Audited</i> June 30, 2010
8. DIMINISHING MUSHARAKA		
Diminishing musharaka receivables - gross	232,129,044	168,706,721
Less: Unearned income	46,365,806	37,107,035
	185,763,238	131,599,686
Diminishing musharaka finance- due after one year	131,761,631	86,587,513
Current portion of diminishing musharaka finance	<u>54,001,607</u>	<u>45,012,173</u>

9. NET INVESTMENTS IN FINANCE LEASE

	UN-AUDITED September 30, 2010			AUDITED 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	18,684,119	2,867,841	21,551,960	30,035,148	4,056,472	34,091,620
Add: Residual value of leased assets	8,688,332	2,188,820	10,877,152	10,341,557	3,214,060	13,555,617
	27,372,451	5,056,661	32,429,112	40,376,705	7,270,532	47,647,237
Less: Unearned lease income	(1,047,922)	(149,241)	(1,197,163)	(2,068,073)	(240,607)	(2,308,680)
Suspended income	(101,937)	-	(101,937)	(92,514)	-	(92,514)
Allowance for potential lease losses	(234,538)	-	(234,538)	(244,538)	-	(244,538)
	<u>25,968,054</u>	<u>4,907,420</u>	<u>30,895,474</u>	<u>37,971,580</u>	<u>7,029,925</u>	<u>45,001,505</u>

	<i>Un-audited</i> September 30, 2010	<i>Audited</i> June 30, 2010
	----- Rupees -----	
10. IJARAH RENTAL RECEIVABLES		
Ijarah rental accrued	2,030,005	1,963,147
	<u>2,030,005</u>	<u>1,963,147</u>

11. IJARAH ASSETS

Details of addition during the period as follows:

	<i>Un-audited</i> September 30, 2010	<i>Audited</i> June 30, 2010
Additions to Ijarah assets		
- Plant & machinery	-	90,000
- Motor vehicles	208,000	42,910
	<u>208,000</u>	<u>42,910</u>

11.1 No Disposals of Ijarah Assets were made during the quarter ended September 30, 2010.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2010



12. OPERATING FIXED ASSETS

Details of addition / (disposals) during the period as follows:

Addition to fixed assets

- Electrical equipment
- Plant & machinery
- Equipment
- Computers
- intangible assets

	<i>Un-audited</i> September 30, 2010	<i>Un-audited</i> September 30, 2009
	----- Rupees -----	
	35,200	-
	-	11,000,000
	38,000	-
	10,200	15,500
	-	1,000,000
	<u> </u>	<u> </u>
Disposal during the period		
- Motor vehicles	-	1,439,890
	<u> </u>	<u> </u>

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.

14. CONTINGENCIES AND COMMITMENTS

14.1 The Modaraba has provided guarantees amounting to Rs 69,858,058 (June 30, 2010: Rs. 80,233,960) on behalf of customers to various banks.

14.2 There were no contingencies as at September 30, 2010.

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

	<i>Un-audited</i> September 30, 2010	<i>Un-audited</i> September 30, 2009
	----- Rupees -----	
15.1 Transactions during the period		
Management Company		
Modaraba management fee	1,072,733	405,231
Associated companies		
Income on bank deposits	1,743,290	3,106,368
Financial charges	1,743,473	121,784
Rent expense	103,950	99,000
Brokerage expense	-	-
Custodian charges	-	-
Other Related Parties		
Finance lease rentals	526,263	526,263
Ijarah rentals	49,974	50,088
Subscription money for right issue	13,000,000	-
	<u> </u>	<u> </u>
	<i>Un-audited</i> September 30, 2010	<i>Audited</i> June 30, 2010
	----- Rupees -----	
15.2 Transaction outstanding at the period end		
Management Company		
Modaraba management fee payable	1,072,497	1,899,521
Associated companies		
Cash and bank balances	42,718,870	33,970,924
Certificate of Musharaka	-	-
Accrued profit on deposits	15,926	15,088
Short-term musharaka finance	34,184,837	158,935,196
Accrued mark-up payable	1,726,107	7,973,270
Custodian charges payable	3,030	3,030
Rent payable	301,950	198,000
Other Related Parties		
Finance lease rentals	2,550,799	3,077,062
Ijarah rentals	383,134	433,368
Subscription money for right issue	13,000,000	-
	<u> </u>	<u> </u>

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 statement were authorized for issue by The Board of directors of the Management Company on October 25, 2010.

18. GENERAL

Figures have been rounded off to the nearest rupee.

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

Chief Executive

Director

Director

SEPTEMBER 30, 2010

QUARTERLY REPORT 2010

