



QUARTERLY REPORT SEPTEMBER 2012

Book Post  
Under  
Certificate  
of  
Posting

If undelivered please return to  
**KASB Modaraba**

Registered Office: 80-C, 13th Commercial Street, D.H.A. Phase II Extension Karachi.  
Telephone: (92-21) 35313939 - 43 Fax: (92-21) 35313933



 **KASB Modaraba**  
An Islamic Financial Institution



QUARTERLY REPORT  
SEPTEMBER 2012

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 Invest (Private) Limited *[Formerly 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  
Burj Bank Limited  
Meezan Bank  
Summit Bank Limited  
Bank Al-Falah Limited  
Silk Bank Limited

## Registered Office

80-C, 13th Commercial Street,  
D.H.A. Phase II Extension  
Karachi.  
Telephone: 021-35313939-43

## 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 Branch - I

Mezzanine Floor,  
Friends Paradise, SB-36,  
Block No. 13-B, University Road,  
Karachi.  
Telephone: 021-34822814-18

### Gulshan-e-Iqbal Branch - II

B-9, Allama Shabbir Ahmed Usmani Road  
Gulshan-e-Iqbal, Block I  
Opposite Shaheen Public School  
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](http://www.kasbmodaraba.com)

## E-mail

[info.modaraba@kasb.com](mailto:info.modaraba@kasb.com)



## DIRECTORS' REPORT



The Board of Directors of KASB Invest (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, 2012.

### FINANCIAL HIGHLIGHTS

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

BALANCE SHEET	As at September 30, 2012	As at June 30, 2012
Rupees in 000's		
Murabaha Finance	772,418	807,765
Modaraba Finance	115,376	77,456
Musharaka Finance	93,940	82,206
Diminishing Musharaka	519,402	470,813
Investment in Finance Lease	1,009	1,542
Ijarah Assets	58,354	66,460
<b>Total Assets</b>	<b>1,717,971</b>	<b>1,636,966</b>
<b>Net Assets</b>	<b>342,401</b>	<b>330,222</b>

PROFIT AND LOSS ACCOUNT	For the quarter ended September 30, 2012	For the quarter ended September 30, 2011
Rupees in 000's		
<b>Total Income</b>	<b>59,466</b>	<b>41,786</b>
Total Operating and Financial Expenses	45,933	33,462
Operating Profit	13,533	8,324
Management Company Fee	(1,353)	(832)
<b>Profit for the Period</b>	<b>12,180</b>	<b>7,492</b>
Earning per Modaraba Certificate	0.43	0.26

## DIRECTORS' REPORT



### REVIEW OF OPERATIONS

By the Grace of Allah, KASB Modaraba has successfully completed its first quarter for the year ending June 30, 2013. The quarter closed with the net profit of Rs 12.18 million with return on equity of 14.4% and EPC of Rs 0.43 per certificate.

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 maintained 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 481.11 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.208.03 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 Waseem Haqqie**  
Chairman

October 23, 2012



## CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2012



	September 30, 2012	June 30, 2012
	------(Rupees)-----	
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank balances	77,741,104	66,987,448
Short-term investments	16,207,266	15,879,244
Current portion of murabaha finance - gross	661,547,385	657,720,964
Modaraba finance	114,956,751	77,455,748
Musharaka finance	93,939,945	82,207,511
Current portion of diminishing musharaka finance	277,284,714	235,716,615
Current portion of net investment in finance lease	745,690	890,675
Ijarah rentals receivable	3,437,612	3,817,801
Advances, deposits, prepayments and other receivables	26,503,621	13,550,348
Accrued profit	15,220,783	10,107,860
Stores	-	-
Advance tax	524,670	457,784
<b>Total current assets</b>	<b>1,288,109,541</b>	<b>1,164,791,998</b>
<b>Non-current assets</b>		
Long-term deposits	546,000	546,000
Long-term investments	9,833,150	10,494,506
Long-term portion of murabaha finance - gross	110,870,786	150,043,637
Long-term portion of diminishing musharaka finance	242,117,657	235,096,306
Long-term portion of net investment in finance lease	263,277	651,214
Ijarah assets	58,354,384	66,459,510
Fixed assets in own use	7,456,244	8,882,812
<b>Total non-current assets</b>	<b>429,441,498</b>	<b>472,173,985</b>
<b>Total Assets</b>	<b>1,717,551,039</b>	<b>1,636,965,983</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Current portion of long term deposits	1,084,720,000	873,290,000
Short-term finance	99,359,574	229,477,558
Current maturity of security deposits	3,519,579	6,306,521
Creditors, accrued and other liabilities	39,859,926	35,151,201
Current portion of deferred murabaha income	40,086,527	44,433,083
Unclaimed profit distribution	1,058,299	1,059,459
<b>Total current liabilities</b>	<b>1,268,603,905</b>	<b>1,189,717,822</b>
<b>Non-current liabilities</b>		
Long-term deposits	69,540,000	72,940,000
Security deposits	7,752,281	7,752,281
Long-term portion of deferred murabaha income	28,433,129	35,543,637
Deferred liabilities - staff gratuity	820,305	790,694
<b>Total non-current liabilities</b>	<b>106,545,715</b>	<b>117,026,612</b>
<b>Total Liabilities</b>	<b>1,375,149,620</b>	<b>1,306,744,434</b>
<b>NET ASSETS</b>	<b>342,401,419</b>	<b>330,221,549</b>
<b>REPRESENTED BY</b>		
<b>CAPITAL AND RESERVES</b>		
Certificate capital		
Authorised:		
50,000,000 (June 30, 2012: 50,000,000) certificates of Rs 10/- each	500,000,000	500,000,000
Issued, subscribed and paid-up capital	282,744,000	282,744,000
Statutory reserve	63,329,982	60,894,008
Accumulated loss	(3,672,563)	(13,416,459)
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>14</b>	<b>14</b>
	<b>342,401,419</b>	<b>330,221,549</b>

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

For KASB Invest (Private) Limited  
(Management Company)

Chief Executive

Director

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012



	September 30, 2012	September 30, 2011
	----- (Rupees) -----	
Income from leasing operations	2,219,853	2,408,158
Profit on		
- musharaka finance	1,766,885	1,256,385
- murabaha finance	28,456,530	20,619,054
- modaraba finance	2,879,241	717,540
- diminishing musharaka finance	21,379,234	13,253,827
- sukuk bonds	423,635	725,016
- bank deposits	1,532,580	1,605,284
Gain on sale of marketable securities - net	-	568,431
Unrealised (diminution)/appreciation on remeasurement of investment classified as financial assets 'at fair value through profit or loss'	-	139,778
	<u>58,657,958</u>	<u>41,293,473</u>
Financial charges	(34,358,895)	(23,820,898)
	<u>24,299,063</u>	<u>17,472,575</u>
Allowance for potential Musharaka & Ijarah losses	-	-
	<u>24,299,063</u>	<u>17,472,575</u>
Other income	807,740	492,509
Administrative and operating expenses	(11,573,614)	(9,640,603)
	<u>13,533,189</u>	<u>8,324,481</u>
Modaraba Management Company fee	(1,353,319)	(832,448)
	<u>12,179,870</u>	<u>7,492,033</u>
<b>Profit before taxation</b>	<b>12,179,870</b>	<b>7,492,033</b>
Taxation		
- current	-	-
- deferred	-	-
	<u>12,179,870</u>	<u>7,492,033</u>
<b>Profit after taxation</b>	<b>12,179,870</b>	<b>7,492,033</b>
Earnings per certificate	<u>0.43</u>	<u>0.26</u>

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

For KASB Invest (Private) Limited  
(Management Company)

Chief Executive

Director

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
 FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012



	September 30, 2012	September 30, 2011
	(Rupees)	
<b>Profit after taxation</b>	12,179,870	7,492,033
<b>Other comprehensive income / (loss)</b>		
Unrealised appreciation on remeasurement of investments classified as 'available for sale'	-	-
<b>Total comprehensive income for the period</b>	<u>12,179,870</u>	<u>7,492,033</u>

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

For KASB Invest (Private) Limited  
 (Management Company)

Chief Executive

Director

Director



CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012



	September 30, 2012	September 30, 2011
	-----Rupees-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	12,179,870	7,492,033
<b>Adjustments for non-cash charges and other items:</b>		
Dividend income	-	(78,000)
(Gain) on sale of marketable securities - net	-	(568,431)
Unrealised (appreciation) / diminution in the value of investments	-	(139,778)
Loss on disposal of own assets	18,217	-
(Gain) on disposal of Ijarah assets	(7,277)	-
Depreciation	6,432,017	7,083,157
Amortisation	33,784	85,599
Provision for Workers' Welfare Fund	243,597	149,841
Gratuity expense	62,499	45,117
Financial charges	34,358,895	23,820,898
Deferred income	(11,964)	(11,964)
	<u>53,309,638</u>	<u>37,878,472</u>
<b>(Increase) / decrease in assets</b>		
Net investment in finance lease	532,922	2,365,645
Musharaka finance	(11,732,434)	(12,697,496)
Murabaha finance	35,346,430	(101,659,334)
Modaraba finance	(37,501,003)	(6,069,451)
Diminishing Musharaka finance	(48,589,450)	(12,237,332)
Ijarah rentals receivable	380,189	(1,448,989)
Advances, deposits, prepayments and other receivables	(12,953,273)	(1,767,463)
Accrued profit	(5,112,923)	1,497,777
Stores	-	2,850
	<u>(79,629,542)</u>	<u>(132,013,793)</u>
<b>Increase / (decrease) in liabilities</b>		
Security deposits on lease contracts	(2,786,942)	(846,040)
Deferred murabaha income	(11,457,064)	34,746,353
Creditors, accrued and other liabilities	3,835,751	(6,512,331)
	<u>(10,408,255)</u>	<u>27,387,982</u>
Purchase of Ijarah assets	(759,000)	(3,349,500)
Taxes paid	(66,886)	(36,702)
Dividend paid	(1,160)	-
Gratuity paid	(32,888)	-
Financial charges paid	(33,717,554)	(26,253,117)
	<u>(34,577,488)</u>	<u>(29,639,319)</u>
<b>Net cash generated / (utilised) in operating activities</b>	<u>(71,305,647)</u>	<u>(96,386,658)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(175,975)	(96,345)
Sales proceeds from disposal of fixed assets	3,989,928	23,100
Dividends received	-	78,000
Purchase of investments - net	333,334	(2,969,449)
<b>Net cash generated / (utilised) in investing activities</b>	<u>4,147,287</u>	<u>(2,964,694)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short-term Musharaka finance	(130,117,984)	2,050,225
Deposits	208,030,000	44,085,000
<b>Net cash (utilised) / generated from financing activities</b>	<u>77,912,016</u>	<u>46,135,225</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>10,753,656</u>	<u>(53,216,127)</u>
Cash and cash equivalents at the beginning of the year	66,987,448	109,828,648
<b>Cash and cash equivalents at the end of the year</b>	<u><u>77,741,104</u></u>	<u><u>56,612,521</u></u>

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

For KASB Invest (Private) Limited  
(Management Company)

Chief Executive

Director

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012



	Certificate Capital	Statutory Reserve	Unrealised appreciation / (diminution) on remeasurement of investments classified as 'available-for-sale'	Accumulated Loss	Total
----- Rupees -----					
<b>Balance as at July 01, 2011</b>	282,744,000	40,555,253	-	(15,659,598)	307,639,655
Total comprehensive income for the quarter ended September 30, 2011	-	-	-	7,492,033	7,492,033
Profit distribution for the year ended June 30, 2011 @ Rs. 0.64 per certificate	-	-	-	(18,095,616)	(18,095,616)
Transfer to statutory reserve	-	1,498,407	-	(1,498,407)	-
<b>Balance as at September 30, 2011</b>	<b>282,744,000</b>	<b>42,053,660</b>	<b>-</b>	<b>(27,761,588)</b>	<b>297,036,072</b>
<b>Balance as at July 01, 2012</b>	282,744,000	60,894,008	-	(13,416,459)	330,221,549
Total comprehensive income for the quarter ended September 30, 2011	-	-	-	12,179,870	12,179,870
Profit distribution for the year ended June 30, 2012 @ Rs. 0.65 per certificate	-	-	-	-	-
Transfer to statutory reserve	-	2,435,974	-	(2,435,974)	-
<b>Balance as at September 30, 2012</b>	<b>282,744,000</b>	<b>63,329,982</b>	<b>-</b>	<b>(3,672,563)</b>	<b>342,401,419</b>

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

For KASB Invest (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, 2012



**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 Invest (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 Invest (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, 2012.

**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, 2012.

**4. INVESTMENTS**

**4.1 Short Term Investments**

Note	Un-audited	Audited
	September 30, 2012	June 30, 2012
	Rupees	
<b>Available for sale</b>		
Ordinary Shares - Un-listed	13,000,000	13,000,000
	13,000,000	13,000,000
<b>Held to maturity</b>		
Current portion of sukuk bonds - unlisted	3,207,266	2,879,244
	3,207,266	2,879,244
	<u>16,207,266</u>	<u>15,879,244</u>

**4.1.1 Ordinary Shares - Un-listed**

Name of Investee Company	No. of shares	2012	
		Cost per share	Total
		Rupees	
(Fully paid ordinary shares of Rs.10/- each)			
New Horizon Exploration & Production Limited (6.93%) (Related Party)	2,600,000	5	<u>13,000,000</u>

**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, 2012	Purchases during the period	Sales during the period	As at September 30, 2012		Balance as at September 30, 2012 (Un-audited)	Balance as at June 30, 2012
	Rupees						
<b>Sukuk bond of Rs. 5,000 each unless stated otherwise</b>							
Kohat Cement Company Limited	2,000	-	-	2,000	11.85% (3M KIBOR + 1.80%)	3,020,000	3,020,000
Maple Leaf Cement Factory Limited	2,000	-	-	2,000	11.46% (3M KIBOR + 1.00%)	9,728,750	9,978,750
Maple Leaf Cement Factory Limited	75	-	-	75	12.99% (3M KIBOR + 1.00%)	291,666	375,000
Total sukuk bonds						13,040,416	13,373,750
Less: Current portion of sukuk bonds						(3,207,266)	(2,879,244)
						<u>9,833,150</u>	<u>10,494,506</u>

**5. MURABAHA FINANCE**

	Un-audited	Audited
	September 30, 2012	June 30, 2012
	Rupees	
Murabaha receivables - gross	772,418,171	807,764,601
Less: Provision for non-performing assets	-	-
	772,418,171	807,764,601
Murabaha finance- due after one year	110,870,786	150,043,637
Current portion of murabaha finance	<u>661,547,385</u>	<u>657,720,964</u>
<b>5.1 Deferred murabaha income</b>		
Deferred murabaha income	68,519,656	79,976,720
Due after one year	28,433,129	35,543,637
Current portion of deferred murabaha income	<u>40,086,527</u>	<u>44,433,083</u>

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



FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

	<i>Un-audited</i> September 30, 2012	<i>Audited</i> June 30, 2012
	----- Rupees -----	
<b>6. MODARABA FINANCE</b>		
Modaraba finance	114,956,751	77,455,748

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, 2011	<i>Audited</i> June 30, 2012
	----- Rupees -----	
<b>7. MUSHARAKA FINANCE</b>		
Musharaka finance - considered good	93,939,945	82,207,511
- considered doubtful	539,821	547,268
	94,479,766	82,754,779
Less: Provision for non-performing musharaka arrangements	(539,821)	(547,268)
Current portion of musharaka finance	93,939,945	82,207,511

<b>8. DIMINISHING MUSHARAKA</b>		
Diminishing musharaka receivables - gross	627,956,566	575,454,259
Less: Unearned income	108,554,195	104,641,338
Diminishing musharaka finance- due after one year	519,402,371	470,812,921
Current portion of diminishing musharaka finance	242,117,657	235,096,306
	277,284,714	235,716,616

**9. NET INVESTMENTS IN FINANCE LEASE**

	UN-AUDITED September 30, 2012			AUDITED June 30, 2012		
	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	528,189	263,277	791,466	685,672	651,214	1,336,886
Add: Residual value of leased assets	410,049	-	410,049	410,049	-	410,049
	938,238	263,277	1,201,515	1,095,721	651,214	1,746,935
Less: Unearned lease income	(7,811)	-	(7,811)	(20,493)	-	(20,493)
Suspended income	(5,020)	-	(5,020)	(2,283)	-	(2,283)
Allowance for potential lease losses	(179,717)	-	(179,717)	(182,270)	-	(182,270)
	745,690	263,277	1,008,967	890,675	651,214	1,541,889

**10. IJARAH RENTAL RECEIVABLES**

Ijarah rental receivables - considered good	3,437,612	3,817,801
- considered doubtful	39,975	39,975
	3,477,587	3,857,776
Less: Provision for non-performing ijarah receivables assets	(39,975)	(39,975)
	3,437,612	3,817,801

**11. IJARAH ASSETS**

Details of addition during the period as follows:

<b>Additions to ijarah assets</b>		
- Plant & machinery	-	2,752,000
- Equipment	147,000	38,500
- Motor vehicles	612,000	558,000

**Disposals during the period**

- Plant & machinery	20,319,421	-
- Motor vehicles	3,737,000	-

11.1 No disposal of ijarah assets were made during the quarter ended September 30, 2012.

**12. OPERATING FIXED ASSETS**

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

<b>Addition to fixed assets</b>		
- Electrical equipment	-	96,345
- Furniture & fixture	122,620	-
- Computers	8,000	-
- Motor vehicles	45,715	-

**Disposals during the period**

- Electrical equipment	-	31,500
- Computers	22,200	-
- Motor vehicles	1,941,246	-

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



FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

**14. CONTINGENCIES AND COMMITMENTS**

- 14.1 The Modaraba has provided guarantees amounting to Rs. 20,000,000 (June 30, 2012: Rs. 40,700,000) on behalf of customers to various banks.  
14.2 There were no contingencies as at September 30, 2012.

**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:

	<i>Un-audited</i> September 30, 2012	<i>Audited</i> June 30, 2012
	----- Rupees -----	
<b>15.1 Transactions during the period</b>		
<b>Management Company</b>		
Modaraba management fee	1,353,319	4,519,723
<b>Associated companies</b>		
Income on bank deposits	232,492	1,236,128
Financial charges	7,580,664	20,399,720
Rent expense	117,333	442,053
Brokerage expense	-	1,850
Custodian charges	-	6,799
<b>Other Related Parties</b>		
Rentals received	1,299,949	4,114,980

	<i>Un-audited</i> September 30, 2011	<i>Audited</i> June 30, 2011
	----- Rupees -----	
<b>15.2 Transaction outstanding at the period end</b>		
<b>Management Company</b>		
Modaraba management fee payable	1,353,319	4,519,723
<b>Associated companies</b>		
Cash and bank balances	13,381,129	13,452,958
Certificate of Musharaka	137,100,000	72,550,000
Accrued profit on deposits	77,075	-
Short-term musharaka finance	99,359,574	229,477,558
Accrued mark-up payable	5,736,283	7,383,821
Rent payable	117,333	-
<b>Other Related Parties</b>		
Rentals receivables	10,189,409	14,427,567
Investment in unlisted shares	13,000,000	13,000,000

**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 \_\_, 2012.

**18. GENERAL**

Figures have been rounded off to the nearest rupee.

For KASB Invest (Private) Limited  
(Management Company)

Chief Executive

Director

Director