



KASB Modaraba

An Islamic Financial Institution



اسلامی مالیاتی ادارہ

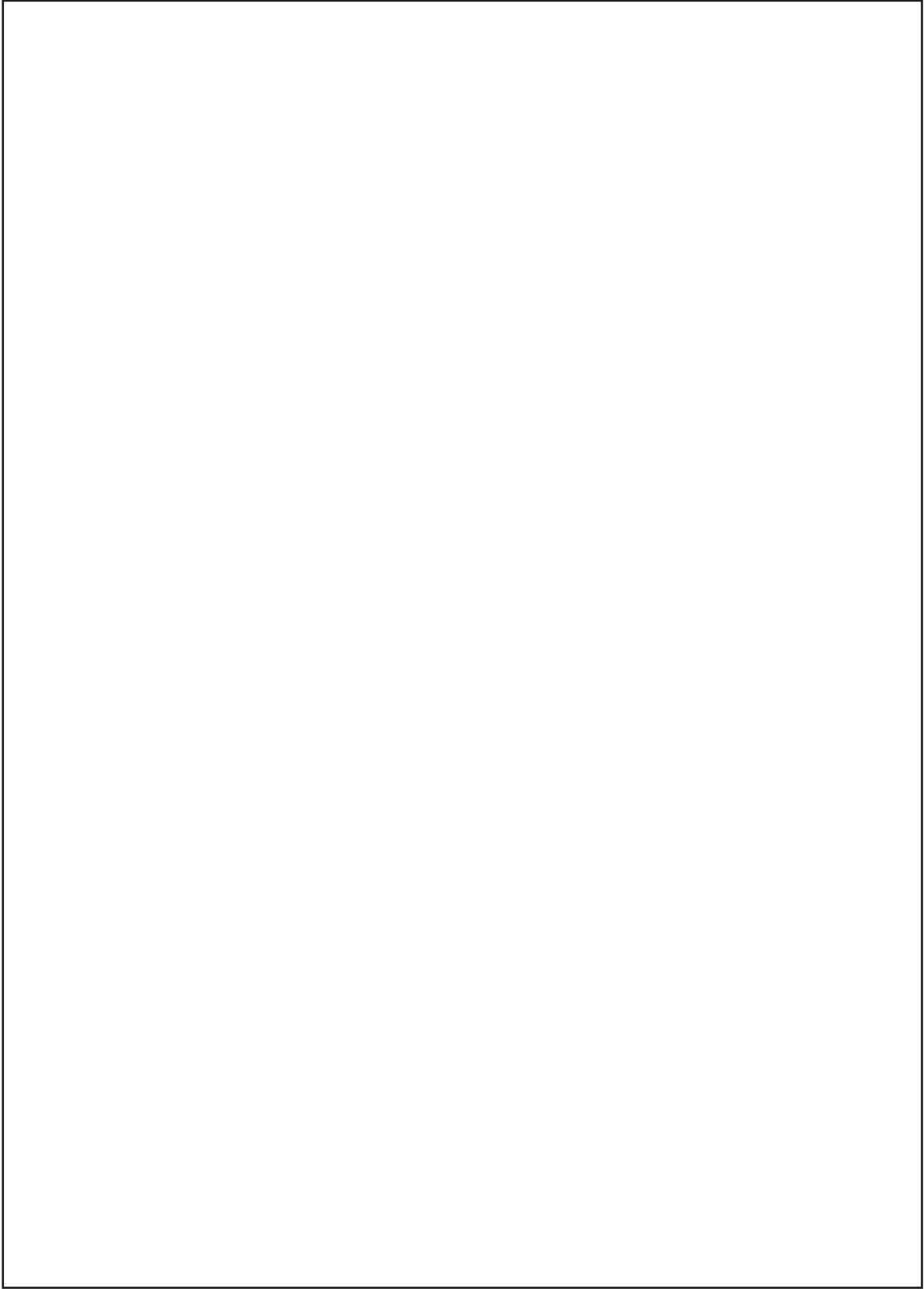
QUARTERLY REPORT  
SEPTEMBER 30, 2016

صاف اور شفاف آمدنی،  
سچا سکون ہے...



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# CORPORATE INFORMATION

## Board of Directors

Syed Waseem-ul-Haq Haqqie  
Rashid K. Siddiqui  
Syed Muhammad Rehmanullah  
Farrukh S. Ansari

Chairman  
Chief Executive Officer  
Director  
Director

## Chief Financial Officer

Aftab Afroz Mahmoodi

## Company Secretary

Zia-ul-Haq

## Head of Internal Audit

Syed Shahid Owais

## Management Company

KASB Invest (Private) Limited

## Auditors

RSM Avasi Hyder Liaquat Nauman  
Chartered Accountants

## Audit Committee

Farrukh S. Ansari  
Syed Muhammad Rehmanullah  
Syed Waseem-ul-Haq Haqqie

Chairman  
Member  
Member

## Human Resource and Remuneration Committee

Farrukh S. Ansari  
Syed Waseem-ul-Haq Haqqie  
Syed Muhammad Rehmanullah  
Rashid K. Siddiqui

Chairman  
Member  
Member  
Member

## Bankers

Al-Baraka Islamic Bank  
Burj Bank Limited  
Meezan Bank  
Bank Islami  
Bank Al-Falah Limited  
Silk Bank Limited Emaan  
Soneri Bank Limited  
Dubai Islamic Bank  
Bank of Khyber  
Summit Bank Limited  
Habib Bank Limited

## Registered & Head Office

8-C, Block-6,  
P.E.C.H.S  
Off: Shahrah-e-Faisal  
Karachi.  
Telephone: 021-34398852-55

## 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

Ahmed & Qazi  
S&B Durrani Law Associates

## Shariah Advisor

Mufti Abdul Sattar Laghari

## PECHS Branch:

Address : 8-C, Block-6,  
PECHS, Off. Shahrah-e-Faisal,  
Karachi.  
PABX: 021-34398852-55  
Fax: 021- 34398858.

## Lahore Branch:

83/A, Block-E/1, Main Boulevard  
Gulberg-III, Lahore  
Phone No.: 042-35790447-9  
042-35790442

## Islamabad Branch:

Basement, 90-91, Razia Sharif Plaza,  
Jinnah Avenue, Blue Area F-7,  
Islamabad  
Phone No.: 051-2344422-24

## Web Address

[www.kasbmodaraba.com](http://www.kasbmodaraba.com)

## E-mail

[sales.mod@kasb.net](mailto:sales.mod@kasb.net) | [takaful.mod@kasb.net](mailto:takaful.mod@kasb.net)

## DIRECTORS' REPORT



The Board of Directors of KASB Invest (Private) Limited, the Management Company of KASB Modaraba is pleased to present unaudited condensed interim financial statements for the first quarter ended September 30, 2016 to the Certificate Holders.

### FINANCIAL HIGHLIGHTS

Financial highlights for the period under review are summarized as under:-

As on and for the first quarter ended September 30, 2016 Rupees in '000'	
Total assets	786,651
Current Assets	515,052
Non-Current Assets	271,599
Net Assets	390,615
Gross Revenue	37,933
Modaraba Management Company Fee	158
Net Profit	1,582
Earning Per Certificate	0.03
Transferred to Statutory Reserve	791

### OPERATIONS AND PERFORMANCE

By the Grace of Allah, KASB Modaraba has successfully completed its quarter ended September 30, 2016. The period closed with net Profit of PKR. 1.60 million as compared to PKR. 2.1 million in the corresponding quarter of the previous year. Operating and administrative expenses decreased to PKR. 15.1 million from PKR. 20.30 million of the corresponding quarter of previous year. Financial Charges remained PKR. 8.10 million as compared to PKR. 13.93 million last year.

The decline in profit is due to shrunk volume of new business as a consequence of limited liquidity available during the period. This is because of temporary limitation on the mobilization of Certificates of Musharika by the Securities and Exchange Commission of Pakistan. However, the management is in close coordination with the Commission and expects that the matter would be favorably considered by the authorities which would improve the liquidity.

During the period Modaraba focused on opportunities available in Agricultural sector. We have established an Agricultural Division within the Modaraba to explore viable options for investments. We hope that this is going to be a fruitful decision for a longer term benefit to the Certificate holders.

### FUTURE PROSPECTS

We would keep our resources convergent towards low risk high yielding non-traditional investment opportunities for better long ranging returns for the stakeholders. Investments in Agro based businesses would remain our focal point as this has a vast horizon to earn safe and above normal profits.

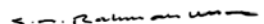
In order to beef up liquidity, we are making financing arrangements with various financial institutions. This would help cater to shortage of liquidity and to move ahead to achieve our short and longer terms business objectives for better returns to the Certificate holders.

### ACKNOWLEDGEMENT

The Board greatly appreciates the support co-operation of the regulatory authorities, certificate holders, customers and bankers and looks forward to their continued support and advice in future.

We pray to Almighty Allah for the success of your Modaraba.

For and behalf of Board of Directors

  
Syed Muhammad Rehmanullah

Director  
Dated: October 31, 2016  
Karachi.

### ڈائریکٹرز رپورٹ

کے۔ اے۔ ایس۔ بی انویسٹ (پرائیویٹ) لمیٹڈ، انتظامی کمپنی برائے کے۔ اے۔ ایس۔ بی مزارپہ، کے بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ مزارپہ کی 30 ستمبر 2016 کو اختتام پذیر ہونے والی سہ ماہی کا عبوری ملٹس غیر آڈٹ شدہ مالیاتی گوشوارہ پیش کر رہا ہے۔

### مالیاتی جھلکیاں

زیر جائزہ مدت کی مالیاتی جھلکیاں درج ذیل ہیں

برائے 30 ستمبر 2016 اور اس پر ختم ہونے والی سہ ماہی  
روپے '000' میں

786,651	کل اثاثہ جات
515,052	رواں اثاثہ جات
271,599	غیر موجودہ اثاثہ جات
390,615	خالص اثاثہ جات
37,933	مجموعی آمدنی
158	انتظامی کمپنی کا معاوضہ
1,582	خالص منافع
0.03	فی حصہ آمدنی
791	موضعی تخصیص میں تبادلہ

### انتظامی کارکردگی

اللہ تعالیٰ کے فضل و کرم سے کے۔ اے۔ ایس۔ بی مزارپہ کی پہلی سہ ماہی کامیابی سے اختتام پذیر ہوئی۔ موجودہ مدت 1.6 ملین روپے کے خالص منافع کے ساتھ بند ہوئی جو کہ گذشتہ سال کی اسی سہ ماہی میں 2.1 ملین روپے تھا۔ انتظامی اخراجات گذشتہ سال کی اسی سہ ماہی کے 20.30 ملین روپے سے گھٹ کر موجودہ سہ ماہی میں 15.1 ملین روپے رہے۔ مالیاتی اخراجات گذشتہ سال کی اسی سہ ماہی میں 13.93 ملین روپے کے مقابلے میں موجودہ سہ ماہی میں 8.10 ملین روپے رہے۔

دوران مدت محدود مالی ذخائر ہونے کے باعث مزارپہ کا کاروباری حجم کم رہا جسکی وجہ سے منافع میں کمی واقع ہوئی۔ اس کی وجہ سے ریٹائر اینڈ اینٹی کپینج کمیشن آف پاکستان کی جانب سے سرٹیفیکیٹ آف مشارکہ (COM) کے اجراء پر عائد محدود پابندی ہے۔ تاہم ہماری انتظامیہ ریگولیشنز کے ساتھ قریبی رابطے میں ہے اور یہ اُمید کی جاسکتی ہے کہ یہ ادارہ ہمارے حق میں بہتر فیصلہ کرے گا جس سے مزارپہ کی مالی حالت میں بہتری آئے گی۔

دوران مدت مزارپہ کی توجہ شعبہ زراعت میں موجود منافع بخش کاروبار کے مواقع کی طرف مبذول رہی۔ ہم نے ذراعت کے شعبہ میں قابل عمل سرمایہ کاری کے مواقع تلاش کرنے کے لئے مزارپہ میں ایک زرعی ڈویژن قائم کیا ہے۔ ہمیں اُمید ہے کہ یہ فیصلہ ہمارے حصص یافتگان (سرٹیفیکیٹ ہولڈرز) کے لئے نتیجہ خیز ثابت ہوگا۔

### مستقبل کے امکانات

ہم اپنے وسائل کو مضاربہ کے اسٹیک ہولڈرز کے طویل المیعاد اور بہتر منافع کے لئے کم خطرات کے حامل زیادہ پیداواری، غیر روایتی سرمایہ کاری پر مرکوز رکھیں گے۔ ہم غیر معمولی اور محفوظ منافع حاصل کرنے کے لئے شعبہ زراعت میں سرمایہ کاری کو اپنا بنیادی نقطہ رکھیں گے۔

مالی وسائل میں اضافہ کرنے کے لئے ہم مختلف مالیاتی کمپنیوں سے فنانسنگ کے انتظامات کر رہے ہیں۔ ان انتظامات سے مالی ذخائر میں کمی پر قابو پایا جائے گا اور حصص یافتگان کے لئے بہتر منافع حاصل کرنے کے لئے مقرر کئے گئے قلیل و طویل المیعاد اہداف کی طرف پیش قدمی میں مدد ملے گی۔

### اعتراف

بورڈ ریگولیشنز، اتھارٹی، حصص یافتگان، کسٹمرز اور بینکران کی معاونت اور تعاون کو بے حد سراہتا ہے اور مستقبل میں بھی ان کی معاونت اور مشورے کا منتظر رہے گا۔ ہم اللہ کے حضور آپ کے مضاربہ کی کامیابی کے لئے دعا گو ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

سید محمد رحیل اللہ

ڈائریکٹر

اکتوبر 31، 2016ء، کراچی۔



# CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT SEPTEMBER 30, 2016

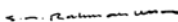


ASSETS	Note	September	June 30,
		30, 2016	2016
		Un-audited	Audited
		------(Rupees)-----	
<b>Current assets</b>			
Cash and bank balances	5	40,368,595	48,704,707
Modaraba finance	6	46,646,587	53,746,587
Musharaka finance	7	14,100,000	14,100,000
Current portion of long term murabaha finance- gross	8	131,506,296	174,380,177
Current portion of long term diminishing musharaka finance	9	156,277,364	168,567,091
Net investment in finance lease		28,756	28,756
Ijarah rentals receivable		9,185,109	3,824,204
Receivable against sale of Agricultural produce		18,200,140	18,200,140
Advances, prepayments and other receivables		51,656,227	62,396,463
Property acquired in satisfaction of financing facility		47,082,936	47,082,936
		<u>515,052,010</u>	<u>591,031,061</u>
<b>Non-current assets</b>			
Long-term murabaha finance - gross	8	80,875,621	92,985,970
Long-term diminishing musharaka finance	9	134,808,436	147,515,621
Long-term deposits		1,060,300	1,060,300
Ijarah assets	10	39,738,395	52,764,940
Fixed assets	11	15,116,511	15,887,663
		<u>271,599,263</u>	<u>310,214,494</u>
<b>TOTAL ASSETS</b>		<u>786,651,273</u>	<u>901,245,555</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Current portion of redeemable capital	12	158,295,000	225,860,000
Current portion of long term security deposits		5,665,749	5,640,999
Current portion of long term deferred murabaha income		2,564,283	5,289,448
Creditors, accrued and other liabilities		42,643,268	55,473,002
Unclaimed profit distribution		2,943,902	2,943,902
<b>Total current liabilities</b>		<u>212,112,202</u>	<u>295,207,351</u>
<b>Non-current liabilities</b>			
Long-term portion of redeemable capital	12	166,290,000	199,090,000
Long-term security deposits		6,291,700	6,271,450
Long-term portion of deferred murabaha income		5,360,588	6,075,981
Deferred liabilities - staff gratuity		5,981,957	5,567,634
		<u>183,924,245</u>	<u>217,005,065</u>
<b>TOTAL LIABILITIES</b>		<u>396,036,447</u>	<u>512,212,416</u>
<b>NET ASSETS</b>		<u>390,614,826</u>	<u>389,033,139</u>
<b>REPRESENTED BY</b>			
<b>CAPITAL AND RESERVES</b>			
Certificate capital			
Authorised:			
50,000,000 (June 30, 2016: 50,000,000) certificates of Rs. 10/- each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up capital	13	480,664,800	480,664,800
Discount on issuance of certificates		(98,960,400)	(98,960,400)
Statutory reserve		83,381,930	82,591,086
Accumulated loss		(74,471,504)	(75,262,347)
<b>CONTINGENCIES AND COMMITMENTS</b>	14	-	-
		<u>390,614,826</u>	<u>389,033,139</u>

The annexed notes 1 to 19 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 (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2016

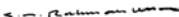


	September 30, 2016	September 30, 2015
	Note	-----Rupees-----
Income from:		
- leasing operations	13,953,821	8,623,498
- musharaka finance	-	2,236,280
- murabaha finance	7,907,021	9,491,799
- modaraba finance	-	195,890
- diminishing musharaka finance	12,873,676	15,684,171
- sukuk bonds	27,084	48,690
- bank deposits	591,970	2,408,631
	<u>35,353,572</u>	<u>38,688,959</u>
Financial charges	<u>(8,063,100)</u>	<u>(13,927,229)</u>
Murabaha, Musharka, Modaraba finance - direct cost	<u>(1,070,083)</u>	<u>-</u>
Depreciation on assets under ijarah arrangements	<u>(11,933,455)</u>	<u>(5,750,913)</u>
	<u>(21,066,638)</u>	<u>(19,678,142)</u>
	14,286,934	19,010,817
Other income	<u>2,578,908</u>	<u>3,616,323</u>
Administrative and operating expenses	<u>(15,070,627)</u>	<u>(20,259,251)</u>
	<u>(12,491,719)</u>	<u>(16,642,928)</u>
	1,795,215	2,367,889
Modaraba management fee	<u>(158,169)</u>	<u>(208,625)</u>
Services sales tax	<u>(23,725)</u>	<u>(31,294)</u>
Provision for Workers' Welfare Fund	<u>(31,634)</u>	<u>(41,725)</u>
<b>Profit before taxation</b>	<u>1,581,687</u>	<u>2,086,245</u>
Taxation	15	-
	<u>-</u>	<u>-</u>
<b>Net profit for the period</b>	<u>1,581,687</u>	<u>2,086,245</u>
<b>Earning per certificate</b>	<u>0.03</u>	<u>0.04</u>

The annexed notes 1 to 19 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 (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2016



September 30, 2016	September 30, 2015
-----------------------	-----------------------

----- Rupees -----

Net profit for the period

1,581,687

2,086,245


Total comprehensive income for the period

1,581,687

2,086,245

The annexed notes 1 to 19 form an integral part of these financial statements.

For KASB Invest (Private) Limited  
(Management Company)



Chief Executive



Director



Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

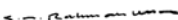


	September 30, 2016	September 30, 2015
	-----Rupees-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,581,687	2,086,245
<b>Adjustments for non-cash charges and other items:</b>		
Gain on disposal of ijarah assets	(79,829)	(27,332)
Depreciation	12,704,602	6,526,047
Gratuity expense	589,360	827,265
Financial charges	8,063,100	13,927,229
	<b>21,277,233</b>	<b>21,253,209</b>
<b>(Increase) / decrease in assets</b>		
Net investment in finance lease	-	30,000
Musharaka finance	-	(12,472,429)
Murabaha finance	54,984,230	(7,870,036)
Modaraba finance	7,100,000	7,693,455
Ijarah rentals receivable	(5,360,905)	(740,817)
Diminishing Musharaka	24,996,912	(9,337,449)
Advances, deposits, prepayments and other receivables	10,740,242	(44,499,384)
Long-term deposits	-	(450,000)
	<b>92,460,479</b>	<b>(67,646,660)</b>
<b>Increase / (decrease) in liabilities</b>		
Security deposits	45,000	1,529,799
Deferred murabaha income	(3,440,558)	(2,094,932)
Creditors, accrued and other liabilities	(12,829,734)	1,393,205
	<b>(16,225,292)</b>	<b>828,072</b>
Staff Gratuity paid	(175,037)	-
Financial charges paid	(8,063,100)	(13,927,229)
	<b>(8,238,137)</b>	<b>(13,927,229)</b>
<b>Net cash generated from / (utilised in) operating activities</b>	<b>90,855,970</b>	<b>(57,406,363)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sales proceeds from disposal of Ijarah assets	1,622,918	591,399
Purchase of investments-net	-	468,750
Purchase of fixed Assets	-	(2,939,132)
Purchase of Ijarah Assets	(450,000)	(7,500,000)
<b>Net cash generated from investing activities</b>	<b>1,172,918</b>	<b>(9,378,983)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Deposits	(100,365,000)	33,305,000
<b>Net cash (utilised in) / generated from financing activities</b>	<b>(100,365,000)</b>	<b>33,305,000</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(8,336,112)</b>	<b>(33,480,346)</b>
Cash and cash equivalents at the beginning of the period	48,704,707	145,845,016
<b>Cash and cash equivalents at the end of the period</b>	<b>5 40,368,595</b>	<b>112,364,670</b>

The annexed notes 1 to 19 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 (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2016

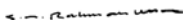


	Certificate Capital	Discount on Issuance of certificates	Statutory Reserve	Accumulated Loss	Total
	Rupees				
<b>Balance as at July 01, 2015</b>	480,664,800	(98,960,400)	78,468,762	(74,938,981)	385,234,181
Profit for the quarter ended September 30, 2015	-	-	-	2,086,245	2,086,245
Transfer to statutory reserve	-	-	1,043,123	(1,043,123)	-
<b>Balance as at September 30, 2015</b>	<u>480,664,800</u>	<u>(98,960,400)</u>	<u>79,511,885</u>	<u>(73,895,859)</u>	<u>387,320,426</u>
<b>Balance as at July 01, 2016</b>	480,664,800	(98,960,400)	82,591,086	(75,262,347)	389,033,139
Profit for the quarter ended September 30, 2016	-	-	-	1,581,687	1,581,687
Transfer to statutory reserve	-	-	790,844	(790,844)	-
<b>Balance as at September 30, 2016</b>	<u>480,664,800</u>	<u>(98,960,400)</u>	<u>83,381,930</u>	<u>(74,471,504)</u>	<u>390,614,826</u>

The annexed notes 1 to 19 form an integral part of these financial statements.

For KASB Invest (Private) Limited  
(Management Company)

  
Chief Executive

  
Director

  
Director

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**



**FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2016**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 KASB Modaraba (the 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 (the Management Company), a Company incorporated in Pakistan. The registered office of the Modaraba is located at 8-C, Block 6, PECHS Off. Shahrah-e-Faisal, Karachi.
- 1.2 The Modaraba is a multipurpose perpetual modaraba and is primarily engaged in ijarah financing, musharaka financing, murabaha financing, modaraba financing, diminishing musharaka and investing in sukuk bonds, mutual funds and listed securities. The Modaraba is listed on the Pakistan Stock Exchange .

**2. STATEMENT OF COMPLIANCE**

- 2.1 These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting", 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). In case where requirements differ, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP prevail.
- 2.2 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 June 30, 2016.

**3. BASIS OF MEASUREMENT**

These financial statements have been prepared on the historical cost basis, except for available for sale financial assets that are carried at fair value and certain staff retirement benefits that are carried at present value of defined benefit obligation.

These financial statements are presented in Pak Rupees, which is Modaraba's functional and presentation currency.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the Modaraba for the year ended June 30, 2016.

**5. CASH AND BANK BALANCES**

Cash at bank in :

- current accounts
- saving accounts

	September 30, 2016 Un-audited	June 30, 2016 Audited
Note	------(Rupees)-----	
5.1	2,938,904	2,936,985
	<u>37,178,024</u>	<u>45,557,869</u>
	<b>40,116,928</b>	<b>48,494,854</b>
Cash in hand	161,971	140,157
Stamp papers	89,696	69,696
	<u>40,368,595</u>	<u>48,704,707</u>

- 5.1 These carry profit rates ranging from 4.00% to 6.10% (June 30, 2016: 4.00% to 6.40%)

**6. MODARABA FINANCE - considered good**

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. Modaraba arrangements are secured against pledge of stocks and personal guarantees.

Modaraba Finance includes an aggregate outstanding balance Rs. 9.408 million on account of a modaraba transaction with a customer. Due to the financial difficulty of the said customer, the underlying asset was sold to settle this transaction and the post dated cheques of Rs. 2.1 million were also received from the customer. The management believes that the balance of Rs. 7.308 million will also be recovered in due course of time through profit expected to be earned from another financing facility provided to the said customer, hence no provision against the same has been made in these financial statements.

NOTES TO AND FORMING PART OF THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2016



**7. MUSHARAKA FINANCE**

Musharaka finance - considered good	-	-
- considered doubtful	<u>38,702,297</u>	<u>38,702,297</u>
	<u>38,702,297</u>	<u>38,702,297</u>
Less: Provision for non-performing musharaka arrangements	<u>(24,602,297)</u>	<u>(24,602,297)</u>
	<u>14,100,000</u>	<u>14,100,000</u>

7.1 The Modaraba has provided funds under musharaka arrangements on profit and loss sharing basis. Expected rate of profit was 17.50% per annum. Musharaka arrangements are secured against property mortgage and personal guarantees.

<b>September 30,</b>	<b>June 30,</b>
<b>2016</b>	<b>2016</b>
<b>Un-audited</b>	<b>Audited</b>
-----Rupees-----	

**8. MURABAHA FINANCE**

Murabaha finance - considered good	<u>212,381,917</u>	267,366,147
- considered doubtful	<u>44,327,865</u>	44,327,865
	<u>256,709,782</u>	311,694,012
Less: provision for non-performing murabaha arrangements	<u>(44,327,865)</u>	(44,327,865)
	<u>212,381,917</u>	267,366,147
Murabaha finance- due after one year	<u>(80,875,621)</u>	(92,985,970)
Current portion of murabaha finance	<u>131,506,296</u>	<u>174,380,177</u>

8.1 The Profit rates on these murabaha arrangements range from 12.50% to 20.00% ( June 30, 2016: 12.50% to 20%). All murabaha arrangements are secured against hypothecation of assets, personal guarantees and Promissory notes.

**9. DIMINISHING MUSHARAKA**

Diminishing musharaka finance - gross	<u>341,725,239</u>	374,819,656
Less: Unearned income	<u>(50,639,439)</u>	(58,736,944)
	<u>291,085,800</u>	316,082,712
Diminishing musharaka finance- due after one year	<u>(134,808,436)</u>	(147,515,621)
Current portion of diminishing musharaka finance	<u>156,277,364</u>	<u>168,567,091</u>

9.1 The Profit rates on these diminishing musharaka arrangements range from 9.51% to 21% (June 30, 2016: 9.51% to 21.00%). All diminishing musharaka arrangements are secured against hypothecation of assets , personal guarantees and promissory notes.

**10. IJARAH ASSETS**

<u>39,738,395</u>	<u>52,764,940</u>
-------------------	-------------------

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

**Addition to ijarah assets**

- Equipment	-	-
- Plant and machinery	-	47,791,219
- Motor vehicles	<u>450,000</u>	<u>7,572,000</u>
- Vehicles	-	-
	<u>450,000</u>	<u>55,363,219</u>

**Disposal during the period**

- Equipment	<u>46,000</u>	-
- Plant and machinery	-	2,752,000
- Motor vehicles	<u>4,814,658</u>	<u>38,186,849</u>
	<u>4,860,658</u>	<u>40,938,849</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)



FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2016

	September 30, 2016	June 30, 2016
	Unaudited	Audited
	-----Rupees-----	
<b>11. FIXED ASSETS</b>	<b>15,116,511</b>	<b>15,887,663</b>
<b>11.1</b> Details of addition / (disposals) during the period as follows:		
<b>Addition to fixed assets</b>		
- Office equipment	-	229,142
- Electrical equipment	-	1,185,773
- Furniture & fixture	-	1,890,236
- Computers	-	616,309
- Vehicles	-	-
	<u>-</u>	<u>3,921,460</u>
<b>12. REDEEMABLE CAPITAL</b>		
Redeemable Capital	<b>324,585,000</b>	424,950,000
Long-term portion of redeemable capital	<b>(166,290,000)</b>	(199,090,000)
	<u><b>158,295,000</b></u>	<u>225,860,000</u>
<b>12.1</b> The estimate share of profit payable on certificate of musharaka ranges from 6.00% to 8.50% ( June 30, 2016: 7.25% to 11.75%)		
<b>13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
	September 30, 2016	June 30, 2016
	Number of certificates	September 30, 2016
	-----Rupees-----	June 30, 2016
	<u>24,958,400</u>	24,958,400
	24,958,400	249,584,000
Modaraba Certificates of Rs. 10/- each fully paid in cash	<b>3,316,000</b>	3,316,000
Modaraba Certificates of Rs. 10/- each issued as fully paid bonus certificates	<b>19,792,080</b>	19,792,080
Modaraba Certificates of Rs. 10/- each issued at 50% discount as right certificates	<u><b>48,066,480</b></u>	<u>48,066,480</u>
	<u>249,584,000</u>	<u>249,584,000</u>
	<b>33,160,000</b>	33,160,000
	<b>197,920,800</b>	197,920,800
	<u><b>480,664,800</b></u>	<u>480,664,800</u>
<b>14. CONTINGENCIES AND COMMITMENTS</b>		
During the quarter Modaraba has established Letter of Credit (L/C) facility of Euro. 19,000 from Summit Bank Limited for the procurement of hi-tech agro based machinery from Spain. Subsequently, machinery has been received and L/C matured against actual payment to the bank.		
<b>15. TAXATION</b>		
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.		
	September 30, 2016	September 30, 2015
	-----Rupees-----	
	----- (Un-audited) -----	
<b>16. TRANSACTIONS WITH RELATED</b>		
<b>16.1 Transactions during the period</b>		
<b>Management Company</b>	<b>181,894</b>	218,625
<b>Associated companies</b>		
Financial charges	-	593,150
Rent expense	<b>540,000</b>	540,000
<b>Other Related Parties</b>		
Salaries and other benefits	<b>1,155,000</b>	1,147,580
Financial charges	<b>27,087</b>	360,577
Modaraba under common management (reimbursement of expenses)	<b>1,787,196</b>	1,270,464



NOTES TO AND FORMING PART OF THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2016



<u>Balances as at the period end</u>	September 30, 2016 Un-audited -----Rupees-----	June 30, 2016 Audited
<b>Management Company</b>		
Modaraba management fee payable	1,130,028	948,134
Issue of certificates at discount	98,946,390	98,946,390
<b>Other Related Parties</b>		
Certificate of Musharaka	1,350,000	2,700,000
Accrued mark-up payable	16,972	41,527
Modaraba under common management (receivable against reimbursement of expenses)	5,075,369	-

**17. FINAL DIVIDEND**

The Board of Directors have approved dividend for the year ended June 30, 2016 of Re. 0.08 per certificate (2015: Re. 0.11 per certificate), amounting to Rs. 3,845,318 (2015: Rs. 5,287,314) at their meeting held on 07-10-2016. The financial statements do not include the effect of the above which will be accounted for in the period in which it is declared.

**18. GENERAL**

18.1 Figures have been rounded off to the nearest Rupee.

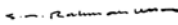
18.2 Certain prior period figures have been reclassified for the purpose of comparison . However, there are no material reclassifications to the report.

**19. DATE OF AUTHORIZATION**

These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on 31 October 2016.

For KASB Invest (Private) Limited  
(Management Company)

  
Chief Executive

  
Director

  
Director

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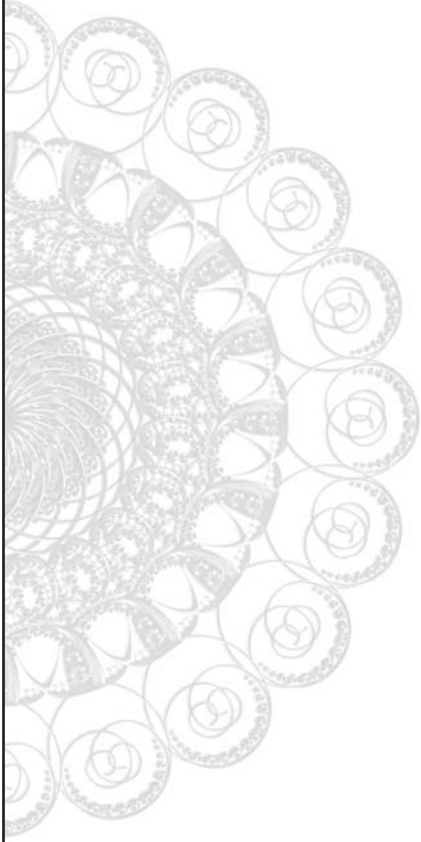
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