



KASB MODARABA

QUARTERLY REPORT
30-Sep-2019

CORPORATE INFORMATION

Administrator of KASB Modaraba

The Registrar Modaraba, Securities & Exchange Commission of Pakistan, Islamabad has appointed Mr. Khawaja Waheed Raza as Administrator of KASB Modaraba vide order dated April 03, 2019. All the powers and duties of the Modaraba Company as well as those of its Board of Directors have been assumed by the Administrator effective April 08, 2019.

Chief Financial Officer

Aftab Afroz Mahmoodi

Company Secretary

Syed Shahid Owais

Auditor

RSM Avais Hyder Liaquat Nauman, Chartered Accountants

Internal Auditor

EY Ford Rhodes

Certificate Transfer Office

C&K Management Associates (Pvt.) Limited

404, Trade Tower,

Abdullah Haroon Road,

Near Metropole Hotel,

Karachi – 75530

Phone: 021-35687839 & 021-35685930

Legal Advisor

Ahmed & Qazi

S & B Durrani Law Associates

Shariah Advisor

Al-Hilal Shariah Advisor

Registered Office

Office # B, 5th Floor,
Lakson Square Building # 1,

Sarwar Shaheed Road,

Karachi.

Phone: 021-35630621

35630623, 35630625, 35630626

Lahore Branch Office

Office No. 318 3rd Floor,

Lahore Stock Exchange Building,

19 Khayaban-e-Awan-e-Iqbal, Lahore

Phone : 042-36311001-02

Islamabad Branch Office

Basement, 90-91,

Razia Sharif Plaza ,Jinnah Avenue,

Blue Area, F-7, Islamabad.

Phone: 051-2344422-24

Web Address

www.kasbmodaraba.com

DIRECTORS' QUARTERLY REPORT

The Financial Highlights of KASB Modaraba for the quarter ended September 30, 2019 are as under:-

FINANCIAL HIGHLIGHTS

	September 30, 2019 Rs "000"	June 30, 2019 Rs "000"
BALANCE SHEET		
Cash and bank balance	56,892	51,147
Investment	4,207	6,350
Musharaka Finance	0	3,100
Murabaha Finance	76,752	83,796
Diminishing Musharaka Finance	33,600	41,907
Receivable against sale of agricultural produce	7,651	7,651
Ijarah Assets	8,407	9,097
Property acquired in satisfaction of financing facility	47,082	47,082
Total Assets	256,874	270,583
Net Assets	233,988	240,708

	September 30, 2019 Rs "000"	September 30, 2018 Rs "000"
PROFIT & LOSS ACCOUNT		
Gross Income	2,512	6,046
Operating & Financial Charges	(7,090)	(12,583)
(Loss)/Gain on Investments	(2,143)	8,322
Management Company Fee	0	(182)
Net Profit for the Quarter	(6,719)	1,612
Earning per Modaraba Certificate (Rupees)	(0.14)	0.03

OPERATIONS AND PERFORMANCE

The Modaraba booked a net loss of Rs 6.19 million for the First quarter ended September 30, 2019 as compared to net profit of Rs 1.612 million for the corresponding period of the last year. Loss per certificate was (Rs.0.14) as compared to earning per certificate of Rs 0.03 for the corresponding period of the last year.

The loss of Rs 6.71 million in the quarter under review is mainly due to un-realized loss due to re-measurement of fair value on the Investment in the listed securities and reduction in the gross

income as the management is focusing on recovery from defaulted clients and invest the available funds in the secured business.

The Administrator and management are committed towards continuous improvement of the operating and financial performance of the Modaraba for its long term sustainability and to meet the expectations of the stakeholders especially to protect the interest of the certificate holders. The liquidity crunch remains challenged for operation of the Modaraba however, the available resources have been deployed in secured financing transactions.

FUTURE PROSPECTS

With the aim and strategy of growing with Sharia compliant businesses, we would keep exploring and opting high yield businesses where we find secure and safe investment venues only. We trust that we would under changed circumstance formulate appropriate policies per our short and longer term plans with innovative approach for better returns for the Certificate holders.

ACKNOWLEDGEMENT

The support co-operation of the regulatory authorities, certificate holders, employees of Modaraba, customers and bankers is gratefully appreciated.

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

For KASB Modaraba

-SD-

Khawaja Waheed Raza
Administrator
Dated: October 30, 2019
Karachi

ڈائریکٹرز رپورٹ

کے اے ایس بی مضاربہ کے 30 ستمبر 2019 کو اختتام پذیر ہونے والی پہلی سہ ماہی کا مالیاتی گوشوارہ درج ذیل ہے:-

مالیاتی جھلکیاں

زیر جائزہ مدت کے لئے مالیاتی جھلکیوں کا خلاصہ درج ذیل ہے:-

30 ستمبر 2019 روپے "مے" میں	30 جون 2019 روپے "مے" میں	بیلنس شیٹ
56,892	51,147	نقد اور بینک بیلنس
4,207	6,350	سرمایہ کاری
(-)	3,100	مشارکتی مالیت
76,752	83,796	مراجہ مالیت
33,600	41,907	شرکت متناقصہ مالیات
7,651	7,651	وصولیابی زرعی پیداوار
8,407	9,097	اجارہ اثاثہ جات
47,082	47,082	قابل وصول قرضہ جات کی وصولی کے سلسلے میں حاصل پراپٹی
256,874	270,583	مجموعی اثاثہ جات
233,988	240,708	خالص اثاثہ جات
30 ستمبر 2019 روپے "مے" میں	30 ستمبر 2018 روپے "مے" میں	نفع و نقصان کا حساب
2,519	6,046	مجموعی آمدنی
(7,090)	(12,583)	انتظامی و مالیاتی اخراجات
(2,143)	8,322	مشکوک وصولی کی مد میں فراہمی
(-)	(182)	منجھوت کمپنی فیس
(6,719)	1,612	خالص سالانہ منافع (نقصان)
(0.14)	0.03	فی حصہ آمدنی (روپے)

انتظامی کارکردگی

30 ستمبر 2019 کی پہلی سہ ماہی مضاربہ کا مجموعی نقصان 6.19 ملین روپے رہا، جبکہ برائے سال 30 ستمبر 2018 کی سہ ماہی

میں منافع 1.6 ملین روپے تھا۔ فی حصہ نقصان پہلی سہ ماہی 30 ستمبر 2019 (0.14) روپیہ رہا جبکہ پہلی سہ ماہی 30 ستمبر 2018 فی حصہ

منافع 0.03 روپیہ تھا۔

موجودہ سہ ماہی میں ہونے والے نقصان کی بنیادی وجہ سرمایہ کاری کی مد میں ہونے والا غیر حاصل شدہ نقصان اور مجموعی آمدنی میں کمی ہے۔ مضاربہ کی توجہ ناسندگان سے وصولیابی اور حاصل شدہ آمدنی کی بہتر سرمایہ کاری پر ہے۔ ناظم اور انتظامیہ کی توجہ مضاربہ کی انتظامی اور مالیاتی کارکردگی میں بہتری پر مرکوز ہے تاکہ طویل مدتی استحکام کے ساتھ تمام متعلقین خصوصاً سٹیفنڈیکٹ ہولڈرز کے اہتمام پر پورا اترایا جاسکے۔

مستقبل کے امکانات

شریعت کے مطابق کاروبار کے ذریعے ترقی کرنے کے مقصد اور حکمتِ عملی کے ساتھ ہم اعلیٰ پیداواری اور منافع بخش کاروبار کی تلاش اور جستجو کرتے رہیں گے۔

ہم اس یقین کے ساتھ آگے بڑھتے رہیں گے کہ ہمارے طویل المعیاد اور طویل المدت اہداف حاصل ہو جائیں، ہم جدید طرز کاروبار کے ساتھ جدوجہد میں مصروف رہیں گے تاکہ موجودہ کاروباری نتائج اور درجہ بندی کے مقابلے میں بہتر نتائج حاصل کر سکیں جس کے ذریعے حصہ داروں کو بہتر منافع پہنچا سکیں۔

اعتراف

بورڈ ریگولیٹری اتھارٹی، حصہ داروں، کسٹمرز اور بینکرز کی معاونت اور تعاون کو بہت 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 دُعا کو ہیں۔
برائے کماے ایس بی مضاربہ

خواجہ وحید رضا

ناظم

30 اکتوبر 2019

کراچی

KASB MODARABA
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2019

	Note	September 30, 2019	June 30, 2019
		Un-audited	Audited
		------(Rupees)-----	
ASSETS			
Current assets			
Cash and bank balances	5.	56,892,165	51,147,044
Investments	6.	4,207,011	6,350,180
Modaraba finance	7.	-	-
Musharaka finance	8.	-	3,100,000
Current portion of long term murabaha finance- gross	9.	76,752,712	83,796,155
Current portion of long term diminishing musharaka finance	10.	18,273,562	22,862,832
Ijarah rentals receivable	11	52,003	52,003
Receivable against sale of Agricultural produce		7,651,449	7,651,449
Advances, prepayments and other receivables		16,962,261	14,393,609
Property acquired in satisfaction of financing facility		47,082,936	47,082,936
		227,874,100	236,436,209
Non-current assets			
Long-term murabaha finance - gross	9.	-	-
Long-term diminishing musharaka finance	10.	15,327,264	19,045,539
Long-term advances		304,682	304,682
Long-term deposits		-	-
Ijarah assets	12	8,407,716	9,097,408
Fixed assets	13	4,961,034	5,699,672
		29,000,696	34,147,301
TOTAL ASSETS		256,874,796	270,583,510
LIABILITIES			
Current liabilities			
Current portion of redeemable capital	14.	1,315,000	1,315,000
Current portion of long term finance	15.	6,283,364	12,566,727
Current portion of long term security deposits		100,000	100,000
Current portion of long term deferred murabaha income		-	-
Creditors, accrued and other liabilities		5,445,295	6,189,690
Unclaimed profit distribution		2,834,156	2,834,156
Total current liabilities		15,977,815	23,005,572
Non-current liabilities			
Long-term security deposits		3,479,900	3,479,900
Deferred liabilities - staff gratuity		3,428,991	3,389,955
		6,908,891	6,869,855
TOTAL LIABILITIES		22,886,706	29,875,427
NET ASSETS		233,988,090	240,708,083
REPRESENTED BY			
CAPITAL AND RESERVES			
Certificate capital			
Authorised:			
50,000,000 (June 30, 2018: 50,000,000) certificates of Rs. 10/- each		500,000,000	500,000,000
Issued, subscribed and paid-up capital	16	480,664,800	480,664,800
Discount on issuance of certificates		(98,960,400)	(98,960,400)
Statutory reserve		83,505,138	83,505,138
Accumulated loss		(231,221,448)	(224,501,455)
CONTINGENCIES AND COMMITMENTS	17	233,988,090	240,708,083

The annexed notes 1 to 21 form an integral part of these financial statements.

-SD-

Administrator

-SD-

Chief Financial Officer

KASB MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	September 30, 2019	September 30, 2018
	-----Rupees-----	
Income from:		
- Ijarah rentals	-	714,586
- murabaha finance	124,342	930,146
- diminishing musharaka finance	1,486,166	2,663,693
- bank deposits	675,953	220,000
	<u>2,286,461</u>	<u>4,528,425</u>
Financial charges	(425,416)	(1,281,693)
Murabaha, Musharka, Modaraba finance - direct cost	-	-
Depreciation on assets under ijarah arrangements	(689,691)	(1,890,239)
	<u>(1,115,107)</u>	<u>(3,171,932)</u>
	1,171,354	1,356,493
Other income	226,959	506,269
Unrealized (loss)/gain on remeasurement of fair value through profit or loss investments	(2,143,169)	8,332,907
Reversal of Provision - net	-	1,011,129
Administrative and operating expenses	(5,975,138)	(9,379,830)
	<u>(7,891,348)</u>	<u>470,475</u>
	(6,719,993)	1,826,968
Modaraba management fee	-	(161,250)
Sales tax on management fee	-	(20,963)
Provision for Workers' Welfare Fund	-	(32,260)
Profit/(loss) before taxation	<u>(6,719,993)</u>	<u>1,612,495</u>
Taxation	-	-
Net profit/(loss) for the period	<u>(6,719,993)</u>	<u>1,612,495</u>
Earning per certificate	<u>(0.14)</u>	<u>0.03</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

-SD-

Administrator

-SD-

Chief Financial Officer

KASB MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	September 30, 2019	September 30, 2018
	-----Rupees-----	
Income from:		
- Ijarah rentals	-	714,586
- murabaha finance	124,342	930,146
- diminishing musharaka finance	1,486,166	2,663,693
- bank deposits	675,953	220,000
	<u>2,286,461</u>	<u>4,528,425</u>
Financial charges	(425,416)	(1,281,693)
Murabaha, Musharka, Modaraba finance - direct cost	-	-
Depreciation on assets under ijarah arrangements	(689,691)	(1,890,239)
	<u>(1,115,107)</u>	<u>(3,171,932)</u>
	1,171,354	1,356,493
Other income	226,959	506,269
Unrealized (loss)/gain on remeasurement of fair value through profit or loss investments	(2,143,169)	8,332,907
Reversal of Provision - net	-	1,011,129
Administrative and operating expenses	(5,975,138)	(9,379,830)
	<u>(7,891,348)</u>	<u>470,475</u>
	(6,719,993)	1,826,968
Modaraba management fee	-	(161,250)
Sales tax on management fee	-	(20,963)
Provision for Workers' Welfare Fund	-	(32,260)
Profit/(loss) before taxation	<u>(6,719,993)</u>	<u>1,612,495</u>
Taxation	-	-
Net profit/(loss) for the period	<u>(6,719,993)</u>	<u>1,612,495</u>
Earning per certificate	<u>(0.14)</u>	<u>0.03</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

-SD-

Administrator

-SD-

Chief Financial Officer

KASB MODARABA
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	September 30, 2019	September 30, 2018
	----- Rupees -----	
Net profit/(loss) for the period	(6,719,993)	1,612,495
Other comprehensive income	-	-
Total comprehensive income for the period	<u>(6,719,993)</u>	<u>1,612,495</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

-SD-

Administrator

-SD-

Chief Financial Officer

KASB MODARABA
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

Note	September 30, 2019	September 30, 2018
	-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	(6,719,993)	1,612,495
Adjustments for non-cash charges and other items:		
Gain on disposal of ijarah assets	-	-
Unrealized (loss)/gain on remeasurement of fair value through profit or loss investments	2,143,169	(8,332,907)
Depreciation	1,359,194	2,660,372
Amortisation	69,137	69,375
Gratuity expense	39,036	116,103
Financial charges	425,416	1,281,693
	4,035,951	(4,205,364)
(Increase) / decrease in assets		
Musharaka finance	3,100,000	2,700,000
Murabaha finance	7,043,443	6,932,942
Modaraba finance	-	112,000
Ijarah rentals receivable	-	563
Diminishing Musharaka	8,307,545	16,833,400
Advances, deposits, prepayments and other receivables	(2,568,652)	(1,457,858)
Long-term deposits	-	267,000
	15,882,336	25,388,047
Increase / (decrease) in liabilities		
Security deposits	1	-
Deferred murabaha income	-	(115,465)
Creditors, accrued and other liabilities	(744,395)	(3,029,207)
	(744,394)	(3,144,672)
Staff Gratuity paid	0	-
Financial charges paid	(425,416)	(1,281,693)
	(425,416)	(1,281,693)
Net cash generated from / (utilised in) operating activities	12,028,484	18,368,812
CASH FLOW FROM INVESTING ACTIVITIES		
Sales proceeds from disposal of Ijarah assets	-	-
Net cash generated from investing activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Term Financing	(6,283,363)	(6,283,362)
Deposits	-	(24,470,000)
Net cash (utilised in) / generated from financing activities	(6,283,363)	(30,753,362)
Net (decrease) / increase in cash and cash equivalents	5,745,121	(12,384,550)
Cash and cash equivalents at the beginning of the period	51,147,044	30,947,769
Cash and cash equivalents at the end of the period	56,892,165	18,563,219

The annexed notes 1 to 21 form an integral part of these financial statements.

-SD-

Administrator

-SD-

Chief Financial Officer

KASB MODARABA
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2019

	Certificate Capital	Discount on Issuance of certificates	Statutory Reserve	Accumulated Loss	Total
	----- Rupees -----				
Balance as at July 01, 2018	480,664,800	(98,960,400)	83,505,138	(190,261,914)	274,947,624
Profit for the quarter ended September 30, 2018	-	-	-	1,612,495	1,612,495
Transfer to statutory reserve	-	-	322,499	(322,499)	-
Balance as at September 30, 2018	<u>480,664,800</u>	<u>(98,960,400)</u>	<u>83,827,637</u>	<u>(188,971,918)</u>	<u>276,560,119</u>
Balance as at July 01, 2019	480,664,800	(98,960,400)	83,505,138	(224,501,455)	240,708,083
Loss for the quarter ended September 30, 2019	-	-	-	(6,719,993)	(6,719,993)
Transfer to statutory reserve	-	-	-	-	-
Balance as at September 30, 2019	<u>480,664,800</u>	<u>(98,960,400)</u>	<u>83,505,138</u>	<u>(231,221,448)</u>	<u>233,988,090</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

- **-SD-**

Administrator

- **-SD-**

Chief Financial Officer

KASB MODARABA
NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

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 (KIPL) (the Management Company) , a Company incorporated in Pakistan. The principal office of the Modaraba is located at Office No.B, 5th Floor, Lakson Square Building 1, Sarwar Shaheed Road, Karachi.
- 1.2 The Registrar (Modarabas), with the approval of the Securities & Exchange Commission of Pakistan, vide order dated April 03, 2019 appointed Mr.Khawaja Waheed Raza as Administrator of the Modaraba to take over and manage the affair of the Modaraba in place of KIPL (Management Company). Accordingly, all the powers and duties of the Modaraba Management Company as well as those of its Board of Directors shall be exercised and performed by the Administrator. The Administrator will hold the office for the period of six months as directed by the SECP, which may be extended further upon the discretion of the Registrar/Commission. Subsequently , the Registrar Modaraba vide order dated October 4, 2019 has extended the tenure of appointment of the Administrator for a period of three months effective from October 3, 2019.
- 1.3 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 .
- 1.4 These financial statements are presented in Pak Rupees, which is Modaraba's functional and presentation currency.

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, 2019.

3. 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, 2019.

4. BASIS OF PREPARATION

These condensed interim financial statements have been prepared under the historical cost convention, except as stated otherwise in these financial statements..

	Note	September 30, 2019 Un-audited	June 30, 2019 Audited
------(Rupees)-----			
5. CASH AND BANK BALANCES			
Cash at bank in :			
- current accounts		18,325,527	22,377,003
- saving accounts	5.1	<u>38,483,620</u>	<u>28,686,987</u>
		<u>56,809,147</u>	<u>51,063,990</u>
Cash in hand		<u>83,018</u>	<u>83,054</u>
		<u><u>56,892,165</u></u>	<u><u>51,147,044</u></u>

5.1 These carry profit rates ranging from 4.00% to 7.00% (June 30, 2019: 4.00% to 6.10%)

6. INVESTMENTS

Fair value through profit or loss - quoted securities

Quoted Securities	6.1 & 6.2	<u>4,207,011</u>	<u>6,350,180</u>
		<u><u>4,207,011</u></u>	<u><u>6,350,180</u></u>

These shares were identified (through consultants) as the unrecorded investment in the books of modaraba. The claim for acquisition was lodged by the modaraba and upon receipt of the actual shares, investment has been initially recorded at nil cost and subsequently measured at its market value. The consultant's fee in respect of service provided to the modaraba has been recorded under administrative and operating expenses.

6.1 Quoted securities

September 30, 2019	June 30, 2019		September 30, 2019	June 30, 2019
Number of fully paid ordinary shares of Rs. 10 each		Name of Investee	Rupees	Rupees
	-	Automobile Parts & Accessories		-
16,468	16,468	Thal Limited	3,928,935	5,995,340
200	200	Indus Motor Company Ltd	193,276	240,784
		Textile & Weaving		
42,400	42,400	Service Fabrics Limitec	84,800	114,056
<u>59,068</u>	<u>59,068</u>		<u>4,207,011</u>	<u>6,350,180</u>

6.2 Unrealized gain on changes in fair value through profit or loss

Weighted average cost of investments	6,350,180	-
Unrealized gain on change in fair value through profit or loss	(2,143,169)	6,350,180
Market value of investments	<u>4,207,011</u>	<u>6,350,180</u>

7. MODARABA FINANCE

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.

	September 30, 2018	June 30, 2019
Modaraba finance	37,791,201	37,791,201
Less: Provision for non-performing modaraba arrangements	<u>(37,791,201)</u>	<u>(37,791,201)</u>
	<u>-</u>	<u>-</u>

8. MUSHARAKA FINANCE

Musharaka finance - considered good	-	3,100,000
- considered doubtful	<u>15,602,297</u>	<u>15,602,297</u>
	<u>15,602,297</u>	<u>18,702,297</u>
Less: Provision for non-performing musharaka arrangements	<u>(15,602,297)</u>	<u>(15,602,297)</u>
	<u>-</u>	<u>3,100,000</u>

	September 30, 2019 Un-audited	June 30, 2019 Audited
	-----Rupees-----	
9. MURABAHA FINANCE		
Murabaha finance - considered good and secured	76,752,712	83,796,155
- considered doubtful	88,682,898	88,682,898
	<u>165,435,610</u>	<u>172,479,053</u>
Less: provision for non-performing murabaha arrangements	<u>(88,682,898)</u>	<u>(88,682,898)</u>
	<u>76,752,712</u>	<u>83,796,155</u>
Murabaha finance- due after one year	-	-
Current portion of murabaha finance	<u>76,752,712</u>	<u>83,796,155</u>
10. DIMINISHING MUSHARAKA		
Diminishing musharaka finance - considered good	45,401,633	48,935,462
Diminishing musharaka finance - doubtful	6,384,294	6,384,294
Less: Unearned income	<u>(5,416,513)</u>	<u>(7,027,091)</u>
	<u>39,985,120</u>	<u>48,292,665</u>
Less: Provision for non-performing diminishing musharaka	<u>(6,384,294)</u>	<u>(6,384,294)</u>
	<u>33,600,826</u>	<u>41,908,371</u>
Diminishing musharaka finance- due after one year	<u>(21,711,558)</u>	<u>(19,045,539)</u>
Current portion of diminishing musharaka finance	<u>18,273,562</u>	<u>22,862,832</u>

10.1 The Profit rates on these diminishing musharaka arrangements range from 13% to 21% (June 30, 2018: 9.51% to 21%). All diminishing musharaka arrangements are secured against hypothecation of assets , personal guarantees and promissory notes.

	September 30, 2019 Un-audited	June 30, 2019 Audited
	-----Rupees-----	
11. IJARAH RENTALS RECEIVABLE		
Considered good	52,003	52,003
Considered doubtful	23,890,164	23,890,164
	<u>23,942,167</u>	<u>23,942,167</u>
Less: Provision for doubtful receivables	<u>(23,890,164)</u>	<u>(23,890,164)</u>
	<u>52,003</u>	<u>52,003</u>

	September 30, 2019 Un-audited	June 30, 2019 Audited
Notes	-----Rupees-----	
12 IJARAH ASSETS	8,407,716	9,097,408
12.1 Addition / (disposals) during the period	-	(12,452,500)
13. FIXED ASSETS		
Tangible assets	4,961,034	5,630,535
Intangible assets	-	69,137
	<u>4,961,034</u>	<u>5,699,672</u>
13.1 Addition / (disposals) during the period	-	(72,092)
14. REDEEMABLE CAPITAL		
Redeemable Capital	<u>1,315,000</u>	<u>1,315,000</u>
14.1 The estimate share of profit payable on certificate of musharaka ranges from 6.00% to 8.50% (June 30, 2017: 6.00% to 8.50%)		
15. LONG TERM FINANCE		
Due within one year	6,283,364	12,566,727
Due after one year	-	-
	<u>6,283,364</u>	<u>12,566,727</u>

15.1 The Modaraba has availed finance facility under Risk Participation Agreement from JS Bank Limited (Bank). As per terms of the agreement, bank participates in the facilities extended by the modaraba to various customers under musharaka and ijarah arrangement to the aggregate amount of Rs. 100 million. The facility is repayable in thirty six monthly instalments with markup at one month KIBOR plus 3.65% per annum. The facility is secured by way of first exclusive charge over the specific leased/ musharaka assets.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

September 30, 2019	June 30, 2019		September 30, 2019	June 30, 2019
Number of certificates			-----Rupees-----	
24,958,400	24,958,400	Modaraba Certificates of Rs. 10/- each fully paid in cash	249,584,000	249,584,000
3,316,000	3,316,000	Modaraba Certificates of Rs. 10/- each issued as fully paid bonus certificates	33,160,000	33,160,000
19,792,080	19,792,080	Modaraba Certificates of Rs. 10/- each issued at 50% discount as right certificates	197,920,800	197,920,800
<u>48,066,480</u>	<u>48,066,480</u>		<u>480,664,800</u>	<u>480,664,800</u>

17. CONTINGENCIES AND COMMITMENTS

Some of the modarabas in the sector have received letter from Assistant Commissioner, Sindh Revenue Board (SRB), whereby it came to their notice that these Modarabas are engaged in providing / rendering taxable services which falls under the Second Schedule of Sindh Sales Tax on Services Act, 2011 (the Act), and the sales tax on such services, i.e. on lease rentals / lease financing transactions remains outstanding. The modarabas who have received the said letter, collectively decided that under the supervision of NBF & Modaraba Association Pakistan, a petition against the same be filed through a common legal counsel in the Honorable High Court of Sindh (HCS) challenging levy of Services Sales Tax on lease rental/ lease financing transactions including the vires of various headings of the Second Schedule of the Act. Being similar in nature of business it was expected that the same type of letter shall be received by KASB Modaraba. Therefore, management has taken cautious approach and become a party in collective effort undertaken by the other modarabas.

18. TAXATION

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.

19 TRANSACTIONS WITH RELATED

Relationship with Modaraba	Nature of Transactions	September 30,	June 30,
		2019	2019
		Un-audited	Audited
		-----Rupees-----	
Balances with related parties			
Ex-Modaraba management Company	Issue of certificates at discount	98,946,390	98,946,390
Modarabas under common management	Receivable against reimbursement of expenses	6,240,761	2,607,313
Other related parties			
Administrator	Salaries & Other benefits	-	240,000
Expense/(Income) for the period			
Modarabas under common management	Reimbursement of expenses	(4,124,448)	(7,182,344)
Administrator	Salaries & Other benefits	270,000	240,000
Payments /(Receipts) made during the period			
Modaraba under common management	Reimbursement of expenses	(491,000)	(4,691,803)
Administrator	Salaries & Other benefits	510,000	-

20 GENERAL

20.1 Figures have been rounded off to the nearest Rupee.

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

21 DATE OF AUTHORIZATION

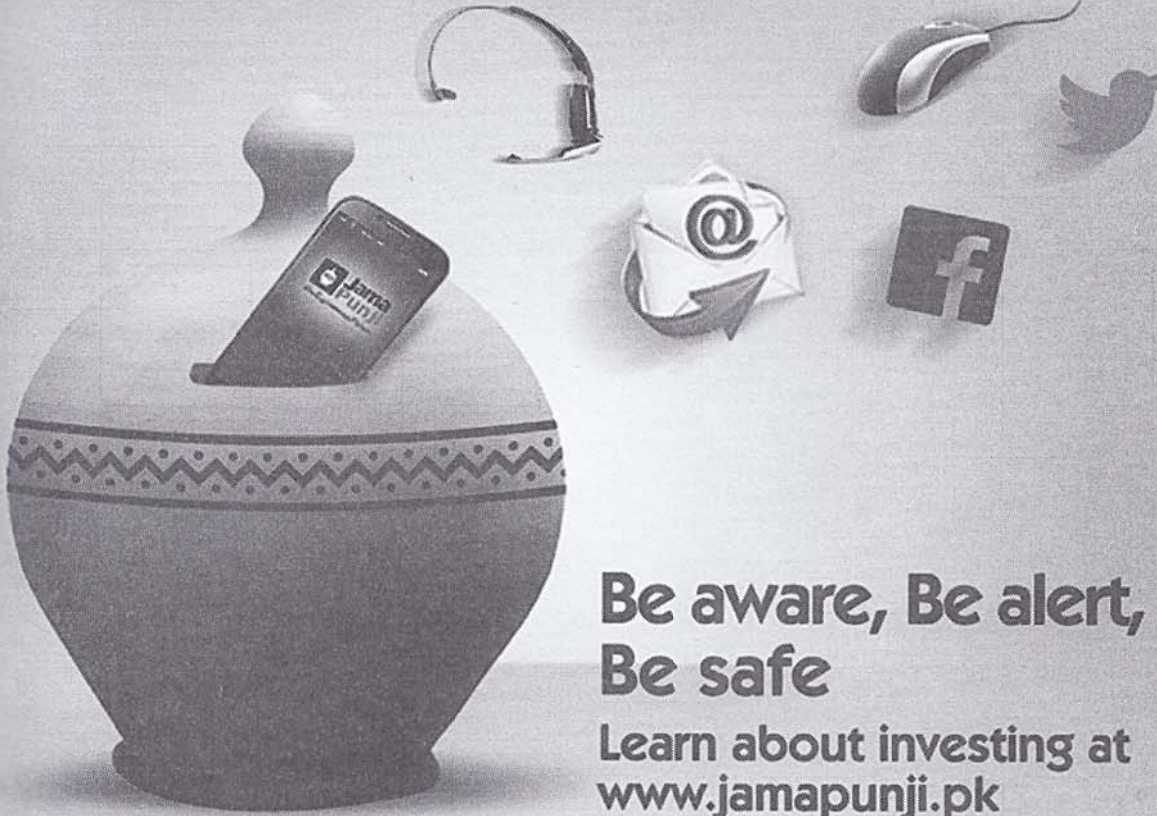
These condensed interim financial statements were authorised for issue by the Administrator in the meeting held on October 30, 2019.

-SD-

Administrator

-SD-








Chief Financial Officer










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