



KASB Modaraba

An Islamic Financial Institution

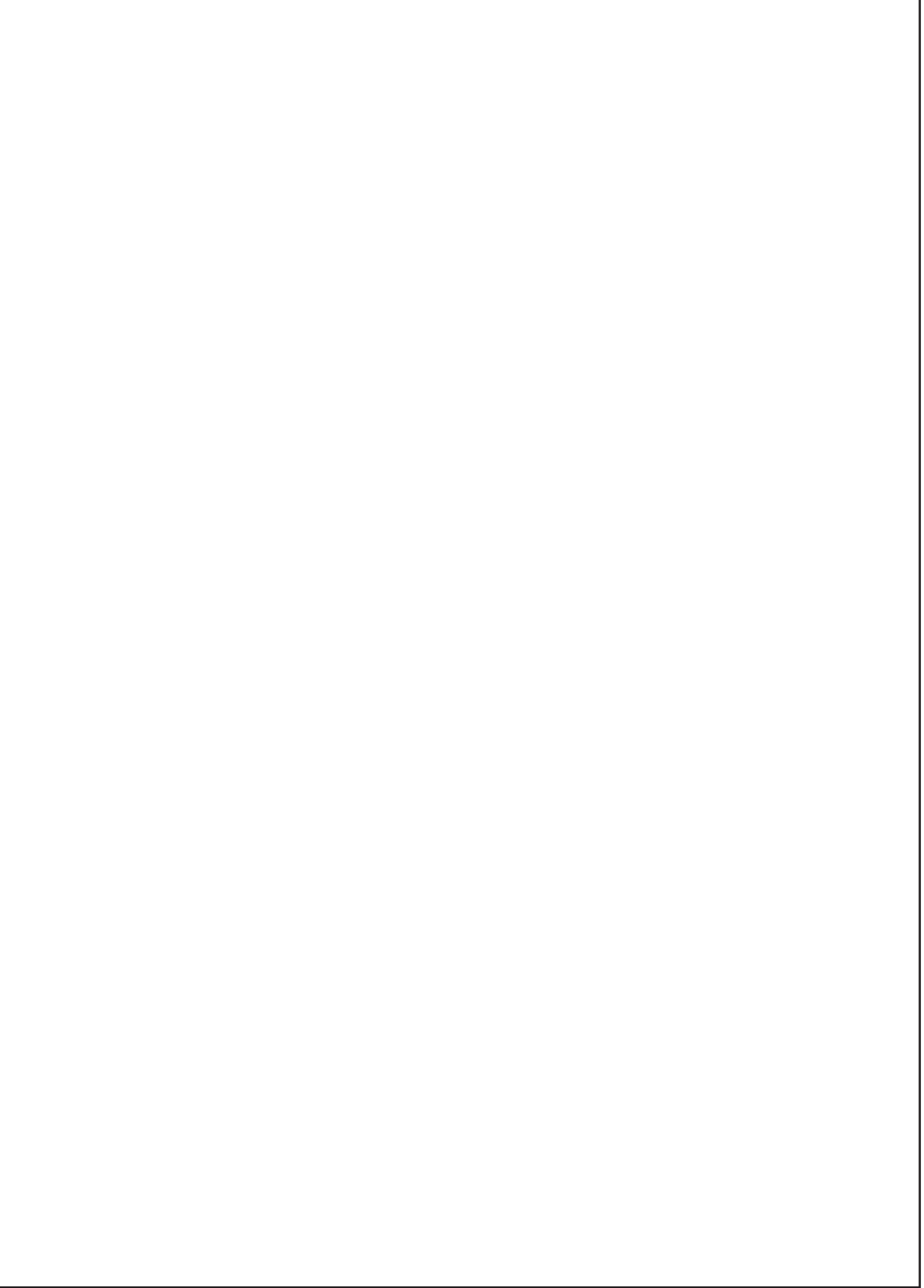


HALF YEARLY REPORT DECEMBER 2015

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 Avais 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

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.

Islamabad Branch:

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

Gulshan Branch:

Shop# B-38/G3, B-38/G4, Block 13-A
Gulshan-e-Iqbal, Karachi.
Phone No: 021-34822814-18 & 34983102-3

Lahore Branch:

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

Web Address

www.kasbmodaraba.com

E-mail

sales.mod@kasb.net | 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 half year ended December 31, 2015 to the Certificate Holders.

FINANCIAL HIGHLIGHTS

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

BALANCE SHEET	December 31, 2015 Rs "000"	June 2015 Rs "000"
Modaraba Finance	46,152	22,740
Musharaka Finance	15,350	45,490
Murabaha Finance	271,930	312,873
Diminishing Musharaka Finance	353,589	354,488
Ijarah Assets	20,585	34,525
Property acquired in satisfaction of financing facility	45,000	-
Total Assets	1,073,638	982,728
Net Assets	384,157	385,234

PROFIT & LOSS ACCOUNT	December 31, 2015 Rs "000"	December 31, 2014 Rs "000"
Income	81,400	100,496
Operating & Financial Charges	(78,434)	(90,457)
Operating Profit	2,965	10,038
Management Company Fee	(285)	(1,599)
Net Profit for the period	2,631	8,270
Earning per Modaraba Certificate (Rupees)	0.05	0.25

OPERATIONS AND PERFORMANCE

By the Grace of Allah, KASB Modaraba has successfully completed its half year ended December 31, 2015. The period closed with net Profit of PKR. 2.63 million and earning per Certificate was PKR. 0.05. During the period the total income was PKR.81.4million and the operating & financial charges were PKR.78.4 million.

During the period the Modaraba entered into edible oil extraction business along with its investment in wheat straw. The fruits of investments in these ventures would be realized in the next quarter.

The management has continued to adopt a cautious approach in its conduct of financing activities thus ensuring steady growth and build a sound Institution for the extension of Islamic finance.

FUTURE PROSPECTS

Foreseeing growth prospects in the Pakistan's Capital markets and with a view to capitalizing on above average market returns on our funds, the Modaraba is planning to invest in sharia complaint stocks. This would include a mix of portfolio building and shorter term Capital Gains following the market trends. Some other business ventures are also being explored by the management and we are confident your Modaraba would be able to book good return by the year end.



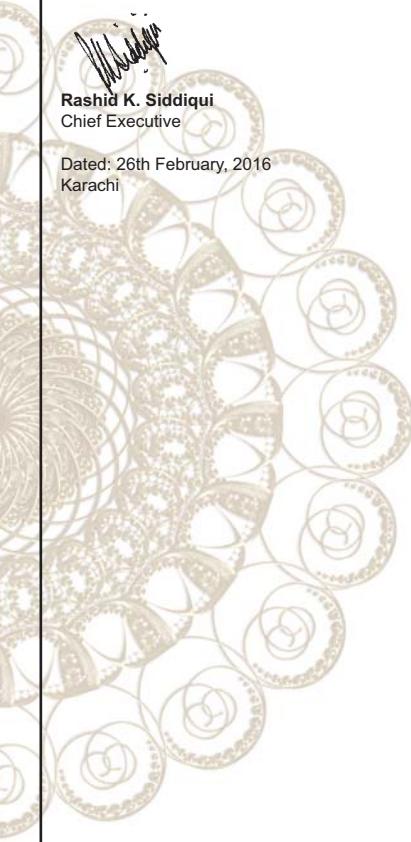
ACKNOWLEDGEMENT

The Board greatly appreciates the support and 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

Rashid K. Siddiqui
Chief Executive

Dated: 26th February, 2016
Karachi



AUDITORS' REPORT ON INTERIM FINANCIAL INFORMATION

AS AT DECEMBER 31, 2015



RSM Awaiz Hyder Liaquat Nauman
Chartered Accountants

407, Progressive Plaza, Beaumont Road
Karachi, 75530 - Pakistan

T: +92 (21) 35655975-6

F: +92 (21) 3565-5977

W: www.rsm-pakistan.pk

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of KASB MODARABA (the Modaraba) as at December 31, 2015, the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period ended (here-in-after referred to as the "interim financial information"). Management of Modaraba Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for qualified conclusion

Included in short term modaraba finance is an outstanding amount of Rs. 8.06 million including profit, which in our view is doubtful of recovery, however, no provision has been made against the same in this interim financial information.

Qualified conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures for the quarters ended December 31, 2015 and December 31, 2014 in the condensed interim profit and loss account has not been reviewed and we do not express a conclusion on them.

The financial statements of the Modaraba for the year ended June 30, 2015 and condensed interim financial information of the Modaraba for the half year ended December 31, 2014 were audited and reviewed respectively by another firm of chartered accountants who expressed qualified opinion on the financial statements of the Modaraba for the year ended June 30, 2015 and unmodified conclusion on the condensed interim financial information of the Modaraba for the half year ended December 31, 2014 vide their audit and review reports dated October 08, 2015 and February 26, 2015 respectively.

Chartered Accountants

Karachi

Dated: 26th February, 2016

Engagement Partner: Adnan Zaman

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Awaiz Hyder Liaquat Nauman is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

CONDENSED INTERIM BALANCE SHEET(UN-AUDITED)



AS AT DECEMBER 31, 2015

	Note	December 31, 2015	June 30, 2015
		Un-audited ----- (Rupees)	Audited -----
ASSETS			
Current assets			
Cash and bank balances	4	181,106,106	145,845,016
Short-term investments	5	-	1,000,000
Short term modaraba finance		46,151,845	22,739,500
Short term musharaka finance	6	15,350,000	45,490,042
Current portion of long term murabaha finance- gross	7	207,167,828	247,871,070
Current portion of long term diminishing musharaka finance	8	186,339,931	169,358,244
Current portion of long term net investment in finance lease		38,756	98,756
Agriculture Produce-Work in process		15,023,684	-
Ijarah rentals receivable		525,857	2,539,147
Advances, prepayments and other receivables		67,580,475	45,514,503
Advance for Purchase of Agriculture Produce	9	36,226,316	-
		<u>755,510,798</u>	<u>680,456,278</u>
Non-current assets			
Long-term Investments	5	2,671,952	2,609,452
Long-term murabaha finance - gross	7	64,762,316	65,001,709
Long-term diminishing musharaka finance	8	167,249,038	185,130,263
Long-term deposits		1,060,300	685,300
Ijarah assets		20,584,626	34,525,218
Property acquired in satisfaction of financing facility		45,000,000	-
Fixed assets	10	16,799,206	14,319,938
		<u>318,127,438</u>	<u>302,271,880</u>
TOTAL ASSETS		1,073,638,236	982,728,158
LIABILITIES			
Current liabilities			
Current portion of redeemable capital	11	265,765,000	293,680,000
Current portion of long term security deposits		2,561,947	1,921,348
Current portion of long term deferred murabaha income		5,102,379	9,968,907
Creditors, accrued and other liabilities		46,813,996	37,638,138
Unclaimed profit distribution		2,943,902	1,837,275
Total current liabilities		323,187,224	345,045,668
Non-current liabilities			
Long-term portion of redeemable capital	11	345,925,000	236,240,000
Security deposits		2,420,100	4,180,050
Long-term portion of deferred murabaha income		13,752,813	7,255,054
Deferred liabilities - staff gratuity		4,195,652	4,773,205
		<u>366,293,565</u>	<u>252,448,309</u>
TOTAL LIABILITIES		689,480,789	597,493,977
NET ASSETS		384,157,447	385,234,181
REPRESENTED BY			
CAPITAL AND RESERVES			
Certificate capital			
Authorised:			
50,000,000 (June 30, 2015: 50,000,000) certificates of Rs. 10/- each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up capital	12	480,664,800	480,664,800
Discount on issuance of certificates		(98,960,400)	(98,960,400)
Statutory reserve		79,784,028	78,468,762
Accumulated loss		(77,330,981)	(74,938,981)
CONTINGENCIES AND COMMITMENTS	13	-	-
		<u>384,157,447</u>	<u>385,234,181</u>

The annexed notes 1 to 17 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 HALF YEAR ENDED 31 DECEMBER 2015

	Half year ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
Note	-----Rupees-----		-----Rupees-----	
Income/(loss) from:				
- Ijarah operations	12,149,982	28,743,608	3,526,484	13,707,404
- musharaka finance	4,183,869	565,615	1,947,589	565,615
- murabaha finance	18,470,590	25,051,103	8,978,791	12,256,324
- modaraba finance	2,204,611	(4,701,068)	2,008,721	(2,846,275)
- diminishing musharaka finance	31,441,713	34,809,294	15,757,542	16,533,534
- takaful commission income	435,865	-	435,865	-
- sukuk bonds	115,514	338,540	66,824	155,533
- dairy project - gross	-	3,574,594	-	2,331,794
- bank deposits	4,505,529	6,003,531	2,096,898	2,439,565
Gain on sale of investments - net	-	1,170,295	-	-
	73,507,673	95,555,512	34,818,714	45,143,494
Financial charges	(27,479,899)	(33,330,951)	(13,552,670)	(10,603,520)
Modaraba finance - direct cost	(1,267,839)	(1,756,631)	(1,267,839)	(1,199,708)
Murabaha finance - direct cost	(214,715)	-	(214,715)	-
Biological assets - direct cost	-	(1,800,900)	-	(1,180,500)
Depreciation on assets ijarah assets	(9,979,978)	(25,276,383)	(4,229,065)	(13,529,950)
	(38,942,431)	(62,164,865)	(19,264,289)	(26,513,678)
	34,565,242	33,390,647	15,554,425	18,629,816
Other income	7,891,759	4,940,025	4,275,436	3,381,186
Administrative and operating expenses	(39,491,823)	(28,292,765)	(19,232,572)	(14,931,704)
	(31,600,064)	(23,352,740)	(14,957,136)	(11,550,518)
	2,965,178	10,037,907	597,289	7,079,298
Modaraba management fee (incl of SST)	(285,070)	(1,598,790)	(45,151)	(1,302,929)
Provision for Workers' Welfare Fund	(49,577)	(168,782)	(7,852)	(168,782)
Profit before taxation	2,630,531	8,270,335	544,286	5,607,587
Taxation	-	-	-	-
Net profit for the period	2,630,531	8,270,335	544,286	5,607,587
Earning per certificate	0.05	0.25	0.01	0.17

The annexed notes 1 to 17 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)



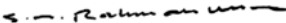
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Half year ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Net profit for the period	2,630,531	8,270,335	544,286	5,607,587
Other comprehensive income				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Unrealized gain on revaluation of available-for-sale investments arising during the period	-	1,467,019	-	1,588,261
Realised gain on sale of investments included in the profit and loss account	-	(1,170,295)	-	(1,170,295)
	-	296,724	-	417,966
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial gain / (loss) on defined benefit plans	1,580,048	(381,009)	(381,009)	
Total comprehensive income for the period	4,210,579	8,186,050	544,286	5,644,544

The annexed notes 1 to 17 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 HALF YEAR ENDED 31 DECEMBER 2015

	December 31, 2015	December 31, 2014
Note	Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,630,531	8,270,335
Adjustments for non-cash charges and other items:		
Gain on disposal of ijarah assets	(1,103,458)	(293,984)
Gain on disposal of fixed assets	-	(2,000)
Gain on sale of marketable securities	-	(1,170,295)
Depreciation	11,495,650	26,566,484
Amortisation	97,500	109,502
Gratuity expense	1,002,496	499,459
Deferred income	-	-
Provision for Workers' Welfare Fund	49,577	168,782
Financial charges	27,479,899	33,330,951
	39,021,664	59,208,899
Decrease / (increase) in assets		
Net investment in finance lease	60,000	352,685
Musharaka finance	30,140,042	58,941,557
Murabaha finance	(4,057,365)	6,563,136
Modaraba finance	(23,412,345)	12,441,977
Ijarah rentals receivable	2,013,290	(1,233,542)
Diminishing Musharaka	899,538	19,692,593
Agriculture Produce-Work in process	(15,023,684)	-
Advances, deposits, prepayments and other receivables	(22,065,972)	(11,441,276)
Advance for Purchase of Agriculture Produce	(36,226,316)	-
Accrued profit	-	(1,667,747)
Long-term deposits	(375,000)	-
	(68,047,812)	83,649,383
(Decrease) / Increase in liabilities		
Security deposits	(1,119,351)	2,263,800
Deferred murabaha income	1,631,231	(3,978,559)
Creditors, accrued and other liabilities	6,556,600	(4,995,803)
	7,068,480	(6,710,562)
Taxes paid	-	(156,280)
Dividend paid	(4,180,686)	-
Staff Gratuity paid	-	(246,049)
Financial charges paid	(24,910,219)	(30,621,272)
	(29,090,905)	(31,023,601)
Net cash generated from operating activities	(48,418,042)	113,394,454
CASH FLOW FROM INVESTING ACTIVITIES		
Sales proceeds from disposal of Ijarah assets	12,594,072	5,503,077
Proceeds from sale of investments	937,500	31,860,153
Sales proceeds from disposal of fixed assets	-	10,000
Purchase of fixed Assets	(4,092,440)	(5,768,918)
Property acquired in satisfaction of financing facility	-	-
Purchase of Ijarah Assets	(7,530,000)	(5,369,441)
Purchase of Banola Seed	-	-
Purchase of biological Assets	-	(13,512,000)
Net cash generated from investing activities	1,909,132	12,722,871
CASH FLOW FROM FINANCING ACTIVITIES		
Deposits	81,770,000	(265,765,342)
Issue of certificates at discount	-	98,960,400
Net cash generated from / (used in) financing activities	81,770,000	(166,804,942)
Net increase / (decrease) in cash and cash equivalents	35,261,090	(40,687,617)
Cash and cash equivalents at the beginning of the period	145,845,016	172,123,131
Cash and cash equivalents at the end of the period	4 181,106,106	131,435,514

The annexed notes 1 to 17 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)



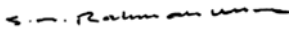
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Certificate Capital	Discount on Issuance of certificates	Statutory Reserve	Unrealised appreciation / (diminution) on remeasurement of investments classified as 'available-for-Sale'	Accumulated Loss	Total
	Rupees					
Balance as at July 01, 2014	282,744,000	-	72,891,382	1,224,203	(67,187,781)	289,671,804
Issue of right certificates (Note 12)	197,920,800	(98,960,400)	-	-	-	98,960,400
Net profit for the period	-	-	-	-	8,270,335	8,270,335
Other comprehensive income	-	-	-	296,724	(381,009)	(84,285)
Profit distribution for the year ended June 30, 2014 @ Rs. 0.24 per certificate	-	-	-	-	(11,535,955)	(11,535,955)
Transfer to statutory reserve	-	-	1,654,067	-	(1,654,067)	-
Balance as at December 31, 2014	480,664,800	(98,960,400)	74,545,449	1,520,927	(72,488,477)	385,282,299
Balance as at July 01, 2015	480,664,800	(98,960,400)	78,468,762	-	(74,938,981)	385,234,181
Net profit for the period	-	-	-	-	2,630,531	2,630,531
Other comprehensive income	-	-	-	-	1,580,048	1,580,048
Profit distribution for the year ended June 30, 2015 @ Rs. 0.11 per certificate	-	-	-	-	(5,287,313)	(5,287,313)
Transfer to statutory reserve	-	-	1,315,266	-	(1,315,266)	-
Balance as at December 31, 2015	480,664,800	(98,960,400)	79,784,028	-	(77,330,981)	384,157,447

The annexed notes 1 to 17 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 HALF YEAR ENDED 31 DECEMBER 2015

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 listed securities. The Modaraba is listed on the Karachi and Lahore Stock Exchanges (now Pakistan Stock Exchange post demutualization of all Stock Exchanges).

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, 2015.
- 2.3 These condensed interim financial statements are unaudited but subject to limited scope review by the auditors except for the figures of the condensed interim profit and loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2015 and December 31, 2014.

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, 2015.

4. CASH AND BANK BALANCES

Cash at bank in :

- current accounts
- saving accounts

Note	December 31, 2015	June 30, 2015
	Un-audited	Audited
	-----Rupees-----	
	2,936,986	1,905,753
4.1	177,622,765	143,737,494
	180,559,751	145,643,247
	437,191	176,305
	109,164	25,464
	181,106,106	145,845,016

- 4.1 These carry profit rates ranging from 4.00% to 6.25% (June 30, 2015: 4.00% to 7.30%)

5. INVESTMENTS

Held to maturity Sukuk bonds-unlisted

Name of investee
company

December 31, 2015	June 30, 2015
Un-audited	Audited
-----Rupees-----	

Sukuk bond of Rs. 5,000 each
unless stated otherwise

Maple Leaf Cement Factory Limited
Less: Current portion of sukuk bonds

2,671,952	3,609,452
-	(1,000,000)
2,671,952	2,609,452

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



FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	December 31, 2015	June 30, 2015
	Un-audited	Audited
	-----Rupees-----	
6. MUSHARAKA FINANCE		
Musharaka finance - considered good	1,250,000	31,390,042
- considered doubtful	<u>38,702,297</u>	<u>38,702,297</u>
	39,952,297	70,092,339
Less: Provision for non-performing musharaka arrangements	<u>(24,602,297)</u>	<u>(24,602,297)</u>
	<u><u>15,350,000</u></u>	<u><u>45,490,042</u></u>

6.1 Expected range of profits ranges from 17% to 20% (June 30, 2015: 17.50% to 20.00%) per annum. All musharaka arrangements are secured against hypothecation of assets, personal guarantees and promissory notes.

7. MURABAHA FINANCE

Murabaha receivables - considered good	271,930,144	312,872,779
-considered doubtful	<u>44,327,865</u>	<u>44,327,865</u>
	316,258,009	357,200,644
Less: provision for non-performing murabaha arrangements	<u>(44,327,865)</u>	<u>(44,327,865)</u>
	<u>271,930,144</u>	<u>312,872,779</u>
Murabaha finance- due after one year	<u>(64,762,316)</u>	<u>(65,001,709)</u>
Current portion of murabaha finance	<u><u>207,167,828</u></u>	<u><u>247,871,070</u></u>

7.1 The Profit rates on these murabaha arrangements range from 15% to 25% (June 30, 2015: 15% to 22%). All murabaha Arrangements are secured against hypothecation of assets, personal guarantees and Promissory notes.

8. DIMINISHING MUSHARAKA

Diminishing musharaka receivables - gross	422,374,331	429,851,207
Less: Unearned income	<u>68,785,362</u>	<u>75,362,695</u>
	353,588,969	354,488,512
Diminishing musharaka finance- due after one year	<u>(167,249,038)</u>	<u>(185,130,268)</u>
Current portion of diminishing musharaka finance	<u><u>186,339,931</u></u>	<u><u>169,358,244</u></u>

8.1 The Profit rates on these diminishing musharaka arrangements range from 16% to 20% (June 30, 2015: 16% to 20%). All diminishing musharaka arrangements are secured against hypothecation of assets , personal guarantees and promissory notes.

9. ADVANCE FOR PURCHASE OF AGRICULTURE

	KASBM	FPrM	TOTAL
Share in Project	38.75%	61.25%	100%
	-----Rupees-----		
Advance for purchase of Banola Seeds	51,250,000	81,000,000	132,250,000
Agriculture Produce-Work in process	(15,023,684)	(23,744,750)	(38,768,434)
Net Advance	<u>36,226,316</u>	<u>57,255,250</u>	<u>93,481,566</u>

The KASB Modaraba (KASBM) & First Prudential Modaraba (FPrM) has entered into a joint project for Crushing of agriculture produce i.e Banola seed and sale of its final product i.e oil cake (Khal) in the market. As per the arrangement the KASBM is the 'Lead Manager' of the project. Accordingly, all project investment/ expenditures and revenues are routed through or as per instruction of the Lead Manager. Profit sharing ratio between the KASBM & FPrM is 40:60.

10. FIXED ASSETS

Tangible assets	15,776,944	14,125,175
Intangible assets	<u>1,022,262</u>	<u>194,763</u>
	<u><u>16,799,206</u></u>	<u><u>14,319,938</u></u>



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



FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	December 31, 2015 Unaudited	June 30, 2015 Audited
	-----Rupees-----	
10.1 Details of addition / (disposals) during the period as follows:		
Addition to fixed assets		
- Electrical equipment	570,585	489,692
- Furniture & fixture	1,856,336	4,434,002
- Computers	1,665,519	625,876
- Vehicles	-	4,155,950
	<u>4,092,440</u>	<u>9,705,520</u>
Disposal during the period		
- Electrical equipment	-	(92,850)
- Motor vehicles	-	(26,394)
	<u>-</u>	<u>(119,244)</u>
11. REDEEMABLE CAPITAL -PARTICIPATORY AND UNSECURED		
Certificate of Musharaka	611,690,000	529,920,000
Long-term portion of deposits	<u>(345,925,000)</u>	<u>(236,240,000)</u>
	<u>265,765,000</u>	<u>293,680,000</u>
11.1 The estimate share of profit payable on certificate of musharaka ranges from 7.75% to 11.50% (June 30, 2015: 8.75% to 11.75%)		
12. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
The modaraba during year 2015, issued 70% right certificates of Rs.10/- each at a discounted price of Rs.5/- each amounting to Rs. 98,960,400 out of which 85% certificates were subscribed by the management company as underwriter to the issue.		
13. CONTINGENCIES AND COMMITMENTS		
There were no contingencies and commitments as at December 31, 2015		
14. 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.		

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



FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Half Year Ended	
	December 31, 2015	December 31, 2014
	-----Rupees----- ----- (Un-audited) -----	
15. TRANSACTIONS WITH RELATED PARTIES		
15.1 Transactions during the period		
Management Company	285,070	1,598,790
Associated companies		
Financial charges	593,150	510,150
Rent expense	900,000	56,866
Custodian charges	-	2,511
Supervision fee	-	600,000
Connectivity charges	-	114,120
Vehicle running expense	-	166,580
Telephone expense	-	158,000
Other charges	-	20,401
Service charges	-	275,500
Modaraba under common management (reimbursement of expenses)	3,134,390	1,178,000
Sale of investment - unit trust scheme	-	29,915,814
Other Related Parties		
Income from diminishing musharaka finance	-	1,000,360
Salaries and other benefits	2,302,580	-
Financial charges	581,739	239,842
	December 31, 2015	June 30, 2015
	Un-audited	Audited
	-----Rupees-----	
Management Company		
Modaraba management fee payable	285,070	1,115,476
Issue of certificates at discount	98,946,390	98,946,390
Associated companies		
Certificate of Musharaka	-	29,000,000
Accrued mark-up payable	43,589	273,918
Creditors, accrued and other liabilities	-	670,000
Other Related Parties		
Certificate of Musharaka	10,100,000	20,600,000
Accrued mark-up payable	166,819	660,442
Modaraba under common management (receivable against reimbursement of expenses)	4,034,395	-

16. GENERAL

16.1 Figures have been rounded off to the nearest Rupee.

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

17. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on February 26, 2016.

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 HALF YEAR ENDED 31 DECEMBER 2015





HALF YEARLY REPORT DECEMBER 2015

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