



KASB MODARABA

**HALF YEARLY REPORT
FOR THE HALF YEAR ENDED
December 31, 2018
(Un-audited)**

MANAGED BY

KASB INVEST (PRIVATE) LIMITED

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CORPORATE INFORMATION

Board of Directors

Muzaffar Ali Shah Bukhari
Farrukh S. Ansari
Amer Maqbool

Chairman
Director
Director/Chief Executive Officer

Chief Financial Officer

Aftab Afroz Mahmoodi

Company Secretary

Syed Shahid Owais

Management Company

KASB Invest (Pvt.) Limited

Auditor

RSM Avasi Hyder (Pvt.) Limited

Internal Auditor

EY Ford Rhodes

Audit Committee

Farrukh S. Ansari
Muzaffar Ali Shah Bukhari

Chairman
Member

Human Resource and Remuneration Committee

Farrukh S. Ansari
Muzaffar Ali Shah Bukhari
Amer Maqbool

Chairman
Member
Member

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 & Head Office

19-C, Shehbaz Lane # 2, Phase-VI,
Defence Authority, Karachi.
Phone # 021-35847921, 021-35847841

DHA Branch Office

16-C, Bukhari Towers,
Main Khayaban-e-Bukhari, Phase VI,
DHA, Karachi
Phone : 021-35171786-89

Lahore Branch Office

Office No. 318 3rd Floor,
Lahore Stock Exchange Building,
19 Khayaban-e-Awan-e-Iqbal,
Lahore.

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

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 the half yearly unaudited financial statements of the Modaraba for the half year ended December 31, 2018.

FINANCIAL HIGHLIGHTS

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

BALANCE SHEET	December 31, 2018 Rs “000”	June 30, 2018 Rs “000”
Cash & Bank balance	33,763	30,948
Investments	8,322	Nil
Murabaha Finance	108,609	125,580
Diminishing Musharaka Finance	62,663	95,184
Ijarah Assets	16,195	20,265
Total Assets	332,244	375,598
PROFIT & LOSS ACCOUNT	December 31, 2018 Rs “000”	December 31, 2017 Rs “000”
Gross Income	27,356	35,492
Operating & Financial Charges (including provisions)	(22,417)	(48,297)
Management Company Fee	(436)	Nil
Net Profit / (loss) for the period	4,359	(12,806)
Earning per Modaraba Certificate (Rupees)	0.09	(0.27)

OPERATIONS AND PERFORMANCE

By the grace of Almighty Allah, the half year ended December 31, 2018 ended successfully. The Modaraba registered net profit of Rs.4.4 million as compared to net loss of Rs.12.8 million for the corresponding period of the last year. Earning per certificate is Rs.0.09 as compared to negative earning of Rs.0.27 for the corresponding period of the last year.

The management is 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 the certificate holders.

FUTURE PROSPECTS

With the aim and strategy of growing with Sharia compliant businesses, we would keep exploring and opting high yield businesses. We trust that we would keep going as per our short and longer term plans with innovative approach that would result in better returns for 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 & on behalf of the
Board of Directors**

-sd-
Chairman
Dated: February 22, 2019
Karachi

-sd-
Director

ڈائریکٹر رپورٹ

کے اے ایس بی انویسٹ (پرائیویٹ) لمیٹڈ مینجمنٹ کمپنی برائے کے اے ایس بی مضاربہ، کے بورڈ آف ڈائریکٹر انتہائی مسرت کے ساتھ مضاربہ کے 31 دسمبر 2018 کو اختتام پذیر ہونے والی ششماہی کا غیر آڈٹ شدہ مالیاتی گوشوارہ پیش کر رہا ہے۔

مالیاتی جھلکیاں

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

بیلنس شیٹ	31 دسمبر 2018 روپے "..." میں	30 جون 2018 روپے "..." میں
نقد اور بینک بیلنس	33,763	30,948
سرمایہ کاری	8,322	---
مراجہ	108,609	125,580
شرکت متناقصہ	62,663	95,184
اجارہ اثاثہ جات	16,195	20,265
مجموعی اثاثہ جات	332,244	375,598
نفع و نقصان کا حساب	31 دسمبر 2018 روپے "..." میں	31 دسمبر 2017 روپے "..." میں
مجموعی آمدنی	27,356	35,492
انتظامی و مالیاتی اخراجات	(22,417)	(48,297)
مینجمنٹ کمپنی فیس	(436)	---
خالص منافع برائے سہ ماہی	4,359	(12,806)
فی حصہ منافع (روپے)	0.09	(0.27)

انتظامی کارکردگی

اللہ تعالیٰ کے فضل و کرم سے کے اے ایس بی مضاربہ کی پہلی ششماہی کامیابی سے اختتام پذیر ہوئی۔ موجودہ مدت 4.4 ملین روپے کا خالص منافع ہوا جو کہ سال گزشتہ اسی مدت کے دوران 12.8 ملین روپے (نقصان) تھا۔ فی

حصہ آمدنی 0.09 روپے رہی جو کہ اسی مدت میں سال گزشتہ منفی 0.27 روپے تھی۔ انتظامیہ مضاربہ کی انتظامی و مالیاتی ترقی اور دیرپا استحکام کے لئے پُر عزم ہے۔ اور تمام اسٹیک ہولڈرز خصوصاً حصہ داروں کے لئے بہتر معاوضے کے لئے پُر اُمید ہے۔

مستقبل کے امکانات

شریعت کے مطابق کاروبار کے ذریعے ترقی کرنے کا 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 قلیل المیعاد 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 گو ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

-sd-

ڈائریکٹر

-sd-

چیئرمین

22 فروری 2019ء

کراچی

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

RSM Avas Hyder Liaquat Nauman
Chartered Accountants

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

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Introduction

We have reviewed the accompanying condensed interim balance sheet of **KASB MODARABA** (the Modaraba) as at December 31, 2018, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at December 31, 2017 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, 2018 and December 31, 2017 in the condensed interim profit and loss account has not been reviewed and we do not express a conclusion on them.

- 30 -

Chartered Accountants

Karachi

Dated:

Engagement Partner: Adnan Zaman

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

KASB MODARABA
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2018

	Note	December 31, 2018	June 30, 2018
		Un-audited	Audited
		------(Rupees)-----	
ASSETS			
Current assets			
Cash and bank balances	5.	33,762,713	30,947,769
Short term Investments	6.	8,321,677	-
Modaraba finance	7.	-	112,000
Musharaka finance	8.	8,600,000	11,300,000
Current portion of long term murabaha finance- gross	9.	82,528,506	96,922,724
Current portion of long term diminishing musharaka finance	10.	41,026,154	62,954,705
Ijarah rentals receivable		1,003,817	137,159
Receivable against sale of agricultural produce		7,651,449	7,651,449
Advances, prepayments and other receivables		24,348,661	20,632,336
Property acquired in satisfaction of financing facility		47,082,936	47,082,936
		<u>254,325,912</u>	<u>277,741,078</u>
Non-current assets			
Long-term murabaha finance - gross	9.	26,080,120	28,657,452
Long-term diminishing musharaka finance	10.	21,636,423	32,229,254
Long-term advances		-	624,816
Long-term deposits		418,300	685,300
Ijarah assets	11.	16,195,059	20,265,346
Fixed assets	12.	13,588,104	15,395,147
		<u>77,918,006</u>	<u>97,857,315</u>
TOTAL ASSETS		<u>332,243,918</u>	<u>375,598,393</u>
LIABILITIES			
Current liabilities			
Current portion of redeemable capital	13.	8,515,000	37,085,000
Current portion of long term finance	14.	25,133,451	25,133,451
Current portion of long term security deposits		169,300	630,675
Current portion of long term deferred murabaha income		271,008	337,397
Creditors, accrued and other liabilities		7,572,880	13,094,289
Unclaimed profit distribution		2,834,156	2,834,156
Total current liabilities		<u>44,495,796</u>	<u>79,114,968</u>
Non-current liabilities			
Long-term portion of redeemable capital	13.	-	-
Long-term finance	14.	-	12,566,726
Long-term security deposits		5,459,899	5,459,899
Deferred liabilities - staff gratuity		2,981,279	3,509,176
		<u>8,441,178</u>	<u>21,535,801</u>
TOTAL LIABILITIES		<u>52,936,974</u>	<u>100,650,769</u>
NET ASSETS		<u>279,306,944</u>	<u>274,947,624</u>
REPRESENTED BY			
CAPITAL AND RESERVES			
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	15.	480,664,800	480,664,800
Discount on issuance of certificates		(98,960,400)	(98,960,400)
Statutory reserve		84,377,003	83,505,138
Accumulated loss		(186,774,459)	(190,261,914)
CONTINGENCIES AND COMMITMENTS			
	16.	<u>279,306,944</u>	<u>274,947,624</u>

The annexed notes 1 to 20 form an integral part of these financial statements.

For KASB Invest (Private) Limited
(Management Company)

-sd-

-sd-

-sd-

-sd-

Chief Executive

Director

Director

Chief Financial Officer

KASB MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	-----Rupees-----			
Income from:				
- Ijarah finance	2,010,620	7,930,780	1,296,034	3,942,799
- murabaha finance	1,410,653	5,222,523	480,507	2,585,224
- diminishing musharaka finance	5,588,651	10,900,318	2,924,958	5,306,663
- bank deposits	490,000	531,499	270,000	241,499
	<u>9,499,924</u>	<u>24,585,120</u>	<u>4,971,499</u>	<u>12,076,185</u>
Financial charges	(2,362,693)	(5,689,247)	(1,081,000)	(2,668,372)
Murabaha, Musharka, Modaraba finance - direct cost	-	(182,065)	-	(174,065)
Depreciation on assets under ijarah arrangements	(3,608,912)	(8,015,105)	(1,718,673)	(4,167,845)
	<u>(5,971,605)</u>	<u>(13,886,417)</u>	<u>(2,799,673)</u>	<u>(7,010,282)</u>
	<u>3,528,319</u>	<u>10,698,703</u>	<u>2,171,826</u>	<u>5,065,903</u>
Other income	2,291,533	10,906,685	1,785,264	3,390,195
Unrealized gain on remeasurement of held for trading investments	8,321,677	-	(11,230)	-
Reversal of / (charge for the year) Provision - net	7,242,849	(10,984,133)	6,231,720	(10,984,133)
Administrative and operating expenses	(16,445,267)	(23,427,281)	(7,065,437)	(10,934,087)
	<u>1,410,792</u>	<u>(23,504,729)</u>	<u>940,317</u>	<u>(18,528,025)</u>
	<u>4,939,111</u>	<u>(12,806,026)</u>	<u>3,112,143</u>	<u>(13,462,122)</u>
Modaraba management fee	(435,933)	-	(274,683)	57,806
Sales tax on management fee	(56,671)	-	(35,708)	8,671
Provision for Workers' Welfare Fund	(87,187)	-	(54,927)	11,561
Profit/(loss) before taxation	<u>4,359,319</u>	<u>(12,806,026)</u>	<u>2,746,824</u>	<u>(13,384,084)</u>
Taxation	-	-	-	-
Net profit/(loss) for the period	<u><u>4,359,319</u></u>	<u><u>(12,806,026)</u></u>	<u><u>2,746,824</u></u>	<u><u>(13,384,084)</u></u>
Earning / (loss) per certificate	<u><u>0.09</u></u>	<u><u>(0.27)</u></u>	<u><u>0.06</u></u>	<u><u>(0.28)</u></u>

The annexed notes 1 to 20 form an integral part of these financial statements.

For KASB Invest (Private) Limited
(Management Company)

-sd-	-sd-	-sd-	-sd-
_____ Chief Executive	_____ Director	_____ Director	_____ Chief Financial Officer

KASB MODARABA
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Quarter ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Rupees		Rupees	
Net profit/(loss) for the period	4,359,319	(12,806,026)	2,746,824	(13,384,084)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	4,359,319	(12,806,026)	2,746,824	(13,384,084)

The annexed notes 1 to 20 form an integral part of these financial statements.

For KASB Invest (Private) Limited
 (Management Company)

-sd-

Chief Executive

-sd

Director

-sd-

Director

-sc

Chief Financial Officer

KASB MODARABA
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Note	December 31, 2018	December 31, 2017
	-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	4,359,319	(12,806,026)
Adjustments for non-cash charges and other items:		
Gain on disposal of fixed assets	-	(75,654)
Unrealized gain on remeasurement of held for trading investments	(8,321,677)	-
Depreciation	5,269,996	9,600,409
Amortisation	138,750	138,750
Gratuity expense	232,206	672,000
Decrease in value of Inventories due to re-masurement	-	9,191,486
Financial charges	2,362,693	5,689,247
	(318,032)	25,216,238
Decrease / (increase) in assets		
Musharaka finance	2,700,000	1,100,000
Murabaha finance	16,971,550	9,398,916
Modaraba finance	112,000	11,925,126
Other assets	-	564,928
Ijarah rentals receivable	(866,658)	41,324
Diminishing Musharaka	32,521,382	23,863,044
Advances, deposits, prepayments and other receivables	(3,091,509)	7,390,474
Long-term deposits	267,000	(87,000)
	48,613,765	54,196,812
(Decrease) / Increase in liabilities		
Security deposits	(461,375)	1,529,500
Deferred murabaha income	(66,389)	(1,915,063)
Creditors, accrued and other liabilities	(5,521,409)	(8,703,448)
	(6,049,173)	(9,089,011)
Dividend paid	(0)	(2,385,854)
Staff Gratuity paid	(760,101)	(241,590)
Financial charges paid	(2,362,693)	(5,689,247)
	(3,122,794)	(8,316,691)
Net cash generated from operating activities	43,483,086	49,201,322
CASH FLOW FROM INVESTING ACTIVITIES		
Sales proceeds from disposal of Ijarah assets	461,375	2,149,696
Sales proceeds from disposal of fixed assets	7,209	-
Purchase of Ijarah Assets	-	(9,900,000)
Net cash generated from / (used in) investing activities	468,584	(7,750,304)
CASH FLOW FROM FINANCING ACTIVITIES		
Term Financing	(12,566,726)	(12,566,726)
Deposits	(28,570,000)	(41,320,000)
Net cash used in financing activities	(41,136,726)	(53,886,726)
Net increase / (decrease) in cash and cash equivalents	2,814,944	(12,435,708)
Cash and cash equivalents at the beginning of the period	30,947,769	22,604,098
Cash and cash equivalents at the end of the period	5. 33,762,713	10,168,390

The annexed notes 1 to 20 form an integral part of these financial statements.

For KASB Invest (Private) Limited
(Management Company)

-SQ-

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Chief Executive

Director

Director

Chief Financial Officer

KASB MODARABA
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Certificate Capital	Discount on Issuance of certificates	Statutory Reserve	Accumulated Loss	Total
	Rupees				
Balance as at July 01, 2017 (Audited)	480,664,800	(98,960,400)	83,505,139	(73,753,533)	391,456,006
Net loss for the period ended December 31, 2017	-	-	-	(12,806,026)	(12,806,026)
Profit distribution for the year ended June 30, 2017				(3,364,654)	(3,364,654)
Balance as at December 31, 2017	480,664,800	(98,960,400)	83,505,139	(89,924,213)	375,285,326
Balance as at July 01, 2018 (Audited)	480,664,800	(98,960,400)	83,505,139	(190,261,914)	274,947,625
Net profit for the period ended December 31, 2018	-	-	-	4,359,319	4,359,319
Transfer to statutory reserve	-	-	871,864	(871,864)	-
Balance as at December 31, 2018	480,664,800	(98,960,400)	84,377,003	(186,774,459)	279,306,944

The annexed notes 1 to 20 form an integral part of these financial statements.

For KASB Invest (Private) Limited
(Management Company)

-sd-	-sd-	-sd-	-s
_____ Chief Executive	_____ Director	_____ Director	_____ Chief Financial Officer

KASB MODARABA
NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

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 19-C, Shehbaz Lane #2, Phase VI, DHA, 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 Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities & Exchange Commission of Pakistan (SECP). In case where requirements differ, the requirements of Modaraba Companies and Modaraba (Floatation & Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issues 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, 2018. The figures for the half year ended December 31, 2018 have been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.
- 2.3 This condensed interim financial statements comprises of the condensed interim balance sheet as at December 31, 2018 and the condensed interim profit and loss account & condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and the notes forming part thereof for the half year ended December 31, 2018 which have been subjected to a review but not audited.
- 2.4 The comparative condensed balance sheet, presented in this condensed interim financial statements, as at June 30, 2018 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2018 whereas the comparative condensed interim profit and loss account & condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year ended December 31, 2017 have been extracted from the condensed interim financial statements for the half year ended December 31, 2017 which were subjected to a review but not audited.

3. BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis, except for investment classified as held for trading carried at fair value and certain staff retirement benefits that are carried at present value of defined benefit obligation.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted for the preparation of this condensed interim financial statements are the same as those applied in preparing the financial statements of the Modaraba for the year ended June 30, 2018.

- 4.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2018 except those stated in note 4.2 (a) below.
- 4.2 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

a) **New standards, amendments to approved accounting standards and interpretations that are effective during the six month and quarter ended December 31, 2018**

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the modaraba's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the modaraba's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

In addition to new standards, IFRS 15 have become applicable to the modaraba effective July 1, 2018. Because of these new standards certain changes to the modaraba's accounting policies have been made in light of the following paragraphs:

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by these standard do not have any significant impact on these condensed interim financial statements of the modaraba.

4.3 **New standards, amendments to approved accounting standards and interpretations that are effective**

There is a new standard, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the modaraba's annual accounting periods beginning on or after July 1, 2019. However, these will not have any significant impact on the financial reporting of the modaraba and, therefore, have not been disclosed in these condensed interim financial statements.

		December 31, 2018 Un-audited	June 30, 2018 Audited
	Note	----- (Rupees) -----	
5. CASH AND BANK BALANCES			
Cash at bank in :			
- current accounts		7,124,623	4,751,980
- saving accounts	5.1	<u>26,353,067</u>	<u>25,957,487</u>
		<u>33,477,691</u>	<u>30,709,467</u>
Cash in hand		133,526	90,106
Stamp papers		<u>151,496</u>	<u>148,196</u>
		<u><u>33,762,713</u></u>	<u><u>30,947,769</u></u>

5.1 These carry profit rates ranging from 4.00% to 6.10% (June 30, 2018: 4.00% to 6.10%)

6. INVESTMENTS

Held for trading at fair value through profit or loss - quoted securities

Quoted Securities	6.1 & 6.2	<u>8,321,677</u>	-
		<u><u>8,321,677</u></u>	<u><u>-</u></u>

During the period 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

December 31, 2018	June 30, 2018		December 31, 2018	June 30, 2018
Number of fully paid ordinary shares of Rs. 10 each		Name of Investee	Rupees	Rupees
19,068	-	Automobile Parts & Accessories		
		Thal Limited	8,321,677	-
42,400	-	Textile & Weaving		
		Service Fabrics Limited	-	-
<u>61,468</u>	<u>-</u>		<u>8,321,677</u>	<u>-</u>

6.2 Unrealized gain on changes in fare value of held for trading investments

Weighted average cost of investments	-	-
Unrealized gain on change in fare value of held for trading investments	8,321,677	-
Market value of investments	<u>8,321,677</u>	<u>-</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.

	December 31, 2018	June 30, 2018
Modaraba finance	38,231,201	39,622,056
Less: Provision for non-performing modaraba arrangements	<u>(38,231,201)</u>	<u>(39,510,056)</u>
	<u>-</u>	<u>112,000</u>

8. MUSHARAKA FINANCE

Musharaka finance - considered good	8,600,000	11,300,000
- considered doubtful	<u>15,602,297</u>	<u>15,602,297</u>
	<u>24,202,297</u>	<u>26,902,297</u>
Less: Provision for non-performing musharaka arrangements	<u>(15,602,297)</u>	<u>(15,602,297)</u>
	<u><u>8,600,000</u></u>	<u><u>11,300,000</u></u>

8.1 This represents receivable from a client under settlement agreement dated December 24, 2016. The exposure is secured against mortgage of property and personal guarantees.

	December 31, 2018 Un-audited -----Rupees-----	June 30, 2018 Audited
9. MURABAHA FINANCE		
Murabaha finance - considered good	108,608,626	125,580,176
- considered doubtful	78,682,898	85,126,172
	<u>187,291,524</u>	<u>210,706,348</u>
Less: provision for non-performing murabaha arrangements	(78,682,898)	(85,126,172)
	<u>108,608,626</u>	<u>125,580,176</u>
Murabaha finance- due after one year	(26,080,120)	(28,657,452)
Current portion of murabaha finance	<u>82,528,506</u>	<u>96,922,724</u>

9.1 The Profit rates on these murabaha arrangements range from 12% to 20% (June 30, 2018: 12% to 20%). All murabaha arrangements are secured against hypothecation of assets, personal guarantees and Promissory notes.

	December 31, 2018 Un-audited -----Rupees-----	June 30, 2018 Audited
10. DIMINISHING MUSHARAKA		
Diminishing musharaka finance - gross	70,600,747	106,611,635
Less: Unearned income	(7,938,170)	(11,427,676)
	<u>62,662,577</u>	<u>95,183,959</u>
Diminishing musharaka finance- due after one year	(21,636,423)	(32,229,254)
Current portion of diminishing musharaka finance	<u>41,026,154</u>	<u>62,954,705</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.

	December 31, 2018 Un-audited -----Rupees-----	June 30, 2018 Audited
11. IJARAH ASSETS	<u>16,195,059</u>	<u>20,265,346</u>
11.1 Details of addition / (disposals) during the period as follows:		
Addition to ijarah assets		
- Motor vehicles	-	9,900,000
	<u>-</u>	<u>9,900,000</u>
Disposal during the period		
- Equipment	-	(50,000)
- Plant and machinery	-	(25,000,000)
- Motor vehicles	(461,375)	(8,453,500)
	<u>(461,375)</u>	<u>(33,503,500)</u>

	December 31, 2018 Unaudited -----Rupees-----	June 30, 2018 Audited
12. FIXED ASSETS	13,588,104	15,395,147
12.1 Details of addition / (disposals) during the period as follows:		
- Office equipment	(7,209)	131,937
- Furniture & fixture	-	2,920,160
- Computers and accessories	-	344,100
	(7,209)	3,396,197

13. REDEEMABLE CAPITAL

Certificate of Musharaka	8,515,000	37,085,000
Long-term portion of redeemable capital	-	-
	8,515,000	37,085,000

13.1 The estimate share of profit payable on certificate of musharaka ranges from 6.00% to 8.50% (June 30, 2018: 6.00% to 8.50%)

	December 31, 2018 Unaudited -----Rupees-----	June 30, 2018 Audited
14. LONG TERM BORROWING		
Due within one year	14.1 25,133,451	25,133,451
Due after one year	-	12,566,726
	25,133,451	37,700,177

14.1 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. As per interim arrangement facility is secured by way of hypothecation ranking charge on all present and future assets of the modaraba and lien on the bank account maintained with JS Bank Ltd. Subsequently, charge has been upgraded to a first exclusive charge over the specific leased/ musharaka assets.

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

December 31, 2018	June 30, 2018		December 31, 2018	June 30, 2018
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
48,066,480	48,066,480		480,664,800	480,664,800

16. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31 2018.

17. TAXATION

The income of the Modaraba is exempt from tax subject to the condition that not less than ninety per cent of its total profits in the year as reduced by the amount transferred to a mandatory reserve, required under the provisions of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed amongst the shareholders.

No provision for current and deferred taxation has been made in these financial statements in accordance with the accounting policy of the Modaraba.

18. TRANSACTIONS WITH RELATED

		December 31, 2018 Un-audited -----Rupees-----	June 30, 2018 Audited
Relationship with Modaraba	Nature of Transactions		
Balances with related parties			
Modaraba management company	Issue of certificates at discount	98,946,930	98,946,930
Modaraba management company	Modaraba management fee	435,933	-
Modarabas under common management	Receivable against reimbursement of expenses	2,989,628	116,772
		December 31, 2018 Un-audited -----Rupees-----	December 31, 2017 Un-audited
Expense/(Income) for the period			
Modaraba management company	Modaraba management fee	435,933	-
Modarabas under common management	Reimbursement of expenses	(2,989,628)	(2,652,481)
Payments /(Receipts) made during the period			
Modaraba management company	Modaraba management fee	-	-
Modaraba under common management	Reimbursement of expenses	-	-
Modaraba management company	Dividend paid	-	-

19. GENERAL

19.1 Figures have been rounded off to the nearest Rupee.

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

20. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on February 22, 2019.

For KASB Invest (Private) Limited
(Management Company)

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Chief Executive

Director

Director

Chief Financial Office



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