

# **FIRST PAK MODARABA**

**24TH ANNUAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2015**

*Managed by:*

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**KASB Invest (Private) Limited**

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BOOK - POST  
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## CORPORATE INFORMATION

<b>Board of Directors</b>	Syed Waseem-ul- Haq Haqqie Syed Muhammad Rehmanullah Farrukh S. Ansari Rashid K. Siddiqui	Chairman Director Director Chief Executive Officer
<b>Audit Committee</b>	Farrukh S. Ansari Syed Muhammad Rehmanullah Syed Waseem-ul- Haq Haqqie	Chairman Member Member
<b>Human Resource and Remuneration Committee</b>	Farrukh S. Ansari Syed Waseem-ul- Haq Haqqie Syed Muhammad Rehmanullah Rashid K. Siddiqui	Chairman Member Member Member
<b>Chief Financial Officer</b>	Aftab Afroz Mahmoodi	
<b>Company Secretary</b>	Zia-ul-Haq	
<b>Head of Internal Audit</b>	Syed Shahid Owais	
<b>Management Company</b>	KASB Invest (Private) Limited	
<b>Registered &amp; Head Office</b>	8-C, Block-6, PECHS, Off. Sharah-e-Faisal, Karachi. Tel: 021-34398852-5, 021-34370143	
<b>Auditors</b>	RSM Avais Hyder Liaquat Nauman Chartered Accounts	
<b>Legal Advisor</b>	Ahmed & Qazi Advocates	
<b>Shariah Advisor</b>	Mufti Muhammad Ibrahim Essa	
<b>Bankers</b>	Habib Bank Limited (Islamic Banking) Burj Bank Limited Al-Baraka Islamic Bank Faysal Bank Limited	
<b>Share Registrar</b>	Shares & Corporate Services (Pvt.) Limited Mehersons Estate, Talpur Road, Karachi. 74000 Tel: 021-32401634	

## DIRECTORS' REPORT

The Board of Directors of KASB Invest (Private) Limited, the Management Company of First Pak Modaraba are pleased to present the Annual Report of First Pak Modaraba together with Audited Accounts and Auditors' Report thereon for the year ended 30th June 2015 before the certificate holders. This is the second financial year after KASB Invest (Private) Limited took over management of the Modaraba.

### KEY OPERATING / FINANCIAL HIGHLIGHTS

Year ended	(Rupees in millions)	
	June 30, 2015	June 30, 2014
Total Income from Operations	6.802	6.877
Operating Expenses	(5.168)	(3.696)
Unrealized Gain / (Loss) on Re-measurement of Investment	0.133	(0.599)
Permanent Diminution in value of available for sale investments	-	(4.875)
Provision against doubtful receivables	-	(13.362)
Net Profit/(Loss)	1.557	(15.656)
Earning /(Loss) per Modaraba Certificate (Rs.)	0.12	(1.25)

### Review of Operations:

#### Dividend:

The Board of Directors is pleased to announce a cash dividend @ 0.9% (Re.0.09 per certificate) for the year ended June 30, 2015 to the certificate holders of First Pak Modaraba.

During the year ended on 30th June 2015, the overall operating performance of the First Pak Modaraba reflects management commitment towards the good standing, sustainability and growth of the Modaraba. The Net profit for the year was Rs. 1.557 million recorded as against loss of Rs. 15.656 million last year which is a major break through and a sign of a committed stewardship. The earning per Modaraba Certificate stands at Re. 0.12 during the year as against the loss of Re.(1.25) during last year. Operating expenses were Rs. 5.168 million as compared to Rs. 3.696 million last year.

No provision against receivables were booked in the current year as compared to a provision of 13.362 million charged last year. However, there are impediments for recovery due to non availability of records and short falls in security documents of credits handed over from the previous management.

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.

### Sharia Compliance and Sharia Audit Mechanism

The Board is committed to comply with the requirements of circular No. 08 of 2012 Shari'ah Compliance and Shariah Audit Mechanism for Modarabas under the direction of its Sharia Advisor.

### Corporate and financial reporting framework

The Board of Directors is fully aware of its duties & responsibilities under Code of Corporate Governance issued by Securities & Exchange Commission of Pakistan.

- The financial statements, prepared by the management of the Modaraba, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Modaraba's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations except for those reported in Auditors' review report on compliance of code of corporate governance.
- The Modaraba operates a provident fund for its permanent employees having value of Rs. 490,745/- as on June 30, 2015.
- Key operating and financial data of last six years in a summarized form is annexed.
- During the year three meetings of Board of Directors were held. Below is the summary of attendance by the directors in the Board meetings

S.No	Name of Director	Meetings attended
1	Syed Waseem ul Haq Haqqie	3
2	Mr. Farrukh Shauket Ansari	3
3	Syed Muhammad Rehmanullah	3
4	Mr. Rashid K. Siddiqui (CEO)	3

- The Statement of pattern of certificate holding of the Modaraba as at 30th June 2015 as per code of corporate governance is annexed.

### Compliance with Code of Corporate Governance

Statement of compliance with the Code of Corporate Governance is annexed with the financial statements for the year ended June 30, 2015.

### Future Outlook

The management of the Modaraba is keen to lend to selected good quality clients. Since there are no financial obligations and as a result no financial costs, this helps the Modaraba to offer lending at very competitive rates to good quality clients with financially sound footing. The current economic situation, alongwith a very competitive environment for Islamic financial products, has resulted in a very challenging outlook for the Modaraba. The Management of your Modaraba is proactively studying available options which would best protect and preserve certificate holders' interest in the future. We are making all possible efforts to do the best to augment the system and special emphasis are being placed on recoveries and careful risk assessment to safeguard any adverse impact in future. New products and services are being explored to enhance our business generating activities.

We are fully geared to achieve better result and to regularly pay progressive rate of return to the certificate holders of the Modaraba.

The Modaraba also intends to increase its efforts for the recoveries from the defaulted clients through increased interaction & negotiation and expediting & accelerating legal recourse. This will result in increased liquidity and profitability through reversal of provisions.

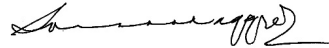
**Auditors**

On the recommendation of Audit Committee, the Board has approved the re-appointment of M/s Avais Hyder Liaquat Nauman, Chartered Accountants, as the statutory auditors for the year ended June 30, 2016, subject to approval by the Registrar Modaraba.

**Acknowledgement:**

The Board of Directors would like to thank for continuous guidance and support extended by the Registrar Modaraba, Securities and Exchange Commission of Pakistan, the Karachi, Lahore and Islamabad Stock Exchanges. The Board is also thankful to its valued customers, Certificate Holders for reposing their confidence in the Management of the Modaraba.

For & on behalf of the Board of Directors



**Syed Waseem-ul-Haq Haqqie**  
Chairman

Karachi.  
Dated: October 07, 2015

**Summary of key Operating and Financial data of the  
Modaraba for last six years.  
Year ended June 30**

.....Rupees in million.....

Year	2015	2014	2013	2012	2011	2010
Paid up Capital	<b>125.400</b>	<b>125.400</b>	125.400	125.400	125.400	125.400
Statutory Reserve	<b>25.028</b>	<b>24.717</b>	24.717	24.325	23.948	21.262
Certificate Holders' Equity	<b>60.738</b>	<b>59.182</b>	73.305	72.853	75.983	66.312
Certificate	<b>12.540</b>	<b>12.540</b>	12.540	12.540	12.540	12.540
Current Liabilities	<b>5.955</b>	<b>8.031</b>	5.366	5.426	5.478	4.939
Non-Current Assets	<b>5.585</b>	<b>10.087</b>	0.494	2.030	1.956	1.717
Current Assets	<b>61.108</b>	<b>57.125</b>	78.178	76.537	79.971	69.968
Profit/(Loss) after taxation	<b>1.557</b>	<b>(15.656)</b>	1.957	1.886	13.432	6.899
Earning/(Loss) per Certificate (Rs.)	<b>0.12</b>	<b>(1.25)</b>	0.16	0.15	1.07	0.55
Dividend (%)	<b>0.9%</b>	<b>Nil</b>	1.2%	1.2%	4%	3%

**STATEMENT OF COMPLIANCE WITH THE CODE OF  
CORPORATE GOVERNANCE  
YEAR ENDED JUNE 30, 2015**

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in the Regulation No.35 of listing regulations of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited & Islamabad Stock Exchange Limited, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Regardless of the fact that KASB Invest (Private) Limited, the management company of the First Pak Modaraba (the Modaraba), is a Private Limited Company, the Board of Directors of management company are pleased to confirm that the Code of Corporate Governance is being complied with in all material respects. Modaraba Management Company (hereafter referred as Company) has applied the principles contained in the Code in the following manner.

1. The Modaraba Management Company encourages representation of independent non-Executive directors. At present the Board includes:

Category	Names
Independent Directors	Mr. Furrugh S. Ansari Syed Waseem-ul-Haq Haqqie Syed Muhammad Rehmanullah

Executive Directors	Mr. Rashid K. Siddiqui
---------------------	------------------------

2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or being a member of a stock exchange, has been declared as a defaulter by the stock exchange.

4. No casual vacancy occurred on the Board during the year.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Modaraba along with its supporting policies and procedures.

6. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the Modaraba. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executive and Non- Executive Directors have been taken by the Board.

8. The meetings of the Board were presided by the Chairman. The Board met at least once in every quarter. Written notices of the Board Meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Two Directors are certified and one director is exempted from the Director's training program by virtue of his experience as prescribed by SECP in the CCG.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' Report for this period has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Modaraba were duly endorsed by CEO and CFO before approval of the board.
13. The Directors, CEO and executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of shareholding.
14. The Modaraba has complied with all the major corporate and financial reporting requirements to the CCG. All related parties transactions has been reviewed and approved by the Board and are carried out as per agreed terms.
15. The Board has formed an Audit Committee. It comprises three members; of whom all are independent Directors.
16. The meetings of the Audit Committee was held prior to approval of final result of the Modaraba. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom all are independent directors.
18. The Modaraba has setup an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Modaraba.
19. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period' prior to the announcement of interim / final results and business decisions, which may materially affect the market price of Modaraba 's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles contained in the CCG have been complied with.

For & on behalf of the Board of Directors

Karachi.  
Dated: October 07, 2015

  
**Syed Waseem-ul-Haq Haqqie**  
Chairman



RSM Awaiz Hyder Liaquat Nauman  
Chartered Accountants

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Karachi, 75530-Pakistan.  
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#### REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **KASB Invest (Private) Limited** (the Management Company) for the year ended June 30, 2015 to comply with the requirements of listing regulation No. 35(Chapter XI) of the Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited where the Modaraba is listed

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provision of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risk and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Other Offices at:  
Lahore : 92(42) 3587 2731-3  
Islamabad : 92(51) 211 4096-8  
Rawalpindi : 92(51) 5193135  
Faisalabad : 92(41) 854 1165/854 1965  
Peshawar : 92(91) 527 8310/527 7205  
Quetta : 92(81) 282 9809  
Kabul : 93(799) 058155

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Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all materials respects, which the best practices contained in the Code as applicable to the Modaraba, for the year ended June 30, 2015.

*RSM Awaiz Hyder Liaquat Nauman*

Chartered Accountants

Karachi.

Dated: October 7, 2015

Engagement Partner: Adnan Zaman





### AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

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.ahn.com.pk

We have audited the annexed Balance Sheet of **FIRST PAK MODARABA** as at June 30, 2015 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba Company's (KASB Invest (Private) Limited) responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Modaraba Company in respect of First Pak Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- (b) in our opinion:
- the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied;
  - the expenditure incurred during the year was for the purpose of the Modaraba's business; and

#### Other Offices at:

Lahore : 92(42) 3587 2731-3  
Islamabad : 92(51) 211 4096-8  
Rawalpindi : 92(51) 5193135  
Faisalabad : 92(41) 854 1165/854 1965  
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- the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2015 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

#### Other matter

The financial statements of the Modaraba for the year ended June 30, 2014 were audited by another firm of chartered accountants who expressed unmodified opinion on the financial statements of the Modaraba for the year ended June 30, 2014 vide their audit report dated April 24, 2015.

*RSM RSM Awaiz Hyder Liaquat Nauman*

Chartered Accountants  
Karachi.  
Dated: October 7, 2015

Engagement Partner: Adnan Zaman

## SHARIAH ADVISOR'S REPORT

I have reviewed the affairs of **First Pak Modaraba** managed by **KASB Invest (Private) Limited** for the Year ended **June 30, 2015** in accordance with the requirements of the **Circular No.8 of 2012, issued by the Securities and Exchange Commission of Pakistan, regarding Shariah Compliance and Shariah Audit Mechanism for Modarabas.**

### SHARIAH COMPLIANCE:

The Modaraba effectively has a mechanism to strengthened the Shariah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles;

### REVIEW OF OPERATIONS:

Based on my review following were the major activities / developments in respect of Shari'ah that took place during this period:

### BANK ACCOUNTS:

Modaraba does not maintain any saving account with conventional banks. For investment and operational purpose, First Pak Modaraba is operating the Bank accounts only which are maintained with Islamic Banks.

### INVESTMENTS IN ISLAMIC FUNDS

Modaraba has made its investment in Islamic products with Islamic Banks and Islamic Funds.

### DIVIDEND PURIFICATION :

Modaraba has effectively performed process of dividend purification of equities and transferred charitable amount into charity payable account.

### TAKAFUL:

For risk mitigation, the Modaraba has maintained Takaful coverage with Takaful companies for its assets and did not obtain any coverage from conventional insurance companies.

### CHARITY:

I confirm that Modaraba has transferred all charitable amounts into charity payable.

### EQUITY SHARES:

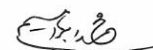
Modaraba's entire equity investments were made in approved Shariah compliant scripts, except for the following shares:

S.No	Name of Shares	Quantity
1.	Pak Industrial & Commercial Leasing	279,749
2.	Prudential Investment Bank	120,000
3.	Prudential Securities Limited (unlisted)	487,500

As informed by the management the buyers are not available to acquire these shares and values of serial 1 to 3 suspended / delisted companies have been fully provided in the books of account.

### CONCLUSION:

By the grace of Almighty ALLAH, after introduction of Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas by Securities & Exchange Commission of Pakistan (SECP), through Circular No. 8 of 2012 the Management of First Pak Modaraba has effectively shown its sincerity to comply with Shariah Rulings in its true spirit, therefore, the business operations of First Pak Modaraba are Shari'ah compliant up to the best of my knowledge.



Mufti Ibrahim Essa  
Shariah Advisor



Dated: September 17, 2015

Karachi.

**BALANCE SHEET**  
AS AT JUNE 30, 2015

ASSETS	Note	2015 Rupees	2014 Rupees
<b>Current Assets</b>			
Cash and bank balances	5	49,380,039	31,488,537
Investments	6	2,221,280	14,453,135
Current portion of diminishing Musharakah	12	4,125,144	2,207,753
Morabaha finance	7	-	-
Ijarah rentals receivable	8	-	-
Advances, deposits, prepayments and other receivables	9	451,810	4,046,100
Tax refundable - considered good		4,929,854	4,929,854
<b>Total Current Assets</b>		<b>61,108,127</b>	57,125,379
<b>Non - Current Assets</b>			
Property and equipment -Ijarah	10	-	-
Property and equipment - owned	11	72,901	106,164
Diminishing Musharakah	12	5,466,546	9,935,452
Advance and deposits	13	45,750	45,750
<b>Total Non - Current Assets</b>		<b>5,585,197</b>	10,087,366
<b>TOTAL ASSETS</b>		<b>66,693,324</b>	67,212,745
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accrued and other liabilities	14	1,763,301	3,646,595
Unclaimed profit distribution		4,191,858	4,384,535
<b>TOTAL LIABILITIES</b>		<b>5,955,159</b>	8,031,130
<b>NET ASSETS</b>		<b>60,738,165</b>	59,181,615
<b>REPRESENTED BY</b>			
<b>Certificate holders' equity</b>			
Certificate Capital	15	125,400,000	125,400,000
Statutory reserve		25,027,911	24,716,601
Accumulated loss		(89,689,746)	(90,934,986)
		<u>60,738,165</u>	<u>59,181,615</u>
Contingencies and commitments	16		

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

For KASB Invest (Private) Limited  
(Management Company)

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

**PROFIT AND LOSS ACCOUNT**  
FOR THE YEAR ENDED JUNE 30, 2015

INCOME	Note	2015 Rupees	2014 Rupees
Return on term deposit receipts and PLS accounts		3,251,811	3,165,898
Income on Diminishing Musharakah		1,592,724	928,546
Gain on sale of investments		1,567,434	2,269,513
Dividend income		295,890	422,346
Ijarah rentals		-	49,664
Other income		93,776	40,650
		<u>6,801,635</u>	<u>6,876,617</u>
Unrealised gain / (loss) on remeasurement of held for trading investments		132,738	(599,066)
Permanent diminution in value of available for sale investments	6.1	-	(4,875,000)
Provision against doubtful receivables	9	-	(13,362,651)
		<u>6,934,373</u>	<u>(11,960,100)</u>
<b>EXPENDITURE</b>			
Administrative expenses	17	(5,167,689)	(3,658,355)
Amortization on Ijarah assets		-	(37,259)
Workers welfare fund		(31,131)	-
		<u>(5,198,820)</u>	<u>(3,695,614)</u>
Profit / (loss) for the year		1,735,553	(15,655,714)
Modaraba Company's Management Fee	18	(155,655)	-
Provision for sales tax on management fee		(23,348)	-
Profit / (loss) before taxation		1,556,550	(15,655,714)
Provision for taxation	19	-	-
Profit / (loss) after taxation		<u>1,556,550</u>	<u>(15,655,714)</u>
<b>Other Comprehensive income</b>			
		-	-
Total income / (loss) for the year		<u>1,556,550</u>	<u>(15,655,714)</u>
<b>Earnings / (Loss) per certificate</b>	20	<u>0.12</u>	<u>(1.25)</u>

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

For KASB Invest (Private) Limited  
(Management Company)

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

**CASH FLOW STATEMENT**  
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	1,556,550	(15,655,714)
Adjustments for non-cash changes and other items:		
Gain on sale of investments	(1,567,434)	(2,269,513)
Dividend income	(295,890)	(422,346)
Gain on disposal-own assets	-	(4,500)
Permanent diminution in value of investments	-	4,875,000
Unrealised (gain) / loss on remeasurement of held for trading investments	(132,738)	599,066
Provision against doubtful receivables	-	13,362,651
Amortization on ijarah assets	-	37,259
Depreciation-owned	40,263	45,958
	<u>(1,955,799)</u>	<u>16,223,575</u>
	(399,249)	567,861
Cash flows before movements in working capital		
Decrease / (increase) in operating assets		
Diminishing Musharakah	2,551,515	(12,143,205)
Ijarah rentals receivable	-	74,496
Advances, prepayments and other receivables	<u>3,603,845</u>	<u>(3,448,655)</u>
	6,155,360	(15,517,364)
Increase / (decrease) in operating liabilities		
Long term ijarah deposits	-	(287,400)
Accrued and other liabilities	(1,883,294)	2,697,033
	<u>(1,883,294)</u>	<u>2,409,633</u>
Cash generated from / (used in) operations	3,872,817	(12,539,870)
Income tax paid / adjustment	(9,555)	(1,279)
Net cash generated from / (used in) operating activities	<u>3,863,262</u>	<u>(12,541,149)</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	295,890	422,346
Investments encashed / (made) -net	13,932,027	(3,777,347)
Proceeds from disposal-ijarah assets	-	287,400
Purchase of own assets	(7,000)	(29,015)
Proceeds from disposal-own assets	-	4,500
Net cash generated from / (used in) investing activities	<u>14,220,917</u>	<u>(3,092,116)</u>

	2015 Rupees	2014 Rupees
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Profit distribution	(192,677)	(1,249,712)
Net cash used in financing activities	<u>(192,677)</u>	<u>(1,249,712)</u>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	17,891,502	(16,882,977)
Cash and cash equivalents at July 01	31,488,537	48,371,514
Cash and cash equivalents at June 30	<u>49,380,039</u>	<u>31,488,537</u>

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

For KASB Invest (Private) Limited  
(Management Company)



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2015**

	Reserves		Revenue		Total
	Capital Reserve*	Statutory Reserve	Unrealized loss on available for sale investments	Accumulated Loss	
Balance at July 1, 2013	125,400,000	24,716,601	(3,037,125)	(73,774,472)	73,305,004
Loss for the year ended June 30, 2014	-	-	-	(15,655,714)	(15,655,714)
Reversal of unrealised loss on Available for sale upon derecognition	-	-	3,037,125	-	3,037,125
Transfer to statutory reserve	-	-	-	-	-
Distribution @ 1.2 % declared for the year ended June 30, 2013	-	-	-	(1,504,800)	(1,504,800)
Balance at June 30, 2014	125,400,000	24,716,601	-	(90,934,986)	59,181,615
Profit for the year ended June 30, 2015	-	-	-	1,556,550	1,556,550
Transfer to statutory reserve	-	311,310	-	(311,310)	(311,310)
Balance at June 30, 2015	125,400,000	25,027,911	-	(89,689,746)	60,738,165

\*\* Statutory reserve represents profit set aside to comply with the Prudential Regulations for Modarabas issued by the SECP. These regulations require the Modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equals 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.

During the current year, the Modaraba has transferred an amount of Rs.311,310/- (2014: Nil) to Statutory Reserve which represent 20% of the profit after tax."

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

For KASB Invest (Private) Limited  
(Management Company)

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

1.1 First Pak Modaraba (the Modaraba) is a multipurpose, perpetual Modaraba. The Modaraba is registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981 and was managed by Royal Management Services (Pvt.) Limited. In pursuance of instructions received from Securities and Exchange Commission of Pakistan (SECP), KASB Invest (Private) Limited has taken over the management and administrative control of First Pak Modaraba effective from November 13, 2014.

1.2 The registered office of First Pak Modaraba is situated at 8 C Block 6, PECHS, Shahrah e Faisal, Karachi. The Modaraba is listed on Karachi, Lahore and Islamabad Stock Exchanges. The Modaraba is currently engaged in various modes of Islamic fundings and businesses which include ijarah financing, deployment of fund in Musharakah, morabaha and investment in securities.

1.3 The Financial Statements is presented in Pak Rupees, which is the Modaraba's functional and presentation currency.

**2. BASIS OF PREPARATION**

**2.1 Statement of Compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Islamic Financial Accounting Standards (IFAS), Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP differ with the requirements of IFRS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Islamic Financial Accounting Standards (IFAS), Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP shall prevail.

**2.2 Initial application of standards, amendments or an interpretation to existing standards**

**a) Standards that became effective but not relevant to the company or do not have material effect**

The following standards, interpretations and improvements became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the company.

- IAS 19 - Employee Benefits (Amendment) - Defined benefit plans: Employee contributions
- IAS 32 - Financial Instruments - Presentation - (Amendment)  
Offsetting financial assets and financial liabilities
- IAS 36 - Impairment of Assets - (Amendment)  
Recovery Amount Disclosures for Non-Financial Assets
- IAS 36 - Impairment of Assets - (Amendment)  
Recovery Amount Disclosures for Non-Financial Assets
- IAS 39 - Financial Instruments: Recognition and Measurement - (Amendment)  
Novation of Derivative and Continuation of hedge Accounting
- IFRIC 21 - Levies

**b) Improvements to Accounting Standards Issued by the IASB**

IFRS 2 Share-based Payment - Definitions of vesting conditions  
 IFRS 3 Business Combinations - Accounting for contingent consideration in a business combination  
 IFRS 3 Business Combinations - Scope exceptions for joint ventures  
 IFRS 8 Operating Segments - Aggregation of operating segments  
 IFRS 8 Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets  
 IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)  
 IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Revaluation method - proportionate restatement of accumulated depreciation / amortisation  
 IAS 24 Related party Disclosures - Key management personnel  
 IAS 40 Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)  
 The adoption of the above improvements to accounting standards and interpretations did not have any material effect on the financial statements.

**c) Standards and interpretations issued but not yet effective for the current financial year**

The following are the standards and interpretations, which have been issued but are not yet effective for the current financial year:

	Description	Effective for periods beginning on or after
IFRS 10	Consolidated Financial Statements	January 01, 2015
IFRS 10, 12 & IAS 27	Investment Entities (Amendment)	January 01, 2015
IFRS 10, 12 & IAS 27	Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 & IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 01, 2016
IFRS 11	Joint Arrangements	January 01, 2015
IFRS 11	Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IFRS 12	Disclosure of interests in Other Entities	January 01, 2015
IFRS 13	Fair Value Measurement	January 01, 2015
IAS 1	Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 & 38	Clarification of Acceptable Method of Depreciation and Amortisation (Amendment)	January 01, 2016
IAS 16 & 41	Agriculture Bearer Plants (Amendment)	January 01, 2016
IAS 27	Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

**Standards issued by IASB but not yet notified by SECP**

IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2018

Securities and Exchange Commission of Pakistan (SECP) vide SRO 633(1)/2014 dated 10th July 2014 has approved the below IFRSs:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of interests in other entities
- IFRS 13 Fair Value Measurement

**2.3 Islamic Financial Accounting Standard - 1**

During the year ended June 30, 2005, the Securities and Exchange Commission of Pakistan notified the Islamic Financial Accounting Standard 1 issued by the Institute of Chartered Accountants of Pakistan relating to accounting for Murabaha transaction undertaken by a bank / financial institution, effective for financial periods beginning on or after January 1, 2006. The Modaraba adopted this standard effective from July 1, 2006.

**2.4 Islamic Financial Accounting Standard - 2**

During the year ended June 30, 2008, Islamic Financial Accounting Standard 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan which was notified by the Securities and Exchange Commission of Pakistan vide an SRO 431(1)/ 2007 dated May 5, 2007 was adopted. Under the above IFAS 2, the 'Ijarah' transactions are accounted for in the following manner:

- Mujir (lessors) shall present the assets subject to Ijarah in their balance sheet according to the nature of the asset, distinguished from the assets in own use.
- Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income shall be recognized as an expense.
- Ijarah income shall be recognized in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.
- SECP, vide its letter No. SC/ M/ RW/ SCM /2009 dated March 9, 2009, allowed that in case of Modarabas, IFAS-2 shall be applied for Ijarah transactions executed on or after July 1, 2008.

**3. Basis of Measurement**

These financial statements have been prepared under the historical cost convention, except for certain investments which have been measured at fair value / equity method.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

**4.1 Property and equipment****(i) Ijarah and amortization**

Ijarah assets are stated at cost less accumulated amortization and impairment loss (if any). Amortization is charged to income applying the straight line method whereby the cost of an asset, less its residual value, is written off over its lease period. In respect of additions and disposals during the year, amortization is charged proportionately to the period of lease.

**(ii) In own use and depreciation**

Operating assets are stated at cost less accumulated depreciation and impairment loss (if any). Depreciation is charged to profit and loss account applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and disposal during the year, depreciation is charged proportionately to the period of use.

Profit or loss on disposal of assets is recognized as income or expense.



Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Maintenance and normal repairs are charged to income statement as and when incurred.

#### 4.2 Investments

The Modaraba determines the appropriate classification of its investments at the time of purchase of investment and re-evaluates this classification on a regular basis. The existing investment portfolio of the Modaraba has been categorized as follows:

##### Held-for-trading "at fair value through profit and loss"

These are investments which are acquired principally for the purpose of generating profits from short-term fluctuations in market prices, interest rate movements, dealer's margin or are investments included in a portfolio in which a pattern of short-term profit taking exists.

##### Available for sale

These are investments that are intended to be held for an indefinite period of time and which may be sold in response to need for liquidity or changes to interest rates, exchange rates or equity prices.

##### Held to maturity

These are investments with fixed or determinable payments and fixed maturity that the Modaraba has the positive intention and ability to hold to maturity.

All investments are initially recognized at cost, being the fair value of the consideration given. Cost includes transaction costs associated with the investment. Subsequent to initial recognition, held-for trading and available-for-sale investments for which active market exists, are measured at their market value while held-to maturity investments are stated at amortized cost using the effective interest rate method less impairment, if any.

Any surplus or deficit on revaluation of held-for-trading investments are charged to income currently, while in case of available-for-sale investments, the resulting surplus/(deficit) is kept in a separate account and is shown in the balance sheet below the shareholders' equity as surplus/(deficit) on revaluation of investments. At the time of disposal the respective surplus or deficit is transferred to income currently.

Unquoted available for sale investments, except where an active market exists, are carried at cost less accumulated impairment losses, if any,

Impairment of investments is recognized when there is a permanent diminution in their values. Provision for impairment in the value of investment, if any, is taken to the profit and loss account.

#### 4.3 Ijarah rentals receivable, ijarah, morabaha and musharakah finances

Receivables considered doubtful are provided for in accordance with the requirement of the Prudential Regulations for Modarabas. Specific provision is also made for receivables considered doubtful.

#### 4.4 Staff retirement benefits

##### Defined contribution plan

The Modaraba operates a defined contribution provident fund for all employees. Equal monthly contributions are made both by the Modaraba and the employees to the fund at the rate of 8.33% of basic salary.

#### 4.5 Provisions

Provisions are recognized when the Modaraba has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### 4.6 Impairment

##### Financial Assets

Impairment is recognized by the Modaraba on the basis of provision requirements given under Prudential Regulations for Modaraba and subjective evaluation carried out on an ongoing basis.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

##### Available-for-sale financial investments

For available-for-sale financial investments, the Modaraba assesses at each balance sheet date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the profit and loss account - is removed from equity and recognized in the profit and loss account. Impairment losses on equity investments are not reversed through the profit and loss account; increases in their fair value after impairment are recognized directly in equity.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original effective interest rate on the carrying amount of the asset and is recorded as part of 'Interest and similar income'. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the profit and loss account, the impairment loss is reversed through the profit and loss account.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

##### Non-financial assets

The Modaraba assesses at each balance sheet date whether there is any indication that assets except deferred tax assets and investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss for asset subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

#### **4.7 Revenue recognition**

##### **4.7.1 Ijarah rentals**

Income from ijarah is recognized as and when lease rentals become due on a systematic basis over the lease and ijarah period.

##### **4.7.2 Hire purchase transactions**

For hire purchase transactions, the unearned finance income is deferred and taken to income over the period of hire purchase, applying the annuity method to produce a constant rate of return on the net investment.

##### **4.7.3 Morabaha and musharakah transactions**

Profit from musharakah transactions is recognized on the basis of pro rata accrual of the profit estimated for the transaction over the period.

Profit from morabaha finance is accounted for on culmination of morabaha transaction. However, the profit on that portion of morabaha finance not due for payment is deferred by accounting for "Deferred Morabaha Income" with a corresponding credit to "Unearned Morabaha Income" which is recorded as a liability. The same is then recognized on a time proportion basis.

##### **4.7.4 Dividend income**

Dividend is recognized as income when the right of receipt is established.

##### **4.7.5 Markup income**

Mark-up / return on deposits / investments is recognized on accrual basis using the effective interest rate method.

#### **4.8 Taxation**

##### **Current**

Provision for taxation is made on taxable income if any, at the prevailing rates of tax after taking into account any tax credit available.

The income of non-trading is exempt from tax provided that not less than 90% of its total profits in the year as reduced by the amount transferred to statutory reserve are distributed amongst the certificate holders. In case of profit, the Modaraba has decided to avail the tax exemption and hence no provision has been made in these financial statements.

##### **Deferred**

Deferred income tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is generally recognized for all taxable temporary differences. Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

##### **4.9 Foreign currencies translation**

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange approximating to those prevalent on the balance sheet date. Foreign currency transactions are converted into Rupees at the rate of exchange prevailing on the date of transactions. Exchange gains and losses on translation are taken to income currently.

##### **4.10 Financial assets**

Financial assets comprise of Ijarah rentals receivable, investments, morabaha finances, deposits, other receivables, excluding taxation. Ijarah rentals receivable, morabaha and other receivables are stated at cost as reduced by appropriate allowances for estimated irrecoverable amounts.

##### **4.11 Financial liabilities**

Financial liabilities are classified according to the substance of contractual arrangements entered into. Significant financial liabilities includes ijarah deposits and accrued and other liabilities.

##### **4.12 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, with banks on current, savings and deposit accounts, as well as balance held with the State Bank of Pakistan (SBP).

##### **4.13 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Modaraba has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on the assets and charge on the liability is also off- set.

##### **4.14 Profit distribution**

Profit distribution to the Modaraba's Certificate Holders is recognized as a liability in the financial statements in the period in which the dividends are approved by the board of Modaraba Company.



**4.15 Significant accounting estimates and judgment**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgment was exercised in application of accounting policies are as follows: -

- i) Classification of investments (Note 6)
- ii) Depreciation/amortization on property, plant and equipment (Note 10 & 11)
- iii) Provision against doubtful investments (Note 6)

	Note	2015 Rupees	2014 Rupees
<b>5. CASH AND BANK BALANCES</b>			
Cash in hand		4,750	4,380
Cash at banks			
Current accounts		538,134	31,026,336
Saving accounts	5.1	48,837,155	457,821
		49,375,289	31,484,157
		49,380,039	31,488,537

5.1 Effective mark-up rate in respect of PLS accounts ranges from 3.40% to 8.85% (June 2014 : 5% to 8.85%) per annum.

**6. INVESTMENTS**

Available for sale	6.1	-	-
Held for trading at fair value through profit or loss account	6.2	2,221,280	14,453,135
		2,221,280	14,453,135

**6.1 Available for sale**

Fully paid ordinary shares of Rs 10 each.

2015 Number of Shares Unquoted securities	2014	Name of company	Note	2015 Rupees	2014 Rupees
487,500	487,500	Prudential Securities Limited Cost		4,875,000	4,875,000
		Less: Permanent Diminution	6.1.1	(4,875,000)	(4,875,000)
				<u>-</u>	<u>-</u>

6.1.1 The operations of Prudential Securities Limited remained suspended that indicates a significant and prolonged decline in the fair value of this investment below carrying value resulting in an objective evidence of impairment. Therefore, the investment has been considered as fully impaired.

**6.2 Held for trading at fair value through profit or loss account**

Unless stated otherwise, the holdings are in the fully paid ordinary shares / certificates / units of Rs 10/- each.

2015 Number of Certificates / Shares	2014	Name of Company	2015 Rupees	2014 Rupees
		<b>Open-end Mutual Funds</b>		
10,151	9,623	Al-Ameen Islamic Principal Preservation Fund III (Face value of certificate Rs.100/- each)	1,108,183	974,060
75,876	-	Meezan Balanced Fund	1,113,097	-
		<b>Oil and gas</b>		
-	2,000	National Refinery Limited	-	430,740
-	16,600	Pakistan Petroleum Limited	-	3,724,210
-	1,000	Pakistan State Oil Limited	-	388,850
-	5,000	Shell Pakistan Limited	-	1,381,400
		<b>Chemicals</b>		
-	5,000	Fauji Fertilizer Company Limited	-	561,250
		<b>Construction and materials</b>		
-	18,000	Cherat Cement Limited	-	1,178,280
-	100,000	Fauji Cement Limited	-	1,924,000
		<b>Software and Computer services</b>		
-	10,000	NetSol Technologies	-	292,200
		<b>Food Producers</b>		
-	26,500	Engro Foods Limited	-	2,717,045
		<b>Electricity</b>		
-	15,000	The Hub Power Company Limited	-	881,100
		<b>Suspended / Delisted Company</b>		
120,000	120,000	Prudential Investment Bank Limited	-	-
279,749	279,749	Pakistan Industrial & Commercial Leasing Limited	-	-
			<u>2,221,280</u>	<u>14,453,135</u>

**6.2.1 Unrealized loss on changes in fair value of held for trading investments**

Note	2015 Rupees	2014 Rupees
	2,088,542	15,052,201
	Unrealized gain/ (loss) on changes in fair value of held for trading investments	132,738
	Market value of investments	2,221,280
	<u>2,221,280</u>	<u>(599,066)</u>
		<u>14,453,135</u>

**7. MORABAHA FINANCE**

Note	2015 Rupees	2014 Rupees
7.1	15,319,705	15,319,705
	Less: Provision for doubtful morabaha finance	(15,319,705)
	<u>-</u>	<u>-</u>

7.1 This include amount of Morabaha finance receivable from five different parties outstanding since many years. As per term of agreement, the profit against these finance ranged from 16.5% to 20%, however, based on the guidelines of prudential regulation for Modaraba, the principal and profit against these finances have been fully provided and suspended accordingly.

**8. IJARAH RENTALS RECEIVABLE**

	2015 Rupees	2014 Rupees
Considered doubtful	119,542	119,542
	119,542	119,542
Less: Provision for doubtful receivables	(119,542)	(119,542)
	<u>-</u>	<u>-</u>

**9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

**Considered good**

Profit Receivable on Diminishing Musharakah	-	147,641
Advance Sindh Sales Tax	-	13,000
Advance income tax	10,834	1,279
Advance to staff	-	22,000
Prepayments	174,036	191,781
Profit receivable on bank deposits	229,782	300,596
Receivables against sale of shares	-	3,366,195
Others	37,158	3,608
	<u>451,810</u>	<u>4,046,100</u>

**Considered doubtful**

Amount due from PSL	9.1 & 9.2	11,476,377	11,476,377
Amount due from PCML	9.3	999,832	999,832
Amount due from			
Royal Management Services(Pvt) Ltd 9.4		886,442	886,442
Profit receivable on Morabaha finance		4,028,913	4,028,913
		<u>17,391,564</u>	<u>17,391,564</u>
		17,843,374	21,437,664
Less: Provision for doubtful receivables		(17,391,564)	(17,391,564)
		<u>451,810</u>	<u>4,046,100</u>

9.1 This represents the amount of Rs.1.0 million (2014: Rs.1.0 million) paid to Prudential Securities Limited (PSL) as advance for purchase of securities but the transaction remained incomplete. Operations of PSL were subsequently suspended by Karachi Stock Exchange Limited (KSE). Keeping in view remote chance of recovery, provision has been recorded against the total amount of claim.

9.2 This includes Rs. 10.476 million (2014: Rs. 10.476 million) receivable from PSL. As mentioned in note 9.1 operations of PSL were suspended by Karachi Stock Exchange Limited (KSE) and the Modaraba has filed claim with KSE for the amount. Keeping in view remote chance of recovery, provision has been recorded against the total amount of claim.

9.3 This represents Rs. 999,832 (2014: Rs. 999,832) receivable from Pearl Capital Management Limited (PCML). The operations of PCML has been suspended by Karachi Stock Exchange Limited. A claim was lodged with the KSE for the recovery of the said amount which was rejected on the grounds of having been filed after the lapse of the last date for the submission of claims as notified by KSE. Hence, provision has been made against the total amount of claim.

9.4 This represents Rs. 886,442 (2014: Rs. 886,442) receivable from Royal Management Services (Private) Limited in respect of various expenses paid on their behalf. KASB Invest (Pvt.) Limited took over the management of Modaraba on November 11, 2014 from Royal Management Services (Private) Limited, therefore, provision has been made against the total amount of receivable.

10. PROPERTY AND EQUIPMENT -IJARAH

2015	Cost		Amortization		Carrying value at June 30, 2015	Rate%
	at July 1, 2014	at June 30, 2015	Accumulated at July 1, 2014	For the year ended June 30, 2015		
Vehicles 10.1	259,000	259,000	259,000	-	-	33.33

2014	Cost		Amortization		Carrying value at June 30, 2014	Rate%
	at July 1, 2013	at June 30, 2014	Accumulated at July 1, 2013	For the year ended June 30, 2014		
Vehicles	1,217,000	259,000	892,341	37,259	-	33.33
		(958,000)		(670,600)		

10.1 This represent asset financed under ijarah arrangement to one defaulted client. The case is under litigation with Banking Court.

11. PROPERTY AND EQUIPMENT - OWNED	Cost		Depreciation		Rate%
	at July 1, 2014	Additions/ (Disposals) at June 30, 2015	Accumulated at July 1, 2014	For the year / (on disposals) Accumulated at June 30, 2015	
2015					
Office equipment	298,322	7,000	262,993	22,303	20,026
Furniture and fixtures	39,645	-	30,303	1,260	8,082
Motor vehicles	165,900	-	104,407	16,700	44,793
	503,867	7,000	397,703	40,263	72,901
2014					
Office equipment	289,307	29,015 (20,000)	263,845	19,148 (20,000)	35,329
Furniture and fixtures	41,445	(1,800)	30,843	1,260 (1,800)	9,342
Motor vehicles	165,900	-	78,857	25,550	61,493
	496,652	29,015 (21,800)	373,545	45,958 (21,800)	106,164

12. DIMINISHING MUSHARIKA	Note	2015 Rupees	2014 Rupees
Diminishing Musharakah	12.1	9,591,690	12,143,205
Less: Current Portion of Diminishing Musharakah		(4,125,144)	(2,207,753)
		<u>5,466,546</u>	<u>9,935,452</u>

12.1 These carry profit rate at 14.59% per annum and are payable on monthly basis over a period of 3 years with a grace period of 1 year.

### 13. LONG TERM ADVANCES AND DEPOSITS

Long term deposits	<u>45,750</u>	<u>45,750</u>
	45,750	45,750

### 14. ACCRUED AND OTHER LIABILITIES

Workers welfare fund	14.1	523,867	492,736
Auditors' remuneration		200,000	310,000
Charity fund payable		77,467	66,072
Other payables		961,967	2,777,787
		<u>1,763,301</u>	<u>3,646,595</u>

#### 14.1 Worker welfare fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). Through these amendments Workers' Welfare Fund (WWF) is payable @2% of the profit before taxation as per the financial statements or taxable income which ever is higher.

During the year 2011, the Honorable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013 a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

The Management Company, as a matter of abundant caution, has made the provision for WWF amounting to Rs. 523,867/- in these financial statements.

## 15. CERTIFICATE CAPITAL

2015	2014		2015	2014
Number of Certificates			Rupees	Rupees
		<b>Authorised</b>		
<u>15,000,000</u>	<u>15,000,000</u>	Modaraba certificates of Rs.10/- each	<u>150,000,000</u>	<u>150,000,000</u>
		<b>Issued, subscribed and paid-up</b>		
10,000,000	10,000,000	Modaraba certificates of Rs.10/- each fully paid in cash	100,000,000	100,000,000
2,540,000	2,540,000	Modaraba certificates of Rs.10/- each fully paid bonus certificates	25,400,000	25,400,000
<u>12,540,000</u>	<u>12,540,000</u>		<u>125,400,000</u>	<u>125,400,000</u>

As at June 30, 2015, the Royal Management Services (Private) Limited (the Ex- Management Company) held 1,254,000 (2014: 1,254,000) certificates of Rs. 10 each.

## 16. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments at the year end.

	Note	2015 Rupees	2014 Rupees
<b>17. ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances and benefits	17.1	744,030	1,032,123
Fees and subscription		703,095	714,422
Telephone and postage		131,754	385,669
Legal and professional		2,024,000	57,200
Registrar services		480,000	240,000
Auditors' remuneration	17.2	225,000	355,150
Travelling and conveyance		27,090	91,504
Printing and stationery		217,015	205,733
Transaction cost on investment		61,235	122,071
Repairs and maintenance		56,241	61,905
Security services		-	117,000
Rent, rate and taxes		-	1,751
Electricity, water and gas		-	93,776
Entertainment		3,050	1,510
Depreciation-owned assets		40,263	45,958
Insurance		22,696	20,670
Bank charges		12,860	13,122
Reimbursement of common expenses		303,324	-
Miscellaneous		116,036	98,791
		<u>5,167,689</u>	<u>3,658,355</u>

17.1 The aggregate amounts incurred during the year for remuneration including all benefits to officers and other employees of the Company are given below:

## REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

	2015			2014		
	Officers	Other Employees	Total	Officers	Other Employees	Total
	.....Rupees.....			.....Rupees.....		
Remuneration	-	640,758	640,758	579,000	329,129	908,129
Provident fund	-	30,636	30,636	24,828	16,169	40,997
Medical expenses	-	30,636	30,636	24,828	16,169	40,997
Others	-	42,000	42,000	42,000	-	42,000
		<u>744,030</u>	<u>744,030</u>	<u>670,656</u>	<u>361,467</u>	<u>1,032,123</u>
No. of persons	-	3		3	4	

17.1.1 One employee has been provided Modaraba maintained car and is also entitled for fuel & mobile expenses.

17.1.2 The total number of employees as at June 30th are 3 (2014: 3) and the average number of employees during the year equates to 3 (2014: 6)

	2015 Rupees	2014 Rupees
<b>17.2 AUDITORS' REMUNERATION</b>		
Statutory audit fee	175,000	175,000
Half year review fee	15,000	100,000
Review of code of corporate governance	10,000	25,000
CDC certification	15,000	25,000
Out of pocket expenses	10,000	30,150
	<u>225,000</u>	<u>355,150</u>

**18. Modaraba Management Company Fee**

In accordance with the Modaraba Companies and Modaraba Rules, 1981, management remuneration at the rate of 10% of annual profit is payable to the management company.

**19. Provision for Taxation**

The income of the Modaraba is exempt from tax provided that not less than 90% of total profits in the year as reduced by the amount transferred to statutory reserve, required under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980, are distributed amongst the certificate holders.

No provision for current and deferred taxation has been made in these financial statements in accordance with accounting policy of the Modaraba as disclosed in 4.8 in the financial statements.

**20. EARNINGS/(LOSS) PER CERTIFICATE - BASIC AND DILUTED**

Profit/(Loss) for the year (Rupees)	1,556,550	(15,655,714)
Weighted average number of ordinary certificates	<u>12,540,000</u>	<u>12,540,000</u>
Earnings/(Loss) per certificate (Rupees per certificate)	<u>0.12</u>	<u>(1.25)</u>

**21. RELATED PARTY TRANSACTIONS**

The related parties comprise of associated undertakings, directors of the Modaraba Management Company. The Modaraba, in the normal course of business carries out transactions with these related parties. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. Significant transactions with related parties are as follows: -

Relationship with the Company	Nature of transaction	2015 Rupees	2014 Rupees
Modaraba Management Company	Management fee	155,655	-
Provident Fund	Contribution made	30,636	40,997
Modaraba Management Company (Previous Management Company)	Dividend paid	-	150,480
Modaraba under common Management	Sharing of common expenses	303,324	-

**22. FINANCIAL RISK MANAGEMENT**

The Modaraba's activities expose it to a variety of financial risks: market risk (including currency risk, fair value profit rate risk and price risk), credit risk and liquidity risk. The board of directors' of the management company has overall responsibility for the establishment and oversight of the Modaraba's risk management framework.

The Modaraba's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Modaraba's financial performance.

The Modaraba's principal financial liabilities comprise ijarah deposits, accrued and other liabilities and unclaimed profit distribution. The Modaraba's principal financial assets comprises of ijarah rentals receivable, diminishing musharakah & morabaha finances, advance, prepayments and other receivables and cash and bank balances that arrive directly from its operations. The Modaraba also holds held for trading, available-for-sale, and loan and receivable as its investments.

**22.1 Liquidity risk management**

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. Modaraba holds total current assets of Rs. 61.108 million against its current liability of Rs.5.955 million which lead to total surplus of Rs.55.153 million.

The table below shows an analyses of Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. However, Modaraba has surplus funds to pay off its liabilities. The amounts in the table are the contractual undiscounted cash flows.

2015	Total	More than three months and upto one year More than one year		
		Upto three months ..... Rupees .....		
Accrued and other liabilities	1,763,301	1,763,301	-	-
Unclaimed profit distribution	4,191,858	4,191,858	-	-
Ijarah deposits	-	-	-	-
	<u>5,955,159</u>	<u>5,955,159</u>	<u>-</u>	<u>-</u>
<b>2014</b>				
Accrued and other liabilities	3,646,595	3,646,595	-	-
Unclaimed profit distribution	4,384,535	4,384,535	-	-
Ijarah deposits	-	-	-	-
	<u>8,031,130</u>	<u>8,031,130</u>	<u>-</u>	<u>-</u>

**22.2 Credit risk and concentration of credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba controls credit risk by monitoring credit exposure, limiting transactions with specific counter parties and continually assessing the credit worthiness of counter parties.

The Modaraba is exposed to credit risk from its financing activities (Diminishing Musharakah & Morabaha finances and ijarah rental receivables), deposits with bank and financial institutions and other receivables.

The Modaraba has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and, if not available, the Modaraba uses other publicly available financial information and its own trading records to rate its major customers.

The Modaraba follows two sets of guidelines. It has its own operating policy and the management of the Modaraba also adheres to the regulations issued by the SECP. The operating policy defines the extent of fund and non-fund based exposures with reference to a particular sector or group.

The Modaraba's maximum exposure to credit risk related to financial instruments at June 30, 2015 and June 30, 2014 is the carrying amounts of following financial assets

	2015	2014
Diminishing Musharakah	9,591,690	12,143,205
Advances, deposits, prepayments and other receivables	451,810	4,046,100
Balances with banks and financial institutions	<u>49,380,039</u>	<u>31,488,537</u>
	<u>59,423,539</u>	<u>47,677,842</u>

The analysis below summarizes the quality rating of the major Banks in which the Modaraba deals:

Bank balances	Short Term	Long Term	2014	2013
Habib Bank Limited	A-1+	AAA	48,888,235	31,014,879
Al Baraka Bank (Pakistan) Limited	A1	A	315,474	312,902
Faysal Bank Limited	A1+	AA	8,746	8,816
Burj Bank Limited	A-2	A-	16,623	8,062
Bank AlFalah Limited	A1+	AA	125,380	118,669

Past due but not impaired financings are those for which contractual profit or principal payments are past due, but the Modaraba believes that impairment is not appropriate on the basis of the level of security/collateral available to the Modaraba.

An analysis of the financial assets that are individually impaired as per the accounting policy is as under:

	As at June 30, 2015				
	OAEM	Substandard	Doubtful	Loss	Total
Ijarah rentals receivable	-	-	-	119,542	119,542
Morabaha finance	-	-	-	15,319,705	15,319,705
	As at June 30, 2014				
	OAEM	Substandard	Doubtful	Loss	Total
Ijarah rentals receivable	-	-	-	119,542	119,542
Morabaha finance	-	-	-	15,319,705	15,319,705

Total impairment against these assets as at June 30, 2015 is Rs.15,439,247/- (June 2014:15,439,247/-)

The Modaraba manages credit risk and its concentration through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments.

### 22.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Modaraba incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Modaraba is exposed to profit risk.

**22.3.1 Profit rate risk**

The profit rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the profit rate exposure arises from short term deposits with banks, ijarah finance and musharakah and morabaha finance. The profit rate risk profile of the modaraba's profit bearing financial instruments is solely on cash and bank balances which is not exposed to significant profit rate risk.

**22.3.2 Equity Price Risk**

The Modaraba's Equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The modaraba manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the modaraba's senior management on a regular basis the board of directors of the management company reviews and approves all equity investment decision.

The carrying amount of investments in equity securities carried at fair value as shown in note 6 is as follows.

	2015	2014
Investments	2,221,280	14,453,135

**22.3.3 Sensitivity Analysis**

The table below summarises the impact of increase / decrease in Karachi stock exchange index on the modaraba's profit after tax and on equity. The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all modaraba's equity instruments moved on perfect correlation with the index.

	Impact on profit after tax and equity	
	2015	2014
KSE 100 (5% Increase)	111,064	722.657
KSE 100 (5% Decrease)	(111,064)	(722.657)

**22.3.4 Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Modaraba at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

**22.4 Fair Value of Financial Instruments**

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arms length transaction. Carrying values of financial assets and financial liabilities approximate their fair values.

**22.4.1 Fair Value Hierarchy**

The table below analysis financial instruments carried at fair value by valuation method. The different levels has been defined as follows.

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3:** Inputs for the assets or liability that are not based.

**June 30, 2015**

	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVTPL</b>				
Quoted companies	2,221,280	-	-	2,221,280
<b>Available-for-sale financial assets</b>				
Unlisted entities	-	-	-	-
	<u>2,221,280</u>	<u>-</u>	<u>-</u>	<u>2,221,280</u>

**June 30, 2014**

	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVTPL</b>				
Quoted companies	14,453,135	-	-	14,453,135
<b>Available-for-sale financial assets</b>				
Unlisted entities	-	-	-	-
	<u>14,453,135</u>	<u>-</u>	<u>-</u>	<u>14,453,135</u>

**22.5 Financial instrument by category**

**As at June 30, 2015**

	Loan and receivables	Assets at fair value through profit & loss	Available-for-sale	Total
.....Rupees.....				
<b>ASSETS</b>				
Cash and bank balances	49,380,039	-	-	49,380,039
Investments	-	2,221,280	-	2,221,280
Diminishing Musharika	9,591,690	-	-	9,591,690
Advances, prepayments and other receivables	440,976	-	-	440,976
Long term deposits	45,750	-	-	45,750
	<u>59,458,455</u>	<u>2,221,280</u>	<u>-</u>	<u>61,679,735</u>
<b>LIABILITIES</b>				
Accrued and other liabilities	1,763,301	-	-	1,763,301
Unclaimed profit distribution	4,191,858	-	-	4,191,858
	<u>5,955,159</u>	<u>-</u>	<u>-</u>	<u>5,955,159</u>



As at June 30, 2014

	Loan and receivables	Assets at fair value through profit & loss	Available-for -sale	Total
	.....Rupees.....			
<b>ASSETS</b>				
Cash and bank balances	31,488,537	-	-	31,488,537
Investments	-	14,453,137	-	14,453,137
Diminishing Musharika	12,143,205	-	-	12,143,205
Advances, prepayments and other receivables	4,031,821	-	-	4,031,821
Long term deposits	45,750	-	-	45,750
	<u>47,709,313</u>	<u>14,453,137</u>	<u>-</u>	<u>62,162,450</u>
<b>LIABILITIES</b>				
Accrued and other liabilities	3,646,595	-	-	3,646,595
Unclaimed profit distribution	4,384,535	-	-	4,384,535
	<u>8,031,130</u>	<u>-</u>	<u>-</u>	<u>8,031,130</u>

**23. CAPITAL RISK MANAGEMENT**

The Modaraba manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. As at balance sheet date Modaraba do not have any exposure in short term and long term borrowing and it has sufficient surplus funds to manage the affairs of the Modaraba effectively. Further Modaraba has positive current ratio of 10.26:1 which is assessed as not overstated (2014: 7.11:1).

The Modaraba is continuously endeavouring for invest in risk free business with maximizing returns in order to improve the position of its accumulated reserves, however, due to risky economic and market conditions, the Modaraba is following conservative approach and it is not actively making any major investments or financing of its allowed business.

Consistently with others in the industry, the Modaraba monitors capital on the basis of the debt-to-adjusted capital ratio. Modaraba focus towards the equity based financing and therefore consistent with the previous years. Currently, the Modaraba is not exposed to any external borrowings.

**24. SEGMENT INFORMATION**

As per IFRS 8, operating segments are reported in a manner consistent with the internal reporting used by the chief decision-maker. The Board of Directors of the Management Company has been identified as the chief decision-makers, who is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the Board of Directors of the Management Company for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investments in entities incorporated in Pakistan.

**25. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE**

The Board of Directors have approved dividend for the year ended June 30, 2015 of Re. 0.09 per certificate (2014: Re. Nil per certificate), amounting to Rs.1,128,600 (2014: Rs. Nil) at their meeting held on October 7, 2015. The financial statements for the year ended June 30, 2015 do not include the effect of the above which will be accounted for in the period in which it is declared.

**26. DATE OF AUTHORIZATION OF ISSUE**

These financial statements has been authorized for issue on October 7, 2015 by the Board of Directors of the KASB Invest (Private) Limited.

**27. GENERAL**

Figures have been rounded off to the nearest Rupee.

For KASB Invest (Private) Limited  
(Management Company)



CHIEF EXECUTIVE



DIRECTOR



DIRECTOR

## PATTERN OF CERTIFICATE HOLDINGS AS AT 30.06.2015

NUMBER OF SHARE HOLDERS	SHARE HOLDINGS		TOTAL SHARES HELD
919	1	- 100	45,330
1,315	101	- 500	274,242
1,110	501	- 1000	727,024
518	1001	- 5000	1,076,369
71	5001	- 10000	478,935
34	10001	- 15000	403,619
11	15001	- 20000	194,222
3	20001	- 25000	66,730
7	25001	- 30000	186,454
2	30001	- 35000	61,908
5	35001	- 40000	191,936
1	40001	- 45000	41,954
7	45001	- 50000	334,619
2	60001	- 65000	124,200
1	65001	- 70000	65,835
1	85001	- 90000	89,503
1	105001	- 110000	109,725
1	110001	- 115000	111,860
3	125001	- 130000	376,475
1	145001	- 150000	149,790
1	160001	- 165000	160,500
1	210001	- 215000	210,649
1	245001	- 250000	500,000
1	285001	- 290000	290,000
1	290001	- 295000	295,000
1	325001	- 330000	327,500
1	335001	- 340000	337,919
1	340001	- 345000	340,338
1	495001	- 500000	500,000
1	865001	- 870000	868,500
1	1035001	- 1040000	1,036,296
1	1250001	- 1255000	1,254,000
1	1305001	- 1310000	1,308,568
<u>4,026</u>			<u>12,540,000</u>

## CATEGORIES OF CERTIFICATE HOLDING AS ON 30-06-2015

	No of Certificate holders	No of Certificate Held	Total No of Certificate	Percentage
ASSOCIATED COMPANIES UNDERTAKING AND RELATED PARTIES	-----	-----	-----	-----
NIT AND ICP	1		3,500	0.03
INVESTMENT CORPORATION OF PAKISTAN		3,500		
DIRECTORS, C.E.O THEIR SPOUSE AND MINOR CHILDREN	-----	-----	-----	-----
EXECUTIVE	-----	-----	-----	-----
PUBLIC SECTOR COMPANIES AND CORPORATIONS.	1		109,725	0.87
STATE LIFE INSURANCE CORPORATION OF PAKISTAN LTD		109,725		
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABA AND MUTUAL FUNDS	6		4,744	0.04
THE BANK OF KHYBER		1,526		
NATIONAL DEVELOPMENT LEASING CORPORATION LTD.		350		
NEW JUBILEE INSURANCE COMPANY LTD.		500		
L.T.V. CAPITAL MODARABA		1,345		
FIRST PRUDENTIAL MODARABA		100		
MODARABA AL MALL		923		
CERTIFICATEHOLDING FIVE PERCENT OR MORE VOTING INTREST IN THE LISTED COMPANY	3		4,651,621	37.09
ROYAL MANAGEMENT SERVICES (PVT) LTD.		1,254,000		
RASHIDULLAH YACOOB		2,020,987		
PASHTOON RASHIDULLAH		1,376,634		
INDIVIDUALS	3987		7,411,933	59.11
OTHER CORPORATE CERTIFICATEHOLDERS	28		358,477	2.86
<b>TOTAL</b>	<b>4026</b>		<b>12,540,000</b>	<b>100.00</b>

## **NOTICE OF THE ANNUAL REVIEW MEETING**

Notice is hereby given that the 16th Annual Review meeting of the Modaraba's Certificate Holders of First Pak Modaraba will be held on Saturday October 31, 2015 at 8:15 pm at KASBIT Auditorium, 84-B, S.M.C.H.S, Off Shakra-e-Faisal, Karachi to review the performance of Modaraba for the year ended June 30, 2015 in terms of clause 20 of the Prudential Regulations for Modaraba issued vide Circular No. 5/2000 by Registrar Modaraba.

By Order of the Board

**Zia-ul-Haq**  
**Company Secretary**

**Karachi**  
**October 10, 2015**

### **Notes**

1. The Modaraba Certificates transfer book shall remain closed from October 24, 2015 to October 30, 2015 (both days inclusive) to determine the names of Certificate Holders eligible to attend the Annual Review Meeting. Transfer received in order at the Registrar Office of the First Pak Modaraba (whose address is given below) up to the close of business hours on October 23, 2015 will be treated in time.

2. The Certificate holders are advised to notify to the Registrar of First Pak Modaraba of any change in their addresses to ensure prompt delivery of mails. Further, any Certificates for transfer, etc, should be lodged with the Registrar, Shares & Corporate Services (Private) Limited, Meharsons Estate, Block-E, Talpur Road, near NBP Building, Karachi (Phone: 0300-2061853).

3. Account Holders holding book entry securities of the First Pak Modaraba in Central Depository Company of Pakistan Limited, who wish to attend the Annual Review Meeting, are requested to bring original Computerized National Identity Card for identification purpose and will in addition, have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 25, 2000 of the Securities and Exchange Commission of Pakistan (SECP) for attending the meeting.

4. Pursuant to the provisions of the Finance Act 2015 effective July 01, 2015, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

a)	Rate of tax deduction for filers of income tax returns	12.5%
b)	Rate of tax deduction for non-filers of income tax returns	17.5%

All the certificate holders of First Pak Modaraba who hold certificates in physical form are therefore requested to send a valid copy of their CNIC and NTN Certificate, to First Pak Modaraba Registrar, Shares & Corporate Services (Private) Limited, at the above mentioned address to allow First Pak Modaraba to ascertain the status of certificate holders.