

# ANNUAL REPORT 2018



**FIRST AL-NOOR  
MODARABA**

*(An Islamic Financial Institution)*



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## OUR VISION

To become sustainable, growth oriented and efficient Modaraba, and to offer wide range of product and services catering to the need of the customers.

The Modaraba management should consider the interest of all the stake holders before making any business decision and to do that they should do concrete efforts to achieve their objectives.

## OUR MISSION

- ▶ To inculcate the most efficient, ethical and time tested business practices in our management.
- ▶ To uphold our reputation for acting with responsibility and integrity, respecting the laws and regulations, traditions and cultures of the country within which we operate.
- ▶ To accomplish excellent results through increased earnings which can benefit all the stakeholders.
- ▶ To work as a team and put the interest of the Modaraba before that of the individuals.



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Non Executive Directors*

##### **Chairman**

Mr. Ismail H. Zakaria

##### **Directors**

Mr. Yusuf Ayoob

Mr. Suleman Ayoob

Mr. Aziz Ayoob

Mr. Abdul Rahim Suriya, Independent

Mr. Zia Zakaria

Mr. Zainuddin Ayoob

#### *Executive Directors*

##### **Chief Executive**

Mr. Jalaluddin Ahmed

#### **Company Secretary**

Mr. Roofi Abdul Razzak

#### **Board Audit Committee**

Mr. Abdul Rahim Suriya - Chairman

Mr. Suleman Ayoob - Member

Mr. Zia Zakaria - Member

#### **HR & Remuneration Committee**

Mr. Zainuddin Ayoob - Chairman

Mr. Abdul Aziz Ayoob - Member

Mr. Jalaluddin Ahmed - Member

#### **Bankers**

Al-Baraka Bank (Pakistan) Limited.

Askari Bank Limited, Islamic Banking

Faysal Bank Limited, Barkat Islamic Banking

Habib Bank Limited, Islamic Banking

MCB Bank Limited, Islamic Banking

Meezan Bank Limited

National Bank of Pakistan

#### **Auditors**

RSM Avas Hyder Liaquat Nauman

Chartered Accountants

#### **Shariah Advisor**

AlHamd Shariah Advisory Services (Pvt) Ltd.

#### **Legal Advisor**

Muhammad Jamshid Malik

Barrister-at-Law

#### **Share Registrar**

M / s FAMCO Associates (Private) Limited

8-F, Near Hotel Faran, Nursery, Block-6,

P.E.C.H.S, Shahra-e-Faisal, Karachi.

Tel: +92 21 3438 0103-5, 3438 4621-3

Fax: 3438 0106

#### **Registered Office**

96-A, Sindhi Muslim Cooperative

Housing Society, Karachi

#### **Contact Details**

Telephone: 34558268;34552943;34553067

Fax: 34553137

Webpage: [www.fanm.co](http://www.fanm.co)

Email: [info@fanm.co](mailto:info@fanm.co)





## NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given to the certificate holders that eighteenth (18th) Annual Review Meeting of First Al-Noor Modaraba will be held on Monday, October 22, 2018 at 5:00 p.m. at the Registered Office of the Modaraba at 96-A, Sindhi Muslim Co-operative Housing Society, Karachi

By order of the Board

**Roofi Abdul Razzak**  
Company Secretary

Karachi : September 25, 2018

Notes:

### 1. Closure of Certificate (Share) Transfer Books

The Share Transfer Book of the Modaraba will remain closed from Friday, October 19, 2018 to Wednesday, October 31, 2018 (both days inclusive) and no transfer will be accepted during this period. The transfers received in order at the office of the Share Registrar, M/s FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahra-e-Faisal, Karachi by the close of business on October 19, 2018 will be considered in time for the purpose of determination of their respective entitlement(s), if any, and eligibility to attend the Annual Review Meeting.

### 2. Submission of CNICs / NTN

In terms of section 242 of Companies Act, 2017, listed Companies are required to pay cash dividend only through electronic mode directly into the bank account designated by the entitled shareholders. In order to comply with this requirement, shareholders are therefore requested to immediately provide the dividend mandate (bank account details) along with valid copy of CNIC to the share registrars of the company in case of physical certificates and to the CDC in case shares are held electronically.

### 3 Deduction of Income Tax from Dividend Under section 150 of the Income Tax Ordinance, 2001 (Mandatory)

- (i) As per Section 150 of the Income Tax Ordinance, 2001, withholding tax on dividend will be deducted for filers and non-filers of income tax returns at the prevailing rates. According to FBR, in case of joint holders, if the ratio of holding is not provided by certificate holders, then it will be determined as are held in equal proportion by the principal and joint holders.

Company Name	Folio/CDS Account #	Total Shares	Principal shareholder		Joint Shareholder	
			Name and CNIC #	Proportion (No. of shares)	Name and CNIC #	Proportion (No. of shares)

To enable the company to make tax deduction on the amount of cash dividend applicable on filers instead of rate on non-filers, all the certificate holders whose names are not entered into the Active Tax-payers (ATL) provided by FBR, are advised to make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted applicable on non filers.



**4 Exemption Certificate**

As per FBR Circulars numbers 1(29) SHT/2006 dated June 30, 2010 and 1(43) DG(WHT) 2008 Vol-II-66417-R dated May 12, 2015, the valid exemption certificate is mandatory to claim exemption amount of withholding tax u/s 150 of the Income Tax Ordinance, 2001 (tax on dividend) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The certificate holder(s) who wish to avail exemption, must provide Valid Tax Exemption Certificate at our Share Registrars before book closure otherwise tax will be deducted on dividend as per applicable tax rates.

**5 Non-Resident Certificate Holders**

In case of those certificate holders who are non-residents are requested to please provide their respective details including residence status/country of residence with copy of their NICOP to Share Registrars or by email to [corporate@fanm.co](mailto:corporate@fanm.co) before book closure. In case of non availability of status in their respective portfolio, the respective tax on dividends would be applicable.

**6 Consent for Electronic Transmission of Audited Financial Statements & Notices (Optional)**

The Securities and Exchange Commission of Pakistan (SECP) through its Notification SRO 787(I)/2014 dated September 8, 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual Review Meeting to its members through e-mail. Accordingly, members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail. In order to avail this facility, a Standard Request Form is available at the Modaraba's website, <http://www.fanm.co>.

**7 Change of Address and Non-Deduction of Zakat Declaration Form:**

Physical certificate holders are requested to notify any change in their addresses immediately and if applicable provide their non-deduction of Zakat Declaration Form to the Company's Shares Registrar.

**8 For Attending the Meeting**

(i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations or whose securities are in physical form, shall authenticate his/her identity by showing his/her original Computerized National identity Card (CNIC) or original passport at the time of attending the meeting.

(ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

#### 4۔ سٹیفٹ برائے استثناء

ایف بی آر کے سرکل نمبر (29) SHT/2006 بتاریخ 30 جون 2010 اور DG (WHT) 2008 (43) 66417-R2 بتاریخ 12 مئی 2015 کے مطابق جہاں قانونی استثناء شیڈول دوئم پارٹ 4 کی دفعہ 47B کی تحت حاصل ہے، وہاں درست سٹیفٹ برائے استثناء ودہولڈنگ ٹیکس کی چھوٹ کے دعویٰ کے لیے لازمی ہے۔ وہ سٹیفٹ یافتگان جو درج بالا زمرہ میں استثناء حاصل کرنا چاہتے ہیں وہ اپنا قابل قبول سٹیفٹ برائے استثناء ہمارے شیئر رجسٹرار کو کتابوں کی بندش سے پہلے ضرور مہیا فرمائیں ورنہ ان کا لاگو شرح کے حساب سے تقسیم شدہ منافع (ڈیوڈنڈ) پر ودہولڈنگ ٹیکس منہا کر لیا جائے گا۔

#### 5۔ غیر مقیم سٹیفٹ یافتگان

ایسے سٹیفٹ یافتگان جو غیر مقیم ہوں ان سے درخواست کی جاتی ہے وہ اپنی متعلقہ تفصیل بشمول اقامت نامہ اور شہریت، نائیکوپ (NICOP) کی نقل کاپی کے ساتھ ہمارے شیئر رجسٹرار کو کتابوں کی بندش سے پہلے ضرور مہیا فرمائیں یا درج پتہ پر ای میل کر دیں corporate@fanm.co۔ مذکورہ معلومات کی عدم دستیابی کی صورت میں متعلقہ شرح کے حساب سے ودہولڈنگ ٹیکس لاگو ہوگا۔

#### 6۔ آڈٹ شدہ مالیاتی رپورٹوں کی الیکٹرونک منتقلی کیلئے رضامندی (اختیاری)

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) نے بذریعہ نوٹس ایس آر ۷۸ (۱) / ۲۰۱۴ مورخہ ۸ ستمبر ۲۰۱۴ کمپنیوں کو اس بات کی اجازت دی ہے کہ کمپنیاں اپنے ممبران کو آڈٹ شدہ مالیاتی رپورٹیں بمعہ نوٹس برائے سالانہ نظر ثانی اجلاس بذریعہ ای میل بھیج سکتی ہیں۔ اسی اعتبار سے بذریعہ ہذا تمام ممبران سے التماس ہے کہ اس سلسلے میں اپنی رضامندی کے ساتھ اپنے ای میل کے پتے کمپنی کو بھیجوا دیں تاکہ انھیں آڈٹ شدہ مالیاتی رپورٹیں اور نوٹس بذریعہ ای میل بھیجوائی جاسکیں۔ اس سہولت سے فائدہ اٹھانے کیلئے مضاربہ کی ویب سائٹ <http://www.fanm.com> پر ایک معیاری فارم دستیاب ہے۔

#### 7۔ پتے کی تبدیلی

سرٹیفکٹ ہولڈر سے درخواست ہے کہ وہ جلد از جلد اپنے پتے میں ہونے والی کسی بھی تبدیلی سے آگاہ کریں اور ضرورت ہو تو اپنے زکوٰۃ ڈیکلریشن فارم کمپنی رجسٹرار کو بھیجوائیں۔

#### 8۔ اجلاس میں شرکت

(۱) اگر افراد، حاملین اکاؤنٹ یا حاملین ذیلی اکاؤنٹ اور/ایسا کوئی فرد جس کی سیکیورٹیز مرئی صورت میں موجود ہو کو اجلاس میں شرکت کیلئے اپنی شناخت ثابت کرنے کیلئے اپنا اصل قومی شناختی یا پاسپورٹ ظاہر کارڈ ظاہر کرنا ضروری ہوگا۔

(۲) کاروباری ادارے بوقت اجلاس، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ نمونہ دستخط پیش کرنا لازمی ہے (اگر پہلے سے مہیا نہ کیا گیا ہو)۔

## اطلاع برائے سالانہ جائزہ اجلاس

بذریعہ انحصار یا فیکان کو اطلاع دی جاتی ہے فرسٹ النور مضاربہ کا انیسویں (۱۹) سالانہ جائزہ اجلاس بروز پیر بتاریخ ۲۲ اکتوبر ۲۰۱۸ کو شام ۵:۰۰ بجے مضاربہ کے رجسٹرڈ دفتر ۹۶۔ اے سندھی مسلم کوآپریٹو ہاؤسنگ سوسائٹی میں منعقد کیا جائے گا۔

بحکم بورڈ

رونی عبدالرزاق

کمپنی سیکرٹری

کراچی: ۲۵ ستمبر ۲۰۱۸

نوٹ:

1- انتقال سرٹیفیکٹ (حصص) کی کتاب کا اتمام:-

مضاربہ کی سرٹیفیکٹ ٹرانسفر بکس مورخہ ۱۹ اکتوبر ۲۰۱۸ بروز جمعہ سے ۳۱ اکتوبر ۲۰۱۸ بروز بدھ (بشمول دونوں دن) تک بند رہیں گی اور درج بالا دنوں میں کوئی منتقلی قبول نہیں کی جائے گی۔ سالانہ اجلاس میں شرکت کے سلسلے میں ہمارے شیئر رجسٹرار، میسرز فیکو ایسوسی ایٹس پرائیویٹ لمیٹڈ، ۸-ف نزد فاران ہوٹل، نرسری، بلاک ۶، پی ای سی ایچ ایس، کراچی کو مورخہ ۱۸ اکتوبر ۲۰۱۸ کو دفتری اوقات ختم ہونے تک موصول ہونے پر ٹرانسفر بروقت اور سالانہ جائزہ اجلاس میں شرکت کے اہل تصور کیے جائیں گے۔

2- قومی شناختی کارڈ / قومی ٹیکس نمبر کی فراہمی

سیکشن ۲۲۲ کمپنی ایکٹ ۲۰۱۷ کے تحت ہر لسٹڈ کمپنی کے اوپر لاگو ہے جس کے تحت کیش ڈیویڈنڈ صرف اور صرف بینک اکاؤنٹ میں الیکٹرانک ذریعہ سے ہی ٹرانسفر کیا جائے گا۔ اس ریکورڈ منیٹ کی کمپلائنس کے لیے ضروری ہے کہ تمام حصص دار اپنا مینڈیٹ (بینک اکاؤنٹ کی تفصیلات CNIC کا پی کے ساتھ Physical حصص کی صورت میں شیئر رجسٹرار اور الیکٹرانک حصص کی صورت میں CDC کو جمع کروائیں۔

3- انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت تقسیم شدہ منافع میں ود ہولڈنگ ٹیکس کی کٹوتی (لازمی)

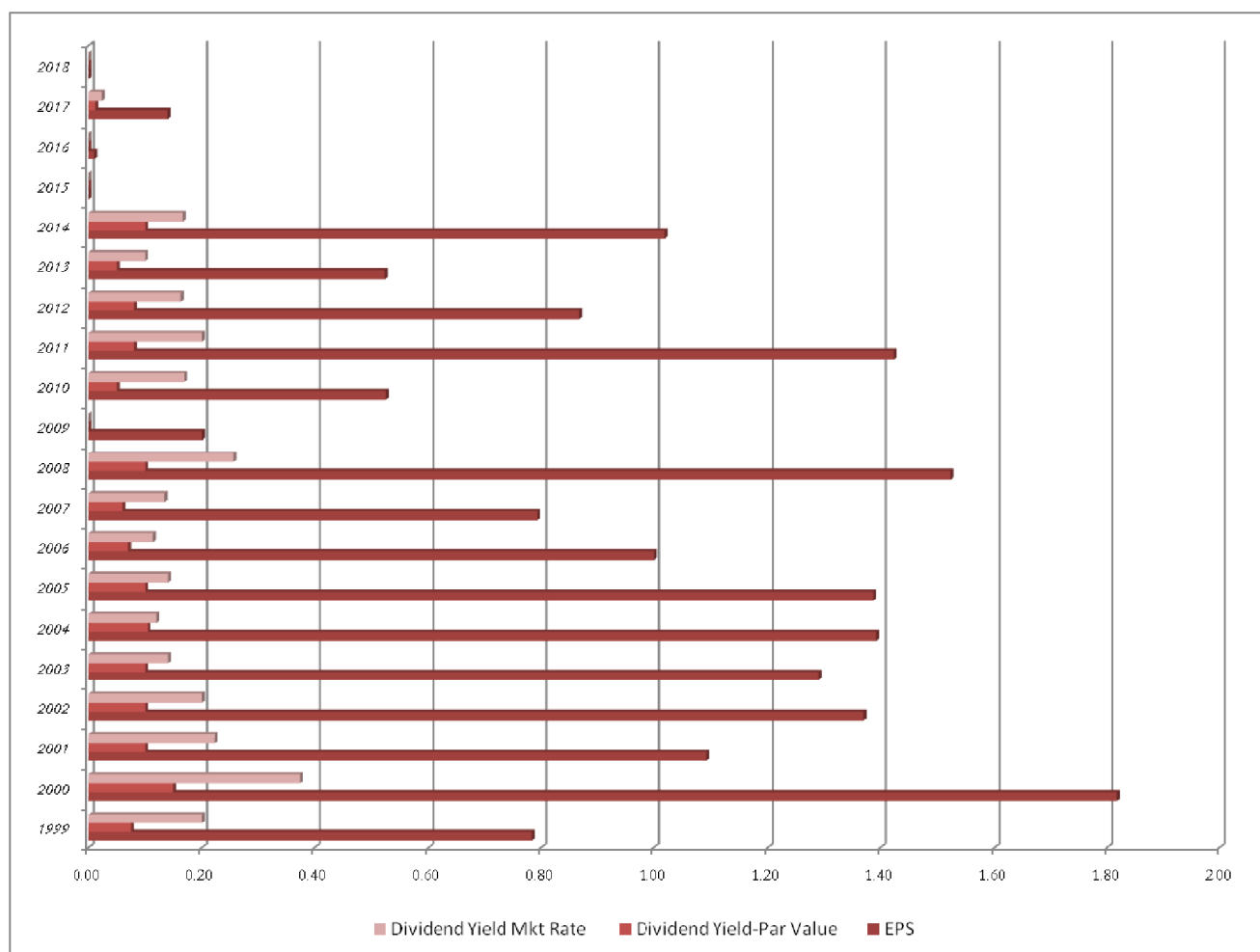
انکم ٹیکس آرڈیننس ۲۰۰۱ کے سیکشن ۱۵۰ کے تحت انکم ٹیکس گوشواروں کے فائلرز اور نان فائلرز کے جاری ٹیکس ریٹ کے حساب سے ہوں گے۔ FBR کے مطابق، وڈ ہولڈنگ ٹیکس جن مشترکہ ہولڈرز کی شرکت کا تناسب نہیں معلوم ہوگا، ان کا ٹیکس برابری کی شراکت اور جملہ فائلرز اور نان فائلرز کے ٹیکس ریٹ کے حساب سے ہوگا۔ وہ ممبر جو مشترکہ ہولڈنگ رکھتے ہیں ان سے درخواست ہے کہ وہ اپنی ہولڈنگ کی تفصیلات کمپنی کے شیئر رجسٹرار کو مندرجہ ذیل طریقہ کار سے بھیجیں۔ تفصیلات نہ ملنے کی صورت میں یہ تصور کیا جائے گا کہ سرٹیفیکٹ کی شراکت برابری کی بنیاد پر ہیں۔

Company Name	Folio/CDS Account #	Total Shares	Principal shareholder		Joint Shareholder	
			Name and CNIC #	Proportion (No. of shares)	Name and CNIC #	Proportion (No. of shares)

اگر سرٹیفیکٹ ہولڈر چاہتے ہیں کہ کمپنی منافع کی تقسیم پر فائلرز کے ٹیکس ریٹ پر کٹوتی کرے تو سرٹیفیکٹ ہولڈر سے درخواست ہے کہ وہ اپنا نام FBR کی Active Tax Payer List میں شامل کروائیں ورنہ ان کی کٹوتی نان فائلرز کے ٹیکس ریٹ کے حساب سے کی جائیگی۔



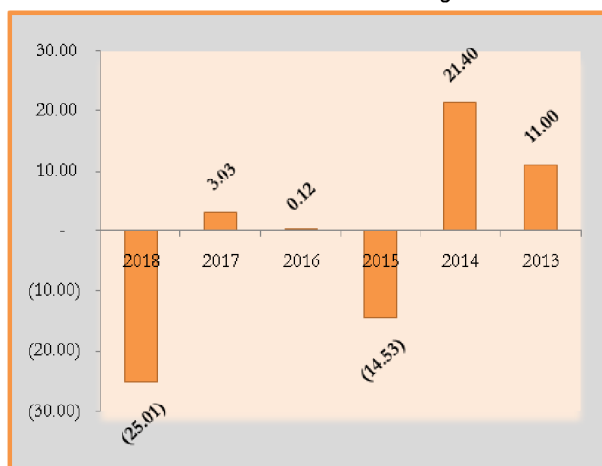
## TWENTY YEARS` EPS & DPS HISTORY



## SIX YEARS FINANCIAL SUMMARY

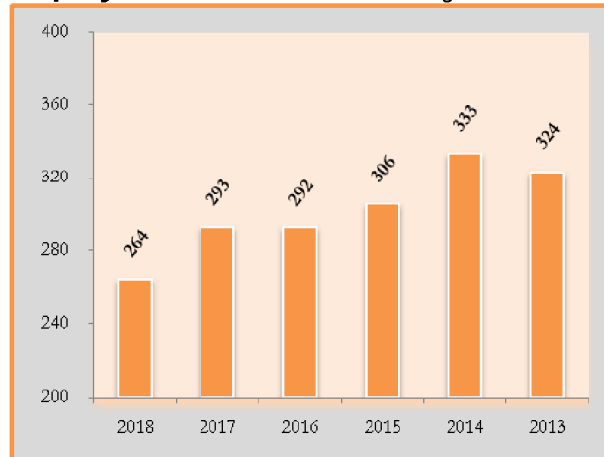
**Profit after tax**

figure in millions



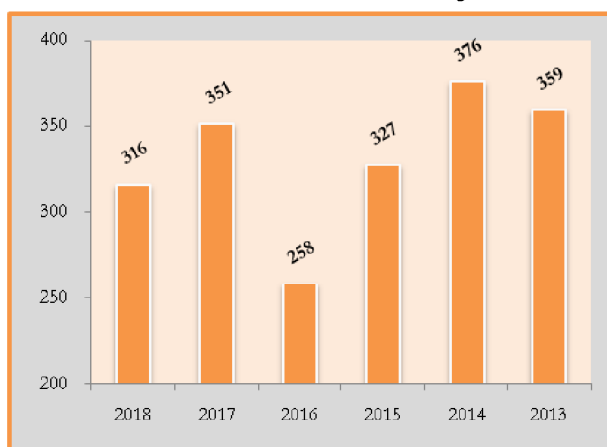
**Equity Growth**

figure in millions



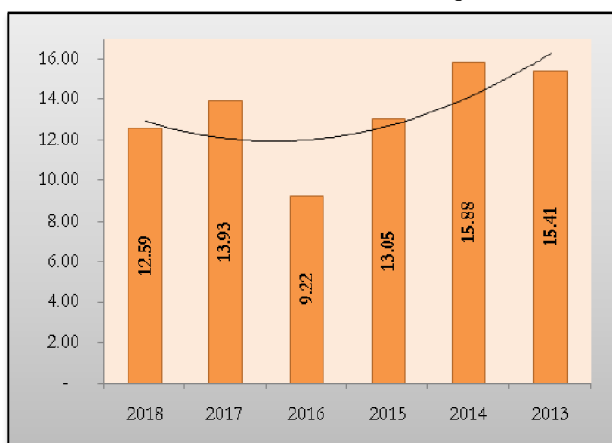
**Assets Growth**

figure in millions



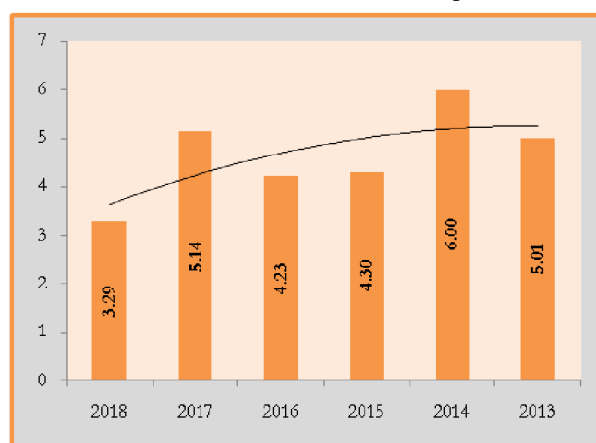
**Assets / Certificate**

figure in millions



**Market Price / Certificate**

figure in millions





## HORIZONTAL ANALYSIS

### BALANCE SHEET (%)

ASSETS	2018	2017	2016	2015	2014	2013
<b>NON-CURRENT ASSETS</b>						
<b>Fixed Assets - tangible</b>						
Long term deposits	-	-	-	0.18	-	(0.35)
Long Term portion of investment in Sukuk Certificates	2.80	(28.57)	(36.36)	100.00	-	-
Long Term portion of investment in diminishing musharakah(syndicate)	(0.03)	(25.48)	100.00	-	-	-
Long Term Investments	(0.11)	(23.34)	44.00	79.98	63.11	(52.94)
Ijarah Assets	(0.31)	(1.40)	23.40	25.63	32.35	113.58
Fixed Assets in own use	0.14	76.33	7.30	(35.18)	(31.89)	(81.06)
<b>CURRENT ASSETS</b>						
Bank Balances	1.11	(52.56)	(42.80)	91.05	(24.42)	86.34
Short Term investments	(0.31)	61.78	(54.61)	17.43	(2.81)	(71.41)
Current Portion of invstment diminshing musharakah ( syndicate)	-	300.00	100.00	-	-	-
Musawamah receivables - secured	(1.00)	(50.00)	-	-	(57.04)	(5.09)
Modaraba receivables - secured	-	-	-	-	-	(100.00)
Ijarah rental receivable	(0.17)	205.31	-	-	-	-
Trade Receivables	0.52	(8.16)	(78.76)	38.65	51.25	12,081.73
Bills Receivable	-	0%	-	(100.00)	-	-
Stock in trade	100%	0%	(100.00)	(80.06)	16.19	2,655.72
Advances, Deposits, Prepayments & Other Receivables	(70.80)	82.90	11.09	63.89	35.98	(15.33)
Current portion of investment in Sukuk Certificates	(50.00)	(0.00)	100.00	100.00	-	-
Income tax refundable/paid in advance	0.15	0.34	32.68	(10.42)	15.06	4.93
Profit Receivable	(14.37)	1.28	122.57	(24.87)	(56.99)	(60.73)
<b>TOTAL ASSETS</b>	<b>(9.98)</b>	<b>(1.53)</b>	<b>(0.58)</b>	<b>(4.53)</b>	<b>4.62</b>	<b>1.46</b>
<b>EQUITY &amp; LIABILITIES</b>						
<b>CAPITAL &amp; RESERVES</b>						
Issued, subscribed and paid up capital						
Reserves	(0.25)	(0.62)	(9.70)	(0.47)	4.15	2.18
Unappropriated profit	262.74	(19.11)	(0.98)	(173.35)	63.79	(43.58)
Unrealised loss on OCI Component reflected in equity	27.52	11.29	(597.53)	(128.75)	30.56	(6.10)
<b>TOTAL CAPITAL AND RESERVES</b>	<b>(9.51)</b>	<b>0.95</b>	<b>(4.30)</b>	<b>(8.36)</b>	<b>3.33</b>	<b>(1.83)</b>
Unrealised diminution on remeasurement of investment classified as 'available for sale'-net	1.73	1,466.01	-	-	-	-
<b>NON-CURRENT LIABILITIES</b>						
Security Deposits	(23.55)	12.78	5.05	40.55	35.78	114.13
Deferred liability - staff gratuity	21.55	(8.00)	0.53	24.08	75.85	41.82
<b>CURRENT LIABILITIES</b>						
Current maturity of security deposits	4.73	(26.56)	82.74	123.30	3.72	191.31
Creditors, accrued and other liabilities	(19.56)	(31.56)	36.03	(5.41)	(1.56)	24.47
Provision for custom duty/surcharge	-	-	-	-	-	-
Profit payable	12.57	1.57	108.59	(33.36)	63.39	(88.31)
<b>TOTAL EQUITIES &amp; LIABILITIES</b>	<b>(9.98)</b>	<b>(1.53)</b>	<b>(0.58)</b>	<b>(4.53)</b>	<b>4.88</b>	<b>1.21</b>
<b>PROFIT &amp; LOSS ACCOUNT (%)</b>						
Profit on trading operations	(5.83)	(136.72)	(83.65)	(199.98)	194.57	(46.74)
Income on Diminshing Musharakah ( Syndicate)	(19.59)	403.42	100.00%	-	-	-
Income on murabaha receivables	100.00	(100.00)	(79.03)	(22.89)	(48.17)	12.20
Income on musawamah receivables	-	-	-	-	(100.00)	(52.69)
Income on modaraba receivables	795.55	100.00	-	-	-	-
Income on Diminshing Musharakah	(13.63)	(8.33)	16.83	48.54	28.32	114.61
Income from Ijarah	(72.10)	142.23	(7.92)	(7.21)	(28.80)	(24.21)
Income from investments	-	-	-	-	-	-
Operating Expenses	14.99	0.39	(9.36)	10.50	(0.48)	48.73
(Provision)/Reversal of provision on non-performing assets	-	100.00	-	-	-	-
Financial and other charges	(13.74)	374.16	(93.98)	(12.91)	68.15	(63.06)
Other Income	(78.86)	100.61	22.14	(48.73)	(704.56)	(137.20)
Unrealized gain/(loss) on remeasurement of investments classified at fair value through profit & loss	97.29	525.02	(113.97)	47.37	(12.69)	(251.80)
Impairment loss on re-measurement of investment in listed securities classified as available for sale	-	-	-	-	-	(100.00)
Share of profit from associates	(168.42)	335.09	(54.64)	31.73	(31.85)	686.60
Modaraba Company's management fee	(100.00)	2,359.61	100.00	(100.00)	92.25	(41.65)
Income tax expenses	-	-	(100.00)	240.70	(69.30)	(81.80)
Provision for workers welfare fund	(100.00)	2,470.80	100.00	(100.00)	96.09	(41.65)
Profit for the year	(925.89)	2,537.92	(100.79)	(167.91)	94.61	(39.64)



## VERTICAL ANALYSIS

### BALANCE SHEET (IN %AGE)

ASSETS	2018	2017	2016	2015	2014	2013
<b>NON-CURRENT ASSETS</b>						
<b>Fixed Assets - tangible</b>						
Long term deposits	1.22	1.09	1.08	1.07	1.02	1.07
Long Term portion of investment in Sukuk Certificates	2.14	0.51	0.70	1.09	-	-
Long Term Portion of investment diminishing musharakah ( syndicate)	12.80	11.93	15.76	-	-	-
Long Term Investments	8.59	8.69	11.16	7.70	4.09	2.62
Ijarah Assets	30.85	40.46	40.41	32.55	24.74	19.55
Fixed Assets in own use	1.87	1.48	0.83	0.77	1.13	1.73
<b>CURRENT ASSETS</b>						
Bank Balances	7.67	3.27	6.78	11.79	5.89	8.15
Short Term investments	8.12	10.56	6.43	14.08	11.45	12.32
Musharikah receivables - secured	-	-	-	-	-	-
Murabaha receivables - secured	-	-	-	-	-	-
Musawamah receivables - secured	-	3.56	7.00	6.96	6.65	16.19
Modaraba receivables - secured	-	-	-	-	-	-
Ijarah rental receivable	0.83	0.89	0.29	-	0.03	-
Trade Receivables	4.10	2.43	2.61	12.20	8.40	5.81
Bills Receivable	-	-	-	-	0.45	-
Stock in trade	9.85	-	-	6.91	33.06	29.77
Advances, Deposits, Prepayments & Other Receivables	2.66	8.19	4.41	3.95	2.30	1.77
Current Portion of investment diminishing musharakah ( syndicate)	4.74	4.27	1.05	-	-	-
Income tax refundable/paid in advance	1.34	1.05	0.77	0.58	0.62	0.56
Profit Receivable	0.32	0.34	0.33	0.15	0.19	0.45
<b>TOTAL ASSETS</b>	<b>97.10</b>	<b>98.72</b>	<b>99.60</b>	<b>99.80</b>	<b>100.00</b>	<b>100.00</b>
<b>CAPITAL &amp; RESERVES</b>						
Issued, subscribed and paid up capital	66.38	59.75	58.83	58.49	55.84	58.56
Reserves	30.92	27.91	27.31	30.07	28.57	28.77
Unappropriated profit	(11.83)	(2.94)	(3.57)	(3.59)	4.67	2.99
Unrealised loss on OCI Component reflected in equity	(1.04)	(0.74)	(0.65)	0.13	(0.43)	(0.35)
<b>TOTAL CAPITAL &amp; RESERVES</b>	<b>84.42</b>	<b>83.99</b>	<b>81.92</b>	<b>85.10</b>	<b>88.65</b>	<b>89.98</b>
Unrealised diminution on remeasurement of investment classified as 'available for sale'-net	(0.85)	(0.75)	(0.05)	-	-	-
<b>NON-CURRENT LIABILITIES</b>						
Security Deposits	6.71	7.90	6.89	6.52	4.43	3.42
Deferred liability - staff gratuity	2.39	1.77	1.90	1.87	1.44	0.86
<b>CURRENT LIABILITIES</b>						
Islamic export refinance	-	-	-	-	-	-
Musharikah Finance - Secured	-	-	-	-	-	-
Murabaha Finance - secured	-	-	-	-	-	-
Current maturity of security deposits	2.86	2.46	3.30	1.79	0.77	0.78
Creditors, accrued and other liabilities	2.90	3.25	4.68	3.42	3.45	3.68
Provision for custom duty/surcharge	1.39	1.25	1.23	1.23	1.17	1.23
Profit payable	0.17	0.14	0.13	0.06	0.09	0.06
<b>TOTAL EQUITIES &amp; LIABILITIES</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>PROFIT &amp; LOSS ACCOUNT ITEMS</b>						
Profit on trading operations	4.46	3.00	(13.72)	(308.96)	46.75	19.31
Income on musharikah receivables	-	-	-	-	-	-
Income on murabaha receivables	17.01	13.39	4.47	-	-	-
Income on musawamah receivables	0.30	-	2.82	49.55	9.72	22.83
Income on modaraba receivables	-	-	-	-	-	2.54
Income from Ijarah	58.18	42.64	78.13	246.22	25.08	23.78
Income from investments	17.99	40.82	28.31	113.19	18.45	31.54
<b>Gross Revenue</b>	<b>97.94</b>	<b>99.85</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Operating Expenses	(118.01)	(64.97)	(108.70)	(441.57)	(60.45)	(73.93)
(Provision)/Reversal of provision on non-performing assets	(50.16)	(31.75)	-	-	-	-
Financial and other charges	(0.13)	(0.09)	(0.03)	(2.01)	(0.35)	(0.25)
Other Income	4.38	13.12	10.98	33.10	9.77	(1.97)
Unrealized gain/(loss) on remeasurement of investments classified at fair value through profit & loss	(33.18)	(10.65)	(2.86)	75.40	7.74	10.79
Impairment loss on re-measurement of investment in listed securities classified as available for sale	-	-	-	-	-	-
Share of profit from associates	(3.27)	3.03	1.17	9.48	1.09	1.94
Modaraba Company's management fee	-	(0.83)	(0.06)	-	(5.78)	(3.66)
Income tax expenses	-	-	-	(2.73)	(0.12)	(0.48)
Provision for workers welfare fund	-	(0.16)	(0.01)	-	(1.04)	(0.65)
<b>Profit for the year (in %age)</b>	<b>(102.42)</b>	<b>7.55</b>	<b>0.49</b>	<b>(228.31)</b>	<b>50.86</b>	<b>31.80</b>





## KEY FINANCIAL DATA SIX YEARS` AT A GLANCE

KEY FINANCIAL DATA	2018	2017	2016	2015	2014	2013
<b>Total Assets</b>	<b>275.87</b>	<b>309.54</b>	<b>300.69</b>	<b>359.03</b>	<b>376.09</b>	<b>359.48</b>
Fixed Assets (owned)	5.92	5.21	2.95	2.75	4.24	6.23
Fixed Assets (ijarah)	97.61	142.21	144.22	116.88	93.04	70.29
Other Non Current Assets	37.79	36.17	46.18	35.44	19.21	13.26
Current Assets	134.54	125.96	107.33	203.97	259.60	269.69
<b>Total Liabilities</b>	<b>51.97</b>	<b>58.93</b>	<b>64.71</b>	<b>53.50</b>	<b>42.69</b>	<b>35.93</b>
Current Liabilities	23.18	24.95	33.34	23.34	20.60	20.57
Non Current Liabilities	28.78	33.98	31.37	30.16	22.09	15.36
<b>Total Equity</b>	<b>264.41</b>	<b>292.54</b>	<b>292.23</b>	<b>305.54</b>	<b>333.40</b>	<b>322.66</b>
Reserves	97.84	98.09	97.48	107.96	107.46	103.18
Certificate Holders' Equity	210.00	210.00	210.00	210.00	210.00	210.00
Unappropriated	(43.42)	(15.55)	(15.25)	(12.42)	15.94	9.48
<b>Gross Revenue</b>	<b>26.01</b>	<b>44.53</b>	<b>26.01</b>	<b>8.47</b>	<b>46.19</b>	<b>33.90</b>
<b>Net Revenue</b>	<b>(25.01)</b>	<b>3.03</b>	<b>0.11</b>	<b>(14.53)</b>	<b>21.40</b>	<b>11.00</b>
Earning per Certificate - Rs. 10/- each	(1.19)	0.14	0.01	(0.69)	1.02	0.52
Cash dividend (%)	0.00%	1.20%	0.00%	5.00%	7.50%	5.00%

STAKEHOLDER INFORMATION	2018	2017	2016	2015	2014	2013
Profit after tax ratio (%)	(28.10)	3.04	0.14	(23.19)	29.48	18.24
Return on equity / capital employed	(8.98)	1.04	0.04	(4.55)	6.52	3.37
Assets Turnover Ratio (%)	40.68	69.28	51.78	83.70	96.14	35.54
Current ratio	5.80	5.05	3.22	8.74	12.60	13.11
Market Value per certificate (year end)						
High	3.00	5.45	4.23	4.30	6.00	5.99
Low	3.00	4.14	4.23	4.30	6.00	5.00
Closing	3.00	4.14	4.23	4.30	6.00	5.01
EPC (Earning per certificate)	(1.19)	0.14	0.01	(0.69)	1.02	0.52
Net assets / breakup value per certificate	12.59	13.93	9.22	13.05	15.88	15.41
Earning asset to total assets ratio (%)	87.29	84.52	89.69	81.29	85.87	88.61
Price earning ratio	(2.52)	28.71	754.08	(6.21)	5.89	9.57
Dividend Yield Ratio (%)	0.00	2.90	-	11.63	12.50	9.98
Cash Dividend per certificate (in Rs.)	-	0.12	-	0.50	0.75	0.50



## TWENTY SIXTH REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2018

I, on behalf of Board of Directors of Al-Noor Modaraba Management (Private) Limited, the "mudarib/management company" of First Al-Noor Modaraba (FAM), pleased to present the Twenty Sixth Annual Report together with the Audited Financial Statements of the Modaraba for the year ended June 30, 2018.

### FINANCIAL RESULTS

	<b>For the year ended</b>	
	<b>June 30, 2018</b>	<b>June 30, 2017</b>
	<b>Rupees</b>	<b>Rupees</b>
Profit after Taxation	(25,010,488)	3,028,310
Shares of associate's incremental depreciation on account of revaluation of fixed assets	166,220	16,130
Unappropriated profit/(loss) brought forward	(12,589,964)	(12,758,742)
	<u>(37,434,232)</u>	<u>(9,714,302)</u>
<b>APPROPRIATIONS</b>		
Profit distribution @ 0.00% (2017 @ 1.20%)	-	(2,520,000)
Statutory Reserve @ 0.00% (2017 @ 20.00%)	-	(605,662)
General Reserve	-	250,000
		<u>2,875,662</u>
Unappropriated profit / (loss) carried forward	<u>(37,434,232)</u>	<u>(12,589,964)</u>

### Review of Operations

The modaraba's performance in the past financial year was once again dented by making a remainder provisioning for a pending court case against Quetta textile Mills Limited. The modaraba was compelled to comply with the prudential regulation currently in force for such non performing loans. Further, the modaraba also suffered some unrealized losses in investment on account of remeasurement of securities. The equities/securities behaved in a highly inconsistent manner in the election year.

However, the elections have now been concluded and a new government is at the helm of affairs in the country. There is a cautious optimism that the overall economy will gather momentum and start picking up surely. These are positive signs for the growth of businesses and financial sector.

### Financial and Economic Review

The continuing factors that are constraint the Pakistan's economy to achieve real sustainable recovery and growth includes:

- the asymmetrical inflation and saving rates.
- continuing fiscal slippages.
- existence of power related circular debt.
- high level of government borrowings and its repayments.
- Depleting foreign exchange reserves with constant Pak Rupee devaluation pressure.
- Expectation of revised budgetary measures
- inconsistent international and domestic commodity pricing.
- rising water related issues.

### Future Outlook of the Modaraba

The modaraba would be carefully watching the economic policies being framed by the new government, and then making the necessary re-adjustments or realignment in its business strategy for ht current financial year. However, there is a distinct possibility that the modaraba may further enhance its exposure in Diminishing Musharika as this has yielded fairly satisfactory results in the past.



## TWENTY SIXTH REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2017

### Compliance with Code of Corporate Governance

As required by the Code of Corporate Governance, your Directors are pleased to report that:

- The financial statements prepared by the management of the Modaraba present fairly its true state of affairs, the results 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 departure therefrom has been adequately disclosed and explained, if any.
- The system of internal control is sound and has been effectively implemented and monitored.
- The Modaraba is financially sound and there is no reason whatsoever to doubt its 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 regulation of the Stock Exchange(s) and;
- During the year under review, four meetings of the Board of Directors were held. Attendance by each director was as follows:

Name of Director	No. of Meetings Attended	09-Sep-17	26-Oct-17	24-Feb-18	24-Apr-18
Mr. Ismail H. Zakaria, Chairman	3/4	P	A	P	P
Mr. Jalaluddin Ahmed, Chief Executive	4/4	P	P	P	P
Mr. Yusuf Ayoob, Director	4/4	P	P	P	P
Mr. Suleman Ayoob, Director	3/4	P	P	A	P
Mr. A. Aziz Ayoob, Director	4/4	P	P	P	P
Mr. Mansoor Alam*, Director	1/1	P	N/A	N/A	N/A
Mr. Zia I. Zakaria, Director	3/4	N/A	P	P	P
Mr. Zainuddin Ayoob, Director	4/4	P	P	P	P
Mr. Abdul Rahim Suriya**	2/2	N/A	N/A	P	P

- A statement setting out the status of the compliance with the best practices of corporate governance is attached to the Annual Report.

### Pattern of Certificate Holding

A statement reflecting the pattern of holding of certificates as on June 30, 2018 is attached to the Annual Report.

### Key Operating & Financial Data

A statement summarizing key operating and financial data for the last six years is attached to the Annual Report.

### Auditors

The present auditors, Messrs. RSM Avais Hyder Liaquat Nauman & Company, Chartered Accountants have offered themselves for appointment as the auditor of the Modaraba for the financial year ending June 30, 2019 subject to approval of Registrar Modaraba companies & Modaraba.

On behalf of the Board

Sd/-  
Jalaluddin Ahmed  
Chief Executive

Dated : September 25, 2018  
Place : Karachi



## جھبیس ڈائریکٹر رپورٹ بابت ۳۰ جون ۲۰۱۸ برائے مضاربہ کمپنی

\* ۱۲ اکتوبر ۲۰۱۷ کو انتقال ہو گیا۔

\*\* یکم جنوری ۲۰۱۸ کو مقرر ہوئے جسکی اجازت SECP نے ۱۲ فروری ۲۰۱۸ کو دی۔  
کارپوریٹ گورننس کی بہترین پالیسیوں کی پاسداری سے متعلق ایک بیان سالانہ رپورٹ کے ساتھ منسلک ہے۔

ترتیب برائے سرٹیفیکیٹ ہولڈنگ

ترتیب برائے سرٹیفیکیٹ ہولڈنگ بابت ۳۰ جون ۲۰۱۸ سالانہ رپورٹ کے ساتھ منسلک ہے۔

آپریشنز اور مالیات سے متعلق اہم معلومات

آپریشنز اور مالیات سے متعلق اہم معلومات پر مبنی بیان سالانہ رپورٹ کے ساتھ منسلک ہے۔

آڈیٹرز

موجودہ آڈیٹر میسرز اویس حیدر لیاقت نعمان اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے برائے سال ۳۰ جون ۲۰۱۹ اپنی خدمات بطور قانونی آڈیٹر پیش کی ہیں، جنکی خدمات بعد از رجسٹر ارمضاربہ کمپنیز اور مضاربہ کی جانب سے منظوری کے بعد عمل پیرا ہوگی۔

منجانب بورڈ

Sd/-

جلال الدین

چیف ایگزیکٹو

مؤرخہ ۲۵ ستمبر ۲۰۱۸

بمقام کراچی

## تھمبیس ڈائریکٹر رپورٹ بابت ۳۰ جون ۲۰۱۸ برائے مضاربہ کمپنی

ج۔ انرجی سے متعلق گروٹی قرضے۔

د۔ حکومت کی جانب سے بڑے پیمانے پر قرضوں کی وصولی اور اس کی واپسی۔

ه۔ مسلسل کم ہوتے زرمبادلہ اور پاکستانی روپے کی گرتی ہوئی قدر۔

و۔ ضمنی بجٹ اور اس کے اثرات۔

ذ۔ غیر متوازن ملکی اور غیر ملکی اجناس کی قیمتیں۔

ح۔ پانی سے متعلق بڑھتے مسائل۔

### مضاربہ کے مستقبل پر نظر

مضاربہ نئی حکومت کے آنے والے اقدامات کا بغور جائزہ لیتا رہے گا اور اسی کے مطابق اپنے کاروباری اقدامات اٹھائے گا۔ البتہ اسی بات کے قومی امکان ہیں کہ مضاربہ ڈیمینٹنگ مشارکہ میں سرمایہ کاری بڑھائے کیونکہ ماضی میں اس کے کافی اطمینان بخش نتائج برآمد ہوئے ہیں۔

### کوڈ آف کارپوریٹ گورننس کی پاسداری

کوڈ آف کارپوریٹ گورننس کی پاسداری سے متعلق آپکے ڈائریکٹر انتہائی مسرت کے ساتھ اس رپورٹ پیش کرتے ہیں کہ:

الف۔ مینجمنٹ کی جانب سے تیار شدہ مالیاتی دستاویزات مضاربہ کے تمام امور، آپریشنز کے نتائج، ترسیل نقد رقم اور حصص میں رد و بدل سے متعلق معاملات کی صحیح تصدیق کرتی ہیں۔

ب۔ مضاربہ سے متعلق ریکارڈ کو باقاعدہ کھاتوں میں درج کیا گیا ہے۔

ج۔ تمام مالیاتی دستاویزات کی تیاری کے سلسلے میں مناسب محاسبی پالیسیوں پر عمل کیا گیا ہے، نیز تمام ترمالیتی تخمینے معقول اور قرین قیاس ہیں۔

د۔ مالیاتی دستاویزات کی تیاری کے سلسلے میں پاکستان میں مستعمل بین الاقوامی محاسبی معیارات کی مکمل پاسداری کی گئی ہے۔

ه۔ اندرونی طور پر کنٹرول کا نظام انتہائی منظم اور جامع ہے اور اسے مؤثر انداز سے نافذ کیا گیا ہے اور اس پر مکمل نظر رکھی جاتی ہے۔

و۔ مضاربہ مالیاتی طور پر مضبوط بنیادوں پر استوار ہے اور ایسی کوئی وجہ نظر نہیں آتی جس کی بنیاد پر مضاربہ کو ختم کرنے سے متعلق کوئی سوال پیدا ہوتا ہو۔

ذ۔ اسٹاک ایکسچینجز کے لسٹنگ قواعد میں مقررہ کارپوریٹ گورننس کی بہترین پالیسیوں سے کوئی ایسا انحراف نہیں کیا گیا جو کہ قابل غور ہو۔

ح۔ سال رواں کے دوران بورڈ آف ڈائریکٹرز کی چار میٹنگز ہوئی ہیں۔ اور ان کی حاضری متعلق تفصیلات درج ذیل ہیں:

ڈائریکٹروں کے نام	مطلوبہ میٹنگز	۹ ستمبر ۲۰۱۷	۲۶ اکتوبر ۲۰۱۷	۲۴ فروری ۲۰۱۸	۲۴ اپریل ۲۰۱۸
جناب اسماعیل ایچ ڈکریا	۴/۳	حاضر	غیر حاضر	حاضر	حاضر
جناب جلال الدین احمد	۴/۴	حاضر	حاضر	حاضر	حاضر
جناب یوسف ایوب	۴/۴	حاضر	حاضر	حاضر	حاضر
جناب سلیمان ایوب	۴/۳	حاضر	حاضر	غیر حاضر	حاضر
جناب اے عزیز ایوب	۴/۴	حاضر	حاضر	حاضر	حاضر
جناب منصور عالم*	۱/۱	حاضر	لاگو نہیں	لاگو نہیں	لاگو نہیں
جناب ضیاء آئی ڈکریا	۴/۳	غیر حاضر	حاضر	حاضر	حاضر
جناب زین ایوب	۴/۴	حاضر	حاضر	حاضر	حاضر
جناب عبدالرحیم سورہ**	۲/۲	لاگو نہیں	لاگو نہیں	حاضر	حاضر

## چھبیس ڈائریکٹر رپورٹ بابت ۳۰ جون ۲۰۱۸ برائے مضاربہ کمپنی

بورڈ آف ڈائریکٹرز انور مضاربہ مینجمنٹ (پرائیوٹ) لمیٹڈ "مضاربہ مینجمنٹ کمپنی برائے فرسٹ انور مضاربہ (ایف اے ایم) کی جانب سے میں انتہائی مسرت کے ساتھ مضاربہ کی چھبیس سالانہ رپورٹ بابت ۳۰ جون ۲۰۱۸ بمعہ آڈٹ شدہ مالیاتی دستاویز پیش کر رہا ہوں۔

### مالیاتی نتائج

اعادہ	برائے سال	برائے سال
	۳۰ جون ۲۰۱۸	۳۰ جون ۲۰۱۷
رقم پاکستانی روپوں میں		
	(۲۵,۰۱۰,۴۸۸)	۳,۰۲۸,۳۱۰
	۱۶۶,۲۲۰	۱۶,۱۳۰
	(۱۲,۵۸۹,۹۶۴)	(۱۲,۷۵۸,۷۴۲)
	(۳۷,۴۳۴,۲۳۲)	(۹,۷۱۴,۳۰۲)
	-	(۲,۵۲۰,۰۰۰)
	-	(۶۰۵,۶۶۲)
	-	۲۵۰,۰۰۰
	-	(۲,۸۷۵,۶۶۲)
	(۳۷,۴۳۴,۲۳۲)	(۱۲,۵۸۹,۹۶۴)

### منافع بعد از ٹیکس

ایسوسی ایٹس کے حصص کی فرسودگی اضافی بابت قدر نو برائے مستقل اثاثے

غیر تقسیم شدہ منافع / (نقصان) گزشتہ

### تقسیم رقم / منافع

منافع کی تقسیم بلحاظ فیصد 0.00 (۲۰۱۷: بلحاظ فیصد ۱.۲۰)  
زرمحفوظ برائے قانونی تقاضے فیصد 0.00 (۲۰۱۷: بلحاظ فیصد ۲۰)  
عمومی زرمحفوظ

غیر تقسیم شدہ منافع / (نقصان) گزشتہ

### نظر ثانی برائے آپریشنز

ایک بار پھر مالی سال میں بقیہ پروڈینشل ریگولیشن کا provisioning جو کہ کوئٹہ ٹیکسٹائل ملز لمیٹڈ سے متعلق ہے جس نے منافع میں نقصان پہنچایا ہے۔ مضاربہ پروڈینشل ریگولیشن جو کہ قرضہ جات کی واپسی میں رکاوٹ پر لاگو ہوتی ہے جس پر عمل پیرا ہونا پڑا۔ مزید برآں شیئرز کی غیر فروخت شدہ حصے کی قیمت کے نقصان کا باعث بنی ہیں اور اس کے علاوہ ایکویٹی شیئرز انتخابات کے سال میں بہت ہی غیر متواتر طریقہ میں گھری رہی۔  
البتہ، اب انتخابات مکمل ہو چکے اور ایک نئی حکومت اس ملک میں معرض وجود میں آنے کو ہے۔ مثبت اُمید ہے کہ معیشت اپنی رفتار حاصل کر لے گی اور بہتر ہوگی۔ یہ کاروبار کا اور مالیاتی شعبوں کے لیے مثبت اشارے ہیں۔

### نظر ثانی برائے مالیاتی و معاشی حالات

پاکستان کی معیشت کی مستقل بحالی کے راہ میں بننے والی رکاوٹیں عمومی طور پر درج ذیل عناصر پر مشتمل ہیں:

الف۔ غیر یکساں شرح افراط زر و شرح بچت

ب۔ مستقل مالیاتی انحطاط



**Alhamd**  
Shariah Advisory Services  
(Private) Limited

## ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

### نحمدہ و نصلي على رسولہ الكريم Shariah Advisor's Report

We have conducted the Shariah review of First Al Noor Modaraba managed by Al Noor Modaraba Management (Private) Limited for the year ended June 30, 2018 in accordance with the mechanisms of the Shariah Compliance and Shariah Audit Mechanism for Modarabas. Based on our review, we report in confirmation that:

#### **SHARIAH COMPLIANCE:**

The Modaraba effectively have 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 our review, following were the major activities/developments in respect of Shariah that took place during this period:

#### **BANK ACCOUNTS:**

Modaraba does not maintain any saving account with conventional banks except the current account(s). Other than these, the Modaraba operates the saving accounts only with Islamic Banks and/or Islamic Windows for its business purposes.

#### **FRESH DISBURSEMENTS:**

On asset side, Modaraba has disbursed Ijarah, Diminishing Musharaka (Sondhara) and Diminishing Musharaka facilities to different clients. We confirm that the financing agreement(s) entered into by the Modaraba are Shariah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met.

#### **INVESTMENTS IN EQUITY SHARES:**

Modaraba's entire equity investments were made in approved Shariah compliant ways provided and applied in compliance of circulars of SECP. Further, the screening of the investment in equity shares is carried out by the Modaraba itself bi-annually, whenever required, as per the guidelines issued by SECP in consultation with the Shariah Advisor.

#### **DIVIDEND PURIFICATION:**

Modaraba has effectively performed process of dividend purification of equities as per Shariah guidelines and the amount required to be charitable has been transferred into charity account for charity purposes.

#### **TAKAFUL:**

For risk mitigation, the Modaraba effectively adopted and maintained Takaful coverages with Takaful companies and did not obtain any cover against from conventional insurance companies.

#### **TRADE OF COMMODITIES:**

Modaraba engages in the business of rice and other commodities. We confirm that Modaraba follows Shariah principles in its trade of rice and other commodities.

#### **CONCLUSION:**

Alhamdulillah, after introduction of Shariah Compliance and Shariah Audit Mechanism for Modarabas by Securities & Exchange Commission of Pakistan (SECP), the Management of First Al-Noor Modaraba has effectively shown its sincerity to comply with Shariah Rulings in its true spirit, therefore, we are of the view that the business operations of First Al Noor Modaraba are Shariah compliant up to the best of our knowledge.

**MUFTI MUHAMMAD IBRAHIM ESSA**  
For and on behalf of  
Alhamd Shariah Advisory Services Private Limited

Email: [info@alhamdshariahadv.com](mailto:info@alhamdshariahadv.com)

Website: [www.alhamdshariahadv.com](http://www.alhamdshariahadv.com)

Phone: +92 422 2671067



**ALHAMD SHARIAH ADVISORY SERVICES**

**[PVT] LIMITED**

نُصَدِّقُهُ بِتَصَدِّقِ عَمَلِي وَسَيِّدِي الْكَرِيمِ

## Alhambra

30-Scenic Appeal Maximum for Modularity of Sharjah Compliance تكملة في جولة التوافق

مارچ 2018 کا کرنل قحطیو کوہا ملک کے صحافی اور پورے ملک میں امن اور امنی معاملات میں قحطیو کوہا کے صحافیوں کے لیے۔

[illegible]

انٹرنیٹ شیئر ویس سرمایہ کاری ۲۰۱۱ء بات کی بھی تصدیق کی جاتی ہے کہ انڈونیشیہ کی انٹرنیٹ شیئر ویس سرمایہ کاری میں ۲۰۱۲ء کے سہ ماہیہ ۳ کے مطابق اور شریعت کے خاتمہ کو پہنچا کر ہے۔ ان ویس (SHARES) میں سرمایہ کاری کی گئی اور انڈونیشیہ کی طرف سے کی جاتی رہی اور جہاں کہیں سرمایہ کاری ہو رہی ہے وہاں کہیں بھی ایسی بات کے مطابق شریعت (۲۰۱۱ء) سے جدا ہے کی گئی۔

انویٹمنٹ کی پیمائش کا آغاز مندرجہ ذیل طریقہ کار کے مطابق کیا جائے گا۔

مثال کے طور پر، ان کے علم کے لئے کھڑے ہے تاکہ کچھ COVERAGE حاصل کیا، خیر ہے کہ یہ موقع پر ہی بھی ہو سکتا ہے  
 ان کے لئے یہ بھی COVERAGE حاصل کیا، یہ بھی ہے کہ

ایشیائے غور، خوش کی تہذیب، اہل ہندوستان نے جاہل اور پھر اہل علم نے غور، خوش میں اسی تہذیب کی بنیاد پڑائی کی جاتی ہے کہ ان اطلاعات میں بھی اہل ہندوستان نے کڑی محنت کے اصولوں کو ملحوظ نظر رکھتے ہوئے تہذیب کی ہے

[illegible]

ملفوظات محمد ابراہیم خاں

$$\mathbb{E}^k(\tau_{\text{end}}^k | \mathcal{H}_k, \mathcal{G}_k, \mathcal{H}_k^{\text{old}}, \mathcal{G}_k^{\text{old}}) \leq \mathbb{E}^k(\tau_{\text{end}}^k | \mathcal{H}_k, \mathcal{G}_k)$$

Email: info@allancharlottesville.org

உள்ளுறுப்பு: 2023-24-ம் ஆண்டு பிப்ரவரி மாதம்

Phone: +92 323 3671867





## THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Board has constituted a functional Audit Committee. The features of the terms of reference of the Committee in accordance with the Code of Corporate Governance are as follows:

- (a) Determination of appropriate measures to safeguard the listed company's assets.
- (b) to monitor the integrity of the financial statements of the company, and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgments contained in them. In particular to review the half-year and annual financial statements and associated report before submission to the Board focusing on:
  - any changes in accounting policies and practices
  - major judgmental and risk areas
  - significant adjustments resulting from the audit
  - the going concern assumption
  - compliance with accounting standards
  - compliance with International Financial Accounting Standards.
  - Compliance with listing regulations and other statutory and regulatory requirements
- (c) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in absence of management, where necessary);
- (d) Review of management letter issued by external auditors and management's response thereto.
- (e) To make recommendations to the Board, for approval in respect of matters relating to:
  - the appointment or
  - re-appointment or
  - removal of the external auditor;
- (f) Ensuring coordination between the internal and external auditors of the company.
- (g) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company.
- (h) Consideration of major finding of internal investigation and management's response thereto.
- (i) Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
- (j) Review the company's statement of internal control system prior to endorsement by the board of directors.
- (k) Determination of compliance with relevant statutory requirements.
- (l) Monitoring compliance with the best practices of corporate governance and identification of any significant violations thereof and
- (m) Consideration of any other issue or matter as may be assigned by the board of directors.



## TERMS OF REFERENCE FOR HR&R COMMITTEE

The Main term of reference of the HR&R Committee of the Company includes the following:  
The Committee shall be responsible to:

1. Recommending human resource management policies to the board;
2. Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
3. Recommending to the board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit;
4. Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.

a. The remuneration of the executive and non-executive Director shall not fall within the preview of the HR & R Committee.

b. Recommendations in respect of compensation including performance incentive will ensure that:

-The Company is able to recruit, motivate and retain persons of high ability, caliber and integrity.

-The packages are consistent with what is normal in the industry and / or specific job wise, as determined through surveys conducted.

-Incentives are where applicable are based on criteria which have been carefully examined, discussed and authorized.

c. Selection recommendation should ensure that the Company has formal selection procedure which provides for;

A description of the position that requires to be filled with a profile of ideal candidate.

d. Performance evaluation should:

-Be based on procedures formally specified and which override individual likes and dislikes;

-Provide for discussion of the Annual Performance Report with each manager concerned.

e. The Committee will also:

-Review and approve compensation payable to senior management for any loss or on termination of services to ensure that it is consistent with contractual terms and is otherwise fair.

-Review and advice on the training, development and succession planning for the senior management with reference to the Board's corporate goals and objectives.

-Devise a procedure for the approval of HR related policies of the Company.

-Review for time to time as appropriate these Terms of Reference and the effectiveness of the Committee and recommend to the Board any necessary changes



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2018

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19.24 of listing regulations of PSX Rule 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.

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 8 (eight) as per the following :
  - a. Male: 8
  - b. Female: 0
2. The composition of board is as follows :

Category	Names
Independent Director	Mr. Abdul Rahim Suriya
Executive Director	Mr. Jalaluddin Ahmed
Non-Executive Director	1) Mr. Ismail H. Zakaria 2) Mr. Yusuf Ayoob 3) Mr. Suleman Ayoob 4) Mr. A. Aziz Ayoob 5) Mr. Zia I. Zakaria 6) Mr. Zainuddin Ayoob

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
10. CFO and CEO duly endorsed the financial statements before approval of the board.
11. The board has formed committees comprising of members given below:
  - a) Audit Committee



## **STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2018**

S.No.	Name	Designation
1.	Mr. Abdul Rahim Suriya	Chairman
2.	Mr. Suleman Ayoob	Member
3.	Mr. Zia Zakaria	Member

**b) HR and Remuneration Committee**

S.No.	Name	Designation
1.	Mr. Zain Ayoob	Chairman
2.	Mr. Aziz Ayoob	Member
3.	Mr. Jalaluddin Ahmed	Member

12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
13. The frequency of meetings of the committee were as per following:
  - a) Audit Committee - Quarterly
  - b) HR and Remuneration Committee - Yearly
14. The board has set up an effective internal audit function.
15. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company 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 ICAP.
16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
17. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board

**Sd/-**  
**Jalaluddin Ahmed**  
Chief Executive

Date: September 25, 2018



## INDEPENDENT AUDITORS REVIEW REPORT TO THE CERTIFICATE HOLDERS

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Al-Noor Modaraba Management Company (Private) Limited for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems 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 risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Karachi  
Date: September 25, 2018

**Sd/-**  
Chartered Accountants  
Engagement Partner: **Adnan Zaman**



## AUDITORS' REPORT TO THE CERTIFICATE HOLDERS OF FIRST AL-NOOR MODARABA

We have audited the annexed balance sheet of FIRST AL-NOOR MODARABA (The Modaraba) as at June 30, 2018 and the related profit and loss account, statement of comprehensive income, 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 [Al-Noor Modaraba Management (Pvt.) 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 the 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:
  - (i) 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 expect for changes in accounting policies as disclosed in notes 3.1 to the financial statements with which we concur;
  - (ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
  - (iii) 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, statement of comprehensive income, 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, 2018 and the profit, its cash flows, its total comprehensive income 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).

**Sd/-**

Chartered Accountants  
**Engagement Partner: Adnan Zaman**

Karachi

Date: September 25, 2018



## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

	Note	June 30 2018 Rupees	June 30 2017 Restated Rupees	June 30 2016 Restated Rupees
<b>CURRENT ASSETS</b>				
Cash and bank balances	5	24,281,195	11,482,750	24,206,892
Short term investments	6.1	25,689,143	37,127,346	22,948,587
Musawamah facility - secured	7	-	12,500,000	25,000,000
Profit receivable	8	1,014,099	1,184,304	1,169,330
Ijarah rental receivable	9	2,610,777	3,127,045	1,024,220
Diminishing musharakah receivable		1,196,806	-	-
Trade Debtors - considered good and unsecured		12,959,168	8,546,082	9,305,000
Stock in trade	10	31,164,138	-	-
Current portion of investment in sukuk certificates	11	714,283	1,428,566	1,428,572
Current portion of investment in diminishing musharakah (Syndicate)	15	15,000,000	15,000,000	3,750,000
Current portion of investment in diminishing musharakah	16	7,262,912	3,080,843	-
Advances, deposits, prepayments and other receivables	12	8,409,480	28,802,204	15,747,368
Taxation	13	4,240,860	3,684,382	2,750,970
		<b>134,542,861</b>	<b>125,963,522</b>	<b>107,330,939</b>
<b>NON-CURRENT ASSETS</b>				
Long term deposits	15	3,846,989	3,846,989	3,846,989
Long term portion of investment in sukuk certificates	11	6,785,715	1,785,722	2,499,999
Long term portion of investment diminishing musharakah (syndicate)	15	26,250,000	41,250,000	56,250,000
Long term portion of investment diminishing musharakah	16	14,262,219	666,667	-
Long term investments	6.2	27,161,535	30,535,814	39,834,157
Ijarah assets	17	97,608,224	142,207,110	144,224,464
Fixed assets in own use	18	5,922,709	5,205,149	2,951,897
		<b>181,837,397</b>	<b>225,497,451</b>	<b>249,607,506</b>
<b>TOTAL ASSETS</b>		<b>316,380,258</b>	<b>351,460,973</b>	<b>356,938,445</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Current maturity of security deposits	19	9,054,050	8,645,050	11,772,251
Creditors, accrued and other liabilities	20	9,189,017	11,423,199	16,691,997
Provision for custom duty & surcharge	21	4,398,842	4,398,842	4,398,842
Profit payable	22	542,598	482,030	474,587
		<b>23,184,507</b>	<b>24,949,121</b>	<b>33,337,677</b>
<b>NON CURRENT LIABILITIES</b>				
Security deposits	19	21,217,800	27,752,950	24,609,050
Deferred liability - staff gratuity	23	7,564,856	6,223,540	6,764,935
		<b>28,782,656</b>	<b>33,976,490</b>	<b>31,373,985</b>
<b>TOTAL LIABILITIES</b>		<b>51,967,164</b>	<b>58,925,611</b>	<b>64,711,662</b>
<b>CERTIFICATE HOLDER'S EQUITY</b>				
40,000,000 (2017: 40,000,000) certificates of Rs 10/- each		<b>400,000,000</b>	<b>400,000,000</b>	<b>400,000,000</b>
Issued, subscribed & paid capital	24	210,000,000	210,000,000	210,000,000
Reserves	25	97,835,635	98,085,635	97,479,973
Unappropriated profit		(37,434,232)	(10,319,964)	(12,758,742)
Unrealised loss on OCI Component reflected in equity		(3,300,737)	(2,588,314)	(2,325,739)
Total capital and reserves		<b>267,100,671</b>	<b>295,177,357</b>	<b>292,395,492</b>
Unrealised appreciation on remeasurement of investment classified as available for sale'- net	26	(2,687,577)	(2,641,995)	(168,709)
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>316,380,258</b>	<b>351,460,973</b>	<b>356,938,445</b>
<b>CONTINGENCIES AND COMMITMENTS</b>				
	27	-	-	-

The annexed notes 1 to 49 form an integral part of these financial statements.

For Al-Noor Modaraba Management (Private) Limited  
(Management Company)

Sd/-  
Chief Executive

Sd/-  
Director

Sd/-  
Director





## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 30 2018 Rupees	June 30 2017 Rupees
Income from trading operations	28	1,112,176	1,181,000
Income on musawamah facility		73,973	-
Income on Diminishing Musharakah (Syndicate)		4,238,732	5,271,457
Income on Diminishing Musharakah		513,956	57,390
Income from Ijarah	29	14,499,237	16,786,648
Income from investments	30	4,482,844	16,069,966
		<b>24,920,918</b>	<b>39,366,461</b>
Administrative and operating expenses	31	<b>29,408,501</b>	25,575,436
Provision for non-performing assets	7	<b>12,500,000</b>	12,500,000
Financial and other charges	32	<b>31,495</b>	36,510
		<b>41,939,992</b>	<b>38,111,946</b>
<b>Operating (loss) / profit</b>		<b>(17,019,073)</b>	<b>1,254,515</b>
Other income	33	<b>1,091,363</b>	5,163,160
		<b>(15,927,710)</b>	<b>6,417,675</b>
Unrealised (loss) on re-measurement of investments at fair value through profit or loss	6.1.2	<b>(8,267,558)</b>	(4,190,582)
Share of (loss)/profit from associates	6.2.1	<b>(815,215)</b>	1,191,525
		<b>(25,010,483)</b>	3,418,618
Management company's remuneration	34	<b>-</b>	<b>(328,506)</b>
		<b>(25,010,483)</b>	<b>3,090,112</b>
Workers welfare fund	35	<b>-</b>	<b>(61,802)</b>
<b>Profit before taxation</b>		<b>(25,010,483)</b>	<b>3,028,310</b>
Income tax expense	36	<b>-</b>	<b>-</b>
<b>Profit for the year</b>		<b>(25,010,483)</b>	<b>3,028,310</b>
Earnings per certificate - Basic and Diluted	37	<b>(1.19)</b>	<b>0.14</b>

The annexed notes 1 to 49 form an integral part of these financial statements.

For Al-Noor Modaraba Management (Private) Limited  
(Management Company)

Sd/-  
Chief Executive

Sd/-  
Director

Sd/-  
Director





## STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 30 2018 Rupees	June 30 2017 Rupees
(Loss) / Profit for the year		(25,010,483)	3,028,310
Others comprehensive income			
Not to be reclassified to profit and loss account in subsequent periods			
Remeasurement of net defined benefit liability - loss	23.5	(551,004)	(551,004)
Reversal of realised on disposal during the year	6.3	(161,419)	288,429
Share of others comprehensive income of associate	6.2.1	-	-
<b>Comprehensive income transferred to equity</b>		<b>(712,423)</b>	<b>(262,575)</b>
<b>Components of comprehensive income not reflected in equity</b>			
"Unrealized (loss) on re-measurement of available for sale investment	6.3	(207,002)	(2,184,857)
<b>Total Comprehensive (loss) / Income</b>		<b>(25,929,908)</b>	<b>580,878</b>

\*Deficit on re-measurement of available for sale investment & gain realised on disposal of investments is presented separately below equity as 'Surplus on revaluation of investments' been shown in order to comply with the amended "Prudential Regulations for Modarabas" issued by SECP vide SC/M/PRDD/PRs Circular no. 259 of 2017 on December 11, 2017.

The annexed notes from 1 to 49 form an integral part of these financial statements.

For Al-Noor Modaraba Management (Private) Limited  
(Management Company)

Sd/-  
Chief Executive

Sd/-  
Director

Sd/-  
Director



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2018

	Issued subscribed & paid capital	Capital *Statutory Reserve	Reserve			Total
	Certificate Capital		Revenue			
			Revenue reserve	Unappropriated profit	Other comprehensive income	
	Rupees					
Balance as at June 30, 2016 as previously reported	210,000,000	96,979,973	500,000	(12,758,742)	(2,494,448)	292,226,783
Effect of retrospective change in accounting policy	-	-	-	-	168,709	168,709
Balance as at June 30, 2016 - Restated	210,000,000	96,979,973	500,000	(12,758,742)	(2,325,739)	292,395,492
Share of associate's incremental depreciation on account of revaluation of fixed assets				16,130		16,130
	-	-	-		-	
Total Comprehensive income for the year			3,028,310		(262,575)	2,765,735
Profit distribution in cash	-	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-	
Transfer to statutory reserve	605,662	-	(605,662)	-	-	
<b>Balance as at June 30, 2017 - Restated</b>	<b>210,000,000</b>	<b>97,585,635</b>	<b>500,000</b>	<b>(10,319,964)</b>	<b>(2,588,314)</b>	<b>295,177,357</b>
Share of associate's incremental depreciation on account of revaluation of fixed assets	-	-	166,220	-	166,220	-
Total Comprehensive income for the year	-	-	-	(25,010,488)	(712,423)	(25,722,911)
Profit distribution in cash	-	-	-	(2,520,000)	-	(2,520,000)
Transfer to general reserve	-	-	(250,000)	250,000	-	-
Transfer to statutory reserve	-	-	-	-	-	-
<b>Balance as at June 30, 2018</b>	<b>210,000,000</b>	<b>97,585,635</b>	<b>250,000</b>	<b>(37,434,232)</b>	<b>(3,300,737)</b>	<b>267,100,666</b>

\* In accordance with the Prudential Regulations for Modarabas, the Modaraba is required to transfer an amount not less than 20% and not more than 50% of its after tax profits to statutory reserve until the reserve funds equals the paid-up capital. Thereafter, a sum not less than 5% of the after tax profits is required to be transferred to the statutory reserve.

The annexed notes 1 to 49 form integral part of these financial statements.

For Al-Noor Modaraba Management (Private) Limited  
(Management Company)

Sd/-  
Chief Executive

Sd/-  
Director

Sd/-  
Director



## STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 30 2018 Rupees	June 30 2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash from operations after working capital changes	38	36,773,708	37,272,623
Increase in long-term security deposits		(6,126,150)	16,699
Income on musawamah facility		73,973	-
Income on Diminishing Musharakah (Syndicate)		4,506,784	5,294,828
Income on Diminishing Musharakah		535,222	25,652
Income tax paid		(556,478)	(933,412)
Gratuity paid		(398,000)	(2,129,800)
<b>Net cash generated from operating activities</b>		<b>34,809,058</b>	<b>39,546,590</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to fixed assets			
- Own		(4,727,600)	(4,709,605)
- Ijarah		(28,325,500)	(70,511,692)
Sale proceeds on disposal of fixed assets			
- Own		2,243,000	500,000
- Ijarah		8,124,425	12,433,343
Dividend received		1,455,269	4,146,744
Profit on bank deposit		815,850	765,579
Redemption of Installment of Sukuk Certificates		714,290	714,283
Investment in Sukuk Certificates		(5,000,000)	-
Investment in diminishing musharakah		(24,514,000)	(4,000,000)
Repayment of diminishing musharakah		21,711,650	3,750,000
Purchase of investments in mutual funds		-	(4,612,156)
Proceeds from sale of mutual funds units		-	4,233,623
Purchase of investments in listed securities		(19,487,888)	(130,674,024)
Proceeds from sale of investments in listed securities		27,522,882	135,729,683
<b>Net cash (used in) investing activities</b>		<b>(19,467,621)</b>	<b>(52,234,222)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Profit paid to the certificate holders		(2,529,097)	-
Financial charges paid		(13,895)	(36,510)
<b>Net cash (used in) financing activities</b>		<b>(2,542,992)</b>	<b>(36,510)</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>12,798,445</b>	<b>(12,724,142)</b>
Cash and cash equivalents at beginning of the year		11,482,750	24,206,892
<b>Cash and cash equivalents at end of the year</b>	39	<b>24,281,195</b>	<b>11,482,750</b>

The annexed notes 1 to 49 form an integral part of these financial statements.

For Al-Noor Modaraba Management (Private) Limited  
(Management Company)

Sd/-  
Chief Executive

Sd/-  
Director

Sd/-  
Director



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 1 LEGAL STATUS AND NATURE OF BUSINESS

The First Al-Noor Modaraba was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder and is managed by Al-Noor Modaraba Management (Pvt.) Limited, a company incorporated in Pakistan. The address of its registered office is 96-A, Sindhi Muslim Housing Society. The Modaraba was floated on October 19, 1992 and commenced its business on November 02, 1992.

The Modaraba is a multipurpose perpetual modaraba and is primarily engaged in ijarah financing, musharikah, murabaha, musawamah, modaraba, equity investment, Ijarah and trading activities. The Modaraba is listed on the Pakistan Stock Exchange (Previously on the Karachi and Lahore Stock Exchanges).

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, Provisions of and directives issued under the Companies Act, 2017 and 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, 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, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP shall prevail.

#### 2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

2.2.1 Standards or interpretations that are effective in current year but not relevant to the Modaraba. The following new standards have been issued by the International Accounting Standards Board (IASB) which have been adopted locally by the Securities and Exchange Commission of Pakistan vide SRO 633(I)/2014 dated July 10, 2014 with effect from following dates. The Modaraba has adopted these accounting standards which do not have significance on the Modaraba's financial statements other than certain disclosure requirements about fair value of financial instruments as per IFRS 13 "Fair Value Measurement" which have been disclosed in note # 5.

Accounting standards and interpretations:

IFRS 10 Consolidated Financial Statements  
IFRS 11 Joint Arrangements  
IFRS 12 Disclosure of Interests in Other Entities  
IFRS 13 Fair Value Measurement  
IAS 27 Separate Financial Statements (Revised 2011)  
IAS 28 Investments in Associates and Joint Ventures (Revised 2011)

#### 2.2.2 Amendment not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Accounting standards and interpretations:		Effective date (Annual period beginning on or after)
IFRS 2	Share-based Payments - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

IFRS 9	Financial Instruments - Amendments for incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	January 01, 2018
IFRS 15	Revenue from Contracts with Customers (Superseded IAS 11), To recognize revenue for the transfer of promised goods or services to the customer under the contract	January 01, 2018
IFRS 16	Leases (Superseding IAS 17), To report all lease assets and lease liabilities on the balance sheet, initially measured at the present value of future lease payments as it eliminated classification of leases as Operating or Finance Leases for lessee	January 01, 2019

### 2.2.3 Standards or interpretation not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases

The effects IFRS - 15 Revenue from Contract with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have significant effect on the Modaraba's future financial statements.

The management anticipates that the adoption of the above standards and amendments in future periods will no material impact on the Modaraba's financial statements.

### 2.3 Applicability of International Accounting Standard 17 'Leases'

SECP vide its circular No.10 of 2004 dated February 13, 2004 has deferred, till further orders, the applicability of International Accounting Standard (IAS) 17 "Leases" on Modarabas with effect from July 1, 2003 and advised the management companies of Modarabas that they may continue to prepare the financial statements of the Modarabas without applying the requirements of the said IAS to the Modarabas. However, the requirements of the above IAS were considered for the purpose of preparation of these financial statements upto June 30, 2008. From July 1, 2008 all new leases are being accounted for in accordance with the requirements of IFAS 2 as explained in note 2.5. As allowed by the SECP, leases which were accounted for as finance lease in accordance with IAS 17 till June 30, 2008 continue to be accounted for as finance leases.

### 2.4 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.

### 2.5 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:



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

- 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.

### 2.6 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments classified as financial assets 'at fair value through profit or loss' or 'available for sale' have been marked to market and certain staff retirement benefits are carried at present value of defined benefit obligation.

### 2.7 Functional and presentation currency

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

### 2.8 Critical accounting estimates and judgments

The preparation of financial statements is in conformity with approved accounting standards requires the use of certain critical accounting estimates. The management makes estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires management to exercise judgment in application of the Modaraba's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

Significant accounting estimates and areas where judgments were made by management in the application of accounting policies are disclosed in note 3 & 42 to these financial statements.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for change explained in notes 3.1

### 3.1 Change in accounting policy

Surplus on revaluation of investments classified as 'Available-for-sale'

Pursuant to the amendment in the Prudential Regulations for Modarabas by the Securities and Exchange Commission of Pakistan (SECP) vide its Circular No. SC/M/PRDD/PRs/2017-259 dated December 11, 2017, the surplus on revaluation of investments shall not become part of equity. Previously, such surplus was presented as a separate component of equity. In view of the above amendment, the Modaraba has changed its accounting policy in respect of recording the surplus on revaluation of investments and the same is now shown below the equity as a separate line item in the balance sheet.

#### Effect of change in accounting policy

The above change is accounted for in accordance with the requirements of IAS – 8 "Accounting Policies, Changes in Accounting Estimates and Errors".



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The modaraba has applied the above mentioned change in prudential regulations retrospectively and consequently the earliest periods presented in balance sheet and statement of changes in equity have been restated.

There is no profit and loss account, comprehensive income and cash flow impact as a result of the retrospective application of change in accounting policy.

The following table summarizes the impact of retrospective application:

Impact of change in accounting policy			
01 July, 2017	As previously Stated	Effect of change (Rupees)	As restated
<b>Impact in Balance Sheet &amp; Statement of changes in Equity</b>			
Equity	292,535,362	2,641,995	295,177,357
01 July, 2016	As previously Stated	Effect of change (Rupees)	As restated
<b>Impact in Balance Sheet &amp; Statement of changes in Equity</b>			
Equity	292,226,783	168,709	292,395,492

### 3.2 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### 3.3 Financial assets

#### 3.3.1 Classification

The Modaraba classifies its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39) Financial Instruments: Recognition and Measurement, except for the assets classified under Islamic Financial Accounting Standards, in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

#### a) At fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short term fluctuations in prices are classified as 'financial assets at fair value through profit or loss' category. The financial assets classified as at fair value through profit or loss included investments in listed equity securities.

#### b) Loans and receivables

These are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. The financial assets included in loans and receivables classification are cash and bank balances, Musawamah finance, Modaraba finance, net investment in finance lease and advances, deposits, prepayments and other receivables.

#### Held to maturity

These are investments with fixed or determinable payments and fixed maturity with the Modaraba having positive intent and ability to hold to maturity. These are measured at amortized cost.

#### d) Available for sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

available for sale or are not classified as (a) loans and receivables (b) held to maturity (c) financial assets at fair value through profit or loss. The financial assets classified as 'available for sale' include investments in listed equity securities.

**e) Investment in associates**

The Modaraba considers its associate to be such in which the Modaraba have ownership of not less than twenty percent of the voting power and / or has significant influence through common directorship, but not control.

The Modaraba accounts for its investment in associate using the equity method. Under this method investment is initially recognized at cost, being the fair value of consideration given includes acquisition charges associated with such investments. Subsequently the investors' share in profit / loss of the Investee is recognized in profit and loss. Distributions received from the investee reduce the carrying amount of the investment. Adjustment to the carrying amount will also be made for changes in the investor's proportionate interest in the investee arising from changes in the investee's over comprehensive income.

Where Modaraba's share of loss of an associates equal or exceeds its interest in the associates, the Modaraba discontinue to recognize its shares of further losses except to the extent that Modaraba has incurred legal or constructive obligation or made payment on behalf of the associates. If the associates subsequently reports profits, the Modaraba resumes recognizing its share of those profit only after its share of the profit equals the share of losses not recognized.

**3.3.2 Initial recognition and measurement**

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

**3.3.3 Subsequent measurement**

Subsequent to initial recognition, financial assets are valued as follows:

**a) "Financial asset at fair value through profit or loss" & 'available for sale'**

The investment in listed equity securities are marked to market using the closing market rates and are carried on the balance sheet at fair value.

Gains and losses arising from the difference between the carrying amount and the value determined in accordance with the criteria mentioned above in respect of financial assets at fair value through profit or loss are taken to the income statement.

Net gains and losses arising from the excess of value determined in accordance with the above mentioned criteria over the carrying amount in respect of 'available for sale' financial assets are recognised in other comprehensive income until the 'available for sale' investment is derecognised. At this time, the cumulative gain or loss previously recognised in other comprehensive income is transferred to the profit and loss account.

The Modaraba accounts for its investment in associated undertakings using the equity method. Under this method Modaraba's share of the post acquisition profits and / or losses of the associate is recognised in the profit and loss accounts and its share of post acquisition movements in reserve is recognised in reserves. Where Modaraba's share of losses of an associates equal or exceeds its interest in the associates, the Modaraba discontinue to recognize its shares of further losses except to the extent that Modaraba has incurred legal or constructive obligation or made payment on behalf of the associates. If the associates subsequently reports profits, the Modaraba resumes recognizing its share of those profit only after its share of the profit equals the share of losses not recognised.

**b) Loans and receivables' & 'held to maturity**

Loans and receivables and held to maturity financial assets are carried at amortized cost.

**3.3.4 Regular way contracts**

All purchases and sales of securities that require delivery within the time frame established by





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

regulation or market convention such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Modaraba commits to purchase or sell the assets.

### 3.3.5 Impairment

The management assesses at each balance sheet date whether there is objective evidence that the financial asset or a group of financial assets is impaired.

- a) Financial assets classified as "held to maturity"  
For loans and receivables, a provision for impairment is established when there is objective evidence that the Modaraba will not be able to collect all amounts due.

For financial assets carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the profit and loss account.

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit and loss account.

- b) Financial assets classified as 'available for sale'  
In case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is reclassified from equity and recognised in the profit and loss account. Impairment losses recognised on equity instruments are not reversed through profit and loss.
- c) Financial assets classified under Islamic Financial Accounting Standards  
In case of assets classified under Islamic Financial Accounting Standards, the assets shall be reviewed and provided for according to the time based criteria mentioned in the Prudential Regulations for Modarabas.

### 3.3.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred and the Modaraba has transferred substantially all the risks and rewards of ownership.

### 3.3.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

### 3.3.8 Financial liabilities

All financial liabilities are recognised at the time when the Modaraba becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortized cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

### 3.3.9 Receivable from terminated / matured contracts

These are stated net of impairment loss. Impairment loss is recognised for doubtful receivables on the basis of Prudential Regulations for Modarabas issued by the SECP or based on the



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

judgment of management, whichever is higher. Bad debts are written off when identified.

### 3.3.10 Ijarah rentals , Musawamah finance and Modaraba finance

Ijarah rentals, musawamah finance and modaraba finance receivables are stated net of provisions and suspense income, Provision is recognised in accordance with Prudential Regulations for Modaraba. Bad debts are written off as and when identified.

### 3.4 Fixed assets - Tangible

#### 3.4.1 Owned assets

Assets are stated at cost less accumulated depreciation except free hold land are stated at cost less any identified impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life. Depreciation is charged on additions from the month the asset is available for use and on disposals up to the month preceding the month of disposal.

Repairs and maintenance are charged to income as and when incurred.

#### 3.4.2 Ijarah assets

Ijarah assets are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method whereby the cost of an asset less salvage value is written off over the Ijarah (lease) period, which is considered to be the estimated useful life of the asset. In respect of additions and disposals during the year, depreciation is charged on monthly basis from the date of commencement of Ijarah. While prorate depreciation is charged in the month of maturity / termination on accrual basis.

#### 3.4.3 Gain or loss on disposal

Gains / losses on disposal of fixed assets / Ijarah assets are charged to the profit and loss account currently.

#### 3.4.4 Impairment

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

#### 3.4.5 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that the future economic benefits associated with the asset will flow to the Modaraba and the cost of item can be measured reliably. Amortization is charged to income using the straight line method in accordance with the rates specified in note 16.1 to these financial statements after taking into account residual value, if any. The residual values, useful lives and amortization method are reviewed and adjusted, as appropriate, at each balance sheet date. Amortization is charged from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceding the month of disposal.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. These assets are not amortized as they are expected to have an indefinite life and are marketable.

Gain and loss on disposal of intangible assets, if any, are taken to the profit and loss account.

### 3.5 Loans, advances and other receivables

These are stated at cost less estimates made for doubtful receivables based on a review of all



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.

### 3.6 Taxation

#### 3.6.1 Current

For items covered under final tax regime, provision is made according to the final tax rate provided in the Income Tax Ordinance, 2001.

The income of modarabas, not being trading income, is exempt from tax provided that not less than 90% of their profits are distributed to the certificate-holders. The Modaraba has the policy to continue availing the tax exemption and hence no provision has been made in these financial statements for tax liability in the current year.

#### 3.6.2 Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Modaraba has not recognised any amount in respect of deferred tax in these financial statements as the Modaraba intends to continue availing the tax exemption in future years by distributing at least 90% of its profits to its certificate holders.

### 3.7 Creditors, accrued and other liabilities

These are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services.

#### 3.7.1 Provisions

Provisions are recognised when the Modaraba has a present legal or constructive obligation as a result of past events, and 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

#### 3.7.2 Staff retirement benefits

Unfunded gratuity scheme

The Modaraba operates an unfunded gratuity scheme for all eligible employees who have completed the minimum qualifying period of service. Annual contributions are made to the fund on the basis of actuarial recommendations. The actuarial valuations are carried out using The Projected Unit Credit method.

### 3.8 Stock In trade

Stock of raw material, work in process and finished goods are valued principally at the lower of cost determined on the first in first out basis and net realizable value. Cost of raw materials and trading stock comprises the invoice values and other charges paid thereon. Cost of work in process and finished goods include prime cost and appropriate portion of manufacturing overheads. Items in transit are stated at invoice value plus other incidental charges paid thereon up to the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and costs necessarily to be incurred to make the sales.

Packing materials are recorded at average cost.

### 3.9 Revenue recognition

#### 3.9.1 Ijarah

Income on Ijarah is recognised on an accrual basis.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 3.9.2 Non-performing ijarah lease

Unrealised income in respect of non-performing ijarah finance is held in suspense account, where necessary, in accordance with the requirements of Prudential Regulations for Modarabas issued by the SECP

### 3.9.3 Musharakah Finance

Profit on musharakah finance is recognised on the basis of pre-agreed profit / loss sharing ratio when actual gain / loss on transaction is computed upon termination / completion of transaction.

### 3.9.4 Musawamah Finance

Profit on musawamah finance is recognized on an accrual basis, whereas unrealized musawamah income is excluded from profit.

### 3.9.5 Dividend Income

Dividend income is recognised when the Modaraba's right to receive the dividend is established.

### 3.9.6 Return on deposit with bank

Return on deposit with bank is recognized on an accrual basis.

### 3.9.7 Segment reporting

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

The Chief Executive is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

Based on internal management reporting structure, services provided and products produced and sold, the Modaraba is organised into the following four operating segments:

- Trading
- Financing
- Investments
- ijarah

### 3.9.8 Earnings / (loss) per share

The Modaraba presents basic and diluted earnings / (loss) per share data for its ordinary shares. Basic earnings / (loss) per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings / (loss) per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any

## 4 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING PERIOD

the provision against non performing Muswamah Facility as disclosed in Note No. 6



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 30, 2018 Rupees	June 30, 2017 Rupees
<b>5. CASH AND BANK BALANCES</b>			
With Cash in Hand		-	-
With banks in current accounts			
- Islamic Banks /Islamic Window operations		483,575	375,747
- Conventional Banks		145,227	750,612
With banks in PLS accounts			
- Islamic Banks /Islamic Window operations	5.1	23,652,393	10,356,391
- Conventional Banks		-	-
		<u>24,281,195</u>	<u>11,482,750</u>

5.1 These deposits accounts carry profit at rates ranging from 1.55% to 4.28% (2017:2.05% to 4.48%).

### 6. INVESTMENTS

#### 6.1 SHORT TERM INVESTMENTS

At fair value through profit and loss  
**Shariah compliant**

- Equity securities - listed	6.1.1	19,926,693	30,252,407
- Mutual funds - listed	6.1.2	5,762,450	7,110,947

**Non - Shariah compliant**

- Equity securities - listed	6.1.3	-	-
- Mutual funds - listed		-	-
		<u>25,689,143</u>	<u>37,127,304</u>

#### 6.1.1 At the fair value through Profit & Loss Equity Securities-Listed

Name of investee company	Number of shares				Balance as at June 30, 2018			
	As at July 1, 2017	Purchases during the year	Bonus / right issue	Sales /write-offs during the year	As at June 30, 2018	Carrying cost	Market value	Appreciation/ (diminution)
<b>Construction and Materials</b>								
Fauji Cement Company Limited 10,000	2,500	-	-	-	12,500	569,007	285,625	(283,382)
D.G. Khan Cement Limited -	3,000	-	-	-	3,000	536,554	343,470	(193,084)
Lucky Cement Company Limited 3,400	1,000	-	-	-	4,400	3,768,417	2,234,892	(1,533,525)
Maple Leaf Cement Ltd 10,000	1,000	-	2,500	-	8,500	1,040,046	431,290	(608,756)
Best Way Cement Co. Ltd 500	-	-	-	-	500	159,256	65,495	(93,761)
Safe Mix Concrete Product 4,500	16,500	-	21,000	-	-	-	-	-
AKZO nobel Pakistan Limited 500	-	-	-	-	500	126,856	93,380	(33,476)
Kohat Cement Company Limited 1,500	-	-	-	-	1,500	384,451	184,605	(199,846)
<b>Sub total</b>	<b>30,400</b>	<b>24,000</b>	<b>-</b>	<b>23,500</b>	<b>30,900</b>	<b>6,584,587</b>	<b>3,638,757</b>	<b>(2,945,830)</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Name of investee company	Number of shares					Balance as at June 30, 2018		
	As at July 1, 2017	Purchases during the year	Bonus / right issue	Sales /write-offs during the year	As at June 30, 2018	Carrying cost	Market value	Appreciation/ (diminution)
<b>Oil &amp; Gas Producers</b>								
Attock Refinery Limited	10,000	1,000	-	10,000	1,000	378,538	215,310	(163,228)
National Refinery Limited	2,000	2,000	-	2,000	2,000	1,064,106	886,020	(178,086)
Oil & Gas Development Co. Ltd	-	1,000	-	1,000	-	-	-	-
Hascol Petroleum Limited.	900	5,920	280	5,800	1,300	374,216	432,989	58,773
<b>Sub total</b>	<b>12,900</b>	<b>9,920</b>	<b>280</b>	<b>18,800</b>	<b>4,300</b>	<b>1,816,860</b>	<b>1,534,319</b>	<b>(282,541)</b>
<b>Gas Water &amp; Multiutilities</b>								
Sui Southern Gas Limited	11,000	14,000	-	10,000	15,000	550,076	492,300	(57,776)
TPL Traker Ltd.	55,000	-	-	10,000	45,000	682,166	306,900	(375,266)
Sui Northern Gas Pipeline Limited	5,000	4,500	-	2,500	7,000	891,717	701,540	(190,177)
<b>Sub total</b>	<b>71,000</b>	<b>18,500</b>	<b>-</b>	<b>22,500</b>	<b>67,000</b>	<b>2,123,958</b>	<b>1,500,740</b>	<b>(623,218)</b>
<b>General Industries</b>								
Thal Limited	1,500	-	-	500	1,000	552,130	477,530	(74,600)
Pakistan Paper Products	2,000	-	-	1,500	500	83,355	60,050	(23,305)
Packages Limited	2,500	-	-	-	2,500	2,169,516	1,224,300	(945,216)
<b>Sub total</b>	<b>6,000</b>	<b>-</b>	<b>-</b>	<b>2,000</b>	<b>4,000</b>	<b>2,805,000</b>	<b>1,761,880</b>	<b>(1,043,120)</b>
<b>Power Generation &amp; Distribution</b>								
K-Electric Limited	155,000	129,500	-	45,000	239,500	1,929,633	1,360,360	(569,273)
Kot Addu Power Company Limited	13,000	-	-	5,000	8,000	680,714	431,280	(249,434)
<b>Sub total</b>	<b>168,000</b>	<b>129,500</b>	<b>-</b>	<b>50,000</b>	<b>247,500</b>	<b>2,610,347</b>	<b>1,791,640</b>	<b>(818,707)</b>
<b>Automobile and Parts</b>								
Ghandhars Industriels Limited	-	1,000	-	-	1,000	844,084	706,690	(137,394)
Ghandhars Nissan Limited	-	1,400	-	1,400	-	-	-	-
Pak Suzuki Motors Co. Limited	1,000	-	-	-	1,000	860,221	393,380	(466,841)
Millat Tractors Limited	800	50	-	280	570	798,821	677,194	(121,627)
General Tyre & Rubber Co. of Pakistan Ltd.	3,500	1,500	-	-	5,000	1,308,217	831,000	(477,217)
Sazgar Engineering Works	-	5,300	-	5,300	-	-	-	-
Exide Battery Limited	120	-	-	-	120	115,648	40,576	(75,072)
Atlas Battery Limited	200	-	-	-	200	183,378	82,000	(101,378)
<b>Sub total</b>	<b>5,620</b>	<b>9,250</b>	<b>-</b>	<b>6,980</b>	<b>7,890</b>	<b>4,110,369</b>	<b>2,730,840</b>	<b>(1,379,530)</b>
<b>Cable and Electrical Goods</b>								
Pakistan Electronic Limited	1,000	2,700	-	500	3,200	158,102	113,504	(44,598)
<b>Sub total</b>	<b>1,000</b>	<b>2,700</b>	<b>-</b>	<b>500</b>	<b>3,200</b>	<b>158,102</b>	<b>113,504</b>	<b>(44,598)</b>
<b>Engineering</b>								
Amerli Steels Limited	5,000	-	-	-	5,000	547,555	352,750	(194,805)
International Steels Limited	3,000	2,500	-	3,500	2,000	232,105	203,400	(28,705)
Mughal Iran & Steel Industries Ltd.	500	6,000	-	3,500	3,000	183,874	184,260	386
<b>Sub total</b>	<b>8,500</b>	<b>8,500</b>	<b>-</b>	<b>7,000</b>	<b>10,000</b>	<b>963,534</b>	<b>740,410</b>	<b>(223,124)</b>





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Name of investee company	Number of shares				Balance as at June 30, 2018			
	As at July 1, 2017	Purchases during the year	Bonus / right issue	Sales / write-offs during the year	As at June 30, 2018	Carrying cost	Market value	Appreciation/ (diminution)
<b>Chemicals</b>								
Lotte Pakistan PTA Limited	15,000	10,000	-	17,500	7,500	73,904	89,700	15,796
Engro Corporation Limited.	5,500	-	-	2,500	3,000	1,145,933	941,580	(204,353)
Engro Fertilizer Limited	36,500	52,500	-	74,000	15,000	1,035,104	1,123,650	88,547
Fatima fertilizer Limited	-	6,500	-	2,500	4,000	128,873	129,600	727
ICI Pakistan Limited	200	20	-	-	220	231,379	176,330	(55,049)
Bawany Air Products	14,000	5,000	-	19,000	-	-	-	-
Linde Pakistan Ltd	700	-	-	700	-	-	-	-
Sitara Peroxide Limited	-	10,000	-	-	10,000	225,773	173,600	(52,173)
Ittehad Chemicals Ltd	11,253	247	-	10,500	1,000	44,479	34,760	(9,719)
Dawood Hercules Chemicals Limited	12,000	3,000	-	-	15,000	2,095,956	1,661,700	(434,256)
<b>Sub total</b>	<b>95,153</b>	<b>87,267</b>	<b>-</b>	<b>126,700</b>	<b>55,720</b>	<b>4,981,400</b>	<b>4,330,920</b>	<b>(650,480)</b>
<b>Pharma and Bio Tech</b>								
The Searle Company Limited	1,500	70	340	-	1,910	875,440	648,445	(226,995)
Glaxo Smithkline Pakistan Ltd.	4,700	500	-	700	4,500	951,676	747,000	(204,676)
<b>Sub total</b>	<b>6,200</b>	<b>570</b>	<b>340</b>	<b>700</b>	<b>6,410</b>	<b>1,827,115</b>	<b>1,395,445</b>	<b>(431,670)</b>
<b>Food Industries</b>								
Fauji Foods Limited	4,000	3,000	13,500	19,500	1,000	31,595	32,280	685
Al-Shaher Corporaiton	11,750	-	-	-	11,750	597,598	320,188	(277,410)
<b>Sub total</b>	<b>15,750</b>	<b>3,000</b>	<b>13,500</b>	<b>19,500</b>	<b>12,750</b>	<b>629,193</b>	<b>352,468</b>	<b>(276,725)</b>
<b>Personal Goods(Textiles)</b>								
Nishat Mills Limited	2,000	8,000	-	10,000	-	-	-	-
<b>Sub total</b>	<b>2,000</b>	<b>8,000</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Miscellaneous</b>								
Synthetic Products Limited	692	-	-	-	692	36,214	35,770	(444)
MACPAC Films Limited	-	8,000	-	8,000	-	-	-	-
<b>Sub total</b>	<b>692</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>692</b>	<b>36,214</b>	<b>35,770</b>	<b>(444)</b>
	<b>423,215</b>	<b>301,207</b>	<b>14,120</b>	<b>288,180</b>	<b>450,362</b>	<b>28,646,679</b>	<b>19,926,693</b>	<b>(8,719,987)</b>

### 6.1.2 Mutual funds - listed

Units of Mutual Funds	-	-	-	-	-	-	-	-
Meezan Islamic Fund - Growth Units	1,941	-	-	-	1,941	50,427	121,976	71,549
First Habib Islamic Balanced Fund	64,573	-	-	-	64,573	5,387,515	5,640,474	252,960
	<b>66,515</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,515</b>	<b>5,437,942</b>	<b>5,762,450</b>	<b>324,509</b>

### 6.1.3 Non - Shariah compliant

-	-	-	-	-	-	-	-	-
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### Total Listed securities

- At Fair value through Profit & Loss	<b>489,730</b>	<b>301,207</b>	<b>14,120</b>	<b>288,180</b>	<b>516,877</b>	<b>34,084,621</b>	<b>25,689,143</b>	<b>(8,395,479)</b>
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### 6.1.4 Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss

Note June 30, 2018  
----- (Rupees) ----- June 30, 2017

Market Value as at	6.1.3	<b>25,689,143</b>	<b>37,127,346</b>
Cost of investment		<b>34,084,621</b>	<b>39,919,743</b>
Unrealised (loss) / gain on investment as at period/ year ended		<b>(8,395,478)</b>	<b>(2,792,396)</b>
Unrealised gain on investment at the beginning of the year		<b>(2,792,396)</b>	<b>599,689</b>
Gain / (Loss) realised on disposal during the period / year		<b>2,664,476</b>	<b>798,496</b>
Unrealised loss on investment for the year ended		<b>(8,267,558)</b>	<b>(4,190,582)</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 6.2.2 Available for sale Equity securities - listed

Name of investee company	Number of shares				Balance as at June 30, 2018			
	As at July 1, 2017	Purchases during the year	Bonus / right issue	Sales / write-offs during the year	As at June 30, 2018	Carrying cost	Market value	Appreciation/ (diminution)

Fully paid ordinary shares of Rs 10 each unless stated otherwise

#### Equity Investment Instruments

First Habib Modaraba	4,500	-	-	-	4,500	36,646	48,375	11,729
First Imrooz Modaraba	3,000	-	-	-	3,000	479,843	658,710	178,867
Habib Metro Modaraba	-	500	-	-	500	5,000	5,000	-
Allied Rental Modaraba	10,000	5,000	-	-	15,000	385,856	256,650	(129,206)
Orix Modaraba	11,000	-	-	-	11,000	283,258	182,710	(100,548)
<b>Sub total</b>	<b>28,500</b>	<b>5,500</b>	<b>-</b>	<b>-</b>	<b>34,000</b>	<b>1,190,604</b>	<b>1,151,445</b>	<b>(39,159)</b>

#### Construction and Materials

Power Cement Company Limited	5,676	324	-	-	6,000	73,931	50,100	(23,831)
<b>Sub total</b>	<b>5,676</b>	<b>324</b>	<b>-</b>	<b>-</b>	<b>6,000</b>	<b>73,931</b>	<b>50,100</b>	<b>(23,831)</b>

#### Automobile and Parts

Ghandhars Nissan Limited	1,800	1,000	-	200	2,600	642,499	467,142	(175,357)
Ghandhars Industries Limited	500	2,000	-	400	2,100	1,616,533	1,484,049	(132,484)
Millat Tractors Limited	750	-	-	120	630	822,135	748,478	(73,657)
Sazgar Engineering Works	500	1,100	-	1,400	200	14,446	56,996	42,550
Hinopak Motors Limited	90	-	-	80	10	10,204	8,077	(2,127)
<b>Sub total</b>	<b>3,640</b>	<b>4,100</b>	<b>-</b>	<b>2,200</b>	<b>5,540</b>	<b>3,105,818</b>	<b>2,764,742</b>	<b>(341,076)</b>

#### Power Generation & Distribution

K-Electric Limited	-	45,000	-	45,000	-	-	-	-
<b>Sub total</b>	<b>-</b>	<b>45,000</b>	<b>-</b>	<b>45,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### General Industries

Cherat Packages Limited	5,300	1,415	-	-	6,715	2,163,324	964,878	(1,198,446)
<b>Sub total</b>	<b>5,300</b>	<b>1,415</b>	<b>-</b>	<b>-</b>	<b>6,715</b>	<b>2,163,324</b>	<b>964,878</b>	<b>(1,198,446)</b>

#### Pharma and Bio Tech

Searle Company Limited	1,000	-	-	-	1,000	610,286	404,005	(206,281)
<b>Sub total</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>610,286</b>	<b>404,005</b>	<b>(206,281)</b>

#### Engineering

Crescent Steel & Allied Products	200	-	-	-	200	38,894	18,234	(20,660)
International Steels Limited	5,000	-	-	-	5,000	807,581	508,500	(299,081)
<b>Sub total</b>	<b>5,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,200</b>	<b>846,475</b>	<b>526,734</b>	<b>(319,741)</b>

#### Chemicals

Engro Fertilizer Company Limited	11,500	-	-	6,500	5,000	340,264	374,550	34,286
Engro Corporation Limited	7,100	-	-	-	7,100	2,421,697	2,228,406	(193,291)
Lotte Chemical Pakistan Ltd	7,500	-	-	-	7,500	74,007	89,700	15,693
<b>Sub total</b>	<b>26,100</b>	<b>-</b>	<b>-</b>	<b>6,500</b>	<b>19,600</b>	<b>2,835,968</b>	<b>2,692,656</b>	<b>(143,312)</b>

#### Oil & Gas Producers

Pakistan Petroleum Limited	22,600	-	-	14,600	8,000	1,485,534	1,719,200	233,666
Pakistan Oilfield Limited	900	-	-	800	100	38,772	67,179	28,407
Oil & Gas Development Co. Ltd	3,500	-	-	3,000	500	69,954	77,810	7,856
Attock Petroleum Limited	500	-	-	400	100	60,439	58,999	(1,440)
Mari Petroleum Limited	120	120	-	80	160	247,031	240,989	(6,042)
Hascol Petroleum Limited	1,100	-	230	-	1,330	374,439	414,163	39,724
<b>Sub total</b>	<b>28,720</b>	<b>120</b>	<b>230</b>	<b>18,880</b>	<b>10,190</b>	<b>2,276,168</b>	<b>2,578,340</b>	<b>302,172</b>
	<b>103,136</b>	<b>56,459</b>	<b>230</b>	<b>72,580</b>	<b>87,245</b>	<b>13,102,573</b>	<b>11,132,900</b>	<b>(1,969,673)</b>





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Name of investee company	Number of shares				Balance as at June 30, 2018			
	As at July 1, 2017	Purchases during the year	Bonus / right issue	Sales / write-offs during the year	As at June 30, 2018	Carrying cost	Market value	Appreciation/ (diminution)

### 5.2.3 Mutual funds - listed

#### Units of Mutual Funds

UBL Al Ameen Islamic Allocation Plan -VI	29,680	-	-	-	29,680	3,061,111	2,833,232	(227,879)
UBL Al Ameen Islamic Allocation Plan -IX	29,016	-	-	-	29,016	3,000,000	2,891,899	(108,101)
Meezan Balance Fund	8,651	-	-	-	8,651	118,136	132,934	14,798
<b>67,347</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,347</b>	<b>6,179,248</b>	<b>5,858,066</b>	<b>(321,182)</b>

### 6.2.4 Non - Shariah compliant

Chemicals								
Fauji Fertilizer Company Limited	25,500	-	-	-	25,500	2,918,417	2,521,695	(396,722)
<b>Sub total</b>	<b>25,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,500</b>	<b>2,918,417</b>	<b>2,521,695</b>	<b>(396,722)</b>
	<b>25,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,500</b>	<b>2,918,417</b>	<b>2,521,695</b>	<b>(396,722)</b>

<b>Total Listed securities - AFS</b>	<b>195,983</b>	<b>56,459</b>	<b>230</b>	<b>72,580</b>	<b>180,092</b>	<b>22,200,238</b>	<b>19,512,661</b>	<b>(2,687,577)</b>
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6.3 Unrealized gain/ (loss) on re-measurement of available of sale investment	5.2.2	June 30, 2018	June 30, 2017
		Rupees	Rupees
Market Value as at		<b>19,512,661</b>	22,237,945
Cost of investment		<b>22,200,238</b>	24,879,940
Unrealised gain / (loss) on investment as at year ended		<b>(2,687,577)</b>	(2,641,995)
Unrealised loss on investment at the beginning of the year		<b>(2,641,995)</b>	(168,709)
Gain realised on disposal during the year		<b>161,419</b>	(288,429)
Unrealised gain on investment for the year ended		<b>(207,001)</b>	(2,184,857)

## 6.2 LONG TERM INVESTMENTS

Investment in Associates	6.2.1	<b>7,648,874</b>	8,297,869
Available for Sale			
Equity securities - listed AFS			
Shariah compliant			
- Equity securities - listed	6.2.2	<b>11,132,900</b>	13,950,634
- Mutual funds - listed	6.2.3	<b>5,858,066</b>	6,179,991
Non - shariah compliant			
- Equity securities - listed		<b>2,521,695</b>	2,107,320
		<b>27,161,535</b>	30,535,814

### 6.2.1 Investment in Associates

Opening balance	<b>8,297,869</b>	8,256,651
Share of incremental depreciation	<b>166,220</b>	16,130
Share of comprehensive income	<b>-</b>	-
Share of profit/loss of associate	<b>(815,215)</b>	1,191,525
	<b>(648,995)</b>	1,207,655
Reversal of Sale of Shares	<b>-</b>	(711,337)
Dividend income	<b>-</b>	(455,100)
	<b>7,648,874</b>	8,297,869

#### Name of Associate

Al-Noor Sugar Mills Limited

#### Basis of significant influence

Common directorship



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### Summarized financial statements of associates:

	June 30 2018	June 30 2017
	Al-Noor Sugar Mills Ltd	Al-Noor Sugar Mills Ltd
	Rupees in '000	Rupees in '000
Share capital - ordinary shares of Rs. 10 each	204,737	204,737
Total assets	11,411,674	11,937,939
Total liabilities	8,741,814	9,155,654
Net assets	2,669,860	2,782,285
Revenue	5,699,601	3,177,000
Profit for the year - after tax	269,431	127,534
	Rupees	Rupees
Number of shares held	110,775	110,775
Cost of investment	1,482,481	1,482,481
Ownership interest	0.54%	0.54%
Market value of shares	6,309,000	5,085,000
Net book value	(4,826,519)	1,474,395
Financial results based on the information available as on	31-Mar-18	31-Mar-17
Financial year ended of the companies	30-Sep	30-Sep

### 7. MUSAWAMAH FACILITY - Secured

Note

	June 30, 2018	June 30, 2017
	Rupees	Rupees
Musawamah facility - secured considered doubtful	25,000,000	25,000,000
Less: provision against potential losses	(25,000,000)	(12,500,000)
	-	12,500,000

#### 7.1 Musawamah facility (Classified portfolio)

	June 30, 2018	June 30, 2017
	Balance outstanding	Balance outstanding
	Provision held	Provision held
	-----Rupees-----	
OAEM	-	-
Substandard	-	12,500,000
Doubtful	25,000,000	(12,500,000)
Loss	-	-
	25,000,000	12,500,000
	(25,000,000)	(12,500,000)

7.2 "This represents musawamah principal amount overdue by more than one year carried profit rate of 10% (June 2017: 10%) per annum secured against hypothecation of current assets, demand promissory notes, personal guarantee of directors and pledge of stocks(raw cotton). M/s Quetta Textile Mills Limited has defaulted in payment at its maturity therefore the Modaraba has filed a suit for recovery of principal and profit in Hon'ble Banking Court No. II. The legal advisor of the Modaraba is of the opinion that Modaraba has reasonable chances of recovery of the defaulted amounts. However, in compliance to prudential regulation # 5 for modarabas, the modaraba has provided the provision against the said default. Further, Modaraba has also filed for registration of criminal complaint against M/s Quetta Textile Mills Ltd."

M/s Quetta Textile has filed a suit against Modaraba for the recovery of Rs. 76,898,349/- along with damages, rendition of accounts, reconciliation of documents, cancellation of documents and other reliefs under section 9 of the Financial Institutions (Recovery of Finances) Ordinance 2001. The notice against said suit was served in July 2017. In the given facts and circumstances of the case, the outcome of the matter cannot be predicted with any degree of certainty. However, in the opinion of Modaraba's legal advisor, the Modaraba has reasonable chance to prevail.

### 8 PROFIT RECEIVABLE

6.2 & 8.1

Diminishing Musharakah	766,167	1,055,490
Sukuk	156,088	60,058
PLS bank account	91,844	68,757
	1,014,099	1,184,304



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 30, 2018 Rupees	June 30, 2017 Rupees
<b>8.1 Provision against potential losses</b>			
Less: Income suspended		<u>678,083</u> <u>(678,083)</u> -	<u>678,083</u> <u>(678,083)</u> -
<b>9 IJARAH RENTALS RECEIVABLES</b>			
Ijarah rentals receivable - considered good		<u>2,610,777</u>	<u>3,127,045</u>
Less: allowance for potential ijarah losses		<u>2,610,777</u>	<u>3,127,045</u>
<b>9.1 Future minimum ijarah rentals receivable</b>			
	2018		
	Total	Not Later than on year	Later than one year but not later than five Later than five years
Vehicles	94,379,087	68,319,271	26,059,816
Others	3,229,050	3,229,050	-
	<u>97,608,137</u>	<u>71,548,321</u>	<u>26,059,816</u>
	2017		
Vehicles	123,493,850	68,120,770	55,373,080
Others	5,885,220	2,059,827	3,825,393
	<u>129,379,070</u>	<u>70,180,597</u>	<u>59,198,473</u>
<b>9.1.1</b>	The assets under ijarah arrangements carries profit from 8.00 to 27.46% (2017:8.00% to 27.46%)		
<b>10 STOCK IN TRADE</b>			
Finished goods		<u>31,164,138</u>	-
In transit		<u>267,790</u>	<u>267,790</u>
less: Provision for slow moving stock		<u>(267,790)</u>	<u>(267,790)</u>
		<u>31,164,138</u>	-
<b>11 INVESTMENT IN SUKUK CERTIFICATES - Held to Maturity</b>			
Investment in Sukuk Certificates	11.1	<u>6,785,722</u>	<u>3,928,571</u>
Less: Principal Repaid		<u>(714,290)</u>	<u>(714,283)</u>
Less: Current portion of Investment in Sukuk Certificates		<u>714,283</u>	<u>(1,428,566)</u>
		<u>6,785,715</u>	<u>1,785,722</u>
<b>11.1</b>	This represent sukuk certificates of Albaraka Bank (Pakistan) Limited carrying profit similar to base rate of six months of KIBOR + 1.25% (June 2016: KIBOR + 1.25%) receivable in 14 equal installments till September, 2021.		
<b>12 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advances - considered good			
- Suppliers		119,300	13,880,500
- Employees	12.1	615,130	366,220
Prepayments		5,072,501	6,167,923
Others		1,381,900	7,371,221
Dividend receivable		234,405	30,096
Sales tax receivable		<u>986,244</u>	<u>986,244</u>
		<u>8,409,480</u>	<u>28,802,204</u>
<b>12.1</b>	The balance on current account with the officers and employees of the modaraba, the maximum amounts held by any of them at any time for Rs. 812,950/- (2017: Rs.561,750/-)		



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 13 TAXATION

**13.1** The income of the Modaraba, not being trading income, 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 taxation has been made in these financial statements as the Modaraba intends to distribute at least 90 percent of its total income for the year after transfer to mandatory reserve, Income tax expense during the year amounting to Rs. Nil (2017: Nil) are the tax deducted as final on the remittance received from the import / export of goods.

	Note	June 30, 2018 Rupees	June 30, 2017 Rupees
<b>13.2 Income tax refundable</b>		<b>3,684,382</b>	2,750,970
Income tax adjusted / deducted at source		<u>556,478</u>	<u>933,412</u>
		<b>4,240,860</b>	<b>3,684,382</b>
<b>14 LONG TERM DEPOSITS</b>			
National Commodities Exchange Limited		<b>2,500,000</b>	2,500,000
Security Deposit-N.C.E.L.-Office Space		<b>850,000</b>	850,000
Guarantee Margin - MCB		<b>440,000</b>	440,000
Mobile Phone - Pakistan Mobile Comm.		<b>12,489</b>	12,489
Mobile Phone - Warid Telecom		<b>7,000</b>	7,000
Security Deposit- CDC Pakistan Ltd.		<b>37,500</b>	37,500
		<b>3,846,989</b>	<b>3,846,989</b>
<b>15 LONG TERM PORTION OF INVESTMENT IN DINIMISHING MUSHARAKAH (Syndicate)</b>			
Diminishing Musharakah	15.1	<b>41,250,000</b>	56,250,000
Less: Current portion of investment in diminishing musharakah		<b>(15,000,000)</b>	(15,000,000)
Long term potion of investment in diminishing musharakah		<b>26,250,000</b>	<b>41,250,000</b>
<b>15.1</b> This represents Syndicate diminishing musharakah facility to Spud Energy PTY Limited through Albaraka Bank (Pakistan) Limited being the lead arranger, advisor and participant during the year carrying profit equal to the rate of three months KIBOR + 1.25% (June 2016: KIBOR + 1.25%) receivable in 16 quarterly equal installments from April 2017 to till January, 2021. with one year grace period .			
	Note	June 30, 2018 Rupees	June 30, 2017 Rupees
<b>16 LONG TERM PORTION OF INVESTMENT IN DINIMISHING MUSHARAKAH</b>			
Diminishing Musharakah		<b>29,489,271</b>	5,000,000
Less: Principal Repaid		<b>(7,964,140)</b>	(1,252,490)
Less: Current portion of investment in diminishing musharakah		<b>(7,262,912)</b>	(3,080,843)
Long term potion of investment in diminishing musharakah		<b>14,262,219</b>	<b>666,667</b>
<b>17 IJARAH ASSETS</b>			
Machinery		-	-
Vehicles		<b>94,379,174</b>	136,156,560
Others		<b>3,229,050</b>	6,050,550
	17.1	<b>97,608,224</b>	<b>142,207,110</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 17.1 The following is a statement of ijarah assets:

		-----Year ended June 30, 2018-----			
		Ijarah Assets			
		Machinery & Equipments	Motor Vehicles	Others	Total
<b>At July 01, 2017</b>					
Cost		-	211,181,876	12,540,000	223,721,876
Accumulated depreciation		-	(75,025,316)	(6,489,450)	(81,514,766)
<b>Net book value</b>		-	<b>136,156,560</b>	<b>6,050,550</b>	<b>142,207,110</b>
<b>Additions</b>		-	28,325,500	-	28,325,500
<b>Disposals</b>					
Cost		-	(50,133,000)	-	(50,133,000)
Depreciation		-	41,278,596	-	41,278,596
		-	(8,854,404)	-	(8,854,404)
Depreciation / amortisation charge for the year		-	(61,248,482)	(2,821,500)	(64,069,982)
<b>Closing net book value</b>		-	<b>94,379,174</b>	<b>3,229,050</b>	<b>97,608,224</b>
<b>At June 30, 2018</b>					
Cost		-	189,374,376	12,540,000	201,914,376
Accumulated depreciation		-	(94,995,202)	(9,310,950)	(104,306,152)
<b>Net book value</b>		-	<b>94,379,174</b>	<b>3,229,050</b>	<b>97,608,224</b>

		-----Year ended June 30, 2017-----			
		Ijarah Assets			
		Machinery & Equipments	Motor Vehicles	Others	Total
<b>At July 01, 2016</b>					
Cost		1,558,800	194,967,400	30,040,000	226,566,200
Accumulated depreciation		(1,289,238)	(63,222,911)	(17,829,587)	(82,341,736)
<b>Net book value</b>		<b>269,562</b>	<b>131,744,489</b>	<b>12,210,413</b>	<b>144,224,464</b>
<b>Additions</b>		-	70,511,692	-	70,511,692
<b>Disposals</b>					
Cost		(1,558,800)	(54,297,216)	(17,500,000)	(73,356,016)
Depreciation		1,402,920	43,941,419	15,750,000	61,094,339
		(155,880)	(10,335,797)	(1,750,000)	(12,261,677)
Depreciation / amortisation charge for the year		(113,682)	(55,743,824)	(4,409,863)	(60,267,369)
<b>Closing net book value</b>		-	<b>136,156,560</b>	<b>6,050,550</b>	<b>142,207,110</b>
<b>At June 30, 2017</b>					
Cost		-	211,181,876	12,540,000	223,721,876
Accumulated depreciation		-	(75,025,316)	(6,489,450)	(81,514,766)
<b>Net book value</b>		-	<b>136,156,560</b>	<b>6,050,550</b>	<b>142,207,110</b>

18	FIXED ASSETS IN OWN USE	Note	June 30, 2018 Rupees	June 30, 2017 Rupees
	Tangible assets		5,922,707	5,205,147
	Intangible assets		2	2
			<b>5,922,709</b>	<b>5,205,149</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Tangible assets				Total Tangible Assets	Intangible	Total fixed Assets in use
	Computer equipment	Office equipment and appliances	Furniture and Fixtures	Motor Vehicles		Computer software	
Rupees							
At July 01, 2017							
Cost	817,723	537,873	755,824	5,181,489	-	253,000	253,000
Accumulated depreciation / amortisation	(704,936)	(329,068)	(167,069)	(886,689)	(2,087,762)	(252,998)	(2,340,760)
Net book value	112,787	208,805	588,755	4,294,800	(2,087,762)	2	(2,087,760)
Additions	38,900	86,700	59,500	4,542,500	4,727,600	-	4,727,600
Disposals							
Cost	(310,589)	(58,665)	(5,550)	(2,243,000)	(2,617,804)	-	(2,617,804)
Depreciation	310,539	58,663	5,595	-	374,797	-	374,797
	(50)	(2)	45	(2,243,000)	(2,243,007)	-	(2,243,007)
Depreciation / amortisation charge for the year	(65,148)	(158,650)	(71,892)	(1,471,343)	(1,767,033)	-	(1,767,033)
Closing net book value	86,489	136,853	576,408	5,122,957	(1,370,202)	2	(1,370,200)
At June 30, 2018							
Cost	546,034	565,908	809,774	7,480,989	9,402,705	253,000	9,655,705
Accumulated depreciation / amortisation	(459,545)	(429,055)	(233,366)	(2,358,032)	(3,479,998)	(252,998)	(3,732,996)
Net book value	86,489	136,853	576,408	5,122,957	5,922,707	2	5,922,709
Depreciation rate % per annum	30	30	10	20		30	

	Tangible assets				Total Tangible Assets	Intangible	Total fixed Assets in use
	Computer equipment	Office equipment and appliances	Furniture and Fixtures	Motor Vehicles		Computer software	
Rupees							
At July 01, 2016							
Cost	1,096,880	541,673	721,604	4,658,526	7,018,683	253,000	7,271,683
Accumulated depreciation / amortisation	(948,099)	(229,469)	(100,833)	(2,788,387)	(4,066,788)	(252,998)	(4,319,786)
Net book value	148,781	312,204	620,771	1,870,139	2,951,895	2	2,951,897
Additions	28,500	39,700	34,220	4,607,185	4,709,605	-	4,709,605
Disposals							
Cost	(307,657)	(43,500)	-	(4,084,222)	(4,435,379)	-	(4,435,379)
Depreciation	307,639	43,499	-	3,352,851	3,703,991	-	3,703,989
	(18)	(1)	-	(731,371)	(731,390)	-	-
Depreciation / amortisation charge for the year	(64,476)	(143,098)	(66,236)	(1,451,153)	(1,724,965)	-	(1,724,963)
Closing net book value	112,787	208,805	588,755	4,294,800	5,205,147	2	5,205,149
At June 30, 2017							
Cost	817,723	537,873	755,824	5,181,489	7,292,909	253,000	7,545,909
Accumulated depreciation / amortisation	(704,936)	(329,068)	(167,069)	(886,689)	(2,087,762)	(252,998)	(2,340,760)
Net book value	112,787	208,805	588,755	4,294,800	5,205,147	2	5,205,149
Depreciation rate % per annum	30	30	10	20		30	



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 18.1 Disposals of Fixed Assets

	Cost	Accumulated depreciation	Net book value	Sale Proceeds	Gain / Loss on disposal	Mode of Disposal	Particulars of Buyers
	(Rupees)						
Honda BRV	2,243,000	-	2,243,000	2,243,000	-	Negotiation	Mr. Shahid Iqbal
30-Jun-18	2,243,000	-	2,243,000	2,243,000	-		
30-Jun-17	4,084,225	3,352,853	731,372	3,180,000	2,448,628		

	Note	June 30, 2018 Rupees	June 30, 2017 Rupees
<b>19 SECURITY DEPOSITS</b>			
Security deposits		30,271,850	36,398,000
Less: Repayable / adjustable after one year		(21,217,800)	(27,752,950)
Current maturity of security deposits		9,054,050	8,645,050
<b>20 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Creditors		90,212	-
Accrued expenses		1,251,886	1,292,593
Payable to management company	20.1	-	371,212
Clearing and forwarding charges		-	-
Takaful / Insurance		94,075	57,750
Advances from customers		3,248,924	3,964,178
Provision for Worker's Welfare Fund	20.2	455,573	455,573
Advance Ijarah rentals		2,939,202	4,145,079
Unclaimed profit distributions		1,109,146	1,136,814
		9,189,017	11,423,199

- 20.1** "This includes Sindh sales tax on management fee payable amounting to Rs.nil (2017: Rs. 42,705/-) as per the provisions of Sindh Sales Tax on Services Act, 2011. The said Act has been published as an Act of the Legislature of Sindh vide notification dated June 10, 2011. As per the advice obtained from the Tax consultant, the levy is effective from the date of amendment made in the Second Schedule through the Amendment Ordinance dated November 1, 2011. Due to the enforceability of the Act, the payable to the Modaraba Management Company has come under the ambit of the Act."

The levy has been recorded as Sales tax refundable on the basis of opinion received from the tax consultant advising that the excess input tax shall be adjustable against the output tax on other services subject to levy under Sindh Sales Tax on Services Act, 2011 and any excess input tax shall be refundable.

- 20.2** The Finance Act 2008, introduced an amendment to the Worker's Welfare Fund Ordinance, 1971 (WWF Ordinance). Through these amendments Workers Welfare Fund (WWF) was payable @ 2% of the profit before taxation or taxable income whichever is higher. The legality of the above amendments were challenged in Sindh, Lahore and Peshawar High Courts. Due to variable judgments from the aforesaid Courts, the matter was forwarded to the Honorable Supreme Court of Pakistan. The Honorable Supreme Court has decided the matter on November 10, 2016, and Para 21 of its judgment states that the levy of WWF is in the nature of fee and the law could not be amended by a money bill and as such the amendments made in the year 2006 and 2008 are unlawful and ultravires to the Constitution. In terms of judgment by the Honorable Supreme Court of Pakistan, WWF under WWF Ordinance, is no more payable by the Modaraba and provision made against WWF up till June 30, 2014 is reversed during the period.

Subsequently the Sindh Assembly passed a bill on May 4, 2015 and notified Sindh Worker's Welfare Act 2014 on June 4, 2015. As per the said Act the applicability of the Sindh Workers Welfare Fund is effective from the financial year of the entities ended on or after December 31, 2013. Accordingly, provision has been made at the rate of 2% of profit before taxation or taxable income, whichever is higher, effective after June 30, 2014.





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 30, 2018 Rupees	June 30, 2017 Rupees
<b>21 PROVISION FOR CUSTOM DUTY &amp; SURCHARGE</b>			
Custom duty / surcharges	21.1	<u>4,398,842</u>	<u>4,398,842</u>
<b>21.1</b>	In a suit filed with the Honorable High Court of Sindh in the year 1994 - 95, Modaraba has disputed the amount of duty and surcharge levied by the Collector of Customs on import of 1,901.472 metric tons of edible oil imported from Singapore . The Honorable High Court rejected the appeal and ordered to deposit amount for the disputed amount of duty. The Modaraba has filed an appeal in the Honorable Supreme Court against the decision of the Honorable High Court. The Honorable Supreme Court in its interim order allowed the Modaraba to get release of goods for which Modaraba has provided bank guarantee of Rs. 4.4 million against 10% cash margin and hypothecation charge on current assets until the matter is decided. The Modaraba, however, has fully provided for the duty and surcharge of Rs. 4,398,842, as claimed by the Collector of Customs.		
<b>22 PROFIT PAYABLE</b>			
Late payment & cheques return	22.1	<b>267,268</b>	267,268
Shares Dividend	22.2	<b>239,487</b>	214,762
Others		<b>35,843</b>	-
		<u><b>542,598</b></u>	<u>482,030</u>
<b>22.1</b>	This represents surcharge applied to customers due to late payment and cheques returned during the year. The management is required to donate the same for charitable purposes.		
<b>22.2</b>	This represents non shariah shares dividend Income during the year. The management has to donate the same for charitable purposes as per circular 8 of 2012 of the Securities and Exchange Commission of Pakistan.		
<b>23 DEFERRED LIABILITY - STAFF GRATUITY</b>			
<b>23.1 Staff Gratuity Scheme</b>			
As disclosed in note 3.6.2, the Modaraba operates an unfunded gratuity scheme for its permanent employees. The latest actuarial valuation was carried out as at June 30, 2017, using the Projected Unit Credit Method.			
<b>23.2 Liability recognised in the balance sheet:</b>			
Present value of the defined benefit obligation		<b>7,564,856</b>	6,223,540
Less: fair value of planned assets		-	-
Defined benefit liability recognized in the accounts		<u><b>7,564,856</b></u>	<u>6,223,540</u>
<b>23.3 Changes in present value of defined benefit obligation:</b>			
Obligation as at 1 July		<b>6,223,540</b>	6,764,934
Current service cost		<b>736,621</b>	624,150
Interest cost		<b>451,691</b>	413,252
Actuarial (gain)/loss for the year		<b>(59,454)</b>	(59,454)
Experience adjustments		<b>610,458</b>	610,458
Benefits paid		<b>(398,000)</b>	(2,129,800)
Obligation as at 30 June		<u><b>7,564,856</b></u>	<u>6,223,540</u>
<b>23.4 Amounts recognized in profit and loss account</b>			
Current service cost		<b>736,621</b>	624,150
Interest cost		<b>451,691</b>	413,252
Expense recognized in P&L		<u><b>1,188,312</b></u>	<u>1,037,402</u>





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 30, 2018 Rupees	June 30, 2017 Rupees			
<b>23.5</b>	<b>Total remeasurement chargeable in other comprehensive income</b>					
	Actuarial (gain)/loss for the year	(59,454)	(59,454)			
	Experience adjustments	610,458	610,458			
	Total remeasurement chargeable in other comprehensive income	551,004	551,004			
<b>23.6</b>	<b>Recognized liability</b>					
	Balance as on 1 July	6,223,540	6,764,934			
	Expense recognized 23.4	1,188,312	1,037,402			
	Remeasurement chargeable in other comprehensive income 23.5	551,004	551,004			
	Payments during the year 23.3	(398,000)	(2,129,800)			
	Balance payable transferred to short term liability	-	-			
	Company's liability at 30 June	7,564,856	6,223,540			
<b>23.7</b>	<b>Five years comparison</b>					
		June 30.....				
		2018	2017	2016	2015	2014
	Present value of defined benefit obligation	7,564,856	6,223,540	6,764,935	6,729,031	5,423,164
		For the year ended June 30.....				
		2018	2017	2016	2015	2014
	Experience Adjustments arising on plan liabilities (gain) / losses	551,004	551,004	723,017	-	(672,041)

- 23.8** Contributions under the scheme are made to this fund on the basis of actuarial recommendation at per annum of basic salary and are charged to profit and loss account. The latest actuarial valuation for the scheme was carried out as at June 30, 2017. The amount recognized in balance sheet represents the present value of the defined benefit obligation using the Projected Unit Credit Method.

Following are the key assumptions of the actuarial valuation scheme:

-Discount rate	: 7.75% per annum (2017: 7.25 % per annum)
-Expected increase in eligible pay	: 6.75% per annum (2017: 6.25 % per annum)
-Average expected remaining working life time of employees	: 09 years (2016: 09 years)
-Number of employees	: 10 employees (2017: 10 employees)
-Expected mortality rates	: SLIC 2001 - 2006 Setback 1 year (2017: SLIC 2006 Setback 1 year)

Sensitivity analysis of key assumptions

	Impact on obligation of change in assumptions		
	Change in assumption	Increase in obligation	Decrease in obligation
Discount rate	1%	3,120,290	1,628,754
Salary increase rate	1%	3,120,290	1,616,785

**23.9 Following risks are associated with unfunded gratuity scheme**

**Final salary risk (Linked to inflation risk)** : The risk that final salary at the time of cessation of service is greater than what Modaraba assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomics factors), the benefit amount increases as salary increase.

**Demographic risks**

**Mortality Risk** : The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in scheme where the age and service distribution is on the higher side.

**Withdrawal Risk** : The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 24. CERTIFICATE CAPITAL

Authorised certificate capital 2018	2017	Note	June 30, 2018	June 30, 2017
No. of Certificates			<b>Rupees</b>	<b>Rupees</b>
<u>40,000,000</u>	<u>40,000,000</u>	Modaraba certificate of Rs. 10 each	<u>400,000,000</u>	<u>400,000,000</u>
Issued, subscribed & paid-up capital				
		"Modaraba certificates of Rupees 10 each fully paid-up in cash"		
<u>20,000,000</u>	<u>20,000,000</u>		<u>200,000,000</u>	<u>200,000,000</u>
<u>1,000,000</u>	<u>1,000,000</u>	"Modaraba certificates of Rs.10 each issued as fully paid bonus certificates"	<u>10,000,000</u>	<u>10,000,000</u>
<u>21,000,000</u>	<u>21,000,000</u>		<u>210,000,000</u>	<u>210,000,000</u>

**24.1** As at June 30, 2018, First Al-Noor Modaraba Management (Private) Limited (the Management Company) held 4,200,000 certificates (June 2017: 4,200,000 certificates), as required under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

### 25. RESERVES

#### Statutory reserve

Statutory reserve represents profits set aside to comply with the Prudential Regulations for modarabas issued by the SECP. These regulations require a modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equal 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 period the Modaraba has transferred an amount of Rs. Nil (2017: Rs 688,901)

### 26. SURPLUS ON REVALUATION OF INVESTMENTS CLASSIFIED AS 'AVAILABLE-FOR-SALE'

	June 30, 2018	June 30, 2017	June 30, 2016
	----- (Rupees) -----		
Market value of investments	19,512,661	22,237,945	31,577,506
Less: cost of investments	(22,200,238)	(24,879,940)	(31,746,215)
	<u>(2,687,577)</u>	<u>(2,641,995)</u>	<u>(168,709)</u>
Surplus on revaluatun at the beginning of the year	(2,641,995)	(168,709)	2,045,174
Gain / (loss) realised on disposal and tranferred to profit loss account	161,419	(288,429)	46,503
Deficit on revaluation during the year	(207,001)	(2,184,857)	(2,260,386)
	<u>(45,582)</u>	<u>(2,473,286)</u>	<u>(2,213,883)</u>
Surplus on revaluatun at the ending of the year	<u>(2,687,577)</u>	<u>(2,641,995)</u>	<u>(168,709)</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 30, 2018 Rupees	June 30, 2017 Rupees
<b>27 CONTINGENCIES AND COMMITMENTS</b>			
There are no known contingencies and commitments at the balance sheet date.			
<b>28 PROFIT FROM TRADING OPERATIONS</b>			
Sales	28.1	15,629,647	21,181,000
Cost of Sales	28.2	14,517,471	20,000,000
Profit		<u>1,112,176</u>	<u>1,181,000</u>
<b>28.1 Sales</b>			
Local		15,629,647	21,181,000
Export		-	-
Sales		<u>15,629,647</u>	<u>21,181,000</u>
<b>28.2 Cost of sales</b>			
Opening stock		267,790	267,790
Purchases		45,681,609	20,000,000
		<u>45,949,399</u>	<u>20,267,790</u>
Export expenses			
		<u>45,949,399</u>	<u>20,267,790</u>
Less: closing stock		(31,431,928)	(267,790)
Cost of sales		<u>14,517,471</u>	<u>20,000,000</u>
<b>29 INCOME FROM IJARAH</b>			
Ijarah income		78,569,220	77,054,017
Less: Depreciation of ijarah assets		(64,069,982)	(60,267,369)
		<u>14,499,237</u>	<u>16,786,648</u>
<b>30 INCOME FROM INVESTMENTS</b>			
Gain on sale of marketable securities - net		2,328,607	11,864,036
Dividend income	30.1	1,659,579	3,934,288
Gain on Sukuk Certificates		494,658	271,642
		<u>4,482,844</u>	<u>16,069,966</u>
<b>30.1 Dividend Income</b>			
Shariah compliant			
Dividend income - Equity securities listed	30.1.1	1,659,579	2,486,592
Dividend income - Mutual Fund	30.1.2	-	1,447,695
		<u>1,659,579</u>	<u>3,934,287</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 30, 2018 Rupees	June 30, 2017 Rupees
<b>30.1.1 Dividend income - Equity securities listed</b>			
Engro Fertilizers Ltd.		128,966	194,989
Pakistan Refinery Ltd		-	3,565
Fauji Cement Co. Ltd.		23,683	19,890
Fauji Fertilizer Company Ltd		184,875	363,900
Fatima Fertilizers		8,936	-
Attock Petroleum Ltd		9,676	34,846
Maple Leaf Cement Factory		25,863	20,000
Kot Addu Power Company Ltd		70,919	72,400
Kohat Cement Co. Ltd.		2,933	21,775
D.G Khan Cement Pakistan Ltd.		21,555	-
Lucky Cement Ltd		73,798	-
Millat Tractors Ltd		140,296	43,750
Pakistan Oilfields Ltd		14,074	265,376
Oil & Gas Development Co.		12,822	500
Nishat Mills Ltd		4,874	-
Artistic Denim Mills Ltd		-	2,000
Faran Sugar Mills Ltd		5,957	-
P.T.C.L		13,706	7,298
Engro Corporation Ltd		204,651	575,306
Fauji Fertilizer Bin Qasim Ltd		37,079	265,192
Pakistan Petroleum Ltd		160,901	123,501
Hascol Petroleum Ltd		18,182	45,450
Al-Ghazi Tractors Ltd		-	111,311
Hinopak Motors Ltd		889	6,047
Mari Petroleum		823	-
Pak Suzuki Motors		18,492	-
Exide Pakistan Ltd		1,500	-
Atlas Battary		6,976	-
Ghandhara Nissan		13,954	-
Ghandhara Industries		7,499	-
General Tyre		52,495	-
Lotte chemical		2,982	-
Ittejad Chemical		14,629	-
TPL Trakker		11,139	-
Dawood Hercules Corporation		29,103	183,297
Thal Limited		22,735	14,462
Pak Elektron Ltd		1,890	16,375
First Habib Bank Modaraba		4,479	4,479
Bawany Air Products Ltd		-	1,500
I. C. I. Pakistan Ltd		3,959	17,198
Linde Pakistan Ltd.		-	2,450
The Searle Company Ltd.		20,233	1,499
Cherat Packaging Ltd		50,499	47,472
Packages Limited		74,333	74,903
GlaxoSmithKline Pakistan		33,354	17,696
Orix Modaraba		29,700	34,000
Treet Corporation Ltd		-	1,977
Amreli Steels Ltd		9,997	4,999
International Steels Ltd		14,992	19,998
Mughal Iron & Steel Industries		300	999
Pakistan Paper Products Ltd		3,997	1,750
Synthetic Products Ltd		346	4,308
Bestway Cement Ltd		6,772	1,500
Pakistan State Oil Co. Ltd		-	3,750
Akzo Nobel Pakistan		3,217	6,436
First Imorooz Modaraba		30,000	19,200
Allied Rental Modaraba		15,000	10,000
Crescent Steel & Allied Products		945	4,947
National Refinery Ltd		22,311	79,496
		<b>1,659,579</b>	<b>2,486,592</b>
<b>30.1.2 Dividend income - Mutual Fund</b>			
Meezan Balance Fund		-	10,250
Meezan Islamic fund Growth Limited		-	9,171
UBL Al Ameen Islamic Principal Preservation Fund IV		-	69,841
UBL Al Ameen Islamic Active Allocation Plan		-	756,009
First Habib Islamic Balanced Fund		-	602,424
		-	<b>1,447,695</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 30, 2018 Rupees	June 30, 2017 Rupees
<b>31 ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries and other staff benefits	31.1	13,869,742	11,920,089
Rent, rates and taxes		597,050	101,050
Postage and telephone		393,243	312,668
Printing and stationery		551,359	288,084
Fee and subscription		1,196,411	880,846
Legal and professional charges		1,498,219	839,777
Traveling and conveyance		106,829	147,230
Entertainment		247,671	232,903
Repair and maintenance		2,609,094	2,712,828
Depreciation		1,767,033	1,724,963
Auditor's remuneration	31.3	461,450	470,100
Advertisement and publicity		86,000	108,400
Zakat		-	625
Storage and transportation charges		41,422	-
Takaful	31.2	5,714,192	5,366,018
Commission		66,710	227,678
Others expenses		202,075	242,177
		<b>29,408,501</b>	<b>25,575,436</b>

**31.1** This includes Rs.1,188,312/- (2017: Rs. 1,037,402) in respect of staff retirement benefits.

**31.2** This includes Rs.5,288,721/- (2017: Rs. 5,090,719) in respect Takaful for Ijarah assets

### **31.3 Auditors remuneration**

Audit fee	297,000	297,000
Half yearly review	81,000	108,000
Out-of-pocket expenses	61,850	65,100
Others	21,600	-
	<b>461,450</b>	<b>470,100</b>

### **31.1.2 REMUNERATION OF OFFICERS AND EMPLOYEES**

The aggregate amount of remuneration charged in these financial statement, including all benefits to officers and employees of the Modaraba are as under:

	2018			2017		
	Officers	Employees	Total	Officers	Employees	Total
Salary	7,659,720	2,277,000	9,936,720	6,108,149	2,229,000	8,337,149
Benefit	773,000	322,671	1,095,671	387,305	491,700	879,005
Gratuity	914,024	274,288	1,188,312	738,882	298,520	1,037,402
EOBI	43,200	37,800	81,000	26,980	47,220	74,200
Group insurance	251,619	75,508	327,127	263,735	128,598	392,333
General services	-	1,060,445	1,060,445	-	1,200,000	1,200,000
Contract staff	-	180,467	180,467	-	-	-
	<b>9,641,563</b>	<b>4,228,179</b>	<b>13,869,742</b>	<b>7,525,051</b>	<b>4,395,038</b>	<b>11,920,089</b>
No. of persons	4	6	10	4	6	10

The Officers has been provided with the modaraba maintained car and also entitled for the reimbursement of fuel expenses.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 30, 2018 Rupees	June 30, 2017 Rupees
<b>32 FINANCIAL AND OTHER CHARGES</b>			
Bank charges		6,761	17,600
Profit Paid on Murabaha		7,134	
Guarantee commission		17,600	18,910
		<u>31,495</u>	<u>36,510</u>
<b>33 OTHER INCOME</b>			
Profit on bank deposits	33.1	838,937	765,477
Profit on disposal of fixed asset- Ijarah		-	33,000
Profit on disposal of fixed asset- Own	17.1		2,448,628
Documentation charges		86,665	163,712
Miscellaneous income		165,761	1,752,344
		<u>1,091,363</u>	<u>5,163,160</u>
<b>33.1</b>	This represents profit from PLS accounts, maintained with Islamic banks at the rates ranging from 2.05% to 4.48% (2017: 2.05% to 4.48%).		
<b>34 MODARABA MANAGEMENT FEE</b>			
In accordance with the Modaraba Companies and Modaraba Rules, 1981 management fee at the rate of 10% of annual profits is payable to the Management Company.			
<b>35 WORKERS'S WELFARE FUND</b>			
"The Finance Act 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. Through these amendments Workers' Welfare Fund (WWF) is payable @ 2% on the higher of the profit before taxation as per the financial statements or return of income. During the current year, the management has made a provision of Rs. 61,802 (2016: Rs. 2,404) in respect of this liability."			
<b>36 INCOME TAX EXPENSES</b>			
Current tax	12.1	-	-
<b>36.1 Relation between tax expenses and accounting profit</b>			
Accounting profit for the current year		(25,010,488)	3,028,310
Tax on income @ 25% (2016: 25%)		(6,252,622)	757,078
Tax effect off - exempt income		25,010,488	(3,028,310)
		<u>-</u>	<u>-</u>
<b>37 EARNING PER CERTIFICATE - Basic and Diluted</b>			
Profit for the year		(25,010,488)	3,028,310
		<u>Numbers</u>	<u>Numbers</u>
Weighted average number of certificates		21,000,000	21,000,000
Earning per certificate - basic and diluted		<u>(1.19)</u>	<u>0.14</u>

There is no dilutive effect on the basic earnings per share of the Modaraba, since there are no convertible instruments in issue as at June 30, 2017 and June 30, 2018 which would have any effect on the earnings per share if the option to convert is exercised.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	June 30, 2018 Rupees	June 30, 2017 Rupees
<b>38 CASH FROM OPERATIONS AFTER WORKING CAPITAL CHANGES</b>			
(Loss) / Profit before taxation		(25,010,483)	3,028,310
Adjustments for:			
Gain on sale of investment in listed securities	31	(2,328,607)	(11,864,036)
Dividend income	31	(1,659,579)	(3,934,288)
Income on musawamah facility		(73,973)	-
Income on diminishing musharakah		(4,752,688)	(5,328,847)
Gain on sukuk certificates	31	(494,658)	(271,642)
(Profit) on disposal of fixed assets	34	-	(2,481,628)
Assets written off		-	-
Profit on bank deposits	34	(838,937)	(765,477)
Financial charges		(31,495)	36,510
Depreciation - owned assets	16.1	1,767,033	1,724,963
Depreciation - Ijarah assets	15.1	64,069,982	60,267,369
Amortization of intangible assets	16.1	-	-
Provision for non-performing assets		12,500,000	12,500,000
Provision for gratuity		1,188,312	1,037,402
Share of loss/(profit) from Associate	5.3.1	815,215	(1,191,525)
Unrealized loss/(gain) on re measurement of investments in listed securities	5.1.2	8,267,558	4,190,582
		<u>78,428,163</u>	<u>53,919,383</u>
<b>Operating profit before working capital changes</b>		<b>53,417,680</b>	<b>56,947,693</b>
<b>(Increase)/Decrease in current assets</b>			
Stock in trade	9	(31,164,138)	-
Profit receivable	7	170,205	(14,974)
Ijarah Rental receivable		516,268	(2,102,825)
Trade Debtors - considered good and unsecured		(4,413,086)	758,918
Advances, deposits, prepayments and other receivables	11	20,392,724	(13,054,836)
		<u>(14,498,027)</u>	<u>(14,413,717)</u>
<b>Increase/(Decrease) in current liabilities</b>			
Creditors, accrued and other liabilities	18	(2,206,513)	(5,268,798)
Profit payable	20	60,568	7,443
		<u>(2,145,945)</u>	<u>(5,261,355)</u>
Cash flow from operating activities		<u>36,773,708</u>	<u>37,272,623</u>
<b>39 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	4	<u>24,281,195</u>	<u>11,482,750</u>
		<u>24,281,195</u>	<u>11,482,750</u>
<b>40 FINANCIAL INSTRUMENTS BY CATEGORY</b>			

As at June 30, 2018				
Loans and receivables	Assets at fair value through profit & loss	Available for sale	Held to maturity	Total
<b>FINANCIAL ASSETS</b>				
Cash and cash equivalent	24,281,195	-	-	24,281,195
Investments	-	25,689,143	27,161,535	52,850,677
Long term deposits	3,846,989	-	-	3,846,989
Profit receivable	1,014,099	-	-	1,014,099
Ijarah rental receivable	2,610,777	-	-	2,610,777
Trade debtors	12,959,168	-	-	12,959,168
Sukuk certificates	-	-	7,499,998	7,499,998
Diminishing Musharakah (syndicate)	41,250,000	-	-	41,250,000
Diminishing Musharakah	21,525,131	-	-	21,525,131
Advances, deposits, prepayments & other receivables	2,350,735	-	-	2,350,735
	<u>109,838,094</u>	<u>25,689,143</u>	<u>27,161,535</u>	<u>170,188,769</u>





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2018
	----Rupees----
<b>FINANCIAL LIABILITIES</b>	
Security deposits	30,271,850
Creditors, accrued and other liabilities	10,967,626
Profit payable	542,598
Deferred liabilities - staff gratuity	7,564,856
	<u>49,346,930</u>

	As at June 30, 2017				
	Loans and receivables	Assets at fair value through profit & loss	Available for sale	Held to maturity	Total
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalent	11,482,750	-	-	-	11,482,750
Investments	-	37,127,346	30,535,814	-	67,663,160
Long term deposits	3,846,989	-	-	-	3,846,989
Musawamah facility	12,500,000	-	-	-	12,500,000
Profit receivable	1,184,304	-	-	-	1,184,304
Ijarah rental receivable	3,127,045	-	-	-	3,127,045
Trade debtors	8,546,082	-	-	-	8,546,082
Sukuk certificates	-	-	-	3,214,288	3,214,288
Diminishing Musharakah (syndicate)	56,250,000	-	-	-	56,250,000
Diminishing Musharakah	3,747,510	-	-	-	3,747,510
Advances, deposits, prepayments & other receivables	21,648,037	-	-	-	21,648,037
	<u>122,332,717</u>	<u>37,127,346</u>	<u>30,535,814</u>	<u>3,214,288</u>	<u>193,210,165</u>

	June 30, 2017
	----Rupees----
<b>FINANCIAL LIABILITIES</b>	
Security deposits	36,398,000
Creditors, accrued and other liabilities	10,967,626
Profit payable	482,030
Deferred liabilities - staff gratuity	6,223,540
	<u>54,071,196</u>

### 41 FINANCIAL RISK MANAGEMENT

The Modaraba financed its operations entirely through equity during the year ended June 30, 2018. The Modaraba utilizes funds in ijarah financing, modaraba financing and musawamah financing and equity securities of listed entities. These activities are exposed to a variety of financial risks: market 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.

#### 41.1 Market Risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market interest rates or the market prices of securities 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.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

#### 41.2 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 is not exposed to currency risk at the balance sheet date as there is no receivable balance in foreign currency (2017: Rs. Nil ).





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 41.3 Profit at risk

		2018					
	Effective yield / profit rate	Total	Up to one month	Up to one month to 3 months	Over three months to one year	Over one year to five years	Not exposed to yield / profit risk
	%	----- (Rupees) -----					
Assets							
Bank balances	1.55% to 4.28%	24,135,968	23,652,393	-	-	-	483,575
Investments		67,663,160	-	-	-	-	67,663,160
Musawamah receivables - secured		-	-	-	-	-	-
Diminishing musharakah (Syndicate)		41,250,000	3,750,000	-	11,250,000	26,250,000	-
Diminishing musharakah	8.25% to 14.00%	21,525,131	530,954	1,061,908	5,670,050	14,262,219	-
Investment in Sukuk certificates		7,499,998	-	357,140	357,140	6,785,718	-
Profit receivable	2.05% to 14.00%	1,014,099	858,011	156,088	-	-	-
Investment in Ijarah finance	8.00 % - 27.46 %	97,608,224	864,105	2,002,121	15,898,287	78,843,711	-
Ijarah rental receivable		2,610,777	2,610,777	-	-	-	-
Advances, deposits, prepayments and other receivables		8,409,480	-	-	-	-	8,409,480
Long-term Deposit		3,846,989	-	-	-	-	3,846,989
Total Financial Assets as at June 30, 2018		275,563,826	32,266,240	3,577,257	33,175,477	126,141,648	80,403,204
Liabilities							
Security deposits		30,271,850	-	-	-	-	30,271,850
Creditors, accrued and other liabilities		13,587,859	-	-	-	-	13,587,859
Profit payable		542,598	-	-	-	-	542,598
Deferred Liabilities - staff gratuity		7,564,856	-	-	-	-	7,564,856
Total Financial Liabilities as at June 30, 2018		51,967,163	-	-	-	-	51,967,163
Total yield / profit risk sensitivity gap			32,266,240	3,577,257	33,175,477	126,141,648	
Cumulative yield / profit risk sensitivity gap			32,266,240	35,843,497	69,018,975	195,160,623	
		2017					
	Effective yield / profit rate	Total	Up to one month	Up to one month to 3 months	Over three months to one year	Over one year to five years	Not exposed to yield / profit risk
	%	----- (Rupees) -----					
Assets							
Bank balances	2.05% to 6.48%	11,858,497	11,482,750	-	-	-	375,747
Investments		60,714,151	-	-	-	-	60,714,151
Musawamah receivables - secured	10% to 14%	12,500,000	-	-	-	-	12,500,000
Diminishing musharakah (Syndicate)		56,250,000	3,750,000	-	11,250,000	41,250,000	-
Investment in Sukuk certificates		3,274,288	-	357,140	357,140	2,560,008	-
Profit receivable	2.05% to 14%	1,184,304	1,124,246	60,058	-	-	-
Investment in Ijarah finance	14.5 % - 38.47 %	142,207,110	732,645	1,067,998	22,935,800	117,470,667	-
Ijarah rental receivable		3,127,045	3,127,045	-	-	-	-
Advances, deposits, prepayments and other receivables		28,876,274	-	-	-	-	28,876,274
Long-term Deposit		3,846,989	-	-	-	-	3,846,989
Total Financial Assets as at June 30, 2017		323,838,658	20,216,686	1,485,196	34,542,940	161,280,675	106,313,161
Liabilities							
Security deposits		36,398,000	-	-	-	-	36,398,000
Creditors, accrued and other liabilities		15,822,041	-	-	-	-	15,822,041
Profit payable		482,030	-	-	-	-	482,030
Deferred Liabilities - staff gratuity		6,223,540	-	-	-	-	6,223,540
Total Financial Liabilities as at June 30, 2017		58,925,611	-	-	-	-	58,925,611
Total yield / profit risk sensitivity gap			19,780,939	1,485,196	34,542,940	161,280,675	
Cumulative yield / profit risk sensitivity gap			19,780,939	21,266,135	55,809,076	217,089,751	

### Sensitivity analysis for financial instruments

The sensitivity of the net income for the year is the effect of the assumed changes in interest rates on the floating rate financial instruments held at the year end. Since the Modaraba has no floating rate financial instruments held at the year end, therefore it is not exposed to profit risk due to change in market profit rates.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 41.4 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Modaraba is exposed to equity securities price risk because of investments held by the Modaraba and classified as 'available for sale' and "At fair value through profit and loss". To manage its price risk arising from investments in equity securities, the Modaraba diversifies its portfolio.

In case of 5% increase / decrease in PSX 100 index on June 30, 2017, other comprehensive income for the year would be affected by Rs.1,951,266/- (2017: Rs 697,532) as a result of gains / losses on equity securities classified as 'available and profit and loss for the year would be affected by Rs.2,568,914/- (2017: 1,512,620) as a result of gains / losses on equity securities classified as 'At fair value through profit and loss.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Modaraba's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the PSX 100 Index, having regard to the historical volatility of the index. The composition of the Modaraba's investment portfolio and the correlation thereof to the PSX 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2018 is not necessarily indicative of the effect on the Modaraba's net assets of future movements in the level of the PSX 100 Index.

### 41.5 Credit risk

**41.5.1** 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 is exposed to credit risk in respect of Musharakah, diminishing musharakah, ijarah, musawamah, modaraba and term deposit modarabas.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of an entity's performance to developments affecting a particular industry.

The Modaraba attempts to control credit risk by diversification of financing activities to avoid undue concentration of credit risk with individuals or groups of customers in specific locations or businesses, monitoring credit exposures, limiting transactions to specific counterparties and continually assessing the credit worthiness of counterparties. It also obtains securities when appropriate.

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.

Out of the total financial assets of Rs. 170,188,769 (2017: Rs 193,210,165) the financial assets which are subject to credit risk amounted to Rs. 86,859,173 (2017: Rs 88,569,229). The management believes that the Modaraba is not exposed to major concentration of credit risk.

**41.5.2** The analysis below summarises the credit quality of the Modaraba's financial assets:

	June 30,2018 Rupees	June 30,2017 Rupees
<b>Bank balances</b>		
A	7,121,266	5,688,343
AA	16,580,570	3,245,087
AA+	81,812	741,442
AAA	497,548	1,807,878



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

**41.5.3** An analysis of the age of significant financial assets that are past due but not required to be impaired by applicable laws

	30 June 2018		30 June 2017	
	outstanding	overdue	outstanding	over due
Ijarah rental receivable	2,610,777	-	3,127,045	-
Trade debtors - unsecured	12,959,168	-	8,546,082	-

**41.5.4** An analysis of the financial assets that are individually impaired as per the requirements of the Prudential Regulations for Modarabas are as under:

	As at 30 June 2018				
	OAEM	Substandard	Doubtful	Loss	Total
Musawamah receivable	-	-	25,000,000	-	25,000,000

	As at 30 June 2016				
	OAEM	Substandard	Doubtful	Loss	Total
Musawamah receivable	-	-	12,500,000	-	-

- Payments of Ijarah and Sukuk are not exposed to overdue because they are meeting their maturity dates of payments and payments are received as per schedule.

**41.5.5 Concentration of credit risk**

	2018		2017	
	Rupees	%	Rupees	%
Textile composite	-	0.00%	12,817,360	8.67%
Fuel and energy	48,655,039	36.84%	70,585,186	47.74%
Chemical and pharmaceutical	8,823,026	6.68%	11,209,063	7.58%
Food and allied industries	352,468	0.27%	772,413	0.52%
Others miscellaneous	74,230,444	56.21%	52,476,477	35.49%
	132,060,976	100%	147,860,499	100%

The Carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	June 30, 2018	June 30, 2017
	Rupees	Rupees
Musawamah facility - secured	-	12,500,000
Diminishing Musharakah - (Syndicate)	41,250,000	41,250,000
Diminishing musharakah	21,525,131	3,747,510
Profit receivable	1,014,099	1,184,304
Ijarah rental receivable	2,610,777	3,127,045
	66,400,007	61,808,859

**41.6 Liquidity risk**

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.

The table below analyses the Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	As at 30 June 2018		
	Total	Upto three months	More than three months & upto one year
	Rupees		
<b>Current liabilities</b>			
Current maturity of security deposits	9,054,050	3,171,300	5,882,750
Creditors, accrued and other liabilities	14,130,457	9,731,615	4,398,842
<b>Total Current liabilities</b>	<b>23,184,507</b>	<b>12,902,915</b>	<b>10,281,592</b>
	Total	Upto three months	More than three months and upto one year
	Rupees		
<b>Non-Current liabilities</b>			
Security deposits	21,217,800	-	21,217,800
Deferred liabilities - staff gratuity	7,564,856	-	7,564,856
<b>Total Non-Current liabilities</b>	<b>28,782,656</b>	<b>-</b>	<b>28,782,656</b>
	<b>51,967,163</b>	<b>12,902,915</b>	<b>10,281,592</b>
			<b>28,782,656</b>

	As at 30 June 2017		
	Total	Upto three months	More than three months & upto one year
	Rupees		
<b>Current liabilities</b>			
Current maturity of security deposits	8,645,050	1,170,750	7,474,300
Creditors, accrued and other liabilities	16,691,997	11,905,229	4,389,842
<b>Total Current liabilities</b>	<b>25,337,047</b>	<b>13,075,979</b>	<b>11,864,142</b>
	Total	Upto three months	More than three months and upto one year
	Rupees		
<b>Non-Current liabilities</b>			
Security deposits	24,609,050	-	27,752,950
Deferred liabilities - staff gratuity	6,764,935	-	6,223,540
<b>Total Non-Current liabilities</b>	<b>31,373,985</b>	<b>-</b>	<b>33,976,490</b>
	<b>56,711,032</b>	<b>13,075,979</b>	<b>11,864,142</b>
			<b>33,976,490</b>

### 41.7 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Effective July 1, 2009, the Modaraba adopted the amendments to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

(that is, as prices) or indirectly (that is, derived from prices) (level 2)

- Inputs for the assets or liability that are not based on observable market data (that is, unobservable input) (level 3).

Presently, the modaraba have equity instruments which are disclosed at level 1 of fair value hierarchy.

### 42 CAPITAL RISK MANAGEMENT

The Modaraba's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for certificate-holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Modaraba monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total Certificate of Musharakah and borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt. The Modaraba has no borrowing at the year end.

### 43 RELATED PARTIES TRANSACTIONS

The related parties of the Modaraba comprise of its Management Company, associated companies, directors of the Management Company and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel (which are employed by the Management Company) under the terms of their employment are as follows:

	Note	June 30, 2018 Rupees	June 30, 2017 Rupees
<b>43.1 Balance outstanding at year end</b>			
Modaraba Management Company			
- Management fee	19.1	-	371,212
Associated undertakings			
- Sharing of common expense charged during the year with Al-Noor Sugar Mills Ltd.		-	300,000
Other related parties (other than key management personnel)			
- Contribution to staff gratuity fund	22.2	7,564,856	6,223,540
<b>43.2 Transactions during the year</b>			
Modaraba Management Company			
- Management fee	32	-	341,862
Associated undertakings			
- Sharing of common expense charged during the year with Al-Noor Sugar Mills Ltd.			
Other related parties (other than key management personnel)			
- Contribution to staff gratuity fund	29.1	1,188,312	1,037,402



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 44 INFORMATION ABOUT BUSINESS SEGMENTS

	2018				
	Trading	Financing	Investment	Ijarah	Total
<b>Segment revenue</b>	<b>15,629,647</b>	<b>5,340,617</b>	<b>4,482,844</b>	<b>78,569,220</b>	<b>104,022,328</b>
<b>Segment results</b>	<b>1,112,176</b>	<b>5,340,617</b>	<b>(3,784,714)</b>	<b>14,499,237</b>	<b>17,167,315</b>
Unallocated corporate expenses					(41,939,996)
Other income					1,091,363
Share of profit from associate					(815,215)
Modaraba company's management fee					-
Provision for worker's welfare fund					-
Income taxes	-				-
Profit for the year					(24,496,532)
<b>OTHER INFORMATION</b>					
Capital expenditure	-	-	-	28,325,500	28,325,500
Depreciation and amortization	-	-	-	(64,069,982)	(64,069,982)
<b>ASSETS AND LIABILITIES</b>					
Segment assets		57,240,601	52,850,677	100,219,001	210,310,279
Unallocated corporate assets					106,069,973
<b>Consolidated total assets</b>					<b>316,380,252</b>
Segment liabilities	-	651,575	-	35,808,401	36,459,976
Unallocated corporate liabilities					15,507,187
<b>Consolidated total liabilities</b>					<b>51,967,163</b>

	2017				
	Trading	Financing	Investment	Ijarah	Total
<b>Segment revenue</b>	<b>20,000,000</b>	<b>5,328,847</b>	<b>16,069,966</b>	<b>77,054,017</b>	<b>118,452,830</b>
<b>Segment results</b>	<b>1,181,000</b>	<b>5,328,847</b>	<b>11,879,384</b>	<b>16,786,648</b>	<b>35,175,879</b>
Unallocated corporate expenses					(38,111,946)
Other income					5,163,160
Share of profit from associate					1,191,525
Modaraba company's remuneration fee					(328,506)
Provision for worker's welfare fund					(61,802)
Income taxes	-				-
Profit for the year					3,028,310
<b>OTHER INFORMATION</b>					
Capital expenditure	-	-	-	70,511,692	70,511,692
Depreciation and amortization	-	-	-	(60,771,595)	(60,771,595)
<b>ASSETS AND LIABILITIES</b>					
Segment assets		72,029,537	67,589,090	145,334,155	284,952,782
Unallocated corporate assets					66,508,191
<b>Consolidated total assets</b>					<b>351,460,973</b>
Segment liabilities	-	-	-	44,507,257	44,507,257
Unallocated corporate liabilities					14,418,354
<b>Consolidated total liabilities</b>					<b>58,925,611</b>

The above mentioned segments do not necessary match with the organization structure the Modaraba



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 45 ACCOUNTING ESTIMATES AND JUDGMENTS

The Modaraba reviews its loan portfolio of Ijarah, Musawamah and Modaraba financing to assess amount of non-performing contracts and provision required there against on a regular basis. The provision is made in accordance with the prudential regulations issued by the SECP (if any). 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:

	<b>Note</b>
i) Musawamah finance	3.8.4 & 6
ii) Musharakah finance	3.8.3
iii) Determination and measurement of useful life and residual value of fixed assets and ijarah assets	3.3, 16 & 17

### 46 DISCLOSURE REQUIREMENTS FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with reference to circular No.14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index."

#### Description

- i) Loans and advances
- ii) Long term deposits
- iii) Segment revenue
- iv) Relationship with banks

#### Explanation

Non-interest bearing  
Non-interest bearing  
Product wise revenue disclosed  
note no 42 Modaraba maintains  
profit based banking relationships  
with Islamic Banks/Bank Islamic  
window operations.

- v) Bank balances

All profit yielding bank accounts  
are maintained with Islamic Banks  
/Bank Islamic window operations  
whereas few of the current  
accounts are also maintained with  
conventional banking system  
(note # 4)

- vi) Profit on bank deposits

This represents Profit, only from  
Islamic Banks/Bank Islamic  
window operations.

- vii) Breakup of dividend income-Company wise

Disclosed in note 28.1 & 28.2

- viii) All sources of their income

Disclosed in note 31

- ix) Exchange gain

Not applicable

- x) Gain/loss, regardless of realized or unrealized, from investments in shares/mutual funds.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 47 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on September 25, 2018 have approved distribution at the rate of Rs. (2017 : 1.20%) per certificate of Rs. 10 each.

### 48 DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Management Company in their meeting held on September 25, 2018 .

### 49 GENERAL

Figures in these financial statements have been rounded off to the nearest Rupee.

For Al-Noor Modaraba Management (Private) Limited  
(Management Company)

Sd/-  
Chief Executive

Sd/-  
Director

Sd/-  
Director





## CATEGORIES OF CERTIFICATE HOLDING AS AT JUNE 30, 2018

Information as required under Code of Corporate Governance

Shareholder's category	Number of Shareholder	Number of share held
<b>Associated Companies, Undertaking and Related Parties (name wise details)</b>		
AL-NOOR MODARABA MANAGEMENT (PRIVATE) LIMITED	1	4,200,000
RELIANCE INSURANCE COMPANY LTD.	1	521,220
<b>TOTAL &gt;&gt;</b>	<b>2</b>	<b>4,721,220</b>
<b>Mutual Funds (name wise details)</b>		
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	608,440
<b>TOTAL &gt;&gt;</b>	<b>1</b>	<b>608,440</b>
<b>Directors and their spouse (to be confirmed by company)</b>		
<b>TOTAL &gt;&gt;</b>	-	-
<b>Executives (To be filled by company)</b>		
<b>TOTAL &gt;&gt;</b>	-	-
<b>Public Sector Companies and Corporations</b>		
STATE LIFE INSURANCE CORP. OF PAKISTAN	1	386,600
<b>TOTAL &gt;&gt;</b>	<b>1</b>	<b>386,600</b>
<b>Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds</b>		
<b>TOTAL &gt;&gt;</b>	<b>6</b>	<b>2,104,013</b>
<b>Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)</b>		
MASOOD AHMED	1	1,886,000
AL-NOOR MODARABA MANAGEMENT (PRIVATE) LIMITED	1	4,200,000
BANKERS EQUITY LTD. (U/L)	1	2,005,830
ATIQA BEGUM	1	1,166,000
FIROZUDDIN CASSIM	1	1,580,380
<b>TOTAL &gt;&gt;</b>	<b>5</b>	<b>10,838,210</b>

### Categories of Certificate Holding

SNO.	Shareholders Category	No. of Shareholders	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)			
2	Associated Companies, Undertakings and related Parties (to be confirm by Company)	2	4,721,220	22.48
3	NIT and ICP	1	500	-
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	3	2,008,810	9.57
5	Insurance Companies	3	387,230	1.84
6	Modarabas and Mutual Funds	1	608,440	2.90
7	Share holders holding 10%	1	4,200,000	20.00
8	General Public :			
	a. local	598	13,068,577	62.23
	b .Foreign			
9	Others	17	205,223	0.98
	<b>Total (excluding : share holders holding 10%)</b>	<b>625</b>	<b>21,000,000</b>	<b>100.00</b>



## PATTERN OF HOLDINGS OF THE CERTIFICATES HELD BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2018

Number of Certificate Holders	No. of Certificate Holdings		Total Certificates Held
	From	To	
114	1	100	4,324
88	101	500	34,915
130	501	1,000	101,610
157	1,001	5,000	400,288
42	5,001	10,000	314,199
12	10,001	15,000	146,093
5	15,001	20,000	93,100
18	20,001	25,000	411,577
7	25,001	30,000	209,000
4	30,001	35,000	126,126
3	40,001	45,000	131,631
7	45,001	50,000	347,000
2	50,001	55,000	107,000
2	55,001	60,000	118,500
2	65,000	70,000	130,000
1	70,001	75,000	73,000
2	75,001	80,000	154,180
1	80,001	85,000	82,000
2	90,000	95,000	184,573
4	100,000	105,000	405,000
2	125,001	130,000	255,000
1	190,000	195,000	190,000
2	195,001	200,000	396,500
1	260,001	265,000	263,500
1	270,001	275,000	274,300
1	275,001	280,000	277,500
1	325,001	330,000	325,500
1	385,001	390,000	386,600
1	400,000	405,000	400,000
1	490,001	495,000	492,816
1	510,001	515,000	513,798
1	520,001	525,000	521,220
1	605,001	610,000	608,440
1	675,001	680,000	676,500
1	1,005,001	1,010,000	1,006,000
1	1,165,001	1,170,000	1,166,000
1	1,580,001	1,585,000	1,580,380
1	1,885,001	1,890,000	1,886,000
1	2,005,001	2,010,000	2,005,830
1	4,200,000	4,205,000	4,200,000
625			21,000,000



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