

HALF YEARLY REPORT
December 31, 2019
(Un-audited)



FIRST AL-NOOR MODARABA

(An Islamic Financial Institution)

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المضارب

Corporate Information

BOARD OF DIRECTORS

Non Executive Directors

Chairman

Mr. Ismail H. Zakaria

Directors

Mr. Aziz Ayoob

Mr. Abdul Rahim Suriya, Independent

Mr. Zia Zakaria

Mr. Tauseef Ilyas, Independent

Dr. Irum Saba, Independent

Executive Directors

Chief Executive/Director

Mr. Zainuddin Aziz

Chief Financial Officer

Mr. Muhammad Arshad Khan Durrani

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. Tauseef Ilyas - Chairman

Mr. Abdul Aziz Ayoob - Member

Mr. Zainuddin Aziz - Member

Bankers

Al-Baraka Bank (Pakistan) Limited.

Askari Bank Limited, Islamic Banking

Faysal Bank Limited, Barkat Islamic Banking

Habib Bank Limited, Islamic Banking

Meezan Bank Limited

National Bank of Pakistan

Auditors

RSM Avais Hyder Liaquat Nauman

Chartered Accountants

Shariah Advisor

AlHamd Shariah Advisory Services (Pvt) Ltd.

Legal Advisor

Mr. Sufiyan Zaman

Advocate High Court

Share Registrar

M / s FAMCO Associates (Private) Limited

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

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

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

Fax: 34380106

Registered Office

96-A, Sindhi Muslim Cooperative

Housing Society, Karachi

Contact Details

Telephone: 34558268;34552943;34553067

Fax: 34553137

Webpage: www.fanm.co

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INDEPENDENT AUDITOR'S REPORT

Introduction

We have reviewed the accompanying condensed interim balance sheet of FIRST AL-NOORMODARABA (the Modaraba) as at December 31, 2019, the related condensed interim profit and loss account, condensed interim statement of other comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, and notes to the interim financial statements for the six month period then ended (here-in-after referred to as the "interim financial statements"). Management Company is responsible for the preparation and presentation of these interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures for the quarters ended December 31, 2019 and December 31, 2018 in the interim financial statements have not been reviewed and we do not express a conclusion on them.

The name of the engagement partner on the engagement resulting in this independent auditor's review report is Adnan Zaman

sd/-

RSM Avais Hyder Liaquat Nauman

Chartered Accountants

Engagement Partner: **Adnan Zaman**

Place : Karachi

Dated: February 26th 2020

Report Of The Directors Of Modaraba Company

For the Half year ended December 31, 2019

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 report together with the reviewed accounts for the half year ended December 31, 2019.

Financial Results

Financial results are summarized as under

	Half Year ended	
	December 31, 2019	December 31, 2018
	Rupees	
Profit/(Loss) after taxation	3,304,364	(4,089,661)
Un-appropriated profit/(loss) brought forward	(55,786,673)	(37,434,232)
	(52,482,309)	(41,523,893)
Adjustment for Components of other comprehensive income	(322,717)	(10,372)
Un-appropriated profit/(loss) brought forward	(52,805,026)	(41,534,265)
Earning per certificate - basic and diluted	0.16	(0.19)

In comparison to the past year, the modaraba reflected a profit of Rs. 3.304 million from the loss of Rs. 4.089 million, the recovery by over 180%. The modaraba with the grace of Almighty, is cautiously optimistic that the modaraba will gradually regain its momentum by the end of the current financial year in comparison with the preceding financial year.

On behalf of the Board
sd/-
Zainuddin Aziz
Chief Executive

Place: Karachi

Dated: February 26th 2020

ڈائریکٹر رپورٹ

برائے اختتام ششماہی مدت دسمبر 31، 2019 (جائزہ شدہ)

بورڈ آف ڈائریکٹرز انور مضافیہ مینجمنٹ (پرائیوٹ) لمیٹڈ مضافیہ / انتظامی کمپنی برائے فرسٹ انور مضافیہ (ایف اے این ایم) کی جانب سے انتہائی مسرت کے ساتھ مضافیہ کمپنی کی جائزہ شدہ رپورٹ بابت ڈسمبر 31، 2019 مالیاتی دستاویز پیش کر رہا ہوں۔

ختم ہونے والی ششماہی		
31 دسمبر 2018	31 دسمبر 2019	
(4,089,661)	3,304,364	بعد از ٹیکس نفع / نقصان
(37,434,232)	(55,786,673)	پچھلے سالوں کا غیر تصرف شدہ نفع / نقصان
(41,523,893)	(52,482,309)	مستحقہ انکریمنٹ کی کمی پیشی کے شیئر
(10,372)	(322,717)	غیر تصرف شدہ نفع / نقصان
(41,534,265)	(52,805,026)	آمدنی فی سرٹیفکیٹ - بنیادی اور مقررہ
(0.19)	0.16	

گزشتہ اسی عرصہ کے 4,089 مالی نقصان کے مقابلے میں اس سال کا منافع 3,304 رہا جو کہ تقریباً 0.81 فیصد سے بہتر ہوا ہے۔ سہماں و تعالیٰ کے فضل و کرم اور محتاط انداز سے مضافیہ اس مالی سال سہماں و تعالیٰ کے اختتام تک اپنی شرح نو پچھلے سال کے مقابلے میں بہتر طور پر حاصل کر لے گا۔

مورخہ 26 فروری 2020

زین الدین عزیز

چیف ایگزیکٹو

المصائب

Condensed Interim Profit and Loss Account

For the Six Months & Quarter Ended December 31, 2019 (Un-audited)

	Note	Half Year Ended		Quarter Ended	
		Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
		Rupees		Rupees	
Profit from trading operations	20	2,234,215	1,420,910	2,074,879	885,532
Income on musawamah receivables		-	-	-	-
Income on diminishing musharakah (Syndicate)		1,732,038	1,977,061	797,453	1,002,173
Income on diminishing musharakah		5,829,333	2,744,957	3,104,304	1,796,304
Income from Ijarah		4,765,397	6,181,373	1,889,237	2,233,588
Income from investments	21	3,560,832	1,869,605	3,044,722	942,793
		18,121,815	14,193,906	10,910,596	6,860,391
Administrative and operating expenses		17,127,131	14,192,078	9,693,309	6,894,822
Financial and other charges		10,473	15,809	6,073	9,273
		17,137,605	14,207,887	9,699,382	6,904,095
Operating profit		984,211	(13,982)	1,211,213	(43,704)
Other income		1,473,232	783,080	908,633	421,764
		2,457,442	769,099	2,119,845	378,059
Unrealised (loss)/ gain on re-measurement of investments at fair value through profit or loss	6.1.4	(14,552)	(4,020,025)	1,683,907	(3,202,210)
Share of profit / (loss) from associates	13.1	1,302,055	(838,735)	884,454	(485,332)
		3,744,946	(4,089,661)	468,821	(3,309,483)
Management company's remuneration		(374,495)	-	-	-
		3,370,451	(4,089,661)	4,219,386	(3,309,483)
Provision for Sindh Workers' welfare fund		(66,087)	-	(82,733)	-
		3,304,364	(4,089,661)	4,136,653	(3,309,483)
Profit/(loss) before taxation		3,304,364	(4,089,661)	4,136,653	(3,309,483)
Income tax expense		-	-	-	-
		3,304,364	(4,089,661)	4,136,653	(3,309,483)
Profit/(loss) for the Period		3,304,364	(4,089,661)	4,136,653	(3,309,483)
Earnings/(loss) per certificate - Basic and Diluted		0.16	(0.19)	0.20	(0.16)

The annexed notes 1 to 25 form an integral part of these condensed interim financial information.

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

Place : Karachi
Date : February 26, 2020

sd/-
Chief Executive

sd/-
Chief Financial Officer

sd/-
Director

sd/-
Director

Condensed Interim Statement of Other Comprehensive Income

For the Six Months & Quarter Ended December 31, 2019 (Un-audited)

	Six Months Ended		Three Months Ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
	Rupees		Rupees	
Profit/(loss) for the period	3,304,364	(4,089,661)	4,136,653	(3,309,483)
Components of other comprehensive income reflected in equity				
Items that will not be reclassified subsequently profit or loss account				
Remeasurement of net defined benefit liability - loss	(764,301)	(275,502)	(1,146,451)	(137,751)
Share of others comprehensive income of associate - incremental depreciation	39,040	265,130	19,220	132,565
Equity investments at FVOCI - realised portion directly transferred into equity	402,544	-	-	-
Other Comprehensive loss	(322,717)	(10,372)	(1,127,231)	(5,186)
Total comprehensive income / (loss) for the Period transferred to equity	2,981,648	(4,100,033)	3,009,423	(3,314,669)
Components of other comprehensive income reflected below equity*				
Items that will not be reclassified subsequently profit or loss account				
Equity investments at FVOCI - change in fair value	3,143,111	-	2,706,781	-
Items that will be reclassified subsequently into profit or loss account				
Reversal of realised on disposal during the Period				
Available-for-sale financial assets - net change in fair value	-	-	-	-
"Unrealized (loss) on re-measurement of available for sale investment**"	-	(2,138,263)	-	(1,665,073)
	-	(2,138,263)	-	(1,665,073)
Total Comprehensive (loss)	6,124,759	(6,238,296)	5,716,204	(4,979,742)

*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 1 to 25 form an integral part of these condensed interim financial information.

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

Place : Karachi
Date : February 26, 2020

sd/- Chief Executive sd/- Chief Financial Officer sd/- Director sd/- Director

Condensed Interim Cash Flow Statement

For the Six Months Ended December 31, 2019 (Un-audited)

		December 31, 2019	December 31, 2018
	Note	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash from operations after working capital changes	24	59,652,546	(1,273,414)
Increase in long-term security deposits		(2,560,800)	(5,428,800)
Income on diminishing musharakah (Syndicate)		1,849,063	1,958,203
Income on diminishing musharakah		5,829,333	2,744,957
Income from barkat islamic certificates		315,266	-
Income from sukuk certificates		398,227	276,700
Income tax paid		(340,397)	(259,001)
Financial charges paid		(1,673)	(7,009)
Gratuity paid		-	(650,000)
Net cash generated from operating activities		65,143,238	(2,631,355)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets			
- Own		(73,480)	(125,500)
- Ijarah		-	-
Sale proceeds on disposal of fixed assets			
- Own		40,000	10,000
- Ijarah		2,968,118	5,428,800
Dividend received		646,087	972,347
Profit on bank deposit		1,196,260	795,935
Redemption of Installment of Sukuk Certificates		357,145	357,145
Investment in diminishing musharakah		(54,140,000)	(40,399,000)
Repayment of diminishing musharakah		26,459,562	16,680,036
Investment in barkat islamic certificates		(82,000,000)	-
Maturity on barkat islamic certificates		32,000,000	-
Purchase of investments in mutual funds		-	(5,000,000)
Proceeds from sale of mutual funds units		2,827,617	5,686,935
Purchase of investments in listed securities		(20,034,391)	(9,701,767)
Proceeds from sale of investments in listed securities		22,653,773	9,856,870
Net cash (used in) investing activities		(67,099,309)	(15,438,198)
Net increase / (decrease) in cash and cash equivalents		(1,957,744)	(18,076,562)
Cash and cash equivalents at beginning of the year		33,848,731	24,281,195
Cash and cash equivalents at end of the year	5	31,890,987	6,204,633

The annexed notes 1 to 25 form an integral part of these condensed interim financial information.

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

Place : Karachi
Date : February 26, 2020

sd/-
Chief Executive

sd/-
Chief Financial Officer

sd/-
Director

sd/-
Director

Condensed Interim Statement of Changes in Equity

For the Six Months Ended December 31, 2019 (Un-audited)

	Issued Subscribed & Paid up Capital	Reserve			Total
		Capital Reserve	General reserve	Revenue Reserve	
	*Statutory Reserve		Unappropriated profit		
Rupees					
Balance as at June 30, 2018	210,000,000	97,585,635	250,000	(37,434,232)	267,100,666
Total comprehensive loss for the year				(4,100,033)	(4,100,033)
Profit distribution in cash					
Transfer from general reserve					
Transfer to statutory reserve					
Balance as at December 31, 2018	210,000,000	97,585,635	250,000	(41,534,265)	263,000,633
Balance as at June 30, 2019	210,000,000	97,585,635	250,000	(55,786,673)	252,048,962
Total Comprehensive income for the Period				2,981,648	2,981,648
Profit distribution in cash					
Transfer to general reserve					
Transfer to statutory reserve					
Balance as at December 31, 2019	210,000,000	97,585,635	250,000	(52,805,025)	255,030,610

*The statutory reserve represents profit set aside as required under the Prudential Regulations for Modarabas as issued by the Securities and Exchange Commission of Pakistan (SECP)

The annexed notes 1 to 25 form an integral part of these condensed interim financial information.

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

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Place : Karachi
Date : February 26, 2020

sd/-
Chief Executive

sd/-
Chief Financial Officer

sd/-
Director

sd/-
Director

Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019 (Un-audited)

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, diminishing musharakah, musharikhah, murabaha, musawamah, modaraba, equity investment and trading activities. The Modaraba is listed on the Pakistan Stock Exchange.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities & Exchange Commission of Pakistan (SECP). In case where requirements differ, the requirements of Modaraba Companies and Modaraba (Floatation & Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP prevail.

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Modaraba for the year ended June 30, 2019. The figures for the half year ended December 31, 2019 have been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

2.3 This condensed interim financial statements comprises of the condensed interim balance sheet as at December 31, 2019 and the condensed interim profit and loss account & condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and the notes forming part thereof for the half year ended December 31, 2019 which have been subjected to a review but not audited.

2.4 The comparative condensed balance sheet, presented in this condensed interim financial statements, as at June 30, 2019 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2019 whereas the comparative condensed interim profit and loss account & condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year ended December 31, 2018 have been extracted from the condensed interim financial statements for the half year ended December 31, 2018 which were subjected to a review but not audited.

2.5 These interim financial statements have been presented in pak rupees which is the functional currency of the modaraba.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2019 except those stated in note 3.2 (a) below.

3.2 Change in accounting standards, interpretations and amendments to published accounting and reporting standards

(a) Standards and amendments to published accounting and reporting standards which were effective during the half year ended December 31, 2019

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17: Leases. As the distinction between operating and finance lease is eliminated, it has resulted in leases being recognised on the statement of financial position except for short-term and low-value leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised.

However, the application of IFRS 16 does not have any material impact on the Modaraba's books of account.

The amendments that were mandatory for the half year ended December 31, 2019 are considered not to be relevant for the Modaraba's financial reporting process and hence have not been disclosed here.

Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019 (Un-audited)

- (b) Standards and amendments to approved accounting and reporting standards that are not yet effective. There is a new standard and certain amendments and interpretation to the accounting and reporting standards that will be mandatory for the Modaraba's annual accounting periods beginning on or after July 1, 2020. However, these standard, amendments and interpretation will not have any significant impact on the financial reporting of the Modaraba and, therefore, have not been disclosed in these condensed interim financial statements.

4 SIGNIFICANT ACCOUNTING ESTIMATES , JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, the management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim financial statements.

	Note	December 31, 2019	June 30, 2019
Rupees			
5. CASH AND BANK BALANCES			
With Cash in Hand		74,519	-
With banks in current accounts			
- Islamic Banks /Islamic Window operations		492,238	492,204
- Conventional Banks		619,113	2,467,857
With banks in PLS accounts			
- Islamic Banks /Islamic Window operations	5.1	30,705,117	30,888,670
- Conventional Banks		-	-
		<u>31,890,987</u>	<u>33,848,731</u>

- 5.1 These deposits accounts carry profit at rates ranging from 4.25% % to 6.74 % (June 2019: 2.88% to 5.75%).

6 INVESTMENTS

SHORT TERM INVESTMENTS

At fair value through profit and loss

Shariah compliant

- Equity securities - listed	6.1	11,380,102	11,333,638
- Mutual funds - listed	6.2	111,873	93,051

Non - Shariah compliant

- Equity securities - listed	6.3	-	645,750
- Mutual funds - listed		-	-

Investment in Islamic Certificates	6.4	50,000,000	-
		<u>61,491,975</u>	<u>12,072,439</u>

- 6.1 At fair value through profit and loss Shariah compliant
Equity securities - listed

Name of Investee Company	Balance as at December 31,2019	Balance as at June 30, 2019
Construction and Materials		
Fauji Cement Company Limited	-	70,785
D.G. Khan Cement Limited	-	141,350
Lucky Cement Company Limited	642,600	1,255,551
Maple Leaf Cement Limited	46,280	47,780
Best Way Cement Company Limited	-	51,535
Power cement Limited	1,297,650	70,730
AKZO nobel Pakistan Limited	-	50,025
Kohat Cement Company Limited	-	278,409
Sub total	<u>1,986,530</u>	<u>1,966,165</u>

Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019 (Un-audited)

Name of Investee Company	Balance as at December 31, 2019	Balance as at June 30, 2019
Oil & Gas Producers		
National Refinery Limited	-	226,940
Oil & Gas Development Company Limited	-	65,745
Attock Petroleum Limited		
Hascol Petroleum Limited	99,127	252,865
Sub total	99,127	545,550
Gas Water & Multiutilities		
Sui Southern Gas Limited	215,200	620,400
TPL Corporation Limited	-	97,600
Sui Northern Gas Pipeline Limited	1,904,250	799,135
Sub total	2,119,450	1,517,135
General Industries		
Thal Limited	270,584	364,060
Pakistan Paper Products Limited	117,000	146,900
Packages Limited	956,976	1,502,800
Sub total	1,344,560	2,013,760
Power Generation & Distribution		
K-Electric Limited	1,092,500	790,200
Kot Addu Power Company Limited	31,530	36,380
Sub total	1,124,030	826,580
Automobile and Parts		
Ghandhara Industrials Limited	133,280	87,370
Pak Suzuki Motors Co. Limited	-	228,960
Millat Tractors Limited	374,751	577,795
Exide Battery Limited	-	16,620
Sub total	508,031	910,745
Cable and Electrical Goods		
Pak Elektron Limited	1,624,200	464,464
Waves Singer Pakistan Limited	-	-
Sub total	1,624,200	464,464
Engineering		
Amerli Steels Limited	-	172,620
International Steels Limited	-	79,420
International Industries Limited	-	-
Mughal Iran & Steel Industries Limited	-	176,120
Sub total	-	428,160
Chemicals		
Lotte Pakistan PTA Limited	588,840	221,125
Engro Corporation Limited	-	584,320
Engro Fertilizer Limited	36,715	543,745
ICI Pakistan Limited	-	117,143
Sitara Peroxide Limited	-	38,360
Ittehad Chemicals Limited	25,300	29,656
Sub total	650,855	1,534,349
Pharma and Bio Tech		
The Searle Company Limited	414,473	321,846
Glaxo Smithkline Pakistan Limited	-	428,985
Sub total	414,473	750,831

Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019 (Un-audited)

Name of Investee Company	Balance as at December 31, 2019	Balance as at June 30, 2019
Food Industries		
Al-Shaher Corporaiton Limited	-	220,500
Sub total	-	220,500
Banks		
BankIslamic Pakistan Limited	887,200	-
Sub total	887,200	-
Transport		
Pakistan National Shipping Corporation	-	-
Pakistan Int' Bulk Terminal Limited	162,150	-
Sub total	162,150	-
Personal Goods(Textiles)		
Nishat Mills Limited	53,070	140,010
Kohinoor Textile Mills Limited	390,700	-
Sub total	443,770	140,010
Miscellaneous		
Synthetic Products Limited	15,842	15,533
Sub total	15,842	15,533
	11,380,102	11,333,638
6.2 Mutual funds - listed		
Units of Mutual Funds		
Meezan Islamic Fund - Growth Units	111,873	93,051
	111,873	93,051
6.3 Non - Shariah compliant		
Food Industries		
Fauji Foods Limited	-	79,140
Sub total	-	79,140
Automobile and Parts		
General Tyre & Rubber Co. of Pakistan Ltd.	-	566,610
Sub total	-	566,610
	-	645,750
Total Listed securities		
- At Fair value through Profit & Loss	11,491,975	12,072,439

6.4 These Islamic Certificatess carry profit at rates ranging from 11.50% % to 12.00 % (June 2019: Nil).

	December 31, 2019	June 30, 2019		
7 Musawamah facility- secured				
Musawamah facility - secured considered doubtful	25,000,000	25,000,000		
Less: provision against potential losses	(25,000,000)	(25,000,000)		
	-	-		
7.1 Musawamah facility (classified portfolio)	December 31, 2019	June 30, 2019		
	Balance outstanding	Provision held	Balance outstanding	Provision held
	------(Rupees)-----			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	25,000,000	25,000,000	25,000,000	25,000,000
	25,000,000	(25,000,000)	25,000,000	(25,000,000)

Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019 (Un-audited)

7.2 "This represents musawamah principal amount overdue by more than one year carried profit rate of 10% (June 2019: 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 Honorable 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.

	Note	December 31, 2019	June 30, 2019
8 TRADE DEBTORS - unsecured considered good			
Haji Sikander	8.1	<u>3,351,673</u>	<u>3,710,823</u>
8.1 Considered good - unsecured		7,062,496	7,421,646
Less: provision for doubtful		<u>(3,710,823)</u>	<u>(3,710,823)</u>
		<u>3,351,673</u>	<u>3,710,823</u>
8.2 Reconciliation of provisions against trade debtors			
Opening balance		7,062,496	7,421,646
Provision for the year		<u>3,710,823</u>	<u>(3,710,823)</u>
Closing balance		<u>10,773,319</u>	<u>3,710,823</u>
9 STOCK IN TRADE			
Finished goods		2,931,037	53,984,600
In transit		267,790	267,790
less: Provision for slow moving stock		<u>(267,790)</u>	<u>(267,790)</u>
		<u>2,931,037</u>	<u>53,984,600</u>
10 INVESTMENT IN SUKUK CERTIFICATES - Amortised Cost			
Investment in Sukuk Certificates	10.1	5,357,142	6,071,425
Less: Principal Repaid		<u>(357,145)</u>	<u>(714,290)</u>
Add: Current portion of Investment in Sukuk Certificates		714,283	714,283
		<u>5,714,280</u>	<u>6,071,418</u>
10.1 Two separate Sukuk investment were made in Tier II Albaraka Bank (Pakistan Ltd., this represent sukuk I certificates carrying profit to base rate of six months of KIBOR + 1.25% & terms of principal repayment bi annual receivable in 14 equal installments till September, 2021.(June 2019: KIBOR + 1.25%) and II sukuk certificates carrying profit to base rate of six months of KIBOR + 0.75% & terms of repayment principal on maturity August 21, 2014 (June 2019: KIBOR + 0.75%).			
11 LONG TERM PORTION OF INVESTMENT IN DINIMISHING MUSHARAKAH (Syndicate)			
Diminishing Musharakah	11.1	18,750,000	26,250,000
Less: Current portion of investment in diminishing musharakah		<u>(15,000,000)</u>	<u>(15,000,000)</u>
Long term potion of investment in diminishing musharakah		<u>3,750,000</u>	<u>11,250,000</u>

11.1 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 + 2.75% (June 2019: KIBOR + 2.75%) receivable in 16 quarterly equal installments from April 2017 to till January, 2021. with one year grace period .

Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019 (Un-audited)

12 TAXATION

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 (2019: Nil) are the tax deducted as final on the remittance received from the import / export of goods.

	Note	December 31, 2019	June 30, 2019
13 LONG TERM INVESTMENTS			
Investment in Associates	13.1	8,012,197	6,671,102
FVTOCI			
Equity securities - listed FVTOCI			
Shariah compliant			
- Equity securities - listed	13.2.1	5,607,616	5,034,862
- Mutual funds - listed	13.2.2	8,875,016	10,271,679
Non - shariah compliant			
- Equity securities - listed	13.2.3	3,618,911	2,846,302
- Mutual funds - listed		-	-
		26,113,740	24,823,945
13.1 Investment in Associates			
Opening balance		6,671,102	7,648,874
Share of incremental depreciation - OCI Component		39,040	304,770
Share of profit/(loss) of associate		1,302,055	(1,116,380)
		1,341,095	(811,610)
Dividend income		-	(166,163)
		8,012,197	6,671,102

13.2 Fair value through OCI Shariah compliant

13.2.1 Equity securities - listed

Name of Investee Company	Balance as at December 31, 2019	Balance as at June 30, 2019
Equity Investment Instruments		
"First Habib Modaraba (Habib Modaraba Management (Private) Limited)"	43,605	42,345
First Imrooz Modaraba (AR Management Services (Private) Limited)	249,390	466,770
Habib Metro Modaraba (Habib Metropolitan Modaraba Management Company (Private) Limited)	5,000	5,000
Allied Rental Modaraba (Allied Engineering Management Company (Private) Limited)	198,000	214,500
Orix Modaraba (Orix Services Pakistan (Private) Limited)	184,360	170,500
Sub total	680,355	899,115
Construction and Materials		
Power Cement Company Limited	36,900	38,580
Sub total	36,900	38,580

Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019 (Un-audited)

Name of Investee Company	Balance as at December 31, 2019	Balance as at June 30, 2019
Automobile and Parts		
Gandhara Nissan Limited	250,828	172,652
Gandhara Industries Limited	559,776	366,954
Millat Tractors Limited	443,785	543,299
Hinopak Motors Limited	4,878	3,220
Sub total	1,259,266	1,086,125
Pharma and Bio Tech		
Searle Company Limited	263,859	204,891
Sub total	263,859	204,891
Engineering		
Crescent Steel & Allied Products	288,184	196,456
International Steels Limited	289,450	198,550
Sub total	577,634	395,006
Chemicals		
Engro Corporation Limited	2,696,403	2,074,336
Sub total	2,696,403	2,074,336
Oil & Gas Producers		
Attock Petroleum Limited	44,376	34,621
Mari Petroleum Limited	-	177,642
Hascol Petroleum Limited	48,824	124,545
Sub total	93,200	336,808
5,607,616	5,034,862	
13.2.2 Mutual funds - listed		
Units of Mutual Funds		
UBL Al Ameen Islamic Allocation Plan Plan -VI Class B Preservation Fund -B	-	2,591,420
UBL Al Ameen Islamic Allocation Plan -IX	3,071,669	2,597,787
Meezan Balance Fund	133,278	116,432
HBL-IFPF-Islamic Capital Preservation Plan	5,670,070	4,966,040
8,875,016	10,271,679	
13.2.3 Non - Shariah compliant		
Chemicals		
Fauji Fertilizer Company Limited	2,587,485	2,223,600
Sub total	2,587,485	2,223,600
General Industries		
Cherat Packages Limited	1,031,426	622,702
Sub total	1,031,426	622,702
3,618,911	2,846,302	
Total Listed securities - FVTOCI	18,101,543	18,152,843
14 IJARAH ASSETS		
Opening balance	43,557,154	97,608,224
Add: Addition during the period/year	-	-
	43,557,154	97,608,224
Less: Disposals during the period/year - book value	(2,923,610)	(13,625,053)
Depreciation during the period/year	(12,195,681)	(40,426,017)
	28,437,863	43,557,154

Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019 (Un-audited)

	December 31, 2019	June 30, 2019
Disposals during the period at book value - period/year		
Motor vehicles	2,504,048	12,371,053
Others	-	1,254,000
	<u>2,504,048</u>	<u>13,625,053</u>
15 FIXED ASSETS IN OWN USE		
Opening balance	4,598,418	5,922,709
Add: Addition during the period/year	73,480	406,825
	4,671,898	6,329,534
Less: Disposals during the period/year - book value	(1)	(2)
Depreciation during the period/year	(852,529)	(1,731,115)
	<u>3,819,368</u>	<u>4,598,418</u>
Addition during the period/year		
Computer equipment	46,860	97,500
Office equipment and appliances	-	184,825
Furniture and Fixtures	26,620	64,500
Computer software	-	60,000
	<u>73,480</u>	<u>406,825</u>
Disposals during the period at book value - period/year		
Office equipment and appliances	-	1
Motor vehicles	1	1
	<u>1</u>	<u>2</u>

16 CERTIFICATE CAPITAL

Authorised certificate capital

December 31, 2019	June 30, 2019		December 31, 2019	June 30, 2019
----Number of certificates----			------(Rupees)-----	
40,000,000	40,000,000	Modaraba Certificates of Rs 10 each	400,000,000	400,000,000
20,000,000	20,000,000	Modaraba Certificates of Rs 10 each fully paid in cash	200,000,000	200,000,000
1,000,000	1,000,000	Modaraba Certificates of Rs 10 each issued as fully paid bonus certificates	10,000,000	10,000,000
<u>21,000,000</u>	<u>21,000,000</u>		<u>210,000,000</u>	<u>210,000,000</u>

16.1 As at December 31, 2019, First Al-Noor Modaraba Management (Private) Limited (the Management Company) held 4,200,000 certificates (June 2019: 4,200,000 certificates), as required under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

17 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 (June 2019: Rs Nil) .

Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019 (Un-audited)

	December 31, 2019	June 30, 2019
18 SURPLUS ON REVALUATION OF INVESTMENTS CLASSIFIED AS 'FVTOCI'		
Market value of investments	18,101,543	18,152,843
Less: cost of investments	<u>(22,254,165)</u>	<u>(25,851,120)</u>
	<u>(4,152,622)</u>	<u>(7,698,277)</u>
Surplus on revaluatuon at the beginning of the year	(7,409,463)	(2,687,577)
Gain / (loss) realised on disposal and tranferred to profit loss account	-	-
Gain / (deficit) realised on disposal and transferred into equity directly	(402,544)	288,812
Gain/(deficit) on revaluation during the year	3,143,111	(5,010,698)
	2,740,567	(4,721,886)
(Deficit) / Surplus on revaluatuon at the ending of the year	<u>(4,668,896)</u>	<u>(7,409,463)</u>

19 CONTINGENCIES AND COMMITMENTS

There are no known contingencies and commitments at the balance sheet date.

20 PROFIT FROM TRADING OPERATIONS

	for the period ended		for the quarter ended	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Local	53,287,778	32,585,048	47,430,578	17,333,099
Export	-	-	-	-
Sales - net	53,287,778	32,585,048	47,430,578	17,333,099
Cost of sales	(51,053,563)	(31,164,138)	(45,355,699)	(16,447,567)
Export expenses	-	-	-	-
	<u>2,234,215</u>	<u>1,420,910</u>	<u>2,074,879</u>	<u>885,532</u>

21 Income from Investments

Gain on sale of listed securities	1,700,577	753,408	1,681,877	288,765
Dividend Income	576,017	789,538	341,747	475,918
Gain on Sukuk Certificates	504,589	326,659	241,449	178,110
Profit on Barkat Islamic certificates	779,649	-	779,649	-
	<u>3,560,832</u>	<u>1,869,605</u>	<u>3,044,722</u>	<u>942,793</u>

22 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:

	for the period ended	
	Dec 31, 2019	Dec 31, 2018
	----- (Rupees) -----	
22.1 Balance outstanding at period end		
Modaraba Management Company		
- Management fee	423,178.89	-
Associated undertakings		
Other related parties (other than key management personnel)		
- Contribution to staff gratuity fund	11,284,255	7,417,958

Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019 (Un-audited)

	December 31, 2019	December 31, 2018
	------(Rupees)-----	
22.2 Transaction during the period		
Modaraba Management Company		
- Management fee	423,179	-
Associated undertakings		
Other related parties (other than key management personnel)		
- Contribution to staff gratuity fund	692,166	518,702
	No. of shares	
Associated undertakings		
- Bonus shares of Al-Noor Sugar Mills Limited	-	-
23. CASH FROM OPERATIONS AFTER WORKING CAPITAL CHANGES	December 31, 2019	December 31, 2018
	------(Rupees)-----	
Loss before taxation	3,304,364	(4,089,661)
Adjustments for:		
Gain on sale of investment in listed securities	(1,700,577)	(753,408)
Dividend income	(576,017)	(789,538)
Income from barkat islamic certificates	(779,649)	-
Income on diminishing musharakah	(7,561,371)	(4,722,018)
Gain on sukuk certificates	(504,589)	(326,659)
Profit on disposal of fixed assets	(39,999)	(9,999)
Profit on bank deposits	(1,282,085)	(735,044)
Financial charges	10,473	15,809
Depreciation - owned assets	852,529	881,140
Depreciation - Ijarah assets	12,195,681	23,109,916
Mangement fee	423,179	-
Provision for gratuity	692,166	518,702
Share of (profit)/loss from Associate	(1,302,055)	838,735
Unrealized loss on re measurement of investments in listed securities	14,552	4,020,025
	442,237	22,047,661
Operating profit before working capital changes	3,746,601	17,958,000
(Increase)/Decrease in current assets		
Stock in trade	51,053,563	(21,957,063)
Profit receivable	(539,545)	(7,925)
Ijarah Rental receivable	666,607	15,135
Diminishing musharakah receivable	(192,895)	156,652
Trade Debtors - considered good and unsecured	359,150	5,424,523
Advances, deposits, prepayments and other receivables	4,589,632	(2,561,600)
	55,936,512	(18,930,278)
Increase/(Decrease) in current liabilities		
Creditors, accrued and other liabilities	477,842	(294,893)
Profit payable	(508,410)	(6,243)
	(30,568)	(301,136)
Cash flow from operating activities	59,652,546	(1,273,414)

Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019 (Un-audited)

24 DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Management Company in their meeting held on February 26, 2020 .

25 GENERAL

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

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

Place : Karachi
Date : February 26, 2020

sd/-
Chief Executive

sd/-
Chief Financial Officer

sd/-
Director

sd/-
Director



Book Post



If undelivered, please return to:

FIRST AL-NOOR MODARABA

(An Islamic Financial Institution)

96-A, Sindhi Muslim Co-operative Housing Society, Karachi-74400.

Tel.: 3455 8268, 3455 3067, 3455 2974 & 3455 2943

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