

**HALF YEARLY REPORT**  
**December 31, 2020**  
**(Un-audited)**



**FIRST AL-NOOR MODARABA**  
**(An Islamic Financial Institution)**

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# Corporate Information

## **BOARD OF DIRECTORS**

### ***Non Executive Directors***

#### **Chairman**

Mr. Zia I. Zakaria

#### **Directors**

Mr. Aziz Ayoob

Mr. Noor Muhammad Zakaria

Mr. Abdul Rahim Suriya, Independent

Mr. Tauseef Ilyas, Independent

Dr. Irum Saba, Independent

### ***Executive Directors***

#### **Chief Executive**

Mr. Zainuddin Aziz

### **Chief Financial Officer**

Mr. Umair Rafiq

### **Company Secretary**

Mr. Roofi Abdul Razzak

### **Board Audit Committee - Chairman**

Mr. Abdul Rahim Suriya - Chairman

Mr. Tauseef Ilyas - Member

Mr. Zia I. Zakaria - Member

### **HR & Remuneration Committee**

Mr. Tauseef Ilyas - Chairman

Mr. A. 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

MIB Bank Limited, Islamic Banking

Meezan Bank Limited

National Bank of Pakistan

### **Auditors**

Grant Thornton Anjum Rahman

Chartered Accountants

### **Shariah Advisor**

Al Hamd Shariah Advisory Services (Pvt.) Ltd.

### **Legal Advisor**

Mr. Sufyan Zaman

Advocate High Court

### **Share Registrar (Share Registration Office)**

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: 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)

# INDEPENDENT AUDITOR'S REVIEW REPORT TO THE CERTIFICATE HOLDERS' OF FIRST AL-NOOR MODARABA

## Report on review of Condensed Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of first Al-noor Modaraba ("the Modaraba"), as at December 31, 2020 and the related condensed interim statement of profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flow and together with the 'notes forming part thereof (here-in-after referred to as the "interim financial statements') for the six months period then ended. Management Company .(A1-1%,TOor' Modarana Management (Private) Limited) is responsible for the preparation and presentation of the interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410,- "Review of Interim financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other Matters

(i) The figures of the condensed interim statement of profit and loss account and the condensed interim statement of comprehensive income for the three-month period ended December 31, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months' period ended December 31, 2020.

(ii) The financial statements of the Modaraba for the six months period ended December 31, 2019 and for the year ended June 30, 2020 were reviewed and audited by another firm of chartered accountants who expressed an unmodified conclusion and opinion on those statements dated February 26, 2020 and September 25, 2020 respectively.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Khalid Aziz.

sd/-

**Grand Thornton Anjum Rahman**

Chartered Accountants

Engagement Partner: **Muhammad Khalid Aziz**

Place : Karachi

Dated: February 25th 2021

# Report Of The Directors Of Modaraba Company

For the Half year ended December 31, 2020

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 un-audited accounts for the half year ended December 31, 2020.

## Financial Results

	Half Year ended	
	December 31, 2020	December 31, 2019
	<b>Rupees</b>	
Profit/(Loss) after taxation	<b>2,134,337</b>	3,304,364
Components of Other comprehensive income/(Loss)	<b>(106,585)</b>	(322,717)
Un-appropriated profit/(loss) brought forward	<b>(54,342,126)</b>	(55,786,673)
	<b>(52,314,374)</b>	(52,805,026)
Earning per certificate - basic and diluted	<b>0.10</b>	0.16

The management would like to highlight the six monthly results. Your company made a profit of Rs. 2.1 million as compared to Rs. 3.3 million in the corresponding period. This was despite the current lingering effects of the pandemic and consistent low discount rates.

We are striving hard to maximize returns by employing all available resources in the most efficient and prudent manner. We hope for better results by the end of current financial year 2021.

On behalf of the Board

sd/-

**Zainuddin Aziz**  
Chief Executive

Dated: February 25th 2021  
Place: Karachi

## ڈائریکٹر رپورٹ

برائے اختتام ششماہی مدت دسمبر 31، 2020 (جائزہ شدہ)

بورڈ آف ڈائریکٹر انور مضاربہ مینجمنٹ (پرائیوٹ) لمیٹڈ مضاربہ / انتظامی کمپنی برائے فرسٹ انور مضاربہ (ایف اے ایم) کی جانب سے انتہائی مسرت کے ساتھ مضاربہ کمپنی کی جائزہ شدہ رپورٹ بابت ڈسمبر 31، 2020 مالیاتی دستاویز پیش کرتے ہیں۔

ختم ہونے والی ششماہی

31 دسمبر 2019	31 دسمبر 2020	
3,304,364	2,134,337	بعد از ٹیکس نفع / نقصان
(322,717)	(106,585)	دیگر جامع آمدنی کے اجزاء
(55,786,673)	(54,342,126)	بچھلے سالوں کا غیر تصرف شدہ نفع / نقصان
<u>(52,805,026)</u>	<u>(52,314,374)</u>	
0.16	0.10	آمدنی فی سٹریکیٹ - بنیادی اور مقررہ

مینجمنٹ بہت مسرت کے ساتھ موجودہ نصف / ششماہی سال کے نتائج پیش کر رہا ہے۔ گزشتہ اسی عرصے میں 3.3 ملین کے خالص منافع کے مقابلے میں 2.1 ملین کا خالص منافع حاصل کیا۔ یہ منافع اسی عرصے میں وبائی مرض (Covid) اور نہایت کم شرح منافع کے باوجود حاصل کیا گیا۔

ہم مسلسل کوششوں میں مشغول ہیں کہ تمام دستیاب ذرائع کو جلد مگر موثر اور قسطاً انداز میں سرمایہ کاری کر کے سال کے اختتام تک بہتر نتائج حاصل کر سکیں

بورڈ کی جانب سے

sd/-

زین الدین عزیز

چیف ایگزیکٹو

مورخہ 25 فروری 2021

# Condensed Interim Statement of Financial Position

As at December 31, 2020 (Unaudited)

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
Rupees			
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and bank balances	4	89,179,062	9,174,848
Short term investments	5	26,499,233	121,791,096
Musawah facility - secured	6	-	-
Profit receivable		191,205	643,827
Ijarah rental receivable		121,286	602,434
Diminishing musharakah receivable		8,699,503	1,138,854
Trade debtors - unsecured	7	-	-
Stock in trade	8	-	-
Current portion of investment in sukuk certificates		714,273	714,290
Current portion of diminishing musharakah financing		38,522,909	41,159,664
Advances, deposits, prepayments and other receivables		31,798,893	8,222,875
Taxation	9	6,012,057	5,778,678
		201,738,421	189,226,566
<b>Non - current assets</b>			
Long term deposits		3,839,989	3,839,989
Long term investments	10	19,621,037	27,679,886
Diminishing musharakah financing	11	44,274,966	38,750,998
Ijarah assets	12	1,576,635	6,181,881
Fixed assets	13	3,125,670	3,598,032
Intangible assets	14	19,502	28,502
		72,457,799	80,079,288
<b>TOTAL ASSETS</b>		<b>274,196,220</b>	<b>269,305,854</b>
<b>CERTIFICATE HOLDERS' EQUITY</b>			
Authorised certificate capital	15.1	400,000,000	400,000,000
Issued, subscribed, and paid - up certificate capital	15.2	210,000,000	210,000,000
Reserves		97,835,635	97,835,635
Accumulated losses		(52,314,374)	(54,342,126)
		255,521,261	253,493,509
Deficit on revaluation of investments	17	(1,934,923)	(5,371,057)
<b>LIABILITIES AND CERTIFICATE HOLDERS' EQUITY</b>			
<b>Non - current liabilities</b>			
Security deposits		293,700	443,700
Deferred liability - staff gratuity		7,566,345	7,465,837
		7,860,045	7,909,537
<b>Current liabilities</b>			
Current maturity of security deposits		263,700	2,711,600
Creditors, accrued and other liabilities	18	7,995,736	6,110,835
Provision for custom duty & surcharge	19	4,398,842	4,398,842
Charity Payable		91,559	52,588
		12,749,837	13,273,865
<b>TOTAL LIABILITIES</b>		<b>20,609,882</b>	<b>21,183,402</b>
<b>TOTAL LIABILITIES AND CERTIFICATE HOLDERS' EQUITY</b>		<b>274,196,220</b>	<b>269,305,854</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	20	-	-

The annexed notes 1 to 27 form an integral part of these condensed interim financial information.

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

Place : Karachi  
Date : February 25, 2021

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

## Condensed Interim Statement of Profit and Loss Account

For the Six Months & Three Months Period Ended December 31, 2020 (Un-audited)

	Note	Six Months Period Ended		Three Months Period Ended	
		Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
		Rupees		Rupees	
Income from trading operations	21	-	2,234,215	-	2,074,879
Income on Diminishing Musharakah (Syndicate)		-	1,732,038	-	797,453
Income on Diminishing Musharakah		<b>6,628,802</b>	5,829,333	<b>3,906,718</b>	3,104,304
Income from Ijarah		<b>1,963,729</b>	4,765,397	<b>1,497,368</b>	1,889,237
Income from investments	22	<b>9,332,518</b>	3,560,832	<b>1,977,647</b>	3,044,722
		<b>17,925,049</b>	18,121,815	<b>7,381,733</b>	10,910,595
Administrative and operating expenses		<b>(15,130,995)</b>	(17,127,131)	<b>(8,421,300)</b>	(9,693,309)
Financial and other charges		<b>(9,423)</b>	(10,473)	<b>(5,023)</b>	(6,073)
		<b>(15,140,418)</b>	(17,137,604)	<b>(8,426,323)</b>	(9,699,382)
<b>Operating profit / (loss)</b>		<b>2,784,631</b>	984,211	<b>(1,044,590)</b>	1,211,213
Other income		<b>908,616</b>	1,473,232	<b>698,326</b>	908,633
		<b>3,693,247</b>	2,457,443	<b>(346,264)</b>	2,119,846
Unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss		<b>(2,364,391)</b>	(14,552)	<b>(21,833)</b>	1,683,907
Share of profit from associates		<b>1,095,446</b>	1,302,055	<b>1,069,773</b>	884,454
		<b>2,424,302</b>	3,744,946	<b>701,676</b>	4,688,207
Management company's remuneration		<b>(242,430)</b>	(374,495)	<b>(70,170)</b>	(468,821)
Workers welfare fund		<b>(47,535)</b>	(66,087)	<b>(17,136)</b>	(82,733)
Profit before taxation		<b>2,134,337</b>	3,304,364	<b>614,370</b>	4,136,653
Income tax expense		-	-	-	-
<b>Profit after taxation</b>		<b>2,134,337</b>	3,304,364	<b>614,370</b>	4,136,653
<b>Earning per certificate - basic and diluted</b>		<b>0.10</b>	<b>0.16</b>	<b>0.03</b>	<b>0.20</b>

The annexed notes 1 to 27 form an integral part of these condensed interim financial information.

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

Place : Karachi  
Date : February 25, 2021

sd/-  
Chief Executive

sd/-  
Chief Financial Officer

sd/-  
Director

sd/-  
Director



## Condensed Interim Statement of Other Comprehensive Income

For the Six Months & Three Months Ended December 31, 2020 (Un-audited)

	Six Months Ended		Three Months Ended	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
	Rupees		Rupees	
Profit after taxation	2,134,337	3,304,364	614,370	4,136,653
Components of other comprehensive income reflected in equity				
Items that will not be reclassified subsequently profit and loss account				
Remeasurement of net defined benefit liability	(550,388)	(764,301)	(813,266)	(1,146,451)
Share of other comprehensive income of associate -incremental depreciation	241,720	39,040	223,470	19,220
Gain realised from sale of available for sale investments	202,083	402,544	(377,265)	-
Other Comprehensive loss	(106,585)	(322,717)	(967,061)	(1,127,231)
<b>"Total comprehensive income / (loss) for the period transferred to equity"</b>	<b>2,027,752</b>	<b>2,981,647</b>	<b>(352,691)</b>	<b>3,009,422</b>
Equity investments at FVOCI - change in fair value	3,234,051	3,143,111	2,383,711	2,706,781
Items that will be reclassified subsequently into profit and loss account	-	-	-	-
<b>Total comprehensive income</b>	<b>5,261,803</b>	<b>6,124,758</b>	<b>2,031,020</b>	<b>5,716,203</b>

The annexed notes 1 to 27 form an integral part of these condensed interim financial information.

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

Place : Karachi  
Date : February 25, 2021

sd/-  
Chief Executive

sd/-  
Chief Financial Officer

sd/-  
Director

sd/-  
Director

## Condensed Interim Statement of Changes in Equity

For the Half Year Ended December 31, 2020 (Un-audited)

	Issued, subscribed, and paid-up certificate capital	Reserve			Total	Total
		Statutory reserve (refer note 16)	General reserve	Accumulated losses		
						Rupees-----
Balance as at June 30, 2019	210,000,000	97,585,635	250,000	(55,786,673)	42,048,962	252,048,962
Profit for the period	-	-	-	3,304,364	3,304,364	3,304,364
Other comprehensive loss	-	-	-	(322,717)	(322,717)	(322,717)
Balance as at December 31, 2019	210,000,000	97,585,635	250,000	(52,805,026)	45,030,609	255,030,609
Balance as at June 30, 2020	210,000,000	97,585,635	250,000	(54,342,126)	43,493,509	253,493,509
Profit for the period	-	-	-	2,134,337	2,134,337	2,134,337
Other comprehensive loss	-	-	-	(106,585)	(106,585)	(106,585)
Balance as at December 31, 2020	210,000,000	97,585,635	250,000	(52,314,374)	45,521,261	255,521,261

The annexed notes 1 to 27 form an integral part of these condensed interim financial information.

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

Place : Karachi  
Date : February 25, 2021

sd/-  
Chief Executive

sd/-  
Chief Financial Officer

sd/-  
Director

sd/-  
Director

## Condensed Interim Statement of Cash Flow Statement

For the Half Year Ended December 31, 2020 (Un-audited)

	Note	December 31, 2020	December 31, 2019
		Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash from operations after working capital changes	24	(40,322,295)	59,652,545
Increase/ (decrease) in long-term security deposits		631,536	(2,560,800)
Income on Diminishing Musharakah (Syndicate)		-	1,849,063
Income on Diminishing Musharakah		6,628,802	5,829,333
Income from barkat islamic certificates		1,247,731	315,266
Income from sukuk certificates		317,481	398,227
Income tax paid		(233,379)	(340,397)
Financial charges paid		(9,423)	(1,673)
Gratuity paid		(1,115,000)	-
<i>Net cash (used in) / generated from operating activities</i>		<b>(32,854,547)</b>	65,141,564
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions			
- Fixed assets		(104,000)	(73,480)
Sale proceeds on disposal			
- Fixed assets		55,631	40,000
- Ijarah assets		-	2,968,118
Dividend received		684,169	646,087
Profit received		2,065,317	1,196,260
Long term investment			
Redemption of installment of Sukuk Certificates		357,145	357,145
Investment in diminishing musharakah- net		(2,887,213)	(27,680,438)
Investment in barkat islamic certificates		-	(82,000,000)
Maturity on barkat islamic certificates		100,000,000	32,000,000
Proceeds from sale of mutual funds units		8,889,466	2,827,617
Purchase of investments in listed securities		(244,494,739)	(20,034,390)
Proceeds from sale of investments in listed securities		248,292,985	22,653,773
<b>Net cash generated from / (used in) operations</b>		<b>112,858,761</b>	(67,099,308)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>80,004,214</b>	(1,957,744)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>9,174,848</b>	33,848,731
<b>Cash and cash equivalents at the end of the period</b>	4	<b>89,179,062</b>	31,890,987

The annexed notes 1 to 27 form an integral part of these condensed interim financial information.

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

Place : Karachi  
Date : February 25, 2021

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, 2020 (Un-audited)

## 1 LEGAL STATUS AND NATURE OF BUSINESS

The First Al-Noor Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder and is managed by 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 perpetual, multi purpose and multi dimensional Modaraba and is primarily engaged in providing Ijarah financing, Musharikah, Diminishing musharkah, Murabaha, Musawamah, Equity investment and other Shari'ah compliant trading activities. The Modaraba is listed on the Pakistan Stock Exchange (PSX).

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

"These condensed interim financial statements of the Modaraba for the six months period ended 31 December 2020 has 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 Accounting Standard (IAS)-34, 'Interim Financial Reporting' issued by the International Accounting Standard Board (IASB) as notified under the Companies Act 2017;
- Provisions of and directions issued under the Companies Act 2017;
- Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act 2017.

The SECP has issued directive (vide SRO 431 (I) / 2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS 2) shall be followed in preparation of the financial statements by Companies and Modarabas while accounting for Lease Financing transactions as defined by the said standard. The Modaraba has adopted the said standard.

Where the provisions of and directives issued under the Companies Act 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules 1981 and Prudential Regulations for Modarabas differ with the requirements of IAS 34 and IFAS, the provisions of and directives issued under the Companies Act 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules 1981 and Prudential Regulations for Modarabas have been followed.

Where the provisions and directives issued under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas differ from Companies Act 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas shall prevail.

2.1.1 The interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Modaraba as at and for the year ended June 30, 2020.

2.1.2 These condensed interim financial statements comprises of the condensed interim balance sheet as at December 31, 2020 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, 2020 which have been subjected to a review but not audited.

2.1.3 These interim financial statements are unaudited but subject to limited scope review by the external auditors as required by the Code of Corporate Governance and are being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981.

### 2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except as stated otherwise in these condensed interim financial statements.

## Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2020 (Un-audited)

### 2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees which is also the Modaraba's functional and presentation currency. All amounts have been rounded to the nearest rupee, unless otherwise indicated.

### 2.4 Significant accounting estimates and judgements

In preparing these condensed interim financial statements management has made judgements, estimates and assumptions that affect the application of the Modaraba's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Modaraba's accounting policies and the key sources of estimating the uncertainty were the same as those that apply to the audited annual financial statements as at and for the year ended June 30, 2020.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2020 except for the adoption of the following new and amended standards, which became effective for the current period:

Standards	Effective date (Annual periods beginning on or after)
IFRS 3 Definition of a Business (Amendment to IFRS 3)	January 1, 2020
IAS 1 and IAS 8 Definition of Material (Amendment to IAS 1 and IAS 8)	January 1, 2020
IFRS 9, IAS 39 and IFRS 7 Investment rate benchmark Reform (Amendment to IFRS 9 IAS 39 and IFRS 7)	January 1, 2020
IFRS 16 - Covid-19 Related rent concessions (Amendments to IFRS 16)	June 1, 2020

The adoption of the above standards and amendments are not expected to have any material impact on the Modaraba's condensed interim financial statements.

	Note	(Un-audited) December 31, 2020	Audited June 30, 2020
<b>Rupees</b>			
<b>4 CASH AND BANK BALANCES</b>			
- Islamic Banks /Islamic Window operations		<b>77,182,588</b>	472,270
- Conventional Banks		<b>511,257</b>	818,851
<b>With banks in PLS accounts</b>			
- Islamic Banks /Islamic Window operations	4.1	<b>11,466,189</b>	7,883,727
		<b>89,160,034</b>	9,174,848
Cash in hand		<b>19,028</b>	-
		<b>89,179,062</b>	9,174,848
<b>4.1</b> These deposits accounts carry profit at rates ranging from 4.25% to 6.74 % (June 30, 2020: 2.88% to 5.75%) per annum			
	Note	(Un-audited) December 31, 2020	Audited June 30, 2020
<b>5 SHORT TERM INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
<b>Shariah compliant</b>			
Listed equity securities	5.1.1	<b>25,496,174</b>	20,405,213
Listed Mutual funds	5.1.2	<b>120,059</b>	90,753
<b>Non-Shariah compliant</b>			
Listed equity securities	5.1.3	<b>883,000</b>	1,295,130
Investment in Islamic Certificates	-		100,000,000
		<b>26,499,233</b>	121,791,096

## Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2020 (Un-audited)

### 5.1 Shariah Compliant Listed Equity Securities at 'fair value through profit and loss' (ordinary shares have a face value of Rs.10/- each unless stated otherwise)

Name of investee company	Number of Shares / Units					Balance as at December 31, 2020		
	As at July 1, 2020	Purchases during the period	Bonus / right shares issue	Disposed off during the period	As at December 31, 2020	Carrying cost Rupees	Market value Rupees	Net Assets
<b>Chemicals</b>								
Lotte Pakistan PTA Limited.	140,000	140,000	-	280,000	-	-	-	0%
Engro Corporation Limited	4,810	25,500	-	28,310	2,000	610,730	614,720	0.2%
Engro Fertilizer Limited	21,000	117,500	-	138,000	500	31,037	31,615	0.0%
I.C.I. Pakistan Limited	-	5,300	-	1,500	3,800	2,947,898	2,888,342	1.1%
Fatima Fertilizer Co. Limited	21,000	-	-	-	21,000	628,230	611,100	0.2%
Siddiq Sons Tin Plate Limited	15,000	20,000	-	25,000	10,000	209,990	205,700	0.1%
Engro Polymer & Chemicals Limited	30,500	80,000	-	95,500	15,000	716,230	712,650	0.3%
Ghani Global Holdings Limited	-	16,500	-	16,500	-	-	-	0%
Sitara Peroxide Limited	-	88,000	-	68,000	20,000	497,640	459,800	0.2%
						5,641,755	5,523,927	
<b>Construction and Materials</b>								
Fauji Cement Company Limited	17,500	82,500	-	65,500	34,500	762,781	757,965	0.3%
D.G. Khan Cement Limited	500	-	-	500	-	-	-	0%
Lucky Cement Company Limited	-	5,500	-	5,500	-	-	-	0%
Maple Leaf Cement Limited	199	95,000	-	95,000	199	7,603	8,957	0.0%
Dewan Cement Limited	30,000	-	-	30,000	-	-	-	0%
Power Cement Company Limited (Right share)	50,000	150,000	-	175,000	25,000	240,536	247,000	0.1%
Power Cement Company Limited (Pref share)	-	7,130	-	-	7,130	71,300	75,008	0.0%
Cherat Cement Company Limited	-	10,500	-	10,500	-	-	-	0%
Gharibwal Cement Limited	-	171,500	-	131,500	40,000	1,470,726	1,500,800	0.6%
						2,552,946	2,589,730	
<b>Oil &amp; Gas Producers</b>								
Pakistan State Oil	-	50,210	-	44,210	6,000	1,289,250	1,291,800	0.5%
Pakistan Oilfield Limited	-	500	-	-	500	213,164	197,755	0.1%
Byco Petroleum Limited	-	40,000	-	-	40,000	410,550	354,000	0.1%
Pakistan Petroleum Limited	15,700	69,300	-	72,500	12,500	1,226,322	1,129,125	0.4%
Hi-Tech Lubricants Limited	12,000	6,000	-	18,000	-	-	-	0%
Oil And Gas Development Company Limited	12,000	42,500	-	21,500	33,000	3,732,372	3,424,410	1.4%
Hascol Petroleum Limited	35,282	35,500	-	57,000	13,782	247,077	202,458	0.1%
						7,118,734	6,599,548	
<b>Gas Water &amp; Multiutilities</b>								
Sui Southern Gas Limited	35,000	53,000	-	63,000	25,000	386,028	363,000	0.14%
Sui Northern Gas Pipeline Limited	40,000	147,500	-	126,500	61,000	3,396,216	2,709,620	1.07%
						3,782,244	3,072,620	
<b>General Industries</b>								
Pakistan Paper Products limited	1,300	-	-	1,300	-	-	-	0%
Packages Limited	10,000	9,000	-	19,000	-	-	-	0%
Security Papers Limited	-	1,000	-	1,000	-	-	-	0%
						-	-	-
<b>Automobile and Parts</b>								
Ghandhara Industriels Limited	-	2,500	-	2,500	-	-	-	0%
Millat Tractors Limited	32	-	-	32	-	-	-	0%
Exide Pakistan Limited	-	1,000	-	-	1,000	403,984	375,000	0.15%
Atlas Battery Limited	-	1,500	-	1,500	-	-	-	0%
Honda Atlas Cars (Pakistan) Limited	-	5,000	-	4,500	500	159,083	164,055	0.06%
Agriautos Industries Co. Limited	-	2,500	-	2,500	-	-	-	0%
Sazgar Engineering Works Limited	-	27,000	600	22,000	5,600	1,030,429	1,015,392	0.40%
						1,593,497	1,554,447	
<b>Textiles</b>								
Nishat Mills Limited	-	18,000	-	16,500	1,500	140,202	152,655	0.06%
Kohinoor Textile Mills	70,500	-	-	70,500	-	-	-	0%
Interloop Limited	-	30,000	-	25,000	5,000	343,000	340,350	0.13%
						483,202	493,005	
<b>Electricity</b>								
K-Electric	175,000	350,000	-	350,000	175,000	666,606	684,250	0.27%

## Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2020 (Un-audited)

Name of investee company	Number of Shares / Units				Balance as at December 31, 2020			
	As at July 1, 2020	Purchases during the period	Bonus / right shares issue	Disposed off during the period	As at December 31, 2020	Carrying cost Rupees	Market value Rupees	Net Assets
<b>Pharmaceuticals</b>								
The Searle Company Limited	-	15,000	-	5,500	9,500	2,548,089	2,367,685	0.93%
Ferozsons Laboratories Limited	-	4,440	-	3,000	1,440	513,378	475,762	0.19%
Glaxo Smithkline Pakistan Limited	-	18,500	-	16,000	2,500	473,408	479,650	0.19%
						3,534,875	3,323,097	
<b>Transport</b>								
Pakistan National Shipping Corporation	-	500	-	-	500	48,750	45,700	0.02%
Pakistan Int' Bulk Terminal Limited	15,000	-	-	15,000	-	-	-	0.00%
						48,750	45,700	
<b>Cable and Electrical goods</b>								
Pak electron limited	56,500	10,000	-	66,500	-	-	-	0%
WAVES Singer Pakistan Limited	10,000	29,000	-	39,000	-	-	-	0%
						-	-	
<b>Glass &amp; Ceramics</b>								
Shabbir Tiles and Ceramics Limited	-	55,000	-	55,000	-	-	-	0%
Ghani Global Glass Limited	-	73,000	-	73,000	-	-	-	0%
						-	-	
<b>Automobile Assembler</b>								
Ghandhara Industries Limited	-	2,500	-	2,500	-	-	-	0%
Ghandhara Nissan Limited	-	5,000	-	5,000	-	-	-	0%
						-	-	
<b>Food &amp; Personal Care Products</b>								
AT-Tahur Limited	-	80,000	-	80,000	-	-	-	0%
Treet Corporatoin Limited	-	7,500	-	7,500	-	-	-	0%
Quice Food Limited	-	60,000	-	60,000	-	-	-	0%
Unity Food Limited	45,000	52,500	-	97,500	-	-	-	0%
						-	-	
<b>Banks</b>								
Bank Islamic Pakistan Limited	294,000	140,500	-	349,000	85,500	1,053,693	1,026,855	0.40%
<b>Engineering</b>								
International Steel Limited	-	42,500	-	41,500	1,000	82,039	46,615	0.02%
Crescent Steel & Allied Product	-	16,000	-	16,000	-	-	-	0%
Ittefaq Iron Industries Limited	-	25,000	-	-	25,000	441,250	413,000	0.16%
						523,289	459,615	
<b>Synthetic &amp; Rayon</b>								
Tri-Star Polyester Limited	-	15,000	-	15,000	-	-	-	0%
<b>Miscellaneous</b>								
<b>Synthetic Products Ent. Limited</b>								
	-	46,000	337	43,500	2,837	124,166	123,381	0.05%
<b>Telecommunication</b>								
P.T.C.L	-	25,000	-	25,000	-	-	-	0%
<b>Total</b>						<b>27,123,756</b>	<b>25,496,174</b>	
<b>5.1.2 Listed Mutual Funds-'at fair value through profit or loss'</b>								
Meezan Islamic Fund - Growth Units	2,030	-	-	-	2,030	90,801	120,059	0.0%
<b>Total</b>						<b>90,801</b>	<b>120,059</b>	
<b>5.1.3 Non-Shariah compliant Listed equity securities-'at fair value through profit or loss'</b>								
<b>Power Generation &amp; Distribution</b>								
The Hub Power Compay Limited	14,500	-	-	14,500	-	-	-	0%
Kot Addu Power Company Limited	1,000	-	-	1,000	-	-	-	0%
						-	-	
<b>Engineering</b>								
International Industries Limited	1,000	21,500	-	17,500	5,000	900,000	883,000	0.35%
Transport								
<b>Pakistan Int' Bulk Terminal Limited</b>								
	15,000	-	-	15,000	-	-	-	0%
<b>Total</b>						<b>900,000</b>	<b>883,000</b>	

## Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2020 (Un-audited)

	Note	(Un-audited) December 31, 2020	Audited June 30, 2020
<b>Rupees</b>			
<b>6 MUSAWAMAH FACILITY - SECURED</b>			
Musawamah facility - secured considered doubtful		25,000,000	25,000,000
Less: provision against potential losses		(25,000,000)	(25,000,000)
		-	-
<b>6.1 Musawamah facility (classified portfolio)</b>			
		December 31, 2020	June 30, 2020
		Balance outstanding	Provision held
		Balance outstanding	Provision held
		------(Rupees)-----	
OAEM		-	-
Substandard		-	-
Doubtful		-	-
Loss		25,000,000	25,000,000
		<b>25,000,000</b>	<b>(25,000,000)</b>

- 6.2** 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 Limited. M/s Quetta Textile Mills Limited 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	(Un-audited) December 31, 2020	Audited June 30, 2020
<b>7 TRADE DEBTORS</b>			
Trade debts - unsecured		6,890,496	6,890,496
Less: provision for doubtful	7.1	(6,890,496)	(6,890,496)
		-	-
<b>7.1 Reconciliation of provisions for doubtful debts</b>			
Opening balance		6,890,496	3,710,823
Provision for the period		-	3,179,673
Closing balance		<b>6,890,496</b>	6,890,496
<b>8 STOCK IN TRADE</b>			
Import L/C		267,790	267,790
Provision for slow moving stock		(267,790)	(267,790)
		-	-

### 9 TAXATION

- 9.1** "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 condensed interim 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 (June 30, 2020: Nil).



## Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2020 (Un-audited)

	Note	(Un-audited) December 31, 2020	Audited June 30, 2020
<b>Rupees</b>			
<b>9.2 Income tax refundable</b>		<b>5,778,678</b>	4,713,859
Income tax adjusted / deducted at source		<u>233,379</u>	<u>1,064,819</u>
		<b><u>6,012,057</u></b>	<b><u>5,778,678</u></b>
<b>10 LONG TERM INVESTMENTS</b>			
Investment in Associates	10.1	<b>8,814,096</b>	7,476,930
<b>At fair value through other comprehensive income</b>			
<b>Shariah compliant</b>			
Equity securities-listed	10.3	<u>3,646,332</u>	<u>2,710,089</u>
Mutual funds-listed	10.4	<u>141,956</u>	<u>8,607,167</u>
<b>Non-shariah compliant</b>		<b>3,788,288</b>	11,317,256
Equity securities-listed	10.5	<b>2,018,654</b>	3,528,572
<b>At Amortised Cost</b>			
Investment in Sukuk Certificates	10.2	<u>5,714,273</u>	<u>6,071,418</u>
Less: Current maturity		<u>(714,273)</u>	<u>(714,290)</u>
		<b><u>5,000,000</u></b>	<b><u>5,357,128</u></b>
		<b><u>19,621,037</u></b>	<b><u>27,679,886</u></b>
<b>10.1 Investment in Associates</b>			
Opening Balance		<b>7,476,930</b>	6,671,102
Share of incremental depreciation - OCI Component		<u>241,720</u>	<u>75,620</u>
Share of profit/(loss) of associate		<u>1,095,446</u>	<u>1,062,534</u>
		<b>1,337,166</b>	1,138,154
Dividend income		-	(332,326)
		<b><u>8,814,096</u></b>	<b><u>7,476,930</u></b>
<b>10.1.1 Name of Associate</b>			
Al-Noor Sugar Mills Limited			<b>Basis of significant influence Common directorship</b>
Number of shares held		<b>110,775</b>	110,775
Cost of investment		<b>1,482,481</b>	1,482,481
Ownership interest		<b>0.54%</b>	0.54%
Market value of shares		<b>5,594,138</b>	5,431,298
<b>Net Book Value</b>		<b><u>(4,111,657)</u></b>	<b><u>(3,948,817)</u></b>
<b>10.2</b>			
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 30, 2020: 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, 2024 (June 30, 2020: KIBOR + 0.75%)			

## Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2020 (Un-audited)

10.3 Shariah Compliant listed equity securities - 'at fair value through other comprehensive income'  
(Ordinary shares have a face value of Rs.10/- each unless stated otherwise).

Name of investee company	Number of Shares / Units					Balance as at December 31, 2020		
	As at July 1, 2020	Purchases during the period	Bonus / right issue	Disposed off during the period	As at December 31, 2020	Carrying cost	Market value	Net Assets
<b>Modarabas</b>								
First Habib Modaraba	4,500	-	-	-	4,500	44,775	44,550	0.02%
Orix Modarba	11,000	-	-	-	11,000	198,000	193,050	0.08%
Habib Metro Modaraba	500	-	-	-	500	4,000	4,620	0.00%
Allied Rental Modaraba	15,000	-	1,500	-	16,500	202,275	173,250	0.07%
First Imrooz Modaraba	3,000	-	-	-	3,000	479,843	287,010	0.11%
						<b>928,893</b>	<b>702,480</b>	
<b>Oil &amp; Gas Producers</b>								
Hascol Petroleum Limited	1,815	-	-	-	1,815	24,684	26,662	0.01%
Attock Petroleum Limited	100	-	20	-	120	30,520	40,156	0.02%
						<b>55,204</b>	<b>66,818</b>	
<b>Engineering</b>								
Crescent Steel & Allied Product	5,200	-	-	5,200	-	-	-	0%
International Steels Limited	5,000	-	-	5,000	-	-	-	0%
						-	-	
<b>Cement</b>								
Power cement Limited	6,000	-	-	-	6,000	37,200	59,280	0.02%
<b>Automobile Assembler</b>								
Gandhara Nissan Limited	3,293	-	-	-	3,293	206,636	409,089	0.16%
Gandhara Industries Limited	4,200	-	-	-	4,200	508,200	1,370,964	0.54%
Millat Tractors Limited	630	-	-	-	630	444,881	689,277	0.27%
						<b>1,159,717</b>	<b>2,469,330</b>	
<b>Pharmaceuticals</b>								
The Searle Company Limited	1,398	-	-	-	1,398	278,524	348,424	0.14%
<b>Total</b>						<b>2,459,537</b>	<b>3,646,332</b>	
<b>10.4 Listed Mutual Funds-'at fair value through other comprehensive income'</b>								
Meezan Balanced Fund - Growth Units	9,104	-	-	-	9,104	124,347	141,956	0.06%
<b>10.5 Non-Shariah compliant Listed equity securities - 'at fair value through profit or loss'</b>								
<b>Chemicals</b>								
Fauji Fertilizer Company Limited	23,000	-	-	23,000	-	-	-	0%
<b>Paper And Board</b>								
Cherat Packaging Limited	8,495	-	-	-	8,495	995,189	2,014,607	0.79%
<b>Automobile and Parts</b>								
Hino Pak Motor Limited	10	-	-	-	10	3,730	4,047	0.00%
<b>Total</b>						<b>998,919</b>	<b>2,018,654</b>	

(Un-audited)  
December 31, 2020  
Audited  
June 30, 2020

Rupees

### 11 DIMINISHING MUSHARAKAH FINANCING

Diminishing musharka financing	11.1	82,797,875	79,910,662
Less: Provision in respect of Diminishing Musharaka		-	-
		<b>82,797,875</b>	79,910,662
Less: Current portion		<b>(38,522,909)</b>	(41,159,664)
		<b>44,274,966</b>	38,750,998

11.1 These carry profit rate ranging from 11.00% to 15.49% (June 30, 2020: 8.52% to 14.00%) per annum and are repayable on monthly basis over a maximum period of five years. The financing is secured by way of personal guarantees of the parties.

## Notes to the Condensed Interim Financial Statements

### For the Half Year Ended December 31, 2020 (Un-audited)

	Note	(Un-audited) December 31, 2020	Audited June 30, 2020
12	IJARAH ASSETS	12.1	1,576,635
12.1	Statement of Ijarah Asssets		
		Motor vehicles	Others
		-----Rupees-----	
	Cost		
	Balance as at July 01, 2019	120,882,000	-
	Additions	-	-
	Disposal	(92,290,500)	-
	Balance as at June 30, 2020	28,591,500	-
	Balance as at July 01, 2020	28,591,500	-
	Disposal	(23,017,500)	-
	Balance as at December 31, 2020	5,574,000	-
	Accumulated depreciation		
	Balance as at July 01, 2019	(77,324,846)	-
	Charge for the period	(21,093,728)	-
	Disposal	76,008,955	-
	Balance as at June 30, 2020	(22,409,619)	-
	Balance as at July 01, 2020	(22,409,619)	-
	Charge for the period	(1,375,810)	-
	Disposal	19,788,064	-
	Balance as at December 31, 2020	(3,997,365)	-
	Net book value as at June 30, 2020	6,181,881	-
	Net book value as at December 31, 2020	1,576,635	-

**12.2** 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 prorated depreciation is charged in the month of maturity/ termination on accrual basis. Depreciation Rate of Ijarah Asset are in accordance with the agreement with the Customers.

	Computer equipment	Office equipment and appliances	Furniture and Fixtures	Motor Vehicles	Total
	-----Rupees-----				
Cost					
Balance as at July 1, 2019	643,537	655,476	831,330	8,660,066	10,790,409
Additions	230,160	-	26,620	1,903,450	2,160,230
Disposal	-	(72,000)	-	(4,452,755)	(4,524,755)
Balance as at June 30, 2020	873,697	583,476	857,950	6,110,761	8,425,884
Balance as at July 01, 2020	873,697	583,476	857,950	6,110,761	8,425,884
Additions	104,000	-	-	-	104,000
Disposal	-	-	-	(40,479)	(40,479)
Balance as at December 31, 2020	977,697	583,476	857,950	6,070,282	8,489,405
Accumulated depreciation					
Balance as at July 01, 2019	(531,918)	(449,210)	(266,228)	(4,991,131)	(6,238,487)
Charge for the period	(72,610)	(86,048)	(83,280)	(1,307,304)	(1,549,242)
Disposal	-	61,243	-	2,898,634	2,959,877
Balance as at June 30, 2020	(604,528)	(474,015)	(349,508)	(3,399,801)	(4,827,852)
Balance as at July 01, 2020	(604,528)	(474,015)	(349,508)	(3,399,801)	(4,827,852)
Charge for the period	(65,207)	(34,284)	(41,972)	(434,898)	(576,361)
Disposal	-	-	-	40,478	40,478
Balance as at December 31, 2020	(669,735)	(508,299)	(391,480)	(3,794,221)	(5,363,735)
Net Book Value as at December 31, 2020	307,962	75,177	466,470	2,276,061	3,125,670
Annual Rate of depreciation	30%	30%	10%	20%	

## Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2020 (Un-audited)

			(Un-audited) December 31, 2020	Audited June 30, 2020
<b>14 INTANGIBLE ASSETS</b>				
<b>Cost</b>				
Opening Balance			313,000	313,000
Additions			-	-
Disposal			-	-
			<u>313,000</u>	<u>313,000</u>
<b>Ammortization</b>				
Opening balance			(284,498)	(266,498)
Charge for the period			(9,000)	(18,000)
Disposal			-	-
			<u>(293,498)</u>	<u>(284,498)</u>
<b>Net Book Value</b>			<u>19,502</u>	<u>28,502</u>
<b>Annual rate of ammortization</b>			<u>30%</u>	<u>30%</u>
<b>15 CERTIFICATE CAPITAL</b>				
<b>15.1 Authorised certificate capital</b>				
	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020
	-----Number of certificates-----		------(Rupees)-----	
	<u>40,000,000</u>	<u>40,000,000</u>	<u>400,000,000</u>	<u>400,000,000</u>
			Modaraba Certificates of Rs 10 each	
<b>15.2 Issued, subscribed and paid-up certificate capital</b>				
	<u>20,000,000</u>	20,000,000	<u>200,000,000</u>	200,000,000
	<u>1,000,000</u>	<u>1,000,000</u>	<u>10,000,000</u>	10,000,000
	<u>21,000,000</u>	<u>21,000,000</u>	<u>210,000,000</u>	<u>210,000,000</u>
			Modaraba Certificates of Rs 10 each fully paid in cash	
<b>15.3</b>	As at December 31, 2020, First Al-Noor Modaraba Management (Private) Limited (the Management Company and a related party) held 4,200,000 certificates (June 2020: 4,200,000 certificates), as required under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.			
<b>16 STATUTORY RESERVE</b>	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 certificate 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 30, 2020:Rs. NIL).			
<b>17 DEFICIT ON REVALUATION OF INVESTMENTS</b>			(Un-audited) December 31, 2020	Audited June 30, 2020
- Classified As 'FVTOCI'				
Market value of investments			5,806,941	14,845,828
Less: cost of investments			<u>(7,741,865)</u>	<u>(19,840,177)</u>
			<u>(1,934,924)</u>	<u>(4,994,349)</u>
Deficit on revaluation at the beginning of the period			<u>(5,371,057)</u>	(7,409,463)
Gain realised on disposal and transferred into equity directly			202,083	513,978
Deficit on revaluation during the period			<u>3,234,051</u>	<u>1,524,428</u>
			<u>3,436,134</u>	<u>2,038,406</u>
<b>Deficit on revaluation at the end of the period</b>			<u>(1,934,923)</u>	<u>(5,371,057)</u>

## Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2020 (Un-audited)

	Note	(Un-audited) December 31, 2020	Audited June 30, 2020
<b>18 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Accrued expenses		1,283,045	967,362
Takaful / Insurance		4,440	123,784
Advances from customers		5,147,972	2,990,546
Provision for Worker's Welfare Fund		382,612	382,612
Advance Ijarah rentals		68,522	537,385
Unclaimed profit distributions		1,109,146	1,109,146
		<u>7,995,736</u>	<u>6,110,835</u>

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 the money bill and as such amendments made in the year 2006 and 2008 are unlawful 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.

	Note	(Un-audited) December 31, 2020	Audited June 30, 2020
<b>19 PROVISION FOR CUSTOM DUTY &amp; SURCHARGE</b>			
Custom duty / surcharges	19.1	<u>4,398,842</u>	<u>4,398,842</u>

**19.1** 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.

### 20 CONTINGENCIES AND COMMITMENTS

#### 20.1 Contingencies

Details of contingencies regarding Provision for Sindh Workers' Welfare Fund, Musawamah facility litigation against Quetta Textile Mills Limited and Provision for Custom Duty and Surcharge are disclosed in notes 18.1, 6.2 and 19.1 respectively.

#### 20.1.1 PROVISION FOR SERVICE SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION

The Sindh Revenue Board (SRB) has imposed Sindh Sales Tax (SST) on the Modaraba Management Company's remuneration with effect from 01 November 2011. However, certain modaraba management companies have approached the Honorable Sindh High Court (the Court) and Appellate Tribunal of SRB, challenging the levy of SST on management company's remuneration. The Modaraba Management Company has not received any demand notice from SRB for payment of SST on Management Company's remuneration and accordingly, based on legal advisor's opinion, can neither file any petition challenging the levy of SST on Management Company's remuneration nor can join the proceedings of pending petition in the Court. As a matter of abundant caution the management is accruing SST on Management Company's remuneration and will discharge the liability on direction of the Court based on outcome of the petition filed by other modaraba management companies.

#### 20.2 Commitments

There are no commitments as at December 31, 2020 (June 30, 2020: Nil)

## Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2020 (Un-audited)

### 21 INCOME FROM TRADING OPERATIONS

	Six months period ended		Three months period ended	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Local	-	53,287,778	-	47,430,578
Cost of sales	-	(51,053,563)	-	(45,355,699)
	<u>-</u>	<u>2,234,215</u>	<u>-</u>	<u>2,074,879</u>

### 22 Income from Investments

Gain on sale of securities - net	7,083,136	1,700,577	1,145,555	1,681,877
Dividend income	684,169	576,017	370,569	341,747
Gain on Sukuk Certificates	317,481	504,589	(609,248)	241,449
Profit on investment in Islamic certificates	1,247,731	779,649	1,070,770	779,649
	<u>9,332,518</u>	<u>3,560,832</u>	<u>1,977,647</u>	<u>3,044,722</u>

### 23 RELATED PARTY 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:

	(Un-audited) December 31, 2020	Audited June 30, 2020
<b>23.1 Balance outstanding at period end</b>	----- (Rupees) -----	
<b>Modaraba Management Company</b>		
Management remuneration	<u>242,430</u>	-
<b>Other related parties (other than key management personnel)</b>		
Contribution to staff gratuity fund	<u>688,680</u>	<u>692,166</u>
<b>23.2 Transaction during the period</b>		
<b>Modaraba Management Company</b>		
Management fee	<u>242,430</u>	-
<b>Other related parties (other than key management personnel)</b>		
Contribution to staff gratuity fund	<u>688,680</u>	<u>692,166</u>
	(Un-audited)	Audited
	December	December
<b>24. CASH FROM OPERATIONS AFTER WORKING CAPITAL CHANGES</b>	31, 2020	31, 2019
	----- (Rupees) -----	
<b>Profit Before Taxation</b>	2,134,337	3,304,364
<i>Adjustments for:</i>		
Gain on sale of investment in listed securities	(7,083,136)	(1,700,577)
Dividend income	(684,169)	(576,017)
Income on Investment in Islamic Certificates	(1,247,731)	(779,649)
Income on diminishing musharakah	(6,628,802)	(7,561,371)
Gain on sukuk certificates	(317,481)	(504,589)
Profit on disposal of fixed assets	(55,630)	(39,999)
Profit on bank deposits	(2,065,317)	(1,282,085)
Financial and other charges	9,423	10,473
Depreciation - owned assets	576,361	852,529
Amortization - intangibles	9,000	
Depreciation - Ijarah assets	1,375,810	12,195,681
Management remuneration	242,430	423,179
Provision for gratuity	665,120	692,166
Share of profit from associate	(1,095,446)	(1,302,055)
Unrealized loss on re-measurement of investments in listed securities	2,364,391	14,552
<b>Operating profit before working capital changes</b>	<u>(13,935,178)</u>	<u>442,237</u>
	<u>(11,800,841)</u>	<u>3,746,601</u>



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