

HALF YEARLY REPORT
December 31, 2018
(Un-audited)



FIRST AL-NOOR MODARABA
(An Islamic Financial Institution)

Contents

Corporate Information	2
Independent Auditor's Report	3
Directors' Report	4
Directors' Report (Urdu)	5
Condensed Interim Balance Sheet	6
Condensed Interim Profit and Loss Account	7
Condensed Interim Statement of Other Comprehensive Income	8
Condensed Interim Cash Flow Statement	9
Condensed Interim Statement of Changes in Equity	10
Notes to the Condensed Interim Financial Statements	11-16

المضاج

Corporate Information

BOARD OF DIRECTORS

Non Executive Directors

Chairman

Mr. Ismail H. Zakaria

Directors

Mr. Yusuf Ayooob

Mr. Suleman Ayooob

Mr. Aziz Ayooob

Mr. Abdul Rahim Suriya, Independent

Mr. Zia Zakaria

Mr. Zainuddin Ayooob

Executive Directors

Chief Executive

Mr. Jalaluddin Ahmed

Company Secretary

Mr. Roofi Abdul Razzak

Board Audit Committee

Mr. Abdul Rahim Suriya - Chairman

Mr. Suleman Ayooob - Member

Mr. Zia Zakaria - Member

HR & Remuneration Committee

Mr. Zainuddin Ayooob - Chairman

Mr. Abdul Aziz Ayooob - Member

Mr. Jalaluddin Ahmed - Member

Bankers

Al-Baraka Bank (Pakistan) Limited.

Askari Bank Limited, Islamic Banking

Faysal Bank Limited, Barkat Islamic Banking

Habib Bank Limited, Islamic Banking

MCB Bank Limited, Islamic Banking

Meezan Bank Limited

National Bank of Pakistan

Auditors

RSM 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

Email: info@fanm.co

INDEPENDENT AUDITOR'S REPORT

We have reviewed the accompanying condensed interim balance sheet of FIRST AL-NOOR MODARABA as at December 31, 2018, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period ended (here-in-after referred to as the "interim financial information"). Management of Modaraba Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at December 31, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures for the quarters ended December 31, 2018 and December 31, 2017 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

sd/-

RSM Avais Hyder Liaquat Nauman

Chartered Accountants

Engagement Partner: Adnan Zaman

Place : Karachi

Dated: February 26th 2019

Report Of The Directors Of Modaraba Company

For the Half year ended December 31, 2018

I, on behalf of Board of Directors of Al-Noor Modaraba Management (Private) Limited, the "mudarib/management company" of First Al-Noor Modaraba (FAM), pleased to present the report together with the reviewed accounts for the half year ended December 31, 2018.

Financial Results

Financial results are summarized as under

	Half Year ended	
	December 31, 2018	December 31, 2017
	Rupees	
Profit/(Loss) after taxation	(4,083,418)	(10,432,066)
Un-appropriated profit/(loss) brought forward	<u>(37,434,232)</u> (41,517,650)	<u>(10,319,964)</u> (20,752,030)
Share of associate's incremental depreciation	265,130	85,421
Un-appropriated profit/(loss) brought forward	<u>(41,252,520)</u>	<u>(20,666,609)</u>
Earning per certificate - basic and diluted	<u>(0.19)</u>	<u>(0.50)</u>

In comparison to the past year, the loss reflected in the corresponding period of the current financial year stands considerably reduced by over 60% from Rs. 10.432 million to Rs. 4.083 million. This amply demonstrates that the modaraba is slowly and steadily getting back on its track. Moreover, the current government is also trying its best to improve the economy. The constant increase in the lending rates has also played a positive part. The modaraba is gradually regaining its feet and there is a cautious optimism that the result in the end of the current financial year would be much better in comparison with the preceding financial year.

On behalf of the Board
sd/-
Jalaluddin Ahmed
Chief Executive

Place: Karachi

Dated: February 26th 2019

ڈائریکٹر رپورٹ

برائے اختتام ششماہی مدت دسمبر ۳۱، ۲۰۱۸ (جائزہ شدہ)

بورڈ آف ڈائریکٹر انور مضاربہ مینجمنٹ (پرائیوٹ) لمیٹڈ مضاربہ / انتظامی کمپنی برائے فرسٹ انور مضاربہ (ایف اے این ایم) کی جانب سے انتہائی مسرت کے ساتھ مضاربہ کمپنی کی جائزہ شدہ رپورٹ بابت دسمبر ۳۱، ۲۰۱۸ مابین دستاویز پیش کر رہا ہوں۔

ختم ہونے والی ششماہی		
۳۱ دسمبر ۲۰۱۷	۳۱ دسمبر ۲۰۱۸	
(۱۰,۳۳۲,۰۶۶)	(۳,۰۸۳,۳۱۸)	بعد از ٹیکس نفع / نقصان
(۱۰,۳۱۹,۹۶۳)	(۳,۷۳۳,۲۳۲)	پچھلے سالوں کا غیر تصرف شدہ نفع / نقصان
(۲۰,۷۵۲,۰۳۰)	(۳,۵۱۷,۶۵۰)	
۸۵,۳۲۱	۲۶۵,۱۳۰	مخفیہ اکریمنٹ کی کمی کے شیئرز
(۲۰,۶۶۶,۶۰۹)	(۳,۴۵۲,۵۲۰)	غیر تصرف شدہ نفع / نقصان
(۰.۵۰)	(۰.۱۹)	آمدنی فی سرٹیفیکٹ - بنیادی اور مقررہ

گزشتہ اسی عرصے کے مالی نقصان کے مقابلے میں اس سال مالی نقصان ۶۰ فیصد کم ہوا ہے جو کہ ۱۰,۳۳۲ ملین کے مقابلے میں ۳,۰۸۳ ملین رہا۔ اس سے یہ عیاں ہوتا ہے کہ مضاربہ تسلسل سے اپنے مقاصد کی طرف لوٹ رہا ہے۔ اس کے علاوہ موجودہ حکومت بھی معیشت کو بہتر بنانے کے لیے کوشاں ہے۔ مسلسل قرض کی شرح میں اضافے نے بھی اپنا کردار ادا کیا ہے۔ مضاربہ آہستہ آہستہ دوبارہ اپنے قدم جما رہا ہے اور ایک جتنا امید کی جاسکتی ہے کہ موجودہ مالیاتی سال کا نتیجہ پچھلے مالیاتی سال کے مقابلے میں کافی بہتر ہوگا۔

مناجیب بورڈ

مورخہ ۲۶ فروری ۲۰۱۸

بمقام: کراچی

جلال الدین

چیف ایگزیکٹو

Condensed Interim Balance Sheet

As at December 31, 2018 (Unaudited)

		(Unaudited) December 31, 2018	(Audited) June 30, 2018
	Note	Rupees	
CURRENT ASSETS			
Cash and bank balances		6,204,634	24,281,195
Short term investments	5	16,578,069	25,689,143
Musawamah facility - secured	6	-	-
Profit receivable		1,022,024	1,014,099
Ijarah rental receivable		2,595,642	2,610,777
Diminishing musharakah receivable		1,040,154	1,196,806
Trade Debtors - considered good and unsecured		7,534,645	12,959,168
Stock in trade	7	53,121,201	31,164,138
Current portion of investment in sukuk certificates		714,283	714,283
Current portion of investment in diminishing musharakah (Syndicate)	8	15,000,000	15,000,000
Current portion of investment in diminishing musharakah	9	10,922,457	7,262,912
Advances, deposits, prepayments and other receivables		10,788,270	8,409,480
Taxation		4,499,861	4,240,860
		<u>130,021,240</u>	<u>134,542,861</u>
NON-CURRENT ASSETS			
Long term deposits		3,846,989	3,846,989
Long term portion of investment in sukuk certificates		6,428,570	6,785,715
Long term portion of investment diminishing musharakah (syndicate)	8	18,750,000	26,250,000
Long term portion of investment diminishing musharakah	9	41,771,367	14,262,219
Long term investments	10	29,585,717	27,161,535
Ijarah assets	11	69,069,508	97,608,224
Fixed assets in own use	12	5,167,068	5,922,709
		<u>174,619,219</u>	<u>181,837,397</u>
TOTAL ASSETS		<u>304,640,459</u>	<u>316,380,258</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current maturity of security deposits		5,926,250	9,054,050
Creditors, accrued and other liabilities		8,894,124	9,189,017
Provision for custom duty & surcharge		4,398,842	4,398,842
Profit payable		548,841	542,598
		<u>19,768,057</u>	<u>23,184,507</u>
NON CURRENT LIABILITIES			
Security deposits		18,916,800	21,217,800
Deferred liability - staff gratuity		7,709,060	7,564,856
		<u>26,625,860</u>	<u>28,782,656</u>
TOTAL LIABILITIES		<u>46,393,917</u>	<u>51,967,164</u>
CERTIFICATE HOLDER'S EQUITY			
40,000,000 (June 2018: 40,000,000) certificates of Rs 10/- each		<u>400,000,000</u>	<u>400,000,000</u>
Issued, subscribed & paid capital			
Reserves		210,000,000	210,000,000
Unappropriated profit		97,835,635	97,835,635
Unrealised loss on OCI Component reflected in equity		(41,523,893)	(37,434,232)
Total capital and reserves		(3,311,109)	(3,300,737)
Unrealised appreciation on remeasurement of investment classified as available for sale - net		263,000,633	267,100,671
		<u>(4,754,091)</u>	<u>(2,687,577)</u>
TOTAL LIABILITIES AND EQUITY		<u>304,640,459</u>	<u>316,380,258</u>

The annexed notes 1 to 23 form an integral part of these condensed interim financial information.
For Al-Noor Modaraba Management (Private) Limited
(Management Company)

Place : Karachi
Date : February 26, 2019

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

Condensed Interim Profit and Loss Account

For the Six Months Ended December 31, 2018 (Un-audited)

	Note	Half Year Ended		Quarter Ended	
		Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
		Rupees		Rupees	
Profit from trading operations	13	1,420,910	-	885,532	-
Income on musawamah receivables		-	-	-	-
Income on diminishing musharakah (Syndicate)		1,977,061	2,268,535	1,002,173	1,088,705
Income on diminishing musharakah		2,744,957	129,719	1,796,304	65,271
Income from Ijarah		6,181,373	8,057,182	2,233,588	3,094,449
Income from investments	14	1,869,605	2,663,159	942,793	1,335,029
		<u>14,193,906</u>	<u>13,118,595</u>	<u>6,860,391</u>	<u>5,583,455</u>
Administrative and operating expenses		14,192,078	15,166,424	6,894,822	7,027,647
Financial and other charges		15,809	3,756	9,273	3,342
		<u>14,207,887</u>	<u>15,170,180</u>	<u>6,904,095</u>	<u>7,030,989</u>
Operating profit		(13,981)	(2,051,585)	(43,704)	(1,447,534)
Other income		783,080	645,421	421,764	435,924
		769,099	(1,406,163)	378,059	(1,011,610)
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss		(4,020,025)	(8,171,823)	(3,202,210)	(2,663,962)
Share of loss from associates	10.1	(838,735)	(854,079)	(485,332)	134,232
		(4,089,661)	(10,432,065)	(3,309,483)	(3,541,341)
Management company's remuneration	15	-	-	-	-
		(4,089,661)	(10,432,065)	(3,309,483)	(3,541,341)
Workers welfare fund	16	-	-	-	-
Profit before taxation		(4,089,661)	(10,432,065)	(3,309,483)	(3,541,341)
Income tax expense	17	-	-	-	-
Profit for the Period		(4,089,661)	(10,432,065)	(3,309,483)	(3,541,341)
Earnings per certificate - Basic and Diluted	18	(0.19)	(0.50)	(0.15)	(0.17)

The annexed notes 1 to 23 form an integral part of these condensed interim financial information.

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

Place : Karachi
Date : February 26, 2019

sd/-
Chief Executive

sd/-
Chief Financial Officer

sd/-
Director

sd/-
Director

Condensed Interim Statement of Other Comprehensive Income

For the Six Months Ended December 31, 2018 (Un-audited)

	Six Months Ended		Three Months Ended	
	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
	Rupees		Rupees	
Loss for the period	(4,089,661)	(10,432,065)	(3,309,483)	(3,541,341)

Others comprehensive loss
Not to be reclassified to profit and loss account in subsequent periods

Share of associate's incremental depreciation on account of revaluation of fixed assets	265,130	85,421	132,565	42,711
Remeasurement of net defined benefit liability - loss	(275,502)	-	(137,751)	-
Comprehensive (loss)/ income transferred to equity	(10,372)	85,421	(5,186)	42,711

Components of comprehensive income not reflected in equity

"Unrealized (loss) on re-measurement of available for sale investment**"	(2,138,263)	(806,256)	(1,665,073)	(66,537)
Total Comprehensive (loss)	(6,238,296)	(11,152,900)	(4,979,742)	(3,565,168)

*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 23 form an integral part of these condensed interim financial information.

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

Place : Karachi
Date : February 26, 2019

sd/-
Chief Executive

sd/-
Chief Financial Officer

sd/-
Director

sd/-
Director

Condensed Interim Cash Flow Statement

For the Six Months Ended December 31, 2018 (Un-audited)

	Note	December 31, 2018	December 31, 2017
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash from operations after working capital changes	19	(1,273,414)	20,930,677
Increase in long-term security deposits		(5,428,800)	(45,650)
Income on diminishing musharakah (Syndicate)		1,958,203	2,575,527
Income on diminishing musharakah		2,744,957	-
Income on sukuk certificates		276,700	-
Income tax paid		(259,001)	(317,578)
Gratuity paid		(650,000)	(398,000)
Net cash (used in)/ generated from operating activities		(2,631,355)	22,744,976
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets			
- Own		(125,500)	(4,644,300)
- Ijarah		-	(23,045,500)
Sale proceeds on disposal of fixed assets			
- Own		10,000	2,243,000
- Ijarah		5,428,800	1,470,750
Dividend received		972,347	1,047,410
Profit on bank deposit		795,935	434,557
Redemption of Installment of Sukuk Certificates		357,145	357,145
Investment in Sukuk Certificates		-	(5,000,000)
Investment in diminishing musharakah		(40,399,000)	-
Repayment of diminishing musharakah		16,680,036	7,500,000
Purchase of investments in mutual funds		(5,000,000)	-
Proceeds from sale of mutual funds units		5,686,935	-
Purchase of investments in listed securities		(9,701,767)	(9,772,611)
Proceeds from sale of investments in listed securities		9,856,870	19,204,446
Net cash used in investing activities		(15,438,198)	(10,205,103)
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit paid to the certificate holders		-	(2,527,055)
Financial charges paid		(7,009)	(3,756)
Net cash used in financing activities		(7,009)	(2,530,811)
Net (decrease)/ increase in cash and cash equivalents		(18,076,562)	10,009,062
Cash and cash equivalents at beginning of the year		24,281,195	11,482,750
Cash and cash equivalents at end of the period/year		6,204,633	21,491,812

The annexed notes 1 to 23 form an integral part of these condensed interim financial information.

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

Place : Karachi
Date : February 26, 2019

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, 2018 (Un-audited)

	Issued Subscribed & Certificate Capital	Reserve				Total
		*Statutory Reserve	General reserve	Unappropriated profit	Revenue Reserve Other Comprehensive income	
Rupees						
Balance as at June 30, 2017	210,000,000	97,585,635	500,000	(10,319,964)	(2,588,314)	295,177,357
Share of associate's incremental depreciation on account of revaluation of fixed assets	-	-	-	166,220	-	166,220
Total Comprehensive income for the year	-	-	-	(25,010,488)	(712,423)	(25,722,911)
Profit distribution in cash	-	-	-	(2,520,000)	-	(2,520,000)
Transfer to general reserve	-	-	(250,000)	250,000	-	-
Transfer to statutory reserve	-	-	-	-	-	-
Balance as at June 30, 2018	210,000,000	97,585,635	250,000	(37,434,232)	(3,300,737)	267,100,666
Total Comprehensive income for the year	-	-	-	(4,089,661)	(10,372)	(4,100,033)
Profit distribution in cash	-	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-
Balance as at December 31, 2018	210,000,000	97,585,635	250,000	(41,523,893)	(3,311,109)	263,000,633

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

The annexed notes 1 to 23 form an integral part of these condensed interim financial information.

Place : Karachi
Date : February 26, 2019

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, 2018 (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, musharikah, murabaha, musawamah, modaraba, equity investment and trading activities. The Modaraba is listed on the Pakistan Stock Exchange.

2 BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities & Exchange Commission of Pakistan (SECP). In case where requirements differ, the requirements of Modaraba Companies and Modaraba (Floatation & Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives 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, 2018. The figures for the half year ended December 31, 2018 have been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

2.3 This condensed interim financial statements comprises of the condensed interim balance sheet as at December 31, 2018 and the condensed interim profit and loss account & condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and the notes forming part thereof for the half year ended December 31, 2018 which have been subjected to a review but not audited.

2.4 The comparative condensed balance sheet, presented in this condensed interim financial statements, as at June 30, 2018 has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2018 whereas the comparative condensed interim profit and loss account & condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year ended December 31, 2017 have been extracted from the condensed interim financial statements for the half year ended December 31, 2017 which were subjected to a review but not audited.

2.5 These condensed interim financial statements have been presented in Pak Rupees, which is the functional currency of 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, 2018 except those stated in note 3.2 (a) below.

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

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

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

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

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

Notes to the Condensed Interim Financial Statements

For the Half Year Ended December 31, 2018 (Un-audited)

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

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

3.3 New standards, amendments to approved accounting standards and interpretations that are not yet effective

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

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.

5. SHORT TERM INVESTMENTS

	Note	Unaudited December 31, 2018	Audited June 30, 2018
Rupees			
At fair value through profit and loss			
Shariah compliant			
- Equity securities-listed		16,470,362	19,926,896
- Mutual funds-listed		107,707	5,762,450
		16,578,069	25,689,143
		16,578,069	25,689,143
6 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)
		-	-

6.1 Musawamah facility (classified portfolio)	December 31, 2018		June 30, 2018	
	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, 2018 (Un-audited)

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

Further, Modaraba has also filed for registration of criminal complaint against M/s Quetta Textile Mills Ltd.

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

	Note	Unaudited December 31, 2018	Audited June 30, 2018
Rupees			
7 Stock in trade			
Finished goods		53,121,201	31,164,138
In transit		267,790	267,790
less: Provision for slow moving stock		(267,790)	(267,790)
		<u>53,121,201</u>	<u>31,164,138</u>
8 Investment in diminishing musharakah (Syndicate)			
Diminishing Musharaka		33,750,000	41,250,000
less: Long term portion of investment in diminishing musharaka		(18,750,000)	(26,250,000)
		<u>15,000,000</u>	<u>15,000,000</u>
8.1			
This represents Syndicate diminishing musharaka facility to Spud Energy PTY Limited through Albaraka Bank (Pakistan) Limited being the lead arranger, advisor and participant during the year carrying profit equal to the rate of three months KIBOR + 1.25% (June 2016: KIBOR + 1.25%) receivable in 16 quarterly equal installments from April 2017 to till January, 2021 with one year grace period.			
9 Investment in diminishing musharakah			
Diminishing Musharaka		69,838,000	29,489,271
Principal repaid		(17,144,176)	(7,964,140)
less: Long term portion of investment in diminishing musharaka		(41,771,367)	(14,262,219)
		<u>10,922,457</u>	<u>7,262,912</u>
10 Long term investments			
Investment in associates	10.1	7,075,269	7,648,874
Available for sale			
Equity securities - listed AFS			
Shariah compliant			
- Equity securities - listed		9,599,828	11,132,900
- Mutual funds - listed		10,542,945	5,858,066
Non - shariah compliant			
- Equity securities - listed		2,367,675	2,521,695
		<u>29,585,717</u>	<u>27,161,535</u>
10.1 Investment in associates			
Opening balance		7,648,874	8,297,869
Share of incremental depreciation		265,130	166,220
Share of profit/loss of associate		(838,735)	(815,215)
		<u>(573,605)</u>	<u>(648,995)</u>
		<u>7,075,269</u>	<u>7,648,874</u>

Notes to the Condensed Interim Financial Statements

For the Six Months Ended December 31, 2018 (Un-audited)

	Note	December 31, 2018	June 30, 2018
Rupees			
11 Ijarah assets			
Opening balance		97,608,224	142,207,110
Add: Addition during the period		-	28,325,500
		97,608,224	170,532,610
Less: Disposal during the period		(5,292,927)	(8,854,404)
Depreciation charge for the period		(23,245,789)	(64,069,982)
		69,069,508	97,608,224
12 Fixed assets in own use			
Opening balance		5,922,709	5,205,149
Add: Addition during the period		125,500	4,727,600
		6,048,209	9,932,749
Less: Disposal during the period		(1)	(2,243,007)
Depreciation charge for the period		(881,140)	(1,767,033)
		5,167,068	5,922,709

13 PROFIT FROM TRADING OPERATIONS

	for the period ended		for the quarter ended	
	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
Local	32,585,048	-	17,333,099	-
Export	-	-	-	-
Sales - net	32,585,048	-	17,333,099	-
Cost of sales	(31,164,138)	-	(16,447,567)	-
Export expenses	-	-	-	-
	1,420,910	-	885,532	-

14 Income from Investments

Gain on sale of listed securities	753,408	1,297,484	288,765	325,381
Dividend income	789,538	1,053,064	475,918	807,250
Gain on sukuk certificates	326,659	312,611	178,110	202,398
	1,869,605	2,663,159	942,793	1,335,029

15 Modaraba company's remuneration

In accordance with the Modaraba Companies and Modaraba Rules, 1981, remuneration at the rate of 10% of annual profits before Income tax & Workers Welfare Fund is payable to the Management Company.

16 Workers' welfare fund

The Finance Act 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. Through these amendments Workers' Welfare Fund (WWF) is payable @ 2% on the higher of the profit before taxation as per the financial statements or return of income.

Notes to the Condensed Interim Financial Statements

For the Six Months Ended December 31, 2018 (Un-audited)

	for the period ended		for the quarter ended	
	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
17 Income tax expenses				
Current tax	-	-	-	-
18 Earning per certificate- Basic and Diluted				
Profit for the period	<u>(4,089,661)</u>	<u>(10,432,065)</u>	<u>(3,309,483)</u>	<u>(3,541,341)</u>
	Number	Number	Number	Number
Average number of certificates	<u>21,000,000</u>	<u>21,000,000</u>	<u>21,000,000</u>	<u>21,000,000</u>
(Loss) / Earning per certificate - basic and diluted	<u>(0.19)</u>	<u>(0.50)</u>	<u>(0.15)</u>	<u>(0.17)</u>
19 Contingencies and commitments				
There are no known contingencies and commitments at the balance sheet date.				
20 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:				
			December	December
			31, 2018	31, 2017
			----- (Rupees) -----	
20.1 Balance outstanding at Period end				
Modaraba Management Company				
- Management fee			-	-
Associated undertakings				
- Sharing of common expense charged during the period with Al-Noor Sugar Mills Ltd.			-	-
Other related parties (other than key management personnel)				
- Contribution to staff gratuity fund			<u>7,709,060</u>	<u>6,419,696</u>
20.2 Transactions during the period				
Modaraba Management Company				
- Management fee			-	-
Associated undertakings				
- Sharing of common expense charged during the period with Al-Noor Sugar Mills Ltd.			-	-
Other related parties (other than key management personnel)				
- Contribution to staff gratuity fund			<u>518,702</u>	<u>594,156</u>
			No. of shares	
Associated undertakings				
- Bonus shares of Al-Noor Sugar Mills Limited			-	-

Notes to the Condensed Interim Financial Statements

For the Six Months Ended December 31, 2018 (Un-audited)

	December 31, 2018	December 31, 2017
21 Cash flow from operation after working capital changes		
Profit / (loss) before taxation	(4,089,661)	(10,432,065)
Adjustments for:		
Gain on sale of investment in listed securities	(753,408)	(1,297,484)
Dividend income	(789,538)	(1,053,064)
Income on diminishing musharakah	(4,722,018)	(2,398,254)
Gain on sukuk certificates	(326,659)	(312,611)
Profit on bank deposits	(735,044)	(428,396)
Profit on disposal of fixed asset (own)	(9,999)	-
Financial charges	15,809	3,756
Depreciation - owned assets	881,140	882,065
Depreciation - Ijarah assets	23,109,916	33,293,325
Provision for gratuity	518,702	594,156
Share of profit from Associate	838,735	645,421
Unrealized loss/(gain) on re measurement of investments in listed securities	4,020,025	8,171,823
	<u>22,047,661</u>	<u>38,100,737</u>
Operating profit before working capital changes	17,958,000	27,668,672
Increase in current assets		
Stock in trade	(21,957,063)	(26,477,848)
Profit receivable	(7,925)	(9,595)
Ijarah Rental receivable	15,135	807,221
Diminishing musharakah receivable	156,652	-
Trade Debtors - considered good and unsecured	5,424,523	656,567
Advances, deposits, prepayments and other receivables	(2,561,600)	20,197,178
	<u>(18,930,278)</u>	<u>(4,826,477)</u>
Decrease in current liabilities		
Creditors, accrued and other liabilities	(294,893)	(1,965,367)
Profit payable	(6,243)	53,848
	<u>(301,136)</u>	<u>(1,911,519)</u>
Cash flow from operating activities	(1,273,414)	20,930,676

22 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, 2019 .

23 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	sd/-	sd/-	sd/-	sd/-
Date : February 26, 2019	Chief Executive	Chief Financial Officer	Director	Director

Book Post



If undelivered, please return to:

FIRST AL-NOOR MODARABA
(An Islamic Financial Institution)

96-A, Sindh Muslim Co-operative Housing Society, Karachi-74400.
Tel.: 3455 8268, 3455 3067, 3455 2974 & 3455 2943