

ANNUAL REPORT 2019



**FIRST AL-NOOR
MODARABA**

(An Islamic Financial Institution)



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non Executive Directors

Chairman

Mr. Ismail H. Zakaria

Directors

Mr. Aziz Ayoob

Mr. Abdur Rahim Suriya, Independent

Mr. Zia Zakaria

Mr. Zainuddin Ayoob

Mr. Tauseef Ilyas, Independent

Executive Directors

Chief Executive

Mr. Jalaluddin Ahmed

Chief Financial Officer

Mr. Muhammad Arshad Khan Durrani

Company Secretary

Mr. Roofi Abdul Razzak

Board Audit Committee - Chairman

Mr. Abdur Rahim Suriya - Chairman

Mr. Tauseef Ilyas - Invited Member

Mr. Zia Zakaria - Member

HR & Remuneration Committee

Mr. Zainuddin Ayoob - Chairman

Mr. A. Aziz Ayoob - Member

Mr. Jalaluddin Ahmed - Member

Bankers

Al-Baraka Bank (Pakistan) Limited.

Askari Bank Limited, Islamic Banking

Faysal Bank Limited, Barkat Islamic Banking

Habib Bank Limited, Islamic Banking

MIB Bank Limited, Islamic Banking

Meezan Bank Limited

National Bank of Pakistan

Auditors

RSM Avas Hyder Liaquat Nauman

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, Shahra-e-Faisal, Karachi

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

Fax: 3438 0106

Registered Office

96-A, Sindhi Muslim Cooperative

Housing Society, Karachi

Contact Details

Telephone: 34558268;34552943;34553067

Fax: 34553137

Webpage: www.fanm.co

Email: info@fanm.co



CHAIRMAN'S REVIEW

Dear Modaraba Certificate Holders

Although the Modaraba's performance in the past financial year was much improved than in the previous year, but the overall result still reflected a loss of Rs. 14.117 million.

The main reasons attributed for the said loss is the heavy amount of unrealised losses recorded of shares together with the impairment had to make in pursuance to a new rule under IFRs 9. Moreover, the year 2019 proved to be a tough year for the economy. The businesses remained under constant pressure due to a plethora of factors including increased costs, rising inflation, higher interest rates and rupee depreciation.

To try to overcome this extremely depressed business environment, the Modaraba has formulated a new found strategy. This strategy is so far moving in the right direction and the management is hopeful that it would surely yield fairly satisfactory results by the end of the current financial year. To be precise, the Modaraba would then be able to consolidate its position and then onwards step on a growth trajectory.

On behalf of the board, I take this opportunity to thank all our customers, investors, regulators and other stakeholders for placing their trust in the Modaraba.

Ismail H. Zakaria
Chairman

September 26, 2019

چیرمین کا جائزہ

ہرچند کے مضاربہ کی کارکردگی گزشتہ مالی سال میں اسی عرصے کے سابقہ مالی سال کے مقابلے میں بہتر ضرور ہوئی ہے لیکن مالی سال کا نتیجہ ابھی بھی 14,117 ملین کے نقصان کی عکاسی کر رہا ہے۔

اس کی بنیادی وجہ بھاری مقدار میں غیر حاصل شدہ حصص کا نقصان اور IFRS-9 کے تبدیل شدہ اصولوں کے تحت نقصان ہوا ہے۔ مزید برآں، سال 2019 معیشت کے لیے بہت ہی مشکل ثابت ہوا۔ کاروبار عمومی طور پر مختلف وجوہات کے بناء پر کافی دباؤ میں رہا جن میں لاگت میں اضافہ، بڑھتی مہنگائی، بڑھتے ہوئے شرہ سود اور روپے کی قدر میں کمی قابل ذکر ہیں۔

اس شدید کاروباری پست حال ماحول میں، مضاربہ نے ایک نئی حکمت عملی مرتب کی۔ یہ حکمت عملی ابھی تک صحیح سمت میں جارہی ہے اور انتظامیہ کو قوی اُمید ہے کہ یہ حکمت عملی کلی طور پر موجودہ مالی سال میں تسلی بخش نتائج فراہم کرے گی۔ باقاعدہ طور پر تب مضاربہ مستحکم ہو کر بڑھوتری کی طرف گامزن ہوگا۔

میں، بورڈ ممبران کے جانب سے، اس موقع پر اپنے تمام صارفین، سرمایہ کار، ضابطہ کار اور دوسرے متعلقین کا مضاربہ پر اعتماد کرنے کے لئے ان کا شکریہ ادا کرتا ہوں۔

اسماعیل زکریا

چیرمین

26 ستمبر، 2019۔



OUR VISION

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

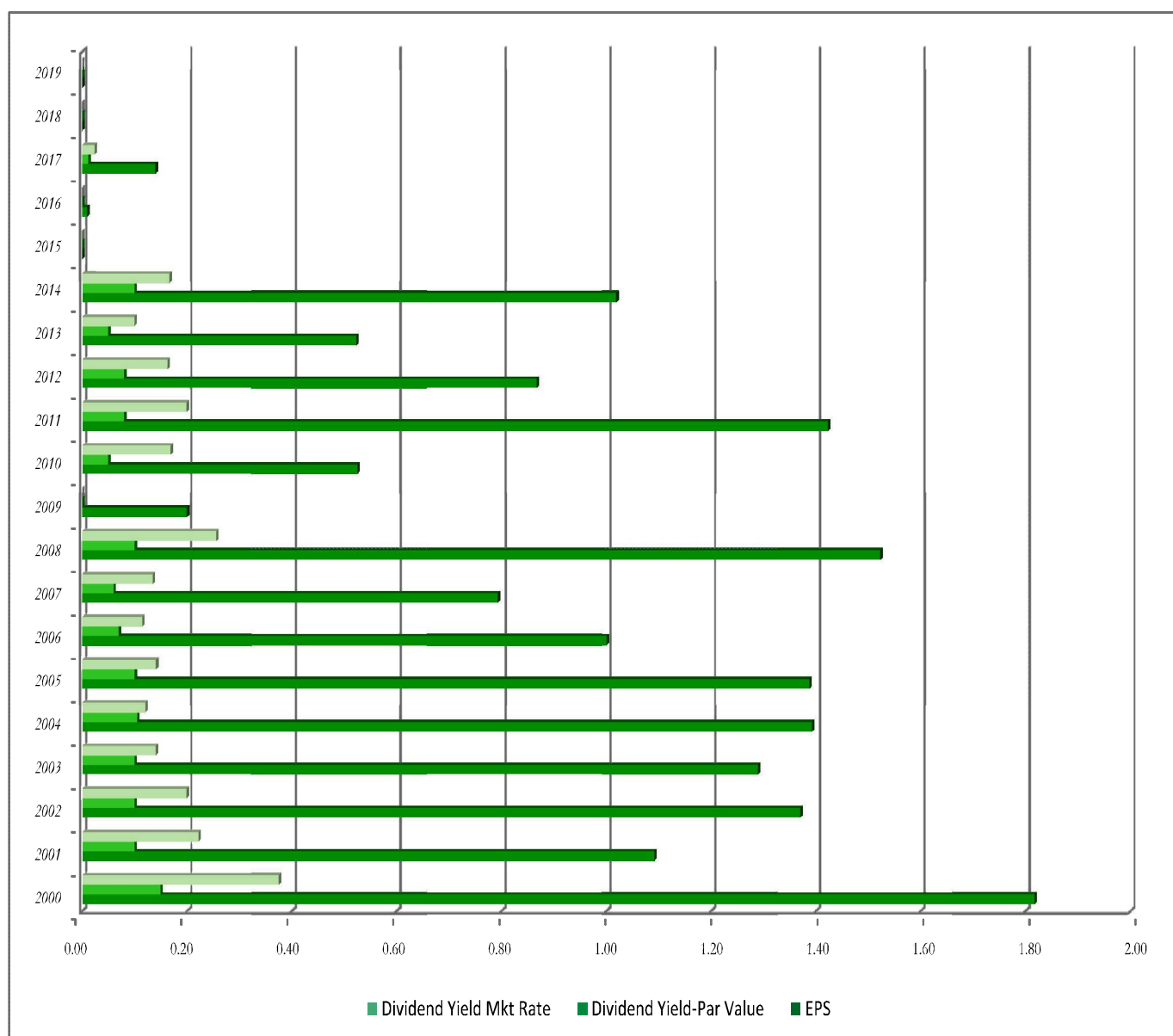
The Modaraba management should consider the interest of all the stake holders before making any business decision and to do that they should do concrete efforts to achieve their objectives.

OUR MISSION

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



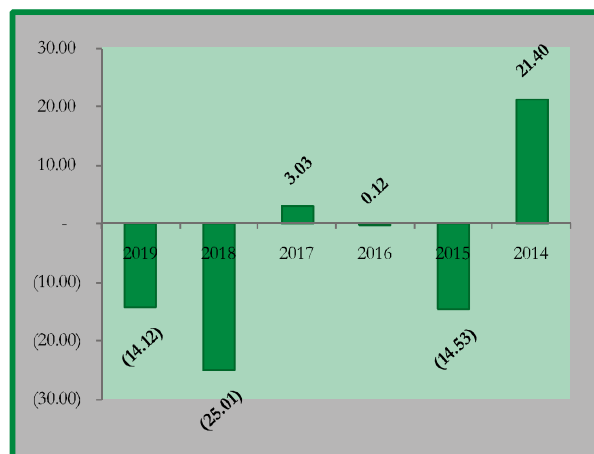
TWENTY YEARS' EPS & DPS HISTORY



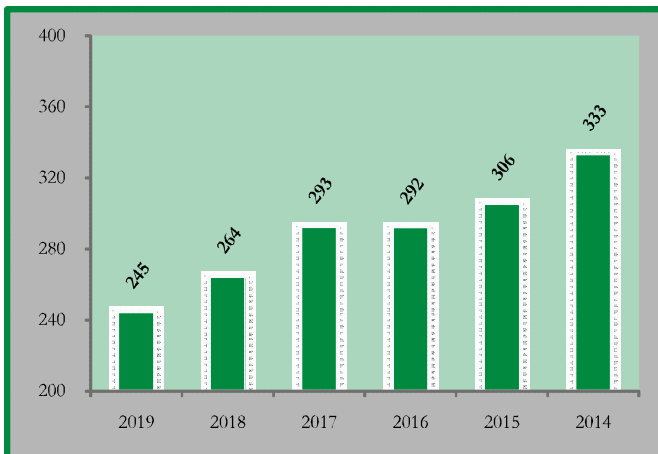


SIX YEARS FINANCIAL SUMMARY

Profit after tax figure in millions

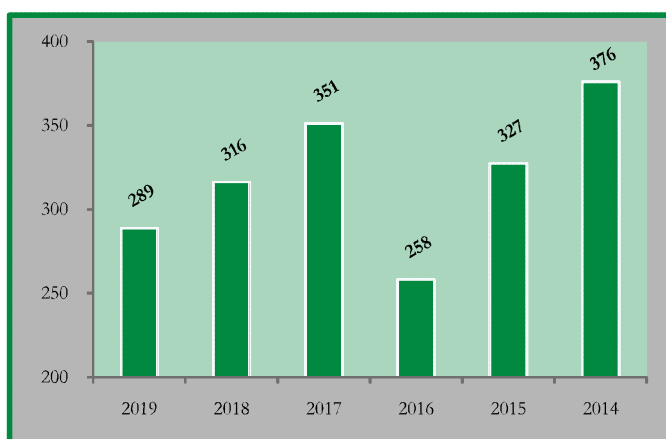


Equity Growth figure in millions

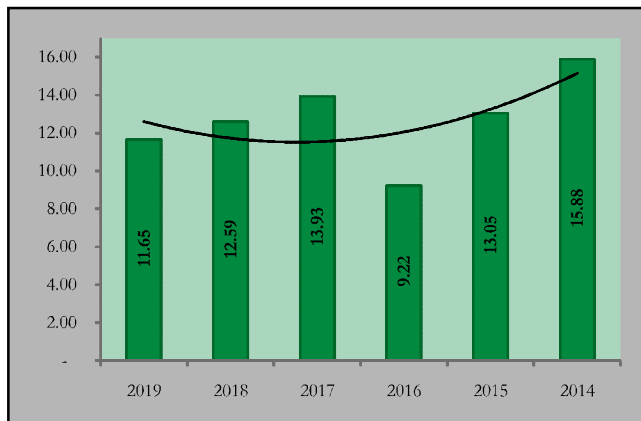


Assets Growth

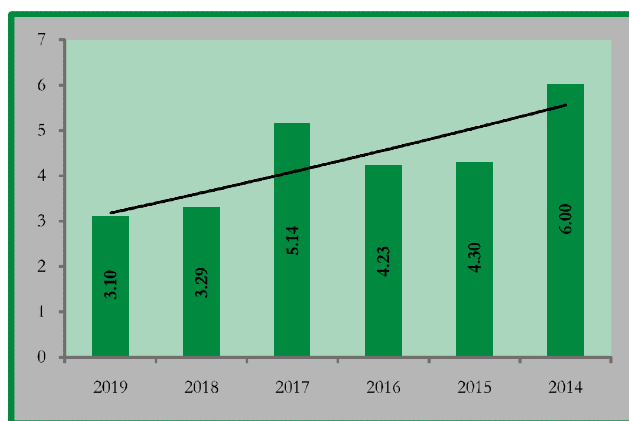
Rs. in millions



Assets / Certificate



Market Price / Certificate





HORIZONTAL ANALYSIS

BALANCE SHEET (%)

ASSETS	2019	2018	2017	2016	2015	2014
NON-CURRENT ASSETS						
Fixed Assets - tangible						
Long term deposits	-	-	-	-	0.18	-
Long Term portion of investment in Sukuk Certificates	(0.11)	2.80	(28.57)	(36.36)	100.00	-
Long Term Portion of investment diminishing musharakah (syndicate)	0.06	(0.03)	(25.48)	100.00	-	-
Long Term Investments	(0.09)	(0.11)	(23.34)	44.00	79.98	63.11
Ijarah Assets	(0.55)	(0.31)	(1.40)	23.40	25.63	32.35
Fixed Assets in own use	(0.22)	0.14	76.33	7.30	(35.18)	(31.89)
CURRENT ASSETS						
Bank Balances	-	-	-	-	-	-
Short Term investments	0.39	1.11	(52.56)	(42.80)	91.05	(24.42)
Current Portion of investment diminishing musharakah (syndicate)	(0.53)	(0.31)	61.78	(54.61)	17.43	(2.81)
Musawamah receivables - secured	-	-	300.00	100.00	-	-
Modaraba receivables - secured	1.63	(1.00)	(50.00)	-	-	(57.04)
Ijarah rental receivable	0.11	-	-	-	-	-
Trade Receivables	(0.32)	(0.17)	205.31	-	-	-
Bills Receivable	(0.10)	0.52	(8.16)	(78.76)	38.65	51.25
Stock in trade	-	-	0%	-	(100.00)	-
Advances, Deposits, Prepayments & Other Receivables	(0.71)	100%	0%	(100.00)	(80.06)	16.19
Current portion of investment in Sukuk Certificates	91.47	(70.80)	82.90	11.09	63.89	35.98
Income tax refundable/paid in advance	-	(50.00)	(0.00)	100.00	100.00	-
Profit Receivable	0.11	0.15	0.34	32.68	(10.42)	15.06
TOTAL ASSETS	-	(14.37)	1.28	122.57	(24.87)	(56.99)
	1.63	(9.98)	(1.53)	(0.58)	(4.53)	4.62
EQUITY & LIABILITIES						
CAPITAL & RESERVES						
Issued, subscribed and paid up capital	-	-	-	-	-	-
Reserves	-	(0.25)	0.62	(9.70)	0.47	4.15
Unappropriated profit	49.03	262.74	(19.11)	(0.98)	(173.35)	63.79
Unrealised loss on OCI Component reflected in equity	(100.00)	27.52	11.29	(597.53)	(128.75)	30.56
TOTAL CAPITAL AND RESERVES	(5.64)	(9.51)	0.95	(4.30)	(8.36)	3.33
Unrealised diminution on remeasurement of investment classified as 'available for sale'- net	175.69	1.73	1,466.01	-	-	-
NON-CURRENT LIABILITIES						
Security Deposits	(89.38)	(23.55)	12.78	5.05	40.55	35.78
Deferred liability - staff gratuity	29.91	21.55	(8.00)	0.53	24.08	75.85
CURRENT LIABILITIES						
Current maturity of security deposits	92.96	4.73	(26.56)	82.74	123.30	3.72
Creditors, accrued and other liabilities	6.79	(19.56)	(31.56)	36.03	(5.41)	(1.56)
Provision for custom duty/surcharge	-	-	-	-	-	-
Profit payable	2.64	12.57	1.57	108.59	(33.36)	63.39
TOTAL EQUITIES & LIABILITIES	(8.67)	(9.98)	(1.53)	(0.58)	(4.53)	4.88
PROFIT & LOSS ACCOUNT (%)	2019	2018	2017	2016	2015	2014
Profit on trading operations	73.76	(5.83)	(136.72)	(83.65)	(199.98)	194.57
Income on Diminshing Musharakah (Syndicate)	(8.20)	(19.59)	403.42	100.00%	-	-
Income on musawamah receivables	-	100.00	(100.00)	(79.03)	(22.89)	(48.17)
Income on modaraba receivables	-	-	-	-	-	(100.00)
Income on Diminshing Musharakah	1,029.94	795.55	100.00	-	-	-
Income from Ijarah	(24.45)	(13.63)	(8.33)	16.83	48.54	28.32
Income from investments	(33.15)	(72.10)	142.23	(7.92)	(7.21)	(28.80)
Operating Expenses	(3.37)	14.99	0.39	(9.36)	10.50	(0.48)
(Provision)/Reversal of provision on non-performing assets	(100.00)	-	100.00	-	-	-
Impairment loss on trade debtors and other receivables	100.00	-	-	-	-	-
Financial and other charges	(14.37)	(13.74)	374.16	(93.98)	(12.91)	68.15
Other Income	49.28	(78.86)	100.61	22.14	(48.73)	(704.56)
Unrealized gain/(loss) on remeasurement of investments classified at fair value through profit & loss	(5.48)	97.29	525.02	(113.97)	47.37	(12.69)
Impairment loss on re-measurement of investment in listed securities classified as available for sale	-	-	-	-	-	-
Share of profit from associates	36.94	(168.42)	335.09	(54.64)	31.73	(31.85)
Modaraba Company's management fee	-	(100.00)	2,359.61	100.00	(100.00)	92.25
Income tax expenses	-	-	-	(100.00)	240.70	(69.30)
Provision for workers welfare fund	-	(100.00)	2,470.80	100.00	(100.00)	96.09
Profit / (Loss) for the year	(43.56)	(925.89)	2,537.92	(100.79)	(167.91)	94.61



VERTICAL ANALYSIS

BALANCE SHEET (IN %AGE)

ASSETS	2019	2018	2017	2016	2015	2014
NON-CURRENT ASSETS						
Fixed Assets - tangible						
Long term deposits	1.33	1.22	1.09	1.08	1.07	1.02
Long Term portion of investment in Sukuk Certificates	1.92	2.14	0.51	0.70	1.09	-
Long Term Portion of invstment diminsing musharakah (syndicate)	14.82	12.80	11.93	15.76	-	-
Long Term Investments	8.59	8.59	8.69	11.16	7.70	4.09
Ijarah Assets	15.07	30.85	40.46	40.41	32.55	24.74
Fixed Assets in own use	1.59	1.87	1.48	0.83	0.77	1.13
CURRENT ASSETS						
Bank Balances	11.71	7.67	3.27	6.78	11.79	5.89
Short Term investments	4.18	8.12	10.56	6.43	14.08	11.45
Musharikah receivables - secured	-	-	-	-	-	-
Murabaha receivables - secured	-	-	-	-	-	-
Musawamah receivables - secured	-	-	3.56	7.00	6.96	6.65
Modaraba receivables - secured	-	-	-	-	-	-
Ijarah rental receivable	0.61	0.83	0.89	0.29	-	0.03
Trade Receivables	1.28	4.10	2.43	2.61	12.20	8.40
Bills Receivable	-	-	-	-	-	0.45
Stock in trade	18.68	9.85	-	-	6.91	33.06
Advances, Deposits, Prepayments & Other Receivables	5.57	2.66	8.19	4.41	3.95	2.30
Current Portion of invstment diminsing musharakah (syndicate)	5.19	4.74	4.27	1.05	-	-
Income tax refundable/paid in advance	1.63	1.34	1.05	0.77	0.58	0.62
Profit Receivable	0.39	0.32	0.34	0.33	0.15	0.19
TOTAL ASSETS	92.59	97.10	98.72	99.60	99.80	100.00
EQUITY & LIABILITIES						
CAPITAL & RESERVES						
Issued, subscribed and paid up capital	72.67	66.38	59.75	58.83	58.49	55.84
Reserves	33.86	30.92	27.91	27.31	30.07	28.57
Unappropriated profit	(19.31)	(11.83)	(2.94)	(3.57)	(3.59)	4.67
Unrealised loss on OCI Component reflected in equity	-	(1.04)	(0.74)	(0.65)	0.13	(0.43)
TOTAL CAPITAL AND RESERVES	87.23	84.42	83.99	81.92	85.10	88.65
Unrealised diminution on remeasurement of investment classified as 'available for sale'- net	(2.56)	(0.85)	(0.75)	(0.05)	-	-
NON-CURRENT LIABILITIES						
Security Deposits	0.78	6.71	7.90	6.89	6.52	4.43
Deferred liability - staff gratuity	3.40	2.39	1.77	1.90	1.87	1.44
CURRENT LIABILITIES						
Islamic export refinance	-	-	-	-	-	-
Musharikah Finance - Secured	-	-	-	-	-	-
Murabaha Finance - secured	-	-	-	-	-	-
Current maturity of security deposits	6.05	2.86	2.46	3.30	1.79	0.77
Creditors, accrued and other liabilities	3.40	2.90	3.25	4.68	3.42	3.45
Provision for custom duty/surcharge	1.52	1.39	1.25	1.23	1.23	1.17
Profit payable	0.19	0.17	0.14	0.13	0.06	0.09
TOTAL EQUITIES & LIABILITIES	187.23	184.42	183.99	181.92	185.10	188.65
PROFIT & LOSS ACCOUNT ITEMS	2019	2018	2017	2016	2015	2014
Profit on trading operations	7.55	4.46	3.00	(13.72)	(308.96)	46.75
Income on musharikah receivables	-	-	-	-	-	-
Income on murabaha receivables	15.21	17.01	13.39	4.47	-	-
Income on musawamah receivables	-	0.30	-	2.82	49.55	9.72
Income on modaraba receivables	22.70	2.06	0.15	-	-	-
Income from Ijarah	42.82	58.18	42.64	78.13	246.22	25.08
Income from investments	11.71	17.99	40.82	28.31	113.19	18.45
Gross Revenue	100.00	100.00	100.00	100.00	100.00	100.00
Operating Expenses	(111.09)	(118.01)	(64.97)	(108.70)	(441.57)	(60.45)
(Provision)/Reversal of provision on non-performing assets	-	(50.16)	(31.75)	-	-	-
Impairment loss on trade debtors and other receivables	(15.45)	-	-	-	-	-
Financial and other charges	(0.11)	(0.13)	(0.09)	(0.03)	(2.01)	(0.35)
Other Income	6.37	4.38	13.12	10.98	33.10	9.77
Unrealized gain/(loss) on remeasurement of investments classified at fair value through profit & loss	(30.55)	(33.18)	(10.65)	(2.86)	75.40	7.74
Impairment loss on re-measurement of investment in listed securities classified as available for sale	-	-	-	-	-	-
Share of profit from associates	(4.36)	(3.27)	3.03	1.17	9.48	1.09
Modaraba Company's management fee	-	-	(0.83)	(0.06)	-	(5.78)
Income tax expenses	-	-	-	-	(2.73)	(0.12)
Provision for workers welfare fund	-	-	(0.16)	(0.01)	-	(1.04)
Profit for the year (in %age)	(55.18)	(100.36)	7.69	0.49	(228.31)	50.86



KEY FINANCIAL DATA SIX YEARS' AT A GLANCE

KEY FINANCIAL DATA	2019	2018	2017	2016	2015	2014
Total Assets	246.12	275.87	309.54	300.69	359.03	376.09
Fixed Assets (owned)	4.60	5.92	5.21	2.95	2.75	4.24
Fixed Assets (ijarah)	43.56	97.61	142.21	144.22	116.88	93.04
Other Non Current Assets	34.74	37.79	36.17	46.18	35.44	19.21
Current Assets	163.22	134.54	125.96	107.33	203.97	259.60
Total Liabilities	44.32	51.97	58.93	64.71	53.50	42.69
Current Liabilities	32.24	23.18	24.95	33.34	23.34	20.60
Non Current Liabilities	12.08	28.78	33.98	31.37	30.16	22.09
Total Equity	252.05	267.10	295.18	292.40	305.54	333.40
Reserves	97.84	97.84	98.09	97.48	107.96	107.46
Certificate Holders' Equity	210.00	210.00	210.00	210.00	210.00	210.00
Unappropriated	(55.79)	(40.73)	(12.91)	(15.08)	(12.42)	15.94
Gross Revenue	27.21	26.01	44.53	26.01	8.47	46.19
Net Revenue	(14.12)	(25.01)	3.03	0.11	(14.53)	21.40
Earning per Certificate - Rs. 10/- each	(0.67)	(1.19)	0.14	0.01	(0.69)	1.02
Cash dividend (%)	0.00%	0.00%	1.20%	0.00%	5.00%	7.50%

STAKEHOLDER INFORMATION	2019	2018	2017	2016	2015	2014
Profit after tax ratio (%)	(21.39)	(28.10)	3.04	0.14	(23.19)	29.48
Return on equity / capital employed	(5.55)	(8.98)	1.04	0.04	(4.55)	6.52
Assets Turnover Ratio (%)	46.03	40.68	69.28	51.78	83.70	96.14
Current ratio	5.06	5.80	5.05	3.22	8.74	12.60
Market Value per certificate (year end)						
High	3.10	3.00	5.45	4.23	4.30	6.00
Low	3.10	3.00	4.14	4.23	4.30	6.00
Closing	3.10	3.00	4.14	4.23	4.30	6.00
EPC (Earning per certificate)	(0.67)	(1.19)	0.14	0.01	(0.69)	1.02
Net assets / breakup value per certificate	11.65	12.59	13.93	9.22	13.05	15.88
Earning asset to total assets ratio (%)	87.21	87.29	84.52	89.69	81.29	85.87
Price earning ratio	(4.63)	(2.52)	28.71	754.08	(6.21)	5.89
Dividend Yield Ratio (%)	0.00	0.00	2.90	-	11.63	12.50
Cash Dividend per certificate (in Rs.)	-	-	0.12	-	0.50	0.75



TWENTY SEVENTH REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 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 Twenty Sixth Annual Report together with the Audited Financial Statements of the Modaraba for the year ended June 30, 2019.

FINANCIAL RESULTS

	For the year ended	
	June 30, 2019	June 30, 2018
	Rupees	Rupees
(Loss)/Profit after Taxation	(14,116,685)	(25,010,488)
Shares of associate's incremental depreciation on account of revaluation of fixed assets	304,770	166,220
Unappropriated profit/(loss) brought forward	<u>(37,434,232)</u>	<u>(12,589,964)</u>
	<u>(51,246,147)</u>	<u>(37,434,232)</u>
APPROPRIATIONS		
Profit distribution @ 0.00% (2018 @ 0.00%)	-	-
Statutory Reserve @ 0.00% (2018 @ 0.00%)	-	-
General Reserve	-	-
Unappropriated profit / (loss) carried forward	<u>(51,246,147)</u>	<u>(37,434,232)</u>

Review of Operations

Although the Modaraba's performance in the past financial year was much improved then in the previous year, but the overall result still reflected a loss of Rs. 14.117 million.

The main reasons attributed for the said loss is the heavy amount of unrealised losses recorded of shares together with the impairment had to make in pursuance to a new rule under IFRs 9.

The modaraba, has formulated a new found strategy which is so far moving in the right direction and the management is hopeful that it would surely yield fairly satisfactory results by the end of the current financial year.

Financial and Economic Review

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

- increased cost.
- rising inflation.
- higher interest rates.
- rupee depreciation.

Compliance with Code of Corporate Governance

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

- The financial statements prepared by the management of the Modaraba present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Modaraba have been maintained.



TWENTY SEVENTH REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2019

- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- (d) International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and departure therefrom has been adequately disclosed and explained, if any.
- (e) The board has set up an effective internal audit function
- (f) The Modaraba is financially sound and there is no reason whatsoever to doubt its ability to continue as a going concern.
- (g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulation of the Stock Exchange(s) and;
- (h) During the year, the dates and attendance of meetings of the Board of Directors were as follows:

Name of Director	Number of Meetings attended	25-Sep-18	26-Oct-18	26-Feb-19	20-Apr-19
Mr. Ismail H. Zakaria, Chairman	3/4	P	A	P	P
Mr. Jalaluddin Ahmed, C.E.	4/4	P	P	P	P
Mr. Yusuf Ayoob*	2/4	A	A	P	P
Mr. Suleman Ayoob**	4/4	P	P	P	P
Mr. A. Aziz Ayoob	4/4	P	P	P	P
Mr. Zia I. Zakaria	4/4	P	P	P	P
Mr. Zainuddin Ayoob	4/4	P	P	P	P
Mr. Abdul Rahim Suriya	4/4	P	P	P	P
Mr. Tausif Ilyas***	0/0	N/A	N/A	N/A	N/A

* Retired on 30-06-2019

** Retired on 30-06-2019

*** Appointed on 30-06-2019

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

Pattern of Certificate Holding

A statement reflecting the pattern of holding of certificates as on June 30, 2019 is attached to the Annual Report.

Key Operating & Financial Data

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

Auditors

The present auditors, Messrs. RSM Avais Hyder Liaquat Nauman & Company, Chartered Accountants and Messrs. Rahman Sarfaraz Rahim Iqbal Rafiq & Company, Chartered Accountants have offered themselves for appointment as the auditor of the Modaraba for the financial year ending June 30, 2020 subject to approval of Registrar Modaraba companies & Modaraba.

On behalf of the Board

Sd/-
Jalaluddin Ahmed
Chief Executive

Dated : September 26, 2019
Place : Karachi



ستائیسویں ڈائریکٹر رپورٹ بابت ۳۰ جون ۲۰۱۹ برائے مضاربہ کمپنی

* ۲۰۱۹ جون ۳۰ کو ریٹائر ہوئے۔

** ۲۰۱۹ جون ۳۰ کو ریٹائر ہوئے۔

*** ۲۰۱۹ جون ۳۰ کو تقرری ہوئی۔

ترتیب برائے سرٹیفیکیٹ ہولڈنگ

ترتیب برائے سرٹیفیکیٹ ہولڈنگ بابت ۳۰ جون ۲۰۱۹ سالانہ رپورٹ کے ساتھ منسلک ہے۔

آپریشنز اور مالیات سے متعلق اہم معلومات

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

آڈیٹرز

موجودہ آڈیٹر میسرز اویس حیدر لیاقت نعمان اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے برائے سال ۳۰ جون ۲۰۲۰ اپنی خدمات بطور قانونی آڈیٹر پیش کی ہیں، جنکی خدمات بعد از رجسٹرڈ مضاربہ کمپنیز اور مضاربہ کی جانب سے منظوری کے بعد عمل پیرا ہوگی۔

منجانب بورڈ

Sd/-

جلال الدین

چیف ایگزیکٹو

مورخہ ۲۶ ستمبر ۲۰۱۹

بمقام کراچی

ستائیسویں ڈائریکٹر رپورٹ بابت ۳۰ جون ۲۰۱۹ برائے مضاربہ کمپنی

نظر ثانی برائے مالیاتی و معاشی حالات

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

الف۔ لاگت میں اضافہ

ب۔ بڑھتی ہوئی مہنگائی

ج۔ بڑھ ہوئے شرہ سود

د۔ روپے کی قدر میں کمی

مضاربہ کے مستقبل پر نظر

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

کوڈ آف کارپوریٹ گورننس کی پاسداری

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

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

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

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

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

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

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

ز۔ اسٹاک ایکسچینجر کے لسٹنگ قواعد میں مقرر کارپوریٹ گورننس کی بہترین پالیسیوں سے کوئی ایسا انحراف نہیں کیا گیا جو کہ قابل غور ہو۔

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

ڈائریکٹروں کے نام	مطلوبہ میٹنگز	۲۵ ستمبر ۲۰۱۸	۲۶ اکتوبر ۲۰۱۸	۲۶ فروری ۲۰۱۹	۲۰ اپریل ۲۰۱۹
جناب اسماعیل ایچ ذکر یا	۴/۳	حاضر	غیر حاضر	حاضر	حاضر
جناب جلال الدین احمد	۴/۴	حاضر	حاضر	حاضر	حاضر
جناب یوسف ایوب *	۴/۲	غیر حاضر	غیر حاضر	حاضر	حاضر
جناب سلیمان ایوب **	۴/۴	حاضر	حاضر	حاضر	حاضر
جناب اے عزیز ایوب	۴/۴	حاضر	حاضر	حاضر	حاضر
جناب ضیاء آئی ذکر یا	۴/۴	حاضر	حاضر	حاضر	حاضر
جناب زین ایوب	۴/۴	حاضر	حاضر	حاضر	حاضر
جناب عبدالرحیم سور یہ	۴/۴	حاضر	حاضر	حاضر	حاضر
جناب توصیف الیاس ***	۰/۰	لاگو نہیں	لاگو نہیں	لاگو نہیں	لاگو نہیں

ستائیسویں ڈائریکٹر رپورٹ بابت ۳۰ جون ۲۰۱۹ برائے مضاربہ کمپنی

بورڈ آف ڈائریکٹر زالنور مضاربہ مینجمنٹ (پرائیوٹ) لمیٹڈ "مضاربہ مینجمنٹ کمپنی برائے فرسٹ النور مضاربہ" (ایف اے ایم) کی جانب سے میں انتہائی مسرت کے ساتھ مضاربہ کی ستائیسویں سالانہ رپورٹ بابت ۳۰ جون ۲۰۱۹ بمعہ آڈٹ شدہ مالیاتی دستاویز پیش کر رہا ہوں۔

مالیاتی نتائج

اعادہ	برائے سال	برائے سال
	۳۰ جون ۲۰۱۸	۳۰ جون ۲۰۱۹
رقم پاکستانی روپوں میں		
منافع بعد از ٹیکس	(۲۵,۰۱۰,۴۸۸)	(۱۴,۱۱۶,۶۸۵)
ایسوسی ایٹس کے حصص کی فرسودگی اضافی بابت قدر نو برائے مستقل اثاثے	۱۶۶,۲۲۰	۳۰۴,۷۷۰
غیر تقسیم شدہ منافع / (نقصان) گزشتہ	(۱۲,۵۸۹,۹۶۴)	(۳۷,۴۳۴,۲۳۲)
تقسیم رقوم / منافع	(۳۷,۴۳۴,۲۳۲)	(۵۱,۲۴۶,۱۴۷)
منافع کی تقسیم بلحاظ فیصد 0.00 (۲۰۱۸: بلحاظ فیصد ۱.۲۰)		
زرمحفوظ بر بنائے قانونی تقاضے فیصد 0.00 (۲۰۱۸: بلحاظ فیصد ۲۰)		
عمومی زرمحفوظ		
غیر تقسیم شدہ منافع / (نقصان) گزشتہ	(۳۷,۴۳۴,۲۳۲)	(۵۱,۲۴۶,۱۴۷)

نظر ثانی برائے آپریشنز

ہر چند مضاربہ کی کارکردگی گزشتہ مالی سال میں اسی عرصے کے سابقہ مالی سال کے مقابلے میں بہتر ضروری ہوئی ہے لیکن مالی سال کا نتیجہ ابھی بھی ۱۴,۱۱۷ ملین کے نقصان کی عکاسی کر رہا ہے۔

اس کی بنیادی وجہ بھاری مقدار میں غیر حاصل شدہ حصص کا نقصان اور کے تبدیلی شدہ اصولوں کے تحت نقصان ہوا ہے۔ مزید برآں، سال ۲۰۱۹ معیشت کے لیے بہت ہی مشکل ثابت ہوا۔

اس شدید کاروباری پست حوالہ میں، مضاربہ نے ایک نئی حکمت عملی مرتب کی ہے۔ یہ حکمت عملی ابھی تک سبھی سمت میں جارہی ہے اور انتظامیہ کو قوی اُمید ہے کہ یہ حکمت عملی کلی طور پر موجودہ مالی سال میں تسلی بخش نتائج فراہم کریگی۔ باقاعدہ طور پر تب مضاربہ مستحکم ہو کر بڑھوتری کی طرف گامزن ہوگا۔



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

نحمده و نصلي على رسوله الكريم

Shariah Advisor's Report

For the period ended June 30, 2019

We have conducted the *Shari'ah* review of First Al Noor Modaraba managed by Al Noor Modaraba Management (Private) Limited for the year ended **June 30, 2019** in accordance with the requirements of the Shariah Compliance and Shariah Audit Mechanism for Modarabas. Based on our review, we report in our opinion that:

SHARIAH COMPLIANCE:

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

REVIEW OF OPERATIONS:

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

BANK ACCOUNTS:

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

FRESH DISBURSEMENTS:

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

INVESTMENTS IN EQUITY SHARES:

Modaraba's entire equity investments were made in approved Shariah compliant scripts provided and updated in compliance of circular 8 of 2012. Further, for screening of the investment in equity shares, KMI All Index was followed in absence of such list from NBFI & Modaraba Association of Pakistan. Moreover, specific one time exemption is accorded for the inadvertent purchases during the year.

DIVIDEND PURIFICATION:

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



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

TAKAFUL:

For risk mitigation, the Modaraba effectively adopted and maintained Takaful coverage with Takaful companies and did not obtain any coverage(s) from conventional Insurance companies.

TRADE OF COMMODITIES:

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

CONCLUSION:

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

MUFTI MUHAMMAD IBRAHIM ESSA

For and on behalf of

Alhamd Shariah Advisory Services Private Limited

Date: September 16, 2019





ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

نحمدہ و نصلی علی رسولہ الکریم

شریعیہ ایڈوائزر رپورٹ

جون ۲۰۱۹

فرسٹ النور مضاربہ کے پاس، شریعت کی دی گئی ہدایات پر موثر طریقہ سے عمل کرنے کا ایک میکنزم موجود ہے، جس کی وجہ سے فرسٹ النور مضاربہ کا نظام، طریقہ کار اور پالیسیاں شریعت کی دی گئی ہدایات کے مطابق ہیں۔ ہم نے فرسٹ النور مضاربہ کا Shariah Compliance اور Shariah Audit Mechanism for Modarabas کے مطابق سال جون 2019 کا شرعی تجزیہ کیا، جس کے نتیجے میں درج ذیل چیزیں سامنے آئیں:

بینک اکاؤنٹس: اس پورے مالی سال میں النور مضاربہ نے کسی بھی کنونشنل بینک کے سیونگ اکاؤنٹ کو استعمال نہیں کیا، اپنی تجارتی ضرورتوں کو پورا کرنے کے لیے فل فلیج یا ونڈو اسلامی بینکوں کے سیونگ اکاؤنٹس یا کنونشنل بینکوں کے کرنٹ اکاؤنٹس استعمال کیے گئے۔

ایسٹ سائڈ: ایسٹ سائڈ (Asset Side) پر النور مضاربہ نے اپنے کلائنٹس کے ساتھ اجارہ، شرکت متناقصہ کے مختلف معاملات انجام دیے، ہم اس بات کی تصدیق کرتے ہیں کہ النور مضاربہ کی طرف سے عملدرآمد ہونے والے اجارہ اور شرکت متناقصہ کے معاملات، شریعت کے مطابق ہیں اور قانونی معاہدے بھی انہی خطوط کے مطابق ہیں جن کی Religious Board کی طرف سے منظوری دی گئی تھی، اس کے علاوہ بھی تمام متعلقہ شرائط پوری کی گئی ہیں۔

ایکویٹی شیئرز میں سرمایہ کاری: مضاربہ کی مکمل ایکویٹی سرمایہ کاری شریعت کے مطابق منظور شدہ اسکرپٹس میں ہی کی گئی تھی، جو ایس ای سی پی کے 2012 کے سرکلر 8 کے مطابق تھی۔ مزید یہ کہ ایکویٹی حصص میں کی جانے والی سرمایہ کاری کی اسکریننگ کے لیے، کے ایم آئی آل انڈیکس کی تعمیل کی گئی، کیونکہ این بی ایف آئی اور مضاربہ ایسوسی ایشن آف پاکستان کی جانب سے ایسی کوئی فہرست دستیاب نہیں تھی۔ مزید یہ کہ، سال کے دوران نادانستہ خریداریوں کے لیے ایک بار رخصت دی گئی ہے۔

ڈیویڈنڈ کی چیرٹی: النور مضاربہ نے شریعت کے تقاضوں کو سامنے رکھتے ہوئے Dividend کی جو رقم چیرٹی کے لیے لازم کی گئی تھی، وہ خیراتی کاموں کے لیے، چیرٹی اکاؤنٹ میں ٹرانسفر کر دی۔



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

مکافل: النور مضاربہ نے خطرات کو کم کرنے کے لیے مکافل کمپنیز سے COVERAGE حاصل کیا، خیال رہے کہ اس موقع پر کسی بھی کنونشنل انشورنس کمپنی سے کسی قسم کا کوئی COVERAGE حاصل نہیں کیا گیا۔

اشیائے خوردونوش کی تجارت: النور مضاربہ نے چاول اور دیگر اشیائے خوردونوش میں بھی تجارت کی ہے، تصدیق کی جاتی ہے کہ ان معاملات میں بھی النور مضاربہ نے شریعت کے اصولوں کو مد نظر رکھتے ہوئے تجارت کی ہے۔

خلاصہ: الحمد للہ، جب سے ایس. ای. سی. پی. نے Shariah Compliance اور Shariah Audit Mechanism for Modarabas متعارف کرا دیا ہے، النور مضاربہ کی مینجمنٹ اپنی تمام تر توجہ اور اخلاص کے ساتھ اس پر عمل کرنے میں کوشاں ہے اور اپنی مصنوعات کی ترقی اور اصلاح پر مخلصانہ کام کر رہی ہے۔ ان ساری چیزوں کو مد نظر رکھتے ہوئے، ہم اپنی معلومات کے مطابق، النور مضاربہ کے بزنس کو شریعت کے مطابق قرار دیتے ہیں۔ واللہ اعلم بالصواب

محمد ابراہیم

مفتی محمد ابراہیم عیسیٰ

الحمد شریعہ ایڈوائزری سروسز (پرائیوٹ) لمیٹڈ

16 ستمبر 2019





THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

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

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

THE TERMS OF REFERENCE OF HUMAN RESOURCE & REMUNERATION COMMITTEE (HR&R)

The Board adopted the responsibilities contained in clause (XXV) of the Code of Corporate Governance 2012 from (i) to (iv) as the Terms of Reference (TOR) of the HR&R Committee.

The Committee shall be responsible for :

- (i) recommending human resource management policies to the board;
- (ii) recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO.
- (iii) consideration and approval on recommendations for CEO on such matters for key management positions who report directly to CEO.



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2019

This statement is being presented to comply with the Code of Corporate Governance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The total number of directors are 7 (seven) as per the following:

a. Male: 7

b. Female: 0

2. The composition of board is as follows :

Category	Names
Independent Director	1) Mr. Abdul Rahim Suriya 2) Mr. Tausif Ilyas
Executive Director	Mr. Jalaluddin Ahmed
Non-Executive Director	1) Mr. Ismail H. Zakaria 2) Mr. A. Aziz Ayoob 3) Mr. Zia I. Zakaria 4) Mr. Zain Ayoob

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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

5. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board as empowered by the relevant provisions of the Act and these Regulations.

6. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

7. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

8. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

9. CFO and CEO duly endorsed the financial statements before approval of the board.

10. The board has formed committees comprising of members given below:

a) Audit Committee

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

b) HR and Remuneration Committee

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



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2019

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

For and on behalf of the Board

Sd/-
Jalaluddin Ahmed
Chief Executive

Date : September 26, 2019



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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Al-Noor Modaraba Management Company (Private) Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Karachi
Date: September 26, 2019

Sd/-
Chartered Accountants
Engagement Partner: Adnan Zaman



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

We have audited the annexed statement of financial position of **FIRST ALNOOR MODARABA (The Modaraba)** as at June 30, 2019 and the related statement of profit or loss account, statement of other comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of accounts have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- b) In our opinion:
 - i. the statement of Financial Position, statement of profit or loss account and statement of other comprehensive income together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied except for changes in accounting policies as disclosed in notes 4.1 to the financial statements with which we concur;
 - ii. the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss account, statement of other comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2019 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushar Ordinance, 1980 (XVIII of 1980)

Karachi
Date: September 26, 2019

Sd/-
Chartered Accountants
Engagement Partner: Adnan Zaman



STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

	Note	June 30 2019 Rupees	June 30 2018 Rupees
ASSETS			
CURRENT ASSETS			
Cash and bank balances	5	33,848,731	24,281,195
Short term investments	6.1	12,072,439	25,689,143
Musawamah facility - secured	7	-	-
Profit receivable	8	1,127,893	1,014,099
Ijarah rental receivable	9	1,772,553	2,610,777
Diminishing musharakah receivable		1,071,257	1,196,806
Trade Debtors - considered good and unsecured	9A	3,710,823	12,959,168
Stock in trade 10		53,984,600	31,164,138
Current portion of investment in sukuk certificates	11	714,283	714,283
Current portion of investment in diminishing musharakah (Syndicate)	15	15,000,000	15,000,000
Current portion of investment in diminishing musharakah	16	19,105,977	7,262,912
Advances, deposits, prepayments and other receivables	12	16,101,954	8,409,480
Taxation	13	4,713,859	4,240,860
		163,224,369	134,542,860
NON-CURRENT ASSETS			
Long term deposits	14	3,846,989	3,846,989
Long term portion of investment in sukuk certificates	11	6,071,425	6,785,715
Long term portion of investment diminishing musharakah (syndicate)	15	11,250,000	26,250,000
Long term portion of investment diminishing musharakah	16	31,586,607	14,262,219
Long term investments	6	24,823,945	27,161,535
Ijarah assets	17	43,557,154	97,608,224
Fixed assets in own use	18	4,598,418	5,922,709
		125,734,538	181,837,397
TOTAL ASSETS		288,958,907	316,380,258
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current maturity of security deposits	19	17,470,250	9,054,050
Creditors, accrued and other liabilities	20	9,813,079	9,189,017
Provision for custom duty & surcharge	21	4,398,842	4,398,842
Profit payable	22	556,898	542,598
		32,239,069	23,184,507
NON CURRENT LIABILITIES			
Security deposits	19	2,252,550	21,217,800
Deferred liability - staff gratuity	23	9,827,789	7,564,856
		12,080,339	28,782,656
TOTAL LIABILITIES		44,319,408	51,967,164
CERTIFICATE HOLDER'S EQUITY			
40,000,000 (2018: 40,000,000) certificates of Rs 10/- each		400,000,000	400,000,000
Issued, subscribed & paid up capital	24	210,000,000	210,000,000
Reserves	25	97,835,635	97,835,635
Unappropriated loss		(55,786,673)	(40,734,969)
Total capital and reserves		252,048,962	267,100,671
Unrealised diminution on remeasurement of investment classified as fairvalue through OCI'- net	26	(7,409,463)	(2,687,577)
TOTAL LIABILITIES AND EQUITY		288,958,907	316,380,258
CONTINGENCIES AND COMMITMENTS	27	-	-

The annexed notes 1 to 48 form an integral part of these financial statements.

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

Sd/-
Chief Executive

Sd/-
Chief Financial Officer

Sd/-
Chairman

Sd/-
Director



STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30 2019 Rupees	June 30 2018 Rupees
Income from trading operations	28	1,932,472	1,112,176
Income on musawamah facility		-	73,973
Income on Diminishing Musharakah (Syndicate)		3,891,000	4,238,732
Income on Diminishing Musharakah		5,807,409	513,956
Income from Ijarah	29	10,954,323	14,499,238
Income from investments	30	2,996,758	4,482,844
		25,581,962	24,920,919
Administrative and operating expenses	31	28,417,961	29,408,497
Provision for non-performing assets	7	-	12,500,000
Impairment loss on trade debtors and other receivables	9A.1 & 12	3,951,567	-
Financial and other charges	30	26,968	31,495
		32,396,496	41,939,992
Operating loss		(6,814,534)	(17,019,073)
Other income	33	1,629,133	1,091,363
		(5,185,402)	(15,927,710)
Unrealised loss on re-measurement of investments at fair value through profit or loss	6.1.4	(7,814,904)	(8,267,558)
Share of loss from associates	6.2.1	(1,116,380)	(815,215)
		(14,116,685)	(25,010,483)
Management company's remuneration	34	-	-
		(14,116,685)	(25,010,483)
Workers welfare fund	35	-	-
Loss before taxation		(14,116,685)	(25,010,483)
Income tax expense	36	-	-
Loss for the year		(14,116,685)	(25,010,483)
Loss per certificate - Basic and Diluted	37	(0.67)	(1.19)

The annexed notes 1 to 48 form an integral part of these financial statements.

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

Sd/-
Chief Executive

Sd/-
Chief Financial Officer

Sd/-
Chairman

Sd/-
Director



STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30 2019 Rupees	June 30 2018 Rupees
Loss for the year		(14,116,685)	(25,010,483)
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	23.5	(1,528,601)	(551,004)
Share of others comprehensive income of associate - incremental depreciation	6.2.1	304,770	166,220
Equity investments at FVOCI - realised portion directly transferred into equity	26	288,812	-
Total comprehensive income for the year transferred to equity		(935,019)	(384,784)
Total comprehensive loss for the year transferred to equity		(15,051,704)	(25,395,267)
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	26	(5,010,698)	-
Items that will be reclassified subsequently into profit or loss account			
Reversal of realised on disposal during the year	26	-	(161,419)
Available-for-sale financial assets - net change in fair value		-	(207,002)
		-	(368,421)
Total Comprehensive Loss		(20,062,402)	(25,763,688)

* 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 December 11, 2017.

The annexed notes 1 to 48 form an integral part of these financial statements.

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

Sd/-
Chief Executive

Sd/-
Chief Financial Officer

Sd/-
Chairman

Sd/-
Director



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2019

	Issued subscribed & paid capital Certificate Capital	Reserve			Total
		Capital *Statutory Reserve	Revenue reserve	Unappropriated profit	
		Rupees			
Balance as at June 30, 2017	210,000,000	97,585,635	500,000	(13,069,702)	295,015,933
Total comprehensive loss for the year	-	-	-	(25,395,267)	(25,395,267)
Profit distribution in cash	-	-	-	(2,520,000)	(2,520,000)
Transfer from general reserve	-	-	(250,000)	250,000	-
Transfer to statutory reserve	-	-	-	-	-
Balance as at June 30, 2018	210,000,000	97,585,635	250,000	(40,734,969)	267,100,666
Total Comprehensive income for the year	-	-	-	(15,051,704)	(15,051,704)
Profit distribution in cash	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-
Balance as at June 30, 2019	210,000,000	97,585,635	250,000	(55,786,673)	252,048,962

* 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 48 form integral part of these financial statements.

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

Sd/-
Chief Executive

Sd/-
Chief Financial Officer

Sd/-
Chairman

Sd/-
Director



STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30 2019 Rupees	June 30 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash from operations after working capital changes	38	4,484,786	36,773,708
Increase in long-term security deposits		(10,549,050)	(6,126,150)
Income on musawamah facility		-	73,973
Income on Diminishing Musharakah (Syndicate)		4,016,549	4,506,784
Income on Diminishing Musharakah		5,817,876	535,222
Income tax paid		(473,000)	(556,478)
Gratuity paid		(650,000)	(398,000)
Net cash generated from operating activities		2,647,161	34,809,058
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets			
- Own		(406,826)	(4,727,600)
- Ijarah		-	(28,325,500)
Sale proceeds on disposal of fixed assets			
- Own		10,000	2,243,000
- Ijarah		13,181,410	8,124,425
Dividend received		1,760,147	1,455,269
Profit on bank deposit		1,151,405	815,850
Redemption of Installment of Sukuk Certificates		714,290	714,290
Investment in Sukuk Certificates		-	(5,000,000)
Investment in diminishing musharakah		(43,582,000)	(24,514,000)
Repayment of diminishing musharakah		29,414,547	21,711,650
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		(11,333,062)	(19,487,888)
Proceeds from sale of investments in listed securities		15,332,897	27,522,882
Net cash (used in) investing activities		6,929,743	(19,467,621)
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit paid to the certificate holders		-	(2,529,097)
Financial charges paid		(9,368)	(13,895)
Net cash (used in) financing activities		(9,368)	(2,542,992)
Net increase / (decrease) in cash and cash equivalents		9,567,536	12,798,445
Cash and cash equivalents at beginning of the year		24,281,195	11,482,750
Cash and cash equivalents at end of the year	39	33,848,731	24,281,195

The annexed notes 1 to 48 form an integral part of these financial statements.

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

Sd/-
Chief Executive

Sd/-
Chief Financial Officer

Sd/-
Chairman

Sd/-
Director



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

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

The Modaraba is a multipurpose perpetual modaraba and is primarily engaged in ijarah financing, musharikah, diminishing musharikah, murabaha, musawamah, modaraba, equity investment, ijarah and trading activities.

The Modaraba is listed on the Pakistan Stock Exchange.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Boards (IASB) as notified under the Companies Act 2017;
- Provisions 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 as notified under the Companies Act 2017.

Wherever provisions and directives issued under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and IFAS differ from IFRS Standards, the provision and directives issued under the Companies Act, 2017 the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and the Modaraba Rules, 1981, Prudential Regulations for Modaraba and IFAS have been followed.

2.2 Basis of measurement

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

3 New or amendments / interpretations to existing standards, interpretation and forthcoming requirements

There are new and ammended standards and interpretations that are mandatory for accounting periods beginning 01 July 2018 other than those disclosed in note 4.1. These are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

3.1 Standards, interpretations and ammendments to published approved accounting standards that are not yet effective.

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. Management is not expecting impact of the standard on the Modaraba's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Modaraba's financial statements.
- Amendment to IFRS 9 'Financial Instruments-Prepayment Features with Negative Compensation' (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or fair value through other comprehensive income (FVOCI), IFRS 9 requires its contractual cash flows to meet the criterion that cash flows are 'solely payments of principal and interest' (SPPI). Some prepayment options could result in a situation wherein the party that triggers the early termination receives compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on the Modaraba's financial statements.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Modaraba's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of this amendment does not have an impact on the Modaraba's financial statements.
- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and it contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above improvements to standards are not likely to have material / significant impact on Modaraba's financial statements.

3.2 Functional and presentation currency

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

3.3 Critical accounting estimates and judgments

In preparing these 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements and information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next year are included in the following notes:

- i) Classification of financial instruments (note 4.3).



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

- ii) Provision for impairment (note 4.5)
- iii) Provision for taxation (note 4.10 and 36).
- v) Musawamah finance (note 7)
- vi) Determination and measurement of useful life and residual value of fixed assets and ijarah assets (note 4.8 and 18).

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below in note 4.1, the significant accounting policies are consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

4.1 Change in significant accounting policy

The modaraba has adopted IFRS 15 'Revenue from Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June respectively.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

4.1.1 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' is effective for accounting period beginning on or after July 1, 2018. This standard has replaced IAS 18, IAS 11 & Revenue and related interpretations and it applies to all revenue arising from contracts with customers. The IFRS 15 establish a five-steps mode to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires the entities to exercise judgment, taking in to consideration all of the relevant facts and circumstances when applying each step of the model to contracts with the customers. Hence, the Modaraba has concluded that the impact of adoption of revenue recognition model as laid down in IFRS 15 is not material. There is no material impact of transition to IFRS 15 on the financial position of the Modaraba and there is no effect on the accounting policies of the Modaraba in respect of revenue from contracts with Customers.

4.1.2 IFRS 9 'Financial Instruments'

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard has replaced the provisions of IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

4.1.2.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL); and
- measurement at amortised cost



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows.

The adoption of IFRS 9 has not had a significant effect on the Modaraba's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

On initial application of IFRS 9, there is no significant impact on modaraba except below mentioned classification, therefore, financials are not restated.

The accounting policies that apply to financial instruments are stated in note 4.3 to the financial statements.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at July 1, 2018:



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

As at June 30, 2018	Original classification under IAS 39			
Cash and bank balances	Loans and advances	Amortised cost	24,281,195	24,281,195
Short term investments	Held for trading	FVTPL	25,689,143	25,689,143
Musawamah facility - secured	Amortised cost	Amortised cost	-	-
Profit receivable	Amortised cost	Amortised cost	1,014,099	1,014,099
Ijarah rental receivable	Amortised cost	Amortised cost	2,610,777	2,610,777
Diminishing musharakah receivable	Amortised cost	Amortised cost	1,196,806	1,196,806
Trade Debtors - considered good and unsecured	Amortised cost	Amortised cost	12,959,168	12,959,168
Advances, deposits, prepayments and other receivables	Loans and advances	Amortised cost	8,409,480	8,409,480
Long term deposits	Amortised cost	Amortised cost	3,846,989	3,846,989
Investment in sukuk certificates	Amortised cost	Amortised cost	6,785,722	6,785,722
Investment diminishing musharakah (syndicate)	Amortised cost	Amortised cost	41,250,000	41,250,000
Investment diminishing musharakah	Amortised cost	Amortised cost	14,262,219	14,262,219
Long term investments	Available for sale	FVTOCI	27,161,535	27,161,535

4.1.2.2 Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The Modaraba applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables and all loans and advances.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and loans and advances, the modaraba applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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

4.2 Investment in associates

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

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

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

4.3 Financial Instruments

Initial measurement of financial asset

The Modaraba classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

Derecognition of Financial Assets

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred

Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Modaraba becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes advisory fee receivable, diminishing musharika finance, musharika finance, modarabah term deposits, investment in repurchase agreement, long term loans, accruals, prepayments, advances and other receivables and cash and cash equivalent. The Modaraba derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

4.4 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Modaraba commits to purchase or sell the assets.

4.5 Impairment

4.5.1 Financial assets

The Modaraba recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost, except in the case of calculation of impairment provision on financial assets where the requirements of the Prudential Regulations for Modaraba prevails.

The Modaraba measures loss allowances at an amount equal to lifetime ECLs, except for other securities and bank balances which are measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances.

4.5.2 Non-financial assets

The carrying amounts of the Modaraba's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

Financial assets classified under Islamic Financial Accounting Standards

In case of assets classified under Islamic Financial Accounting Standards, the assets shall be reviewed and provided for according to the time based criteria mentioned in the Prudential Regulations for Modarabas.

"Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Modaraba has a legally enforceable right to offset and the Modaraba intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statements only when permitted by the accounting and reporting standards as applicable in Pakistan."

"Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Modaraba becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Modaraba derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method."

4.6 Receivable from terminated / matured contracts

These are stated net of impairment loss. Impairment loss is recognised for doubtful receivables on the basis of Prudential Regulations for Modarabas issued by the SECP or based on the judgment of management, whichever is higher. Bad debts are written off when identified.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

4.7 Ijarah rentals , Musawamah finance and Modaraba finance

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

4.8 Fixed assets - Tangible

4.8.1 Owned assets

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

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

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

4.8.2 Ijarah assets

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

4.8.3 Gain or loss on disposal

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

4.8.4 Impairment

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

4.8.5 Intangible assets

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

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

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

4.9 Loans, advances and other receivables

The Modaraba's receivables comprise of Receivable against Debtors, Musharika finance, Diminishing Musharika finance, deposits, other receivables and cash and cash equivalents with fixed or determinable payments that are not quoted in an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective profit rate method.

4.10 Taxation

4.10.1 Current

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

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

4.10.2 Deferred

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

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

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

4.11 Creditors, accrued and other liabilities

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

4.11.1 Provisions

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

4.11.2 Staff retirement benefits Unfunded gratuity scheme

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

4.12 Stock In trade

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

Packing materials are recorded at average cost.

4.13 Revenue recognition

4.13.1 Trading operations

Sales from trading operations is recognized when the modaraba satisfies performance obligations by transferring goods to customer. Goods are transferred when the customer obtains their control, i.e. on dispatch of goods to customer. Sales is measured at fair value of the consideration received or receivable.

4.13.2 Ijarah

Income on Ijarah is recognised on an accrual basis.

4.13.3 Non-performing ijarah lease

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

4.13.4 Musharakah Finance

Profit on musharakah finance is recognised on the basis of pre-agreed profit / loss sharing ratio

4.13.5 Musawamah Finance

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

4.13.6 Dividend Income

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

4.13.7 Return on deposit with bank

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

4.14 Segment reporting

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

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

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

- Trading
- Financing
- Investments
- Ijarah

4.15 Earnings / (loss) per share

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
5. CASH AND BANK BALANCES			
With Cash in Hand		-	-
With banks in current accounts			
- Islamic Banks /Islamic Window operations		504,404	483,575
- Conventional Banks		2,455,658	145,227
With banks in PLS accounts			
- Islamic Banks /Islamic Window operations	5.1	30,888,670	23,652,393
- Conventional Banks		-	-
		<u>33,848,731</u>	<u>24,281,195</u>
5.1	These deposits accounts carry profit at rates ranging from 2.88% % to 5.75 % (2018: 1.55% to 4.28%).		
6. INVESTMENTS			
6.1 SHORT TERM INVESTMENTS			
At fair value through profit and loss			
Shariah compliant			
- Equity securities - listed	6.1.1	11,333,638	19,926,693
- Mutual funds - listed	6.1.2	93,051	5,762,450
Non - Shariah compliant			
- Equity securities - listed	6.1.3	645,750	-
- Mutual funds - listed		-	-
		<u>12,072,439</u>	<u>25,689,143</u>

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

Name of investee company	Number of shares					Balance as at June 30, 2019		
	As at July 1, 2018	Purchases during the year	Bonus / right issue	Sales /write-offs during the year	As at June 30, 2019	Carrying cost	Market value	Appreciation/ (diminution)
Construction and Materials								
Fauji Cement Company Limited	12,500	-	-	8,000	4,500	204,842	70,785	(134,057)
D.G. Khan Cement Limited	3,000	-	-	500	2,500	447,128	141,350	(305,778)
Lucky Cement Company Limited	4,400	-	-	1,100	3,300	2,826,313	1,255,551	(1,570,762)
Maple Leaf Cement Ltd	8,500	-	-	6,500	2,000	244,717	47,780	(196,937)
Best Way Cement Co. Ltd	500	-	-	-	500	159,256	51,535	(107,721)
Power cement Limited	-	15,000	-	4,000	11,000	94,509	70,730	(23,779)
AKZO nobel Pakistan Limited	500	-	-	-	500	126,856	50,025	(76,831)
Kohat Cement Company Limited	1,500	4,300	-	500	5,300	661,341	278,409	(382,932)
Sub total	30,900	19,300	-	20,600	29,600	4,764,963	1,966,165	(2,798,798)
Oil & Gas Producers								
Attock Refinery Limited	1,000	-	-	1,000	-	-	-	-
National Refinery Limited	2,000	-	-	-	2,000	1,064,106	226,940	(837,166)
Oil & Gas Development Co. Ltd	-	5,500	-	5,000	500	71,674	65,745	(5,929)
Hascol Petroleum Ltd.	1,380	1,635	670	-	3,685	746,053	252,865	(493,188)
Sub total	4,380	7,135	670	6,000	6,185	1,881,833	545,550	(1,336,284)



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Name of investee company	Number of shares				Balance as at June 30, 2019			
	As at July 1, 2018	Purchases during the year	Bonus / right issue	Sales / write-offs during the year	As at June 30, 2019	Carrying cost	Market value	Appreciation/ (diminution)
Gas Water & Multiutilities								
Sui Southern Gas Limited	15,000	15,000	-	-	30,000	1,042,025	620,400	(421,625)
TPL Corporation Limited	45,000	-	-	25,000	20,000	303,185	97,600	(205,585)
Sui Northern Gas Pipeline Limited	7,000	5,000	-	500	11,500	1,314,571	799,135	(515,436)
Sub total	67,000	20,000	-	25,500	61,500	2,659,781	1,517,135	(1,142,646)
General Industries								
Thal Limited	1,000	-	-	-	1,000	552,130	364,060	(188,070)
Pakistan Paper Products	500	600	200	-	1,300	159,952	146,900	(13,052)
Packages Limited	2,500	2,500	-	-	5,000	3,357,135	1,502,800	(1,854,335)
Sub total	4,000	3,100	200	-	7,300	4,069,217	2,013,760	(2,055,457)
Power Generation & Distribution								
K-Electric Limited	239,500	200,000	-	259,500	180,000	1,257,255	790,200	(467,055)
Hub Power Company Limited.	-	5,500	-	5,500	-	-	-	-
Kot Addu Power Company Limited	8,000	-	-	7,000	1,000	85,089	36,380	(48,709)
Sub total	247,500	205,500	-	272,000	181,000	1,342,344	826,580	(515,764)
Automobile and Parts								
Ghandhara Industrials Limited	1,000	-	500	500	1,000	422,042	87,370	(334,672)
Pak Suzuki Motors Co. Ltd	1,000	-	-	-	1,000	860,221	228,960	(631,261)
Millat Tractors Limited	570	100	-	-	670	898,831	577,795	(321,036)
Exide Battery Ltd	120	-	-	-	120	115,648	16,620	(99,028)
Atlas Battery Limited	200	-	-	200	-	-	-	-
Sub total	2,890	100	500	700	2,790	2,296,742	910,745	(1,385,997)
Cable and Electrical Goods								
Pakistan Elektron Limited	3,200	20,000	-	-	23,200	822,168	464,464	(357,704)
Sub total	3,200	20,000	-	-	23,200	822,168	464,464	(357,704)
Engineering								
Amerli Steels Limited	5,000	2,500	-	500	7,000	667,817	172,620	(495,197)
International Steels Limited	2,000	-	-	-	2,000	232,105	79,420	(152,685)
Mughal Iran & Steel Industries Ltd.	3,000	5,000	-	1,000	7,000	427,113	176,120	(250,993)
Sub total	10,000	7,500	-	1,500	16,000	1,327,035	428,160	(898,875)
Chemicals								
Lotte Pakistan PTA Limited	7,500	81,000	-	74,000	14,500	222,647	221,125	(1,522)
Engro Corporation Ltd.	3,000	2,000	200	3,000	2,200	653,565	584,320	(69,245)
Engro Fertilizer Limited	15,000	4,000	-	10,500	8,500	611,561	543,745	(67,816)
Fatima fertilizer Limited	4,000	-	-	4,000	-	-	-	-
ICI Pakistan Limited	220	-	-	-	220	231,379	117,143	(114,236)
Sitara Peroxide Limited	10,000	3,000	-	11,000	2,000	73,607	38,360	(35,247)
Ittehad Chemicals Ltd	1,000	-	100	-	1,100	44,479	29,656	(14,823)
Dawood Hercules Chemicals Limited	15,000	1,000	-	16,000	-	-	-	-
Sub total	55,720	91,000	300	118,500	28,520	1,837,239	1,534,349	(302,890)



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Name of investee company	Number of shares					Balance as at June 30, 2019		
	As at July 1, 2018	Purchases during the year	Bonus / right issue	Sales / write-offs during the year	As at June 30, 2019	Carrying cost	Market value	Appreciation/ (diminution)
Pharma and Bio Tech								
The Searle Company Limited	1,910	-	286	-	2,196	875,440	321,846	(553,594)
Glaxo Smithkline Pakistan Ltd.	4,500	-	-	-	4,500	951,676	428,985	(522,691)
Sub total	6,410	-	286	-	6,696	1,827,115	750,831	(1,076,285)
Food Industries								
Al-Shaher Corporaiton	11,750	21,250	-	15,500	17,500	645,536	220,500	(425,036)
Sub total	11,750	21,250	-	15,500	17,500	645,536	220,500	(425,036)
GLASS & CERAMICS								
Shabbir Tiles & Ceramics Limited	-	10,000	-	10,000	-	-	-	-
	-	10,000	-	10,000	-	-	-	-
Personal Goods(Textiles)								
Nishat Mills Limited	-	6,500	-	5,000	1,500	227,273	140,010	(87,263)
Sub total	-	6,500	-	5,000	1,500	227,273	140,010	(87,263)
Miscellaneous								
Synthetic Products Limited	700	-	-	-	700	36,214	15,533	(20,681)
Sub total	700	-	-	-	700	36,214	15,533	(20,681)
	482,299	401,385	1,956	465,300	382,491	23,737,460	11,333,638	(12,403,391)

6.1.2 Mutual funds - listed

Units of Mutual Funds

Meezan Islamic Fund - Growth Units	1,941	-	-	-	1,941	50,427	93,051	42,624
First Habib Islamic Balanced Fund	64,573	-	-	64,573	0	-	-	-
	66,515	-	-	64,573	1,941	50,427	93,051	42,624

6.1.3 Non - Shariah compliant

Food Industries

Fauji Foods Limited	1,000	5,000	-	-	6,000	226,439	79,140	(147,299)
Sub total	1,000	5,000	-	-	6,000	226,439	79,140	(147,299)

Automobile and Parts

General Tyre & Rubber Co. of Pakistan Ltd.	5,000	6,200	2,800	3,000	11,000	1,247,312	566,610	(680,702)
Sub total	5,000	6,200	2,800	3,000	11,000	1,247,312	566,610	(680,702)
	6,000	11,200	2,800	3,000	17,000	1,473,751	645,750	(828,001)

Total Listed securities

- At Fair value through Profit & Loss	554,814	412,585	4,756	532,873	401,432	25,261,638	12,072,439	(13,188,768)
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

6.1.4 Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	June 30, 2019 Rupees	June 30, 2018 Rupees
Market Value as at	6.1.3 12,072,439	25,689,143
Cost of investment	25,261,638	34,084,621
Unrealised (loss) on investment as at period/ year ended	(13,189,199)	(8,395,478)
Unrealised (loss) / gain on investment at the beginning of the year	(8,395,478)	(2,792,396)
Gain realised on disposal during the year	3,021,183	2,664,476
Unrealised (loss) on investment for the year ended	<u>(7,814,904)</u>	<u>(8,267,558)</u>

6.2 LONG TERM INVESTMENTS			
Investment in Associates	6.2.1	6,671,102	7,648,874
FVTOCI			
Equity securities - listed FVTOCI			
Shariah compliant			
- Equity securities - listed	6.2.2	5,034,862	11,132,900
- Mutual funds - listed	6.2.3	10,271,679	5,858,065
Non - shariah compliant			
- Equity securities - listed		2,846,302	2,521,695
		<u>24,823,945</u>	<u>27,161,535</u>

6.2.1 Investment in Associates			
Opening balance		7,648,874	8,297,869
Share of incremental depreciation		304,770	166,220
Share of comprehensive income		-	-
Share of (loss) / profit of associate		<u>(1,116,380)</u>	<u>(815,215)</u>
		(811,610)	(648,995)
Dividend income		<u>(166,163)</u>	-
		<u>6,671,102</u>	<u>7,648,874</u>

Name of Associate
Al-Noor Sugar Mills Limited

Basis of significant influence
Common directorship

Share capital - ordinary shares of Rs. 10 each
Total assets
Total liabilities
Net assets

Revenue
Profit for the year - after tax

Number of shares held
Cost of investment
Ownership interest
Market value of shares

Net book value

Financial results based on the information available as on
Financial year ended of the companies

June 30 2019	June 30 2018
Al-Noor Sugar Mills Ltd	Al-Noor Sugar Mills Ltd
Rupees in '000	Rupees in '000
204,737	204,737
11,962,429	11,937,939
9,042,789	9,155,654
2,919,640	2,782,285
3,949,817	3,177,000
(51,315)	127,534
Rupees	Rupees
110,775	110,775
1,482,481	1,482,481
0.54%	0.54%
5,389,204	5,085,000
(3,906,723)	1,474,395
31-Mar-19	31-Mar-18
30-Sep	30-Sep



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

6.2.2 At the fair value through OCI Shariah Complaint Equity Securities-Listed

Name of investee company	Number of shares				Balance as at June 30, 2019			
	As at July 1, 2018	Purchases during the year	Bonus / right issue	Sales /write-offs during the year	As at June 30, 2019	Carrying cost	Market value	Appreciation/ (diminution)

Fully paid ordinary shares of Rs 10 each unless stated otherwise

Equity Investment Instruments

First Habib Modaraba	4,500	-	-	-	4,500	36,646	42,345	5,699
First Imrooz Modaraba	3,000	-	-	-	3,000	479,843	466,770	(13,073)
Habib Metro Modaraba	500	-	-	-	500	5,000	5,000	-
Allied Rental Modaraba	15,000	-	1,500	-	16,500	385,856	214,500	(171,356)
Orix Modaraba	11,000	-	-	-	11,000	283,258	170,500	(112,758)
Sub total	34,000	-	1,500	-	35,500	1,190,604	899,115	(291,489)

Construction and Materials

Power Cement Company Limited	6,000	-	-	-	6,000	73,931	38,580	(35,351)
Sub total	6,000	-	-	-	6,000	73,931	38,580	(35,351)

Automobile and Parts

Ghandhara Nissan Limited	2,600	-	693	-	3,293	711,799	172,652	(539,147)
Ghandhara Industries Limited	2,100	-	2,100	-	4,200	1,616,533	366,954	(1,249,579)
Millat Tractors Limited	630	-	-	-	630	822,135	543,299	(278,836)
Sazgar Engineering Works	200	-	-	200	-	-	-	-
Hinopak Motors Limited	10	-	-	-	10	10,204	3,220	(6,984)
Sub total	5,540	-	2,793	200	8,133	3,160,671	1,086,125	(2,074,546)

Pharma and Bio Tech

Searle Company Limited	1,216	-	182	-	1,398	610,286	204,891	(405,395)
Sub total	1,216	-	182	-	1,398	610,286	204,891	(405,395)

Engineering

Crescent Steel & Allied Products	200	5,000	-	-	5,200	354,641	196,456	(158,185)
International Steels Limited	5,000	-	-	-	5,000	807,581	198,550	(609,031)
Sub total	5,200	5,000	-	-	10,200	1,162,221	395,006	(767,215)

Chemicals

Engro Fertilizer Company Limited	5,000	-	-	5,000	-	-	-	-
Engro Corporation Limited	7,100	-	710	-	7,810	2,421,697	2,074,336	(347,361)
Lotte Chemical Pakistan Ltd	7,500	-	-	7,500	-	-	-	-
Sub total	19,600	-	710	12,500	7,810	2,421,697	2,074,336	(347,361)

Oil & Gas Producers

Pakistan Petroleum Limited	8,000	-	1,125	9,125	-	-	-	-
Pakistan Oilfield Limited	100	-	20	120	-	-	-	-
Oil & Gas Development Co. Ltd	500	-	-	500	-	-	-	-
Attock Petroleum Limited	100	-	20	-	120	60,439	34,621	(25,817)
Mari Petroleum Ltd	160	-	16	-	176	247,031	177,642	(69,389)
Hascol Petroleum Limited	1,650	-	165	-	1,815	374,439	124,545	(249,894)
Sub total	10,510	-	1,346	9,745	2,111	681,908	336,809	(345,100)
	82,066	5,000	6,531	22,445	71,152	9,301,319	5,034,862	(4,266,457)

6.2.3 Mutual funds - listed

Units of Mutual Funds

UBL Al Ameen Islamic Allocation Plan Plan -VI Class B Preservation Fund -B	29,680	-	-	-	29,680	3,061,111	2,591,420	(469,692)
UBL Al Ameen Islamic Allocation Plan -IX	29,016	-	-	-	29,016	3,000,000	2,597,787	(402,213)
Meezan Balance Fund	8,651	-	-	-	8,651	118,136	116,432	(1,704)
HBL-IFPF-Islamic Capital Preservation Plan	-	49,724	37	-	49,761	5,000,000	4,966,040	(33,960)
Sub total	67,347	49,724	37	-	117,108	11,179,248	10,271,679	(907,568)



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

6.2.4 Non - Shariah compliant

Chemicals

Fauji Fertilizer Company Limited	25,500	-	-	-	25,500	2,918,417	2,223,600	(694,817)
Sub total	25,500	-	-	-	25,500	2,918,417	2,223,600	(694,817)

General Industries

Cherat Packages Limited	6,715	-	1,008	-	7,723	2,163,324	622,702	(1,540,622)
Sub total	6,715	-	1,008	-	7,723	2,163,324	622,702	(1,540,622)

32,215	-	1,008	-	33,223	5,370,553.30	2,846,302	(2,235,439)
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Total Listed securities - AFS	181,628	54,724	7,576	22,445	221,483	25,851,120	18,152,843	(7,409,465)
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6.3 Unrealised gain / (loss) on re-measurement of investments-FVTOCI

June 30, 2019
Rupees

June 30, 2018
Rupees

Market Value as at	6.2.2	18,152,843	19,512,660
Cost of investment		25,851,120	22,200,238
Unrealised (loss) on investment as at year ended		(7,698,277)	(2,687,578)
Unrealised (loss) on investment at the beginning of the year		(2,687,578)	(2,641,995)
Gain / (loss) realised on disposal during the year		-	161,419
Unrealised (loss) on investment for the year ended		(5,010,698)	(207,002)

7. MUSAWAMAH RECEIVABLE - Secured

Musawamah facility - secured considered doubtful
Less: provision against potential losses

25,000,000	25,000,000
(25,000,000)	(25,000,000)
-	-

7.1 Musawamah facility (Classified portfolio)

	June 30, 2019 Balance outstanding	Provision held	June 30, 2018 Balance outstanding	Provision held
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 AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

- 7.2** "This represents musawamah principal amount overdue by more than one year carried profit rate of 10% (June 2018: 10%) per annum secured against hypothecation of current assets, demand promissory notes, personal guarantee of directors and pledge of stocks(raw cotton). M/s Quetta Textile Mills Limited has defaulted in payment at its maturity therefore the Modaraba has filed a suit for recovery of principal and profit in Hon'ble Banking Court No. II. The legal advisor of the Modaraba is of the opinion that Modaraba has reasonable chances of recovery of the defaulted amounts. However, in compliance to prudential regulation # 5 for modarabas, the modaraba has provided the provision against the said default.

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

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

8 PROFIT RECEIVABLE

Diminishing Musharakah	717,682	766,167
Sukuk	217,281	156,088
PLS bank account	192,930	91,844
	<u>1,127,893</u>	<u>1,014,099</u>

8.1 Provision against potential losses

Less: Income suspended	678,083 (678,083)	678,083 (678,083)
	<u>-</u>	<u>-</u>

9 IJARAH RENTALS RECEIVABLES

Ijarah rentals receivable - considered good	1,772,553	2,610,777
Less: allowance for potential ijarah losses	-	-
	<u>1,772,553</u>	<u>2,610,777</u>

9.1 Future minimum ijarah rentals receivable

	2019			
	Total	Not Later than on year	Later than one year but not later than five	Later than five years
Vehicles	24,400,698	22,036,253	2,364,445	-
Others	-	-	-	-
	<u>24,400,698</u>	<u>22,036,253</u>	<u>2,364,445</u>	<u>-</u>
	2018			
	Total	Not Later than on year	Later than one year but not later than five	Later than five years
Vehicles	94,379,087	68,319,271	26,059,816	-
Others	3,229,050	3,229,050	-	-
	<u>97,608,137</u>	<u>71,548,321</u>	<u>26,059,816</u>	<u>-</u>

- 9.1.1** The assets under ijarah arrangements carries profit from 8.00 to 27.46% (2018:8.00% to 27.46%).



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
Diminishing musharakah receivable			
Diminishing musharakah receivable - considered good		1,071,257	1,196,806
Less: allowance for potential Diminishing musharakah losses		-	-
		<u>1,071,257</u>	<u>1,196,806</u>
9A Trade Debtors			
Considered good - unsecured		7,421,646	12,959,168
Less: provision for doubtful	9A.1	(3,710,823)	-
		<u>3,710,823</u>	<u>12,959,168</u>
9A.1 Reconciliation of provisions against trade debtors			
Opening balance		-	-
Provision for the year		3,710,823	-
Closing balance		<u>3,710,823</u>	<u>-</u>
10 STOCK IN TRADE			
Finished goods		53,984,600	31,164,138
In transit		267,790	267,790
less: Provision for slow moving stock		(267,790)	(267,790)
		<u>53,984,600</u>	<u>31,164,138</u>
11 INVESTMENT IN SUKUK CERTIFICATES - Amortised Cost			
Investment in Sukuk Certificates	11.1	6,071,425	6,785,722
Less: Principal Repaid		(714,290)	(714,290)
Add: Current portion of Investment in Sukuk Certificates		714,283	714,283
		<u>6,071,425</u>	<u>6,785,715</u>
11.1	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 2018: 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 2018: KIBOR + 0.75%).		
12 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good			
- Suppliers		8,728,400	119,300
- Employees	12.1	815,110	615,130
Prepayments		5,502,130	5,072,501
Others		240,744	1,381,900
Less: Provision during the year		(240,744)	-
		-	1,381,900
Dividend receivable		70,070	234,405
Sales tax receivable		986,244	986,244
		<u>16,101,954</u>	<u>8,409,480</u>
12.1	The balance on current account with the officers and employees of the modaraba, the maximum amounts held by any of them at any time for Rs. 815,110/- (2018: Rs.812,950/-)		
13 TAXATION			
13.1	The income of the Modaraba, not being trading income, is exempt from tax subject to the condition that not less than ninety per cent of its total profits in the year as reduced by the amount transferred to a mandatory reserve, required under the provisions of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed amongst the shareholders.		



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 (2018: Nil) are the tax deducted as final on the remittance received from the import / export of goods.

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
13.2			
Income tax refundable		4,240,860	3,684,382
Income tax adjusted / deducted at source		472,999	556,478
		4,713,859	4,240,860
14			
LONG TERM DEPOSITS			
National Commodities Exchange Limited		2,500,000	2,500,000
Security Deposit-N.C.E.L.-Office Space		850,000	850,000
Guarantee Margin - MCB		440,000	440,000
Mobile Phone - Pakistan Mobile Comm.		12,489	12,489
Mobile Phone - Warid Telecom		7,000	7,000
Security Deposit- CDC Pakistan Ltd.		37,500	37,500
		3,846,989	3,846,989
15			
LONG TERM PORTION OF INVESTMENT IN DINIMISHING MUSHARAKAH (Syndicate)			
Diminishing Musharakah	15.1	26,250,000	41,250,000
Less: Current portion of investment in diminishing musharakah		(15,000,000)	(15,000,000)
Long term potion of investment in diminishing musharakah		11,250,000	26,250,000
15.1			
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 2018: KIBOR + 2.75%) receivable in 16 quarterly equal installments from April 2017 to till January, 2021. with one year grace period .			
16			
LONG TERM PORTION OF INVESTMENT IN DINIMISHING MUSHARAKAH			
Diminishing Musharakah		73,021,000	29,489,271
Less: Principal Repaid		(22,328,416)	(7,964,140)
Less: Current portion of investment in diminishing musharakah		(19,105,977)	(7,262,912)
Long term potion of investment in diminishing musharakah		31,586,607	14,262,219
These carry profit rate ranging from 8.52% to 14.00% (2018:14.00%) per annum and are repayable on monthly basis over a maximum period of three years.The financing is secured by way of personal guarantees of the parties.			
17			
IJARAH ASSETS			
Vehicles		43,557,154	94,379,174
Others		-	3,229,050
	17.1	43,557,154	97,608,224



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

17.1 The following is a statement of ijarah assets:

At July 01, 2018

Cost
Accumulated depreciation
Net book value

Additions

Disposals

Cost
Depreciation

Depreciation / amortisation charge for the year

Closing net book value

At June 30, 2019

Cost
Accumulated depreciation
Net book value

-----Year ended June 30, 2019-----

Ijarah Assets		
Motor Vehicles	Others	Total
189,374,376	12,540,000	201,914,376
(94,995,202)	(9,310,950)	(104,306,152)
94,379,174	3,229,050	97,608,224
-	-	-
(68,492,376)	(12,540,000)	(81,032,376)
56,121,323	11,286,000	67,407,323
(12,371,053)	(1,254,000)	(13,625,053)
(38,450,967)	(1,975,050)	(40,426,017)
43,557,154	-	43,557,154
120,882,000	-	120,882,000
(77,324,846)	-	(77,324,846)
43,557,154	-	43,557,154

-----Year ended June 30, 2018-----

Ijarah Assets		
Motor Vehicles	Others	Total
211,181,876	12,540,000	223,721,876
(75,025,316)	(6,489,450)	(81,514,766)
136,156,560	6,050,550	142,207,110
28,325,500	-	28,325,500
(50,133,000)	-	(50,133,000)
41,278,596	-	41,278,596
(8,854,404)	-	(8,854,404)
(61,248,482)	(2,821,500)	(64,069,982)
94,379,174	3,229,050	97,608,224
189,374,376	12,540,000	201,914,376
(94,995,202)	(9,310,950)	(104,306,152)
94,379,174	3,229,050	97,608,224

At July 01, 2017

Cost
Accumulated depreciation
Net book value

Additions

Disposals

Cost
Depreciation

Depreciation / amortisation charge for the year

Closing net book value

At June 30, 2019

Cost
Accumulated depreciation
Net book value

18 FIXED ASSETS IN OWN USE

Tangible assets
Intangible assets

Note	June 30, 2019 Rupees	June 30, 2018 Rupees
	4,551,916	5,922,707
	46,502	2
18.1	4,598,418	5,922,709



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

18.1 The following is a statement of fixed assets in own use

18.1 The following is a statement of fixed assets in own use	----- Tangible assets -----				Total Tangible Assets	Intangible	Total fixed Assets in use
	Computer equipment	Office equipment and appliances	Furniture and Fixtures	Motor Vehicles		Computer software	
----- Rupees -----							
At July 01, 2018							
Cost	546,034	565,908	809,774	7,480,989	9,402,705	253,000	9,655,705
Adjustment	-	(886)	890	(4)	-	-	-
Accumulated depreciation / amortisation	(459,545)	(429,055)	(233,366)	(2,358,032)	(3,479,998)	-	(3,479,998)
Net book value	86,489	135,967	577,298	5,122,953	5,922,707	2	5,922,709
Additions	97,500	184,826	64,500	-	346,826	60,000	406,826
Disposals							
Cost	-	(119,658)	-	(40,800)	(160,458)	-	(160,458)
Depreciation	-	119,657	-	40,799	160,456	-	160,456
	-	(1)	-	(1)	(2)	-	(2)
Depreciation / amortisation charge for the year	(72,373)	(114,527)	(76,695)	(1,454,020)	(1,717,615)	(13,500)	(1,731,115)
Closing net book value	111,616	206,265	565,103	3,668,932	4,551,916	46,502	4,598,418
At June 30, 2019							
Cost	643,534	631,076	874,274	7,440,189	9,589,073	313,000	9,902,073
Accumulated depreciation / amortisation	(531,918)	(424,811)	(309,171)	(3,771,257)	(5,037,157)	(266,498)	(5,303,655)
Net book value	111,616	206,265	565,103	3,668,932	4,551,916	46,502	4,598,418

Depreciation rate % per annum 30 30 10 20 30

	----- Tangible assets -----				Total Tangible Assets	Intangible	Total fixed Assets in use
	Computer equipment	Office equipment and appliances	Furniture and Fixtures	Motor Vehicles		Computer software	
----- Rupees -----							
At July 01, 2017							
Cost	817,723	537,873	755,824	5,181,489	7,292,909	253,000	7,545,909
Accumulated depreciation / amortisation	(704,936)	(329,068)	(167,069)	(886,689)	(2,087,762)	(252,998)	(2,340,760)
Net book value	112,787	208,805	588,755	4,294,800	5,205,147	2	5,205,149
Additions	38,900	86,700	59,500	4,542,500	4,727,600	-	4,727,600
Disposals							
Cost	(310,589)	(58,665)	(5,550)	(2,243,000)	(2,617,804)	-	(2,617,804)
Depreciation	310,539	58,663	5,595	-	374,797	-	374,797
	(50)	(2)	45	(2,243,000)	(2,243,007)	-	(2,243,007)
Depreciation / amortisation charge for the year	(65,148)	(158,650)	(71,892)	(1,471,343)	(1,767,033)	-	(1,767,033)
Closing net book value	86,489	136,853	576,408	5,122,957	5,922,707	2	5,922,709
At June 30, 2018							
Cost	546,034	565,908	809,774	7,480,989	9,402,705	253,000	9,655,705
Accumulated depreciation / amortisation	(459,545)	(429,055)	(233,366)	(2,358,032)	(3,479,998)	(252,998)	(3,732,996)
Net book value	86,489	136,853	576,408	5,122,957	5,922,707	2	5,922,709
Depreciation rate % per annum	30	30	10	20		30	

18.1 Disposals of Fixed Assets

The following assets were disposed of during the year:

Cost	Accumulated depreciation	Net book value	Sale Proceeds	Gain / Loss on disposal	Mode of Disposal	Particulars of Buyers
(Rupees)						
Super Star Motorcycle KDY-4461						
40,800	(40,799)	1	10,000	9,999	Negotiation	Mr. Abdul Rahim Taj
June 30, 2019	40,800	(40,799)	1	10,000	9,999	
June 30, 2018	2,243,000	-	2,243,000	2,243,000	-	-



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
19 SECURITY DEPOSITS			
Security deposits		19,722,800	30,271,850
Less: Repayable / adjustable after one year		(2,252,550)	(21,217,800)
Current maturity of security deposits		17,470,250	9,054,050
20 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Creditors		-	90,212
Accrued expenses		1,472,860	1,251,886
Payable to management company		-	-
Takaful / Insurance		-	94,075
Advances from customers		5,135,517	3,248,924
Provision for Worker's Welfare Fund	20.1	455,573	455,573
Advance Ijarah rentals		1,639,982	2,939,202
Unclaimed profit distributions		1,109,146	1,109,146
		9,813,079	9,189,017

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

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

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
21 PROVISION FOR CUSTOM DUTY & SURCHARGE			
Custom duty / surcharges	21.1	4,398,842	4,398,842
21.1			
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			



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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.

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
22 PROFIT PAYABLE			
Late payment & cheques return	22.1	267,268	267,268
Shares Dividend	22.2	253,787	239,487
Others		35,843	35,843
		<u>556,898</u>	<u>542,598</u>
22.1	This represents surcharge applied to customers due to late payment and cheques returned during the year. The management is required to donate the same for charitable purposes.		
22.2	This represents non shariah shares dividend Income during the year. The management has to donate the same for charitable purposes as per circular 8 of 2012 of the Securities and Exchange Commission of Pakistan.		
23 DEFERRED LIABILITY - STAFF GRATUITY			
23.1 Staff Gratuity Scheme	As disclosed in note 4.11.2, the Modaraba operates an unfunded gratuity scheme for its permanent employees. The latest actuarial valuation was carried out as at June 30, 2019, using the Projected Unit Credit Method.		
23.2 Liability recognised in the balance sheet:			
Present value of the defined benefit obligation		9,827,789	7,564,856
Less: fair value of planned assets		-	-
Defined benefit liability recognized in the accounts		<u>9,827,789</u>	<u>7,564,856</u>
23.3 Changes in present value of defined benefit obligation:			
Obligation as at 1 July		7,564,856	6,223,540
Current service cost		823,243	736,621
Past service cost (Credit)		-	-
Interest cost of defined benefit obligation		561,089	451,691
benefit due but not paid (payables)		-	-
Benefits paid		(650,000)	(398,000)
Remeasurments			
Actuarial (gain)/loss from changes in demographic assumptions		-	-
Actuarial (gain)/loss from changes in financial assumptions		52,963	(59,454)
Experience adjustments		1,475,638	610,458
Obligation as at 30 June		<u>9,827,789</u>	<u>7,564,856</u>
23.4 Amounts recognized in profit and loss account			
Current service cost		823,243	736,621
Past service cost (Credit)		-	-
Gains and losses arising on plan settlements		-	-
Interest cost of defined benefit obligation		561,089	451,691
Expense recognized in P&L		<u>1,384,332</u>	<u>1,188,312</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
23.5 Total remeasurement chargeable in other comprehensive income			
Remeasurement of plan obligation			
Actuarial (gain)/loss from changes in demographic assumptions		-	-
Actuarial (gain)/loss from changes in financial assumptions		52,963	(59,454)
Experience adjustments		1,475,638	610,458
Total remeasurement chargeable in other comprehensive income		1,528,601	551,004
23.6 Changes in Net liability			
Balance Sheet Liability /(Assets)		7,564,856	6,223,540
Expense chargeable to P&L	23.4	1,384,332	1,188,312
Remeasurement chargeable in other comprehensive income	23.5	1,528,601	551,004
Benefit paid	23.3	(650,000)	(398,000)
Benefit payable transferred to short term liability		-	-
Company's liability at 30 June		9,827,789	7,564,856
23.7	Contributions under the scheme are made to this fund on the basis of actuarial recommendation at per annum of basic salary and are charged to profit and loss account. The latest actuarial valuation for the scheme was carried out as at June 30, 2019. The amount recognized in balance sheet represents the present value of the defined benefit obligation using the Projected Unit Credit Method.		

Following are the key assumptions of the actuarial valuation scheme:

- Discount rate : 14.25% per annum (2018: 7.75 % per annum)
- Expected increase in eligible pay : 13.25% per annum (2018: 6.75 % per annum)
- Average expected remaining working life time of employees : 08 years (2018: 09 years)
- Number of employees : 11 employees (2018: 10 employees)
- Expected mortality rates : SLIC 2001 - 2005 Setback 1 year (2018: SLIC 2005- 2005 Setback 1 year)

Sensitivity analysis of key assumptions

Impact on obligation of change in assumptions			
	Change in assumption	Increase in obligation	Decrease in obligation
Discount rate	1%	881,574	(760,153)
Salary increase rate	1%	936,127	(822,261)

23.8 Following risks are associated with unfunded gratuity scheme

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

Demographic risks

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

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

24. CERTIFICATE CAPITAL

Authorised certificate capital		June 30,	June 30,
2019	2018	2019	2018
No. of Certificates		Rupees	Rupees
<u>40,000,000</u>	<u>40,000,000</u>	<u>400,000,000</u>	<u>400,000,000</u>
Modaraba certificate of Rs. 10 each			
Issued, subscribed & paid-up capital			
20,000,000	20,000,000	200,000,000	200,000,000
"Modaraba certificates of Rupees 10 each fully paid-up in cash"			
<u>1,000,000</u>	<u>1,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
<u>21,000,000</u>	<u>21,000,000</u>	<u>210,000,000</u>	<u>210,000,000</u>
"Modaraba certificates of Rs.10 each issued as fully paid bonus certificates"			

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

25. RESERVES

Statutory reserve

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

During the current period the Modaraba has transferred an amount of Rs. Nil (2018: Rs Nil) .

26. SURPLUS ON REVALUATION OF INVESTMENTS CLASSIFIED AS 'FVTOCI'

Market value of investments	18,152,843	19,512,661
Less: cost of investments	<u>(25,851,120)</u>	<u>(22,200,238)</u>
	<u>(7,698,277)</u>	<u>(2,687,577)</u>
Surplus on revaluatuon at the beginning of the year	<u>(2,687,577)</u>	<u>(2,641,995)</u>
Gain / (loss) realised on disposal and tranferred to profit loss account	-	161,419
Gain realised on disposal and transferred into equity directly	288,812	-
Deficit on revaluation during the year	<u>(5,010,698)</u>	<u>(207,001)</u>
	<u>(4,721,886)</u>	<u>(45,582)</u>
(Deficit) / Surplus on revaluatuon at the ending of the year	<u>(7,409,463)</u>	<u>(2,687,577)</u>

27. CONTINGENCIES AND COMMITMENTS

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

28. INCOME FROM TRADING OPERATIONS

Sales	28.1	48,851,102	15,629,647
Cost of Sales	28.2	<u>46,918,630</u>	<u>14,517,471</u>
Profit		<u>1,932,472</u>	<u>1,112,176</u>
28.1 Sales		48,851,102	15,629,647
Local		-	-
Export		-	-
Sales		<u>48,851,102</u>	<u>15,629,647</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
28.2 Cost of sales			
Opening stock		31,164,138	-
Purchases		69,739,092	45,681,609
		<u>100,903,230</u>	<u>45,681,609</u>
Export expenses		-	-
		<u>100,903,230</u>	<u>45,681,609</u>
Less: closing stock		(53,984,600)	(31,164,138)
Cost of sales		<u>46,918,630</u>	<u>14,517,471</u>
INCOME ON MUSAWAMAH INVESTMENTS			
Income on musawamah investment		-	73,973
		<u>-</u>	<u>73,973</u>
INCOME ON DIMINISHING MUSHARAKA (Syndicate)			
Income on Diminishing Musharaka		3,891,000	4,238,732
		<u>3,891,000</u>	<u>4,238,732</u>
INCOME ON DIMINISHING MUSHARAKA			
Income on Diminishing Musharaka		5,807,409	513,956
		<u>5,807,409</u>	<u>513,956</u>
29 INCOME FROM IJARAH - NET			
Ijarah income		51,362,826	78,569,220
Less: Depreciation of ijarah assets		(40,408,504)	(64,069,982)
		<u>10,954,323</u>	<u>14,499,238</u>
30 INCOME FROM INVESTMENTS			
Gain on sale of marketable securities - net		919,343	2,328,607
Dividend income	30.1	1,429,650	1,659,579
Gain on Sukuk Certificates		647,765	494,658
		<u>2,996,758</u>	<u>4,482,844</u>
30.1 Dividend income			
FVTOCI (shares held at reporting date)		437,079	541,348
FVTOCI (shares disposed during the period)		59,689	787,921
FVTPL		932,882	330,310
		<u>1,429,650</u>	<u>1,659,579</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019	June 30, 2018
31 ADMINISTRATIVE AND OPERATING EXPENSES		Rupees	Rupees
Salaries and other staff benefits	31.1.1&31.1.2	14,065,678	13,869,742
Rent, rates and taxes		1,182,231	597,050
Postage and telephone		381,057	393,243
Printing and stationery		463,220	551,359
Fee and subscription		1,025,312	1,196,411
Legal and professional charges		1,510,923	1,498,219
Traveling and conveyance		206,435	106,829
Entertainment		170,737	247,671
Repair and maintenance		2,193,732	2,609,094
Depreciation		1,731,114	1,767,033
Auditor's remuneration	31.3	548,605	461,450
Advertisement and publicity		61,000	86,000
Zakat		-	-
Storage and transportation charges		306,086	41,422
Takaful	31.2	4,338,325	5,714,192
Commission		69,792	66,710
Others expenses		163,717	202,072
		28,417,961	29,408,497

31.1.1 This includes Rs.1,169,141,312/- (2018: Rs. 1,188,312) in respect of staff retirement benefits.

31.1.2 REMUNERATION OF OFFICERS AND EMPLOYEES

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

	2019			2018		
	Officers	Employees	Total	Officers	Employees	Total
Salary	7,659,720	2,277,000	9,936,720	7,659,720	2,277,000	9,936,720
Benefit	773,000	343,000	1,116,000	773,000	322,671	1,095,671
Gratuity	1,079,022	305,310	1,384,332	914,024	274,288	1,188,312
EOBI	40,950	36,300	77,250	43,200	37,800	81,000
Group insurance	344,193	103,288	447,481	251,619	75,508	327,127
General services	-	800,695	800,695	-	1,060,445	1,060,445
Contract staff	-	303,200	303,200	-	180,467	180,467
	9,896,885	4,168,793	14,065,678	9,641,563	4,228,179	13,869,742
No. of persons	5	6	11	4	6	10

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

31.2 This includes Rs.3,888,730/- (2018: Rs. 5,288,721) in respect Takaful for Ijarah assets

	Note	June 30, 2019	June 30, 2018
31.3 Auditors remuneration		Rupees	Rupees
Audit fee		345,600	297,000
Half yearly review		129,600	108,000
Out-of-pocket expenses		73,405	65,100
		548,605	470,100

32 FINANCIAL AND OTHER CHARGES

Bank charges	9,368	6,761
Profit Paid on Murabaha	-	7,134
Guarantee commission	17,600	17,600
	26,968	31,495



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
33 OTHER INCOME			
Profit on bank deposits	33.1	1,252,492	838,937
Profit on disposal of fixed asset- Own	17.1	9,999	-
Documentation charges		46,681	86,665
Miscellaneous income		319,961	165,761
		<u>1,629,133</u>	<u>1,091,363</u>
33.1	These deposits accounts carry profit at rates ranging from 2.88% % to 5.75 % (2018: 1.55% to 4.28%).		
34 MODARABA MANAGEMENT FEE			
In accordance with the Modaraba Companies and Modaraba Rules, 1981 management fee at the rate of 10% of annual profits is payable to the Management Company.			
35 WORKERS'S 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. During the current year, the management has made a provision of Rs. nil (2018: Rs. nil) in respect of this liability."			
36 INCOME TAX EXPENSES			
Current tax	12.1	-	-
36.1 Relation between tax expenses and accounting profit			
Accounting profit for the current year		<u>(14,116,685)</u>	<u>(25,010,483)</u>
Tax on income @ 25% (2016: 25%)		<u>(3,529,171)</u>	<u>(6,252,621)</u>
Tax effect off - exempt income		<u>14,116,685</u>	<u>25,010,483</u>
		<u>-</u>	<u>-</u>
37 EARNING PER CERTIFICATE - Basic and Diluted			
Profit for the year		<u>(14,116,685)</u>	<u>(25,010,483)</u>
		Numbers	Numbers
Weighted average number of certificates		<u>21,000,000</u>	<u>21,000,000</u>
Earning per certificate - basic and diluted		<u>(0.67)</u>	<u>(1.19)</u>

There is no dilutive effect on the basic earnings per share of the Modaraba, since there are no convertible instruments in issue as at June 30, 2019 and June 30, 2018 which would have any effect on the earnings per share if the option to convert is exercised.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
38 CASH FROM OPERATIONS AFTER WORKING CAPITAL CHANGES			
Profit / (loss) before taxation		(14,116,685)	(25,010,483)
Adjustments for:			
Gain on sale of investment in listed securities	30	(919,343)	(2,328,607)
Dividend income	30	(1,429,650)	(1,659,579)
Income on musawamah facility		-	(73,973)
Income on diminishing musharakah		(9,698,409)	(4,752,688)
Gain on sukuk certificates	30	(647,765)	(494,658)
(Profit) on disposal of fixed assets	33	(9,999)	-
Assets written off		-	-
Profit on bank deposits	33	(1,252,492)	(838,937)
Financial charges		26,968	(31,495)
Depreciation - owned assets	18.1	1,717,614	1,767,033
Depreciation - Ijarah assets	17.1	40,426,017	64,069,982
Amortization of intangible assets	18.1	13,500	-
Provision for non-performing assets	7	-	12,500,000
Provision for gratuity		1,384,332	1,188,312
Share of loss/(profit) from Associate	6.2.1	1,116,380	815,215
Unrealized loss/(gain) on re measurement of investments in listed securities	6.1.4	7,814,904	8,267,558
		<u>38,542,057</u>	<u>78,428,163</u>
Operating profit before working capital changes		24,425,372	53,417,680
(Increase)/Decrease in current assets			
Stock in trade	10	(22,820,462)	(31,164,138)
Profit receivable	8	(113,794)	170,205
Ijarah Rental receivable		838,224	516,268
Diminishing musharakah receivable		125,549	-
Trade Debtors - considered good and unsecured		9,248,345	(4,413,086)
Advances, deposits, prepayments and other receivables	12	(7,856,810)	20,392,724
		<u>(20,578,948)</u>	<u>(14,498,027)</u>
Increase/(Decrease) in current liabilities			
Creditors, accrued and other liabilities	20	624,061	(2,206,513)
Profit payable	22	14,299	60,568
		<u>638,360</u>	<u>(2,145,945)</u>
Cash flow from operating activities		4,484,785	36,773,708
39 CASH AND CASH EQUIVALENTS			
Cash and bank balances	4	33,848,731	24,281,195
		<u>33,848,731</u>	<u>24,281,195</u>
40 FINANCIAL INSTRUMENTS BY CATEGORY			

	As at June 30, 2019			
	At Amortised Cost	FVTPL	FTOCI	Other Financial Liabilities
FINANCIAL ASSETS				
Cash and cash equivalent	33,848,731	-	-	-
Investments	-	12,072,439	24,823,945	-
Long term deposits	496,989	-	-	-
Musawamah facility	-	-	-	-
Profit receivable	1,127,893	-	-	-
Ijarah rental receivable	1,772,553	-	-	-
Diminishing musharakah receivable	1,071,257	-	-	-
Trade debtors	3,710,823	-	-	-
Sukuk certificates	6,785,708	-	-	-
Diminishing Musharakah (syndicate)	26,250,000	-	-	-
Diminishing Musharakah	50,692,584	-	-	-
Advances, deposits, prepayments & other receivables	9,613,580	-	-	-
Total Financial Assets	<u>135,370,118</u>	<u>12,072,439</u>	<u>24,823,945</u>	<u>-</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	As at June 30, 2019			
	At Amortised Cost	FVTPL	FTOCI	Other Financial Liabilities
FINANCIAL LIABILITIES				
Security deposits	-	-	-	19,722,800
Creditors, accrued and other liabilities	-	-	-	7,624,298
Profit payable	-	-	-	556,898
Total Financial Liabilities	-	-	-	27,903,996

	As at June 30, 2018			
	At Amortised Cost	FVTPL	FTOCI	Other Financial Liabilities
FINANCIAL ASSETS				
Cash and cash equivalent	24,281,195	-	-	-
Investments	-	25,689,143	27,161,535	-
Long term deposits	496,989	-	-	-
Musawamah facility	-	-	-	-
Profit receivable	1,014,099	-	-	-
Ijarah rental receivable	2,610,777	-	-	-
Trade debtors	12,959,168	-	-	-
Sukuk certificates	7,499,998	-	-	-
Diminishing Musharakah (syndicate)	41,250,000	-	-	-
Diminishing Musharakah	21,525,131	-	-	-
Advances, deposits, prepayments & other receivables	2,350,735	-	-	-
Total Financial Assets	113,988,092	25,689,143	27,161,535	-

	As at June 30, 2019			
	At Amortised Cost	FVTPL	FTOCI	Other Financial Liabilities
FINANCIAL LIABILITIES				
Security deposits	-	-	-	30,271,850
Creditors, accrued and other liabilities	-	-	-	8,079,871
Profit payable	-	-	-	542,598
Total Financial Liabilities	-	-	-	38,894,319

41 FINANCIAL RISK MANAGEMENT

The Modaraba financed its operations entirely through equity during the year ended on June 30, 2019. The Modaraba utilizes funds in ijarah financing, modaraba financing, diminishing musharika and musawamah financing and equity securities of listed entities. These activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk.

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Modaraba's risk management framework.

41.1 Market Risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market interest rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

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

41.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Modaraba is not exposed to currency risk at the balance sheet date as there is no receivable balance in foreign currency (2018: Rs. Nil).



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

41.3 Profit at risk

-----2019-----							
	Effective yield / profit rate	Total	Up to one month	Up to one month to 3 months	Over three months to one year	Over one year to five years	Not exposed to yield / profit risk
	%	------(Rupees)-----					
Assets							
Bank balances	2.86% to 5.75%	31,393,074	30,888,670	-	-	-	504,404
Investments		52,850,677	-	-	-	-	52,850,677
Musawamah receivables - secured		-	-	-	-	-	-
Diminishing musharakah (Syndicate)		26,250,000	3,750,000	-	11,250,000	11,250,000	-
Diminishing musharakah	11.00% to 14.00%	50,692,584	1,592,165	4,776,494	12,737,318	31,586,607	-
Investment in Sukuk certificates		6,785,708	-	357,140	357,140	6,071,428	-
Profit receivable	2.05% to 14.00%	1,127,893	910,612	217,281	-	-	-
Investment in Ijarah finance	8.00 % - 27.46 %	43,557,154	1,278,318	3,727,578	24,132,514	14,418,744	-
Ijarah rental receivable		1,772,553	1,772,553	-	-	-	-
Diminishing musharakah receivable		1,071,257	1,071,257	-	-	-	-
Advances, deposits, prepayments and other receivables		16,101,954	-	-	-	-	16,101,954
Long-term Deposit		3,846,989	-	-	-	-	3,846,989
Total Financial Assets as at June 30, 2019		235,449,844	41,263,575	9,078,493	48,476,972	63,326,779	73,304,023
Liabilities							
Security deposits		19,722,800	-	-	-	-	19,722,800
Creditors, accrued and other liabilities		14,211,921	-	-	-	-	14,211,921
Profit payable		556,898	-	-	-	-	556,898
Deferred Liabilities - staff gratuity		9,827,789	-	-	-	-	9,827,789
Total Financial Liabilities as at June 30, 2019		44,319,408	-	-	-	-	44,319,408
Total yield / profit risk sensitivity gap			41,263,575	9,078,493	48,476,972	63,326,779	
Cumulative yield / profit risk sensitivity gap			41,263,575	50,342,069	98,819,042	162,145,821	
-----2018-----							
	Effective yield / profit rate	Total	Up to one month	Up to one month to 3 months	Over three months to one year	Over one year to five years	Not exposed to yield / profit risk
	%	------(Rupees)-----					
Assets							
Bank balances	1.55% to 4.28%	24,135,968	23,652,393	-	-	-	483,575
Investments		67,663,160	-	-	-	-	67,663,160
Musawamah receivables - secured		-	-	-	-	-	-
Diminishing musharakah (Syndicate)		41,250,000	3,750,000	-	11,250,000	26,250,000	-
Diminishing musharakah	8.25% to 14.00%	21,525,131	530,954	1,061,908	14,262,219	-	-
Investment in Sukuk certificates		7,499,998	-	357,140	357,140	6,785,718	-
Profit receivable	2.05% to 14.00%	1,014,099	858,011	156,088	-	-	-
Investment in Ijarah finance	8.00 % - 27.46 %	97,608,224	864,105	2,002,121	15,898,287	78,843,711	-
Ijarah rental receivable		2,610,777	2,610,777	-	-	-	-
Advances, deposits, prepayments and other receivables		8,409,480	-	-	-	-	8,409,480
Long-term Deposit		3,846,989	-	-	-	-	3,846,989
Total Financial Assets as at June 30, 2018		275,563,826	32,266,240	3,577,257	41,767,646	111,879,429	80,403,204
Liabilities							
Security deposits		30,271,850	-	-	-	-	30,271,850
Creditors, accrued and other liabilities		13,587,859	-	-	-	-	13,587,859
Profit payable		542,598	-	-	-	-	542,598
Deferred Liabilities - staff gratuity		7,564,856	-	-	-	-	7,564,856
Total Financial Liabilities as at June 30, 2018		51,967,163	-	-	-	-	51,967,163
Total yield / profit risk sensitivity gap			38,716,895	3,638,450	33,175,477	73,700,676	
Cumulative yield / profit risk sensitivity gap			38,716,894	42,355,344	75,530,822	149,231,498	



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Sensitivity analysis for financial instruments

The sensitivity of the net income for the year is the effect of the assumed changes in interest rates on the floating rate financial instruments held at the year end. Since the Modaraba has investment in Sukuk Certificate. The Investments in Sukuk Certificate is linked with KIBOR rate as a bench mark. The Modaraba reviews KIBOR on six monthly basis.

As at June 30, 2019, the profile of the Modaraba's variable value financial instruments were as follows:

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
Variable rate instruments			
Assets			
investments on Sukuk bonds		6,071,425	6,785,722
Bank deposits		30,888,670	23,652,393
		<u>36,960,095</u>	<u>30,438,115</u>

Fair value sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates would have increased / decreased the profit and loss by the amounts shown below. Reduction in interest rates by 100 basis points would have a vice versa impact. This analysis assumes that all variables remain constant. The analysis is performed on the same basis for the comparative period.

Asset class (Having variable interest rates) (Increase / Decrease)	(+/-)	Change in profit / (loss)
investments on Sukuk bonds	100 basis points	308,887
Bank deposits	100 basis points	369,601
		236,524
		304,381

Above sensitivities are calculated on the assumption that all factors remain constant except interest rates and resulting variation in fair values of the subjugated investmetns and impact on the profit and loss

41.4 Price Risk

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

The Modaraba is exposed to equity securities price risk because of investments held by the Modaraba and classified as 'FVTOCI' and "FVTPL". To manage its price risk arising from investments in equity securities, the Modaraba diversifies its portfolio.

In case of 10% increase / decrease in equity shares investment held on June 30, 2019, other comprehensive income for the year would be affected by Rs. 1,815,284 /- (2018: Rs 1,951,266) as a result of gains / losses on equity securities classified as at FVTOCI and investment classified as FVTPL would be affected by Rs.1,207,244/- (2018: 2,568,914) as a result of gains / losses on equity securities classified as at FVTPL

The analysis is based on the assumption that the equity index had increased / decreased by 10% with all other variables held constant and all the Modaraba's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the PSX 100 Index, having regard to the historical volatility of the index. The composition of the Modaraba's investment portfolio and the correlation thereof to the PSX 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the effect on the Modaraba's net assets of future movements in the level of the PSX 100 Index.

41.5 Credit risk

41.5.1 Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba is exposed to credit risk in respect of Musharakah, diminishing musharakah, ijarah, musawamah, modaraba and term deposit modarabas.

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

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

Out of the total financial assets of Rs. 172,266,502 (2018: Rs 170,188,769) the financial assets which are subject to credit risk amounted to Rs. 135,370,118 (2018: Rs 86,859,173). The management believes that the Modaraba is not exposed to major concentration of credit risk

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

	June 30, 2019 Rupees	June 30, 2018 Rupees
Bank balances		
A	4,243,614	7,121,265
AA	26,707,806	16,580,570
AA+	135,878	81,812
AAA	2,761,433	497,548

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

	30 June 2019		30 June 2018	
	outstanding	overdue	outstanding	over due
Ijarah rental receivable	1,772,553	-	2,610,777	-
Trade debtors - unsecured	3,710,823	-	12,959,168	-

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

	As at 30 June 2019				
	OAEM	Substandard	Doubtful	Loss	Total
Musawamah receivable	-	-	-	25,000,000	25,000,000

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

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

41.5.5 Concentration of credit risk

	2019		2018	
	Rupees	%	Rupees	%
Textile composite	140,010	0.12%	-	0.00%
Fuel and energy	29,476,074	24.45%	48,655,039	36.84%
Chemical and pharmaceutical	4,564,407	3.79%	8,823,026	6.68%
Food and allied industries	220,500	0.18%	352,468	0.27%
Others miscellaneous	86,163,853	71.47%	74,230,444	56.21%
	120,564,843	100%	132,060,977	100%

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

	2019 Rupees	2018 Rupees
Musawamah facility - secured	26,250,000	41,250,000
Diminishing Musharakah - (Syndicate)	50,692,584	21,525,131
Diminishing musharakah	1,127,893	1,014,099
Profit receivable	1,772,553	2,610,777
Ijarah rental receivable	79,843,030	66,400,007

41.6 Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. The table below analyses the Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

As at 30 June 2019			
Total	Upto three months	More than three months & upto one year	
----- Rupees-----			
Current liabilities			
Current maturity of security deposits	17,470,250	990,500	16,479,750
Creditors, accrued and other liabilities	14,768,819	10,369,977	4,398,842
Total Current liabilities	32,239,069	11,360,477	20,878,592
----- Rupees-----			
Non-Current liabilities			
Security deposits	2,252,550	-	2,252,550
Deferred liabilities - staff gratuity	9,827,789	-	9,827,789
Total Non-Current liabilities	12,080,339	-	12,080,339
	44,319,408	11,360,477	20,878,592
			12,080,339

As at 30 June 2018			
Total	Upto three months	More than three months & upto one year	
----- Rupees-----			
Current liabilities			
Current maturity of security deposits	9,054,050	3,171,300	5,882,750
Creditors, accrued and other liabilities	14,130,457	9,731,615	4,389,842
Total Current liabilities	23,184,507	12,902,915	10,272,592
----- Rupees-----			
Non-Current liabilities			
Security deposits	21,217,800	-	21,217,800
Deferred liabilities - staff gratuity	7,564,856	-	7,564,856
Total Non-Current liabilities	28,782,656	-	28,782,656
	51,967,163	12,902,915	10,272,592
			28,782,656

41.7 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Fair values are categorized two different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3: Inputs for the assets or liability that are not based on observable market data (that is, unobservable input)

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

42 CAPITAL RISK MANAGEMENT

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

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

43 RELATED PARTIES TRANSACTIONS

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

	Note	June 30, 2019 Rupees	June 30, 2018 Rupees
43.1 Balance outstanding at year end			
Modaraba Management Company			
- Management Company's Remuneration	20.1	-	-
Associated undertakings			
- Sharing of common expense charged during the year with Al-Noor Sugar Mills Ltd.		-	-
Other related parties (other than key management personnel)			
- Contribution to staff gratuity fund	23.2	9,827,789	7,564,856
43.2 Transactions during the year			
Modaraba Management Company			
- Management Company's Remuneration	34	-	-
Associated undertakings			
- Sharing of common expense charged during the year with Al-Noor Sugar Mills Ltd.		-	-
Other related parties (other than key management personnel)			
- Contribution to staff gratuity fund	31.1	1,384,332	1,188,312
Associated undertakings			
- Bonus shares of Al-Noor Sugar Mills Limited		No. of shares -	-



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

44 INFORMATION ABOUT BUSINESS SEGMENTS

	2019				
	Trading	Financing	Investment	Ijarah	Total
Segment revenue	48,851,102	9,698,409	2,996,758	51,362,826	112,909,095
Segment results	1,932,472	9,698,409	(4,818,146)	10,954,323	17,767,059
Unallocated corporate expenses	-	-	-	-	(32,396,496)
Other income	-	-	-	-	1,629,133
Share of profit from associate	-	-	-	-	(1,116,380)
Modaraba company's management fee	-	-	-	-	-
Provision for worker's welfare fund	-	-	-	-	-
Income taxes	-	-	-	-	-
Profit for the year					(14,116,685)

OTHER INFORMATION

Capital expenditure	-	-	-	-	-
Depreciation and amortization	-	-	-	(40,426,017)	(40,426,017)

ASSETS AND LIABILITIES

Segment assets	-	79,856,017	36,896,384	45,329,707	162,082,108
Unallocated corporate assets	-	-	-	-	126,876,799
Consolidated total assets					288,958,907
Segment liabilities	-	2,429,297	-	24,069,002	26,498,299
Unallocated corporate liabilities	-	-	-	-	17,821,109
Consolidated total liabilities					44,319,408

	2018				
	Trading	Financing	Investment	Ijarah	Total
Segment revenue	15,629,647	5,340,617	4,482,844	78,569,220	104,022,328
Segment results	1,112,176	5,340,617	(3,784,714)	14,499,237	17,167,315
Unallocated corporate expenses	-	-	-	-	(41,939,996)
Other income	-	-	-	-	1,091,363
Share of profit from associate	-	-	-	-	(815,215)
Modaraba company's management fee	-	-	-	-	-
Provision for worker's welfare fund	-	-	-	-	-
Income taxes	-	-	-	-	-
Profit for the year					(24,496,532)
OTHER INFORMATION					-
Capital expenditure	-	-	-	28,325,500	28,325,500
Depreciation and amortization	-	-	-	(64,069,982)	(64,069,982)
ASSETS AND LIABILITIES					-
Segment assets		57,240,601	52,850,677	100,219,001	210,310,279
Unallocated corporate assets		-	-	-	106,069,973
Consolidated total assets					316,380,252
Segment liabilities		651,575	-	35,808,401	36,459,976
Unallocated corporate liabilities		-	-	-	15,047,211
Consolidated total liabilities					51,507,187

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

45 DISCLOSURE REQUIREMENTS FOR ALL SHARE ISLAMIC INDEX

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

Description	Explanation
i) Loans and advances	Non-interest bearing
ii) Long term deposits	Non-interest bearing
iii) Segment revenue	Product wise revenue disclosed
iv) Relationship with banks	note no 44 Modaraba maintains profit based banking relationships with Islamic Banks/Bank Islamic window operations.
v) Bank balances	All profit yielding bank accounts are maintained with Islamic Banks /Bank Islamic window operations whereas few of the current accounts are also maintained with conventional banking system (note # 5)
vi) Profit on bank deposits	This represents Profit, only from Islamic Banks/Bank Islamic window operations.
vii) Breakup of dividend income-Company wise	Disclosed in note 30.1
viii) All sources of their income	Disclosed in note 33
ix) Exchange gain	Not applicable
x) Gain/loss, regardless of realized or unrealized, from investments in shares/mutual funds.	

46 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on September 26, 2019 have approved distribution at the rate of 0% percent (2018 : nil %) per certificate of Rs. 10 each.

47 DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Management Company in their meeting held on September 26, 2019 .

48 GENERAL

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

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

Sd/-
Chief Executive

Sd/-
Chief Financial Officer

Sd/-
Chairman

Sd/-
Director



PATTERN OF HOLDINGS OF THE CERTIFICATES HELD BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2019

Number of Certificate Holders	Certificate Holding		Total Certificates Held
	From	To	
109	1	100	4,020
88	101	500	34,550
122	501	1,000	93,208
144	1,001	5,000	364,333
38	5,001	10,000	283,074
14	10,001	15,000	174,093
6	15,001	20,000	111,100
12	20,001	25,000	270,577
7	25,001	30,000	209,000
6	30,001	35,000	192,626
2	40,001	45,000	89,631
8	50,000	55,000	407,000
2	55,001	60,000	119,000
2	65,000	70,000	130,000
2	75,001	80,000	154,180
1	80,001	85,000	82,000
2	90,000	95,000	184,573
3	100,000	105,000	300,000
1	110,000	115,000	110,000
2	125,001	130,000	255,000
1	190,000	195,000	190,000
1	250,001	255,000	253,500
1	270,001	275,000	272,549
1	275,001	280,000	277,500
1	325,001	330,000	325,500
1	385,001	390,000	386,600
1	395,001	400,000	397,218
1	520,001	525,000	521,220
1	530,001	535,000	531,500
1	605,001	610,000	608,440
1	750,000	755,000	750,000
1	935,001	940,000	937,380
1	1,080,001	1,085,000	1,082,500
1	1,245,001	1,250,000	1,249,500
1	1,555,001	1,560,000	1,556,798
1	1,885,001	1,890,000	1,886,000
1	2,005,001	2,010,000	2,005,830
1	4,200,000	4,205,000	4,200,000
589			21,000,000



CATEGORIES OF CERTIFICATE HOLDING AS AT JUNE 30, 2019

Information as required under Code of Corporate Governance

Shareholder's category	Number of Shareholders	Number of shares held
Associated Companies, Undertaking and Related Parties (name wise details)		
AL-NOOR MODARABA MANAGEMENT (PRIVATE) LIMITED	1	4,200,000
RELIANCE INSURANCE COMPANY LTD.	1	521,220
ZAIN TRADING CORPORATION (PRIVATE) LIMITED	1	750,000
TOTAL >>	3	5,471,220
Mutual Funds (name wise details)		
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	608,440
TOTAL >>	1	608,440
Directors and their spouse (to be filled by company)		
Mrs. Zarina Ismail	1	65,000
TOTAL >>	1	65,000
Executives		
TOTAL >>	-	-
Public Sector Companies and Corporations		
STATE LIFE INSURANCE CORPORATION OF PAKISTAN	1	386,600
TOTAL >>	1	386,600
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds		
TOTAL >>	6	2,009,540
Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)		
AL-NOOR MODARABA MANAGEMENT (PRIVATE) LIMITED	1	4,200,000
ATIQA BEGUM	1	1,249,500
BANKERS EQUITY LTD. (U/L)	1	2,005,830
DINAZ CASSIM	1	1,556,798
MASOOD AHMED	1	1,082,500
MASOOD AHMED	1	1,886,000
TOTAL >>	6	11,980,628

FIRST AL-NOOR MODARABA CATEGORIES OF SHAREHOLDING AS AT JUNE 30, 2019

SNO	Certificate Holder Category	No. of Certificate Holders	No. of Certificates	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)	1	65,000	0.31
2	Associated Companies, Undertakings and related Parties (to be confirm by Company)	3	5,471,220	26.05
3	NIT and ICP	1	500	0.00
4	Banks, Development Financial Institutions, Non Banking Financial Inst	3	2,008,910	9.57
5	Insurance Companies	4	387,230	1.84
6	Modarabas and Mutual Funds	1	608,440	2.90
7	Share holders holding 10%	3	7,168,500	34.14
8	General Public :			
	a. local	557	12,253,577	58.35
	b .Foreign	-	-	-
9	Others	16	205,123	0.98
Total (excluding : share holders holding 10%)		589	21,000,000	100.00



NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given to the certificate holders that twentieth (20th) Annual Review Meeting of First Al-Noor Modaraba will be held on Saturday, October 26, 2019 at 11:30 p.m. at the Registered Office of the Modaraba at 96-A, Sindhi Muslim Co-operative Housing Society, Karachi

By order of the Board

Roofi Abdul Razzak
Company Secretary

Karachi : September 26, 2019

Notes:

1. Closure of Certificate (Share) Transfer Books

The Share Transfer Book of the Modaraba will remain closed from Wednesday, October 23, 2019 to Monday, November 04, 2019 (both days inclusive) and no transfer will be accepted during this period. The transfers received in order at the office of the Share Registrar, M/s FAMCO Associates (Private) Limited, 8-F, near Hotel Faran, Nusery, Block 6, P.E.C.H.S, Shahra-e-Faisal, Karachi by the close of business on October 22, 2019 will be considered in time for the purpose of determination of their respective entitlement(s), if any, and eligibility to attend the Annual Review Meeting

2. Submission of CNICs / NTN

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

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

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

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

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

**4 Exemption Certificate**

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

5 Non-Resident Certificate Holders

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

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

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

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

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

8 For Attending the Meeting

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

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

4۔ سٹیفکیٹ برائے استثناء

ایف بی آر کے سرکل نمبر (29) SHT/2008 بتاریخ 30 جون 2010 اور DG (WHT) 20081(43) وایم 66417-R2 بتاریخ 12 مئی 2015 کے مطابق جہاں قانونی استثناء شیڈول دوئم پارٹ 4 کی دفعہ 47B کی تحت حاصل ہے، وہاں درست سٹیفکیٹ برائے استثناء وود ہولڈنگ ٹیکس کی چھوٹ کے دعویٰ کے لیے لازمی ہے۔ وہ سٹیفکیٹ یافتگان جو درج بالا مزہ میں استثناء حاصل کرنا چاہتے ہیں وہ اپنا قابل قبول سرٹیفکیٹ برائے استثناء ہمارے شیئر رجسٹرار کو کتابوں کی بندش سے پہلے ضرور مہیا فرمائیں ورنہ ان کا لاگو شرح کے حساب سے تقسیم شدہ منافع (ڈیوڈنڈ) پر وود ہولڈنگ ٹیکس منہا کر لیا جائے گا۔

5۔ غیر مقیم سٹیفکیٹ یافتگان

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

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

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) نے بذریعہ نوٹس ایس آر او ۷۸ (۱) / ۲۰۱۲ مورخہ ۸ ستمبر ۲۰۱۲ کمپنیوں کو اس بات کی اجازت دی ہے کہ کمپنیاں اپنے ممبران کو آڈٹ شدہ مالیاتی رپورٹیں بمعہ نوٹس برائے سالانہ نظر ثانی اجلاس بذریعہ ای میل بھیج سکتی ہیں۔ اسی اعتبار سے بذریعہ ہذا تمام ممبران سے التماس ہے کہ اس سلسلے میں اپنی رضامندی کے ساتھ اپنے ای میل کے پتے کمپنی کو بھیجوا دیں تاکہ انھیں آڈٹ شدہ مالیاتی رپورٹیں اور نوٹس بذریعہ ای میل بھیجوائی جاسکیں۔ اس سہولت سے فائدہ اٹھانے کیلئے مضاربہ کی ویب سائٹ <http://www.fanm.com> پر ایک معیاری فارم دستیاب ہے۔

7۔ پتے کی تبدیلی

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

8۔ اجلاس میں شرکت

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

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

اطلاع برائے سالانہ جائزہ اجلاس

بذریعہ اندر حصص یافتگان کو اطلاع دی جاتی ہے فرسٹ النور مضاربہ کا بیسواں (۲۰) سالانہ جائزہ اجلاس بروز ہفتہ بتاریخ ۲۶ اکتوبر ۲۰۱۹ کو شام ۳:۰۰ بجے مضاربہ کے رجسٹرڈ دفتر ۹۶-۱ سندھی مسلم کوآپریٹو ہاؤسنگ سوسائٹی میں منعقد کیا جائے گا۔

بحکم بورڈ

رونی عبدالرزاق

کمپنی سیکرٹری

کراچی: ۲۶ ستمبر ۲۰۱۹

نوٹ:

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

مضاربہ کی سرٹیفکیٹ ٹرانسفر بکس مورخہ ۲۳ اکتوبر ۲۰۱۹ بروز بدھ سے ۰۴ نومبر ۲۰۱۹ بروز پیر (بشمول دونوں دن) تک بند رہیں گی اور درج بالا دنوں میں کوئی منتقلی قبول نہیں کی جائے گی۔ سالانہ اجلاس میں شرکت کے سلسلے میں ہمارے شیئرز رجسٹرار، میسرز فیکو ایسوسی ایٹس پرائیویٹ لمیٹڈ، ۸-ف نزد فاران ہٹل، نرسری، بلاک ۶، پی ای سی ایچ ایس، کراچی کو مورخہ ۱۸ اکتوبر ۲۰۱۹ کو دفتری اوقات ختم ہونے تک موصول ہونے پر ٹرانسفر بروقت اور سالانہ جائزہ اجلاس میں شرکت کے اہل تصور کیے جائیں گے۔

2- قومی شناختی کارڈ / قومی ٹیکس نمبر کی فراہمی

سیکشن ۲۳۲ کمپنی ایکٹ ۲۰۱۷ کے تحت ہر لسٹڈ کمپنی کے اوپر لاگو ہے جس کے تحت کیش ڈیویڈنڈ صرف اور صرف بینک اکاؤنٹ میں الیکٹرانک ذریعہ سے ہی ٹرانسفر کیا جائے گا۔ اس ریکوائریٹ کی مکمل نمٹنس کے لیے ضروری ہے کہ تمام حصدار اپنا مینڈیٹ (بینک اکاؤنٹ کی تفصیلات CNIC کا پی کے ساتھ Physical حصص کی صورت میں شیئرز رجسٹرار اور الیکٹرانک حصص کی صورت میں CDC کو جمع کروائیں۔

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

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

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

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



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