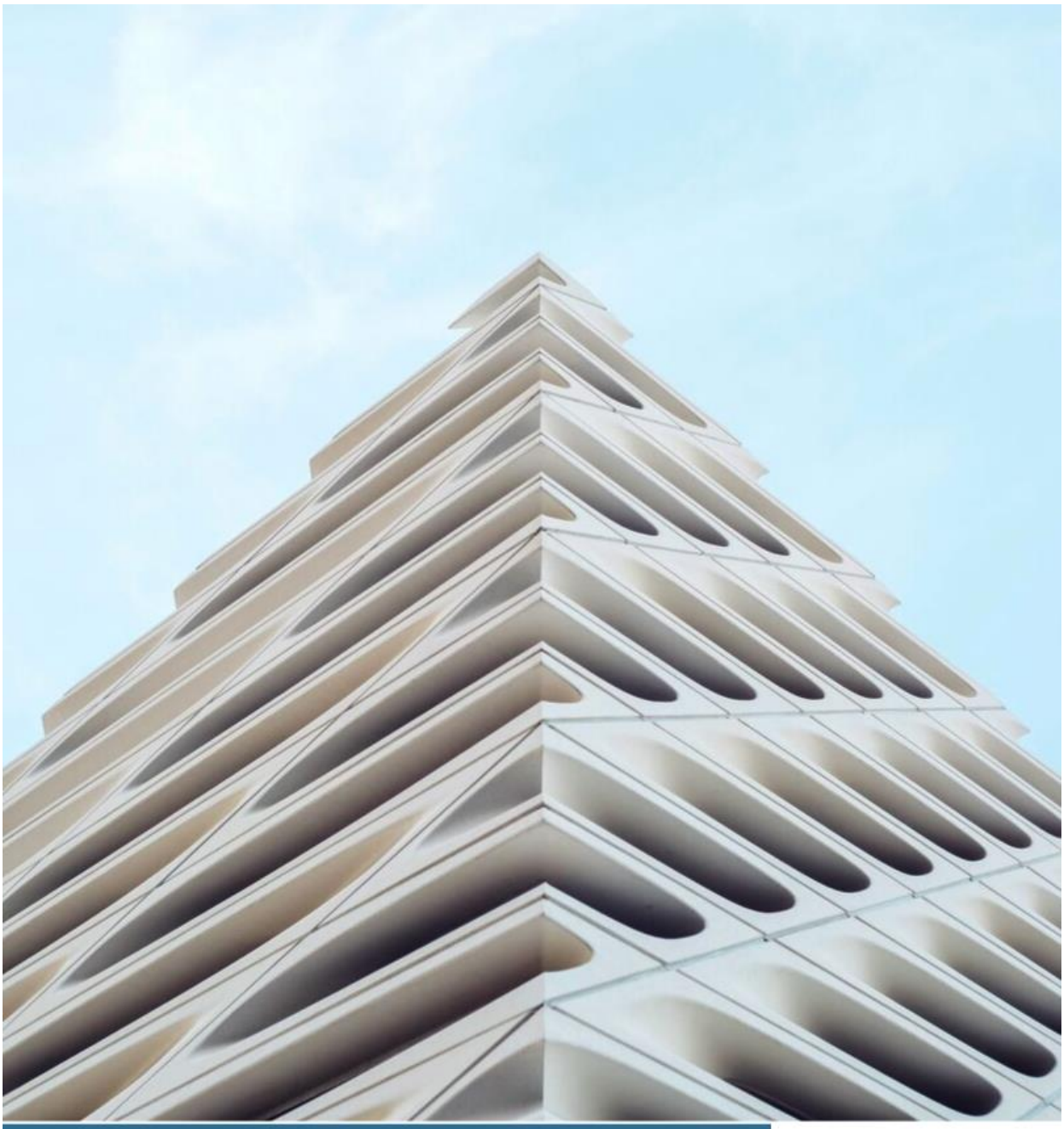


FIRST IBL MODARABA ANNUAL REPORT 2019

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CONTENTS

- Corporate Information
- Mission Statement, Vision Statement & Corporate Strategy
- Notice of Annual Review Meetin
- Directors' Report (English & Urdu)
- Six Year Financial Summary
- Statement of Compliance
- Review Report
- Auditors'Report to the certificate Holders
- Shari'ah Advisor's Report
- Balance Sheet
- Profit & Loss Account
- Statement of Comprehensive Income
- Cash Flow Statement
- Statement of Changes in Equity
- Notes to the Financial Statement
- Pattern of Certificate Holding
- Categories of Certificate Holders

CORPORATE INFORMATION

Modaraba Management Company	IBL Modaraba Management (Pvt.) Limited	
Board of Directors	Arslan Khan Khakwani	Chairman/ Director
	Ibrahim Hassan Murad	Director
	Naveed Amin	Director
	Shiraz Butt	Director
Chief Executive	Shiraz Butt	
Company Secretary	Hassan Fareed	
Chief Financial Officer	Zeeshan Ahmed	
Internal Auditor	Husnain Shafqat	
Audit Committee	Naveed Amin	Chairman
	Arslan Khan Khakwani	Member
	Ibrahim Hassan Murad	Member
Sharia'ah Advisor	Dr. Salman Ahmed Khan	
Legal Advisor	M/s. Holscott International [Legal Services]	
Auditors to Modaraba	M/s. RSM Avais Hayder Liaquat Nauman & Co. Charted Accountants	
Bankers	Habib Bank Limited – Islamic Banking Meezan Bank Limited MCB Islamic Bank Limited	
Registrar	Corp Tec Associates (Pvt.) Limited 503 E, Johar Town, Lahore.	
Registered Office	Office No. 513, 5th Floor, Alhafeez Business Center, 89-b-III, Gulberg 3, Lahore	
Principal Office	Office No. 513, 5th Floor, Alhafeez Business Center, 89-b-III, Gulberg 3, Lahore.	

MISSION STATEMENT

Our mission is to strive for continued excellence in providing quality services to the business community as a whole, with the ultimate goal to increase the value of certificate holders.

VISION STATEMENT

Our vision is to establish First IBL Modaraba as the benchmark reference for all Islamic Financia Institutions for the provision of financial services in line with increasing needs of our esteemed customers and to become the premier financial service organization that provides the highest level of quality service while remaining innovative and responsive to ever-changing customer demands.

CORPORATE STRATEGY

We, First IBL Modaraba, being a multi purposes Modaraba and an Islamic financial institution, are engaged in various Shari'ah compliant procucts, namely; financing through Ijarah, Murabahah and Musharakah arrangements and investments in Shari'ah compliant securities.

In order to maintain diversified business activities in different sectors of economy, we do not only focus them for Corporate and SMEs Sectors but we also facilitate proprietorship and partnership firms and the individuals in their businesses, which play an effective and important role in the markets.

Keeping in light the present micro and macro economic scenarios in the country, we maintain and apply cautious and well maintained risk management policies in extending the new business rather we target the selective/ quality clientele so as to minimize the risk of default in the repayments.

NOTICE OF ANNUAL REVIEW MEETING (ARM)

Notice is hereby given to the certificate holders of First IBL Modaraba (FIBLM) that 19th Annual Review Meeting [ARM] of certificate holders will be held on Wednesday, October 23, 2019 at 03:00 p.m. at principal office of First IBL Modaraba, Room No. 514, 5th Floor, Al-Hafeez Business Centre, 89-B-III, Gulberg-III, Lahore to review the performance of First IBL Modaraba for the year ended June 30, 2019.

The persons entitled to attend the meeting will be those certificate holders whose names are entered in the register of certificate holders seven (7) days before October 23, 2019.

The Management of the FIBLM has approved final Cash Dividend for the financial year ended June 30, 2019 at the rate of Re.0.16 i.e. 1.60% per Modaraba Certificate.

The certificate transfer books of FIBLM will remain close from October 17, 2019 to October 23, 2019 (both days inclusive)

S/D

Company Secretary
October 1, 2019

DIRECTORS' REPORT

The Board of Directors of M/s. IBL Modaraba Management (Private) Limited [IBLMM], the Management Company of First IBL Modaraba [FIBLM], is pleased to present to the certificate holders the Audited Financials Statement of First IBL Modaraba for the year ended June 30, 2019 along with Auditors' Report thereon.

Financial Results:

Summarized results for the year under report are as under:

	June 2019	June 2018
	Rs In "000"	
Operating income	26,271	34,643
Other income	10,403	1,046
Expenses	31,443	35,641
Management fee- 10%	523	4.78
Net profit after Tax	4,708	43.04

Review of operations:

By the grace of Almighty, in competitive, challenging and uncertain economic scenario, another successful financial year is concluded by the management of First IBL Modaraba and maintain the confidence of its certificate holders on them by reporting net profit after tax of Rs. 4.708 million.

Segment wise contribution of Modaraba's operating income was as follows:

Income Segment	Contribution
Ijarah	36.36%
Musharikah	32.22%
Murabaha	0.06%
Income from investment property	28.53%
Profit on deposits	2.83%

In the environment of competition with commercial banks, leasing companies, other giant financial institutions, political un-certainty in the country and stock market downfall; the modaraba managed to maintain its progress.

The analysis of operating income as compared with the preceding period is as follows:

Income Segment	FY 2019	FY 2018
	Rs. in"000"	
Ijarah	9,552	20,231
Musharikah	8,465	6,707
Murabaha	14.734	64.466
Investment property	7,495	7,495
Profit on deposits	743.53	144.44
Income from operations	**26,270**	**34,642**

The analysis of operating expenses as compared with the preceding period is as follows:

Expenses	FY 2019	FY 2018
	Rs. in"000"	
Operating expenses	17,818	21,191
Other operating expenses	830	818
	18,648	**22,009**

During the financial year 2018-19 the management of modaraba was managed to recover Rs.9.11 million from classified portfolio and it is probable that it will be further improve in future.

The main focus of management was on enhancement of equity of modaraba. For this purpose the management is in coordination with various national and international investors/ stake holders.

During the reporting period modaraba suffered a loss of Rs. 3.02 million on its available for sale investments classified under short term investments in the balance sheet. The reason behind the loss was bearish trend of stock market in the FY 2018-19.

As on reporting date the reserves of modaraba dropped to Rs.46.305 million as compared to Rs.48.385 million in the preceding period due to revaluation loss in available for sale investments.

During the period under review the management had complied with all regulatory requirements as specified by code of corporate governance.

Attendance of board meetings:

During the financial year 2018-19 the attendance of board meeting was as follows:

Sr #	Name of director	No of meetings	No. of meetings attended	Leave of absence
1	Mr. Naveed Amin	04	04	0
2	Mr. Arslan Khan Khakwani	04	04	0
3	Mr. Ibrahim Hassan Murad	02	02	0
4	Mr. Shiraz Butt	03	03	0

Composition of board of directors:

During FY 2017-18 the numbers of directors were as follows:

Number of director	Male	Female	Total
Number of directors	04	0	04

The composition of board of directors' during FY 2018-19 was as follows:

Sr #	Name of director	Type
1	Mr. Arslan Khan Khakwani	Non-Executive
2	Mr. Naveed Amin	Independent
3	Mr. Ibrahim Hassan Murad	Executive
4	Mr. Shiraz Butt	Executive

Operating data for six years:

The operating data of modaraba for six (06) years is annexed to this report.

Pattern of certificate holding:

The detailed pattern of certificate holding as at June 30, 2019 as required under the Code is annexed to this report.

There has been no trading in the shares of the modaraba by any of its directors, CEO, CFO, Company Secretary or their spouses and minor children unless specified in the financial statements.

Stock Market Review:

Pakistan's stock market has paid a heavy price of political uncertainty and present government's ambiguous fiscal policies.

It is pertinent to mention here that from July, 2018 to June 2019, KSE-100 Index has registered a total decrease of 7,833 pts (41,734: July 02, 2018 and 33,901: June 28, 2019).

According to the stock market experts, the loss not only affected the investors including pension and mutual funds policy holders where people invest for retirement planning etc. but the sluggish market activity has adversely affected the amount of tax deposited in the national exchequer.

There are some technical reasons behind the fall of stock market in the recent era. Owing to inflated interest rate scenario, the mutual funds investors have started shifting from equity investment to money market or fixed income instruments. A large number of investors are quitting the equity market and giving preference to money market. The mutual funds have no option but to sell their stocks.

Political uncertainty definitely has played a great role in the stock market slump. The uncertainty in fiscal policies by the present government particularly about the interest and exchange rate has also caused loss to the market. The investors were not sure what would be the interest and exchange rate.

Traditionally the markets perform well after the signing of deal with IMF but this time, the market has played quite opposite to the expectations. The IMF program also helps in accessing the international market. There are chances the market will start performing well in the coming days.

Pakistan Economic Review:

The macroeconomic stability is a fundamental pre-requisite for sustained economic growth. Pakistan's economy has experienced frequent boom and bust cycles. Typically, each cycle comprised of 3-4 years of relatively higher growth followed by a macroeconomic crisis which necessitated the stabilization programs. The inability to achieve sustained and rapid economic growth is due to structural issues which require effective monetary and fiscal measures to achieve macroeconomic stability.

The fiscal tightening and the rising inflation on account of increasing utility prices, rationalization of taxes, measures to reduce the primary balance, and any further exchange rate adjustments, along

with higher oil prices, protectionists tendencies in some of the economies and tightening monetary conditions in the developed countries leading to lower capital inflows will remain downside risk.

The new elected government faces formidable macroeconomic challenges. The foremost challenge to the economy was the rising aggregate demand without corresponding resources to support it, leading to rising fiscal and external account deficits. The Government took some drastic steps in order to control the twin deficits during the year 2018-19 causing a dent on GDP growth which reduced to 3.29% as against the budgeted target of 6.2 percent. Almost all the targets like GDP growth, exports, fiscal deficit, revenue generation, inflation and other key indicators all went off the mark. Currency devalued by almost 38% and bench mark interest rates increased by 600 basis points which created panic like situation in both money and capital markets. During the year under review fiscal deficit increase from 6.6% to 8.9% of the GDP. The total debt & liabilities (including local and foreign) stood at Rs. 40 trillion. The current account deficit was decrease from 6.3% to 4.8% of the GDP.

As a short-term measure to get a breathing space, the government secured $ 9.2 billion from friendly countries to build up buffers and to ensure timely repayment of previous loans. The government has also taken some overdue tough decisions i.e. increase in energy tariffs to stop further accumulation of circular debt, reduction in imports through regulatory duties and withdrawal of some of the tax relaxations given in the last budget in order to arrest the deterioration in primary balance. These painful decisions were tough for the new elected government.

The Government has introduced set of economic and structural reforms in the Federal Budget of 2019-20 as suggested by International Monetary Fund and Financial Action Task Force in order to document and stabilize the economy in short to medium term and control both Current and Fiscal deficits, the results of which will be visible in short to medium term.

Future Outlook:

Keeping in view the current market scenario the management of FIBLM is taking concrete steps to make more effective future business and marketing strategies to increase profitability as well as more effective system of internal controls.

Preference will also be given to recovery of un-verifiable receivable balances for which the management is putting its best efforts which include negotiation with the debtors.

Major focus of the management will be on enhancement of certificate capital of Modaraba for which the management is in close co-ordination with various national an international stake holders.

Auditors:

The present auditors M/s. RSM Avais Hyder Liaquat Nauman & Co Chartered Accountant, being due for retirement, have offered themselves for re-appointment for the year ending June 30, 2020. Their appointment has been confirmed by the Board, subject to approval by the Registrar, Modaraba Companies and Modarabas.

Acknowledgement:

The Board remains thankful to Securities & Exchange Commission of Pakistan, Registrar Modaraba, State Bank of Pakistan, and NBFI & Modaraba Association of Pakistan for providing us their usual support and guidance.

The Board appreciates and pays gratitude to the certificate holders and customers for entrusting their confidence on us and we assure them to maintain adequate internal controls, providing personalized services and also an ideal environment of good corporate governance in all areas of the activities.

Finally, the Board appreciates the dedication and hard work put in by the management and all staff members of First IBL Modaraba.

For & On behalf of the Board



Shiraz Butt
Chief Executive

Date: September 30, 2019

ڈائریکٹرز کی رپورٹ

میسرز آئی بی ایل مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ (آئی بی ایل ایم ایم)، جو فرسٹ آئی بی ایل مضاربہ (ایف آئی بی ایل ایم) کی مینجمنٹ کمپنی ہے، کے بورڈ آف ڈائریکٹرز، کی طرف سے 30 جون 2019 کو اختتام پذیر ہونے والے سال کی تصدیق شدہ (آڈیٹڈ) مالیاتی دستاویزات (اسٹیٹمنٹس) بمع آڈیٹر کی رپورٹ کو پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

مالیاتی نتائج:

بیان کردہ سال کے دوران مالیاتی نتائج کا خلاصہ درج ذیل ہے:

	جون 2019	جون 2018
آپریٹنگ آمدن	26,271	34,643
دیگر آمدن	10,403	1,046
اخراجات	31,443	1,046
مینجمنٹ فیس (10 فیصد)	523	4.783
خالص منافع بعد از ٹیکس	4,708	43.043

آپریشن کا جائزہ:

اللہ کے فضل و کرم سے مسابقتی چیلنج، اور غیر موزوں معاشی حالات میں بھی فرسٹ آئی بی ایل مضاربہ کی انتظامیہ نے ایک اور سال کا اختتام کیا اور اپنے سرٹیفکیٹ ہولڈرز کے بھروسے کو قائم رکھتے ہوئے خالص منافع بعد از ٹیکس 4.708 ملین روپے دیکھا یا۔

زیادہ آمدنی پیدا کرنے والے سیگمنٹس کی تفصلات درج ذیل ہیں:

آمدنی کے طبقات	حصہ
اجارہ	36.36%
مشارکہ	32.22%
مرابحہ	0.06%
جائیداد میں سرمایہ کاری	28.53%
ڈپازٹ پر منافع	2.83%

کمرشل بینک، لیزنگ کمپنیز اور بڑے مالیاتی اداروں کے ساتھ مقابلے، غیر موزوں سیاسی صورتحال اور سٹاک مارکیٹ میں گراوٹ کے باوجود مضاربہ نے اپنی کارکردگی کو برقرار رکھا۔

موجودہ اور گذشتہ سال کی آپریٹنگ آمدنی کا تقابلی تجزیہ درج ذیل ہے:

آمدنی	مالی سال 2019	مالی سال 2018
اجارہ	9,552	20,231
مشارکہ	8,465	6,707
مرابحہ	14,734	64.466
جائیداد میں سرمایہ کاری	7,495	7,495
ڈپازٹ پر منافع	743.53	144.44
آپریٹنگ آمدنی	26,270	34,642

آپریٹنگ اخراجات میں اہم کمی کی تفصیل درج ذیل ہے:

اخراجات کے طبقات	مالی سال 2019	مالی سال 2018
آپریٹنگ اخراجات	17,818	21,191
دیگر آپریٹنگ اخراجات	830	818

موجودہ مالی سال 2019-2018 کے دوران مضاربہ کی مینجمنٹ نے غیر مصدقہ پورٹفولیو سے 9.11 ملین روپے وصول کیے اور مستقبل میں اس میں مزید بہتری کی امید ہے۔

مینجمنٹ کی مرکزی توجہ مضاربہ کے سرمائے میں اضافے پر رہی۔ اس مقصد کے لئے لیے انتظامیہ مختلف قومی اور بین الاقوامی سرمایہ کاروں سے رابطہ کر رہی ہے۔

دوران رپورٹنگ پیریڈ مضاربہ کو قلیل المدت سرمایہ کاری میں 3.02 ملین روپے کا نقصان ہوا جسکی وجہ 19-2018 میں مارکیٹ کی گراوٹ ہے۔

رپورٹنگ کی تاریخ پر مضاربہ کے ذخائر گذشتہ سال اسی مدت میں 48.385 ملین روپے کے مقابلے میں 46.305 ملین روپے رہے جسکی وجہ قلیل المدت سرمایہ کاری میں نقصان ہے۔

دوران مدت مینجمنٹ نے کوڈ آف کارپوریٹ گورننس کے تمام اصولوں کی تعمیل کر لی ہے۔

بورڈ کے اجلاس (میٹنگ) میں حاضری:

نمبر شمار	ڈائریکٹر کا نام	اجلاس کی تعداد	شرکت	غیر حاضری
1	جناب نوید امین	04	04	0
2	جناب ارسلان خان خاکوانی	04	04	0
3	جناب ابراہیم حسن مراد	02	02	0
4	جناب شیراز بٹ	03	03	0

بورڈ آف ڈائریکٹرز کی ساخت:

مالی سال 19-2018 میں بورڈ آف ڈائیریکٹرز کی تعداد درج ذیل تھی۔

ڈائریکٹر کی تعداد	مرد	عورت
ڈائریکٹر کی تعداد	04	0

مالی سال 19-2018 میں بورڈ آف ڈائیریکٹرز کی ساخت درج ذیل تھی۔

نمبر شمار	ڈائریکٹر کا نام	قسم
1	جناب ارسلان خان خاکوانی	غیر ایگزیکیوٹیو
2	جناب نوید امین	آزاد
3	جناب ابراہیم حسن مراد	ایگزیکیوٹیو
4	جناب شیراز بٹ	ایگزیکیوٹیو

چھ سالوں کا آپریٹنگ ڈیٹا (اعداد و شمار):

مضاربہ کے گذشتہ 6 سالوں کا آپریٹنگ اعداد و شمار اس رپورٹ کے ساتھ منسلک ہیں۔

سرٹیفکیٹ رکھنے کا رجحان:

کارپوریٹ گورننس کے ضابطہ کے مطابق سرٹیفکیٹ رکھے جانے کا رجحان کی تفصیل اس رپورٹ کے ساتھ منسلک ہے۔

مضاربہ کے سرٹیفکیٹس/شیئرز میں کسی ڈائریکٹر، سی ای او، سی ایف او، کمپنی سیکریٹری یا ان کے شریک حیات یا نابالغ بچوں کی طرف سے کوئی خرید و فروخت نہیں ہوئی تاوقتیکہ اس کو مالیاتی دستاویزات میں ظاہر نہ کیا گیا ہو۔

سٹاک مارکیٹ کا جائزہ:

پاکستان سٹاک مارکیٹ کو غیر یقینی سیاسی صورتحال اور حکومتی پالیسیوں کی بھاری قیمت چکانی پڑی۔

یہاں یہ واضع کرنا ضروری ہے کہ جولائی 2018 سے جون 2019 تک KSE کا 100 انڈکس میں 7833 پوائینٹس کی مجموعی کمی دیکھی گئی۔ (جو کہ 02 جولائی 2018 کو 41,734 پوائینٹس جبکہ 28 جون 2019 کو 33,901 پوائینٹس تھی)۔

سٹاک ماہرین کے مطابق اس سے نا صرف سرمایہ کار متاثر ہوئے بلکہ پنشن اور میچول فنڈ پالیسی ہولڈرز پر بھی اسکا اثر پڑا جہاں لوگوں نے ریٹائیرمنٹ کے لئے سرمایہ کاری کر رکھی تھی۔ مارکیٹ کی سست روی نے سرکاری خزانے میں جمع ہونے والے ٹیکس پر بھی اثر ڈالا۔

موجودہ دور میں اسٹاک مارکیٹ کی گراوٹ کی بہت سی تکنیکی وجوہات ہیں۔ شرح سود بڑھنے کے تناظر میں میچول فنڈ سرمایہ کاروں نے ایکوٹی سرمایہ کاری کو فکس سرمایہ کاری میں تبدیل کر دیا۔ سرمایہ کاروں کی بہت بڑی تعداد نے ایکوٹی سرمایہ کاری کو فکس سرمایہ کاری پر ترجیح دی۔ میچول فنڈ ہولڈرز کے پاس اپنے سٹاک بیچنے کے علاوہ کوئی حل نہ رہا۔

غیر یقینی صورت حال نے سٹاک مارکیٹ کی گراوٹ میں اہم کردار ادا کیا۔ موجودہ دور حکومت کی غیر یقینی مالی پالیسیوں سے خاص تر طور پر شرح سود اور زرمبادلہ کی شرح کو بھی نقصان پہنچا۔

عام طور پر IMF سے معاہدے کے بعد مارکیٹ میں بہتری آتی ہے لیکن اس دفع مارکیٹ نے امید کے برخلاف کام کیا۔ IMF کے پروگرام عالمی منڈی تک رسائی میں بھی معاون ہوتے ہیں۔ امید کی جاسکتی ہے کہ آنے والے دنوں میں مارکیٹ بہتر کردار ادا کرے گی۔

اقتصادی جائزہ:

میکرو معیشت، معاشی استحکام کو برقرار رکھنے میں بنیادی کردار ادا کرتی ہے۔ پاکستان کی معیشت نے تیزی سے اتار چڑھاؤ دیکھے ہیں۔ خاص طور پر میکرو اکنامک بحران کے بعد تین سے چار سال کے عرصہ میں بہتر ترقی ہوتی ہے جو کی استحکامی پروگرام کے لئے ضروری ہوتی ہے۔ پائیداری اور تیز رفتار معاشی نمو حاصل کرنے میں نااہلی ساختی امور کی وجہ سے ہے۔ جسکے لیے معاشی استحکام کا حصول اور موثر معاشی و مالی اقدامات کی ضرورت ہے۔

یوٹیلیٹیز کی بڑھتی ہوئی قیمتوں کی وجہ سے مالی سختی میں اضافہ ہوا ہے۔ افراط زر اور ٹیکس میں بے ترتیبی بنیادی توازن کو کم کرنے کے اقدامات، زرمبادلہ کی شرح میں ایڈجسٹمنٹ کے ساتھ تیل کی بڑھتی ہوئی قیمتیں، معیشت میں تحفظ کے رجحانات اور مالی حالات کی سختیاں ترقی پزیر ممالک کو کم سرمایہ کاری کی طرف لے جاتی ہیں۔ جو کہ ایک منفی پہلو ہے۔

نئی حکومت کو بہت سے چیلنج سے گزرنا پڑا جن میں سرفہرست معاشی چیلنج و سائیکل کی غیر موجودگی میں بڑھتے ہوئے مطالبے جو کہ مالی اور بیرونی اکاؤنٹ کے خسارے میں اضافے کی وجہ بنے۔ حکومت نے 19-2018 کے دوران مالی خسارے جو کہ GDP میں کمی کی وجہ بنا جسکو بجٹ میں 6.2% مخصوص کیا گیا تھا 3.29% کی کمی پر رہا۔ تقریباً تمام اہداف جیسا کہ GDP میں ترقی، برآمدات، مالی خسارہ، آمدنی، افراط زر اور دوسرے اہم اہداف پورے نہ ہوسکے۔ کرنسی میں تقریباً 38% کمی ہوئی اور مخصوص کردہ شرح سود میں 600 بیسز پوائنٹس کا اضافہ ہوا۔ جسکی وجہ سے مارکیٹ میں بے یقینی کی فضا چھا گئی۔ رواں سال کے دوران GDP کا مالی خسارہ 6.6% سے بڑھ کر 8.9% ہوگیا۔ ٹوٹل قرضہ جات اور زمہ داریاں (ملکی و غیر ملکی) 40 ٹریلین روپے رہیں۔ GDP کرنٹ اکاؤنٹ کا خسارہ 6.3% سے کم ہوکر 4.8% ہوگیا۔

مختصر مدت کے قرضہ کے لیے حکومت نے دوست ممالک سے 9.2 بلین ڈالر حاصل کئے تاکہ پچھلے قرضہ جات کی وقت پر ادائیگی ہوسکے۔ حکومت نے کچھ اقدامات اور بھی اٹھائے جیسا کہ سرکلر قرضہ جات میں کمی کے لئے توانائی ٹیرف میں اضافہ ریگولیٹری ڈیوٹی کے زریعے درآمدات میں کمی اور آخری بجٹ میں دی گئی ٹیکس چھوٹ میں واپسی تاکہ بنیادی بیلنس میں کمی کی جاسکے۔ نئی حکومت کے لئے یہ فیصلے کافی مشکل رہے۔

حکومت نے IMF اور FATF کی تجویز کے مطابق فیڈرل بجٹ 20-2019 میں معاشی اور ساختی اصلاحات متعارف کروائیں تاکہ معیشت کو چھوٹے سے اٹھا کر درمیانے درجے پر مستحکم کیا جاسکے اور موجودہ اور مالی خسارے کو کنٹرول کیا جاسکے جسکا نتیجہ مختصر وقت میں ظاہر ہوگا۔

مستقبل کا منظر نامہ:

مارکیٹ کے موجودہ حالات کو دیکھتے ہوئے مینجمنٹ نے کاروبار کو مستحکم کرنے، مارکیٹنگ کی حکمت عملی کو بہتر بنانے کی لیئے ٹھوس اقدامات لیئے ہیں تاکہ منافع کے ساتھ ساتھ اندرونی انتظامات میں بھی بہتری لائی جاسکے۔

غیر مصدقہ رقوم کی وصولی مینجمنٹ کی اولین ترجیح رہے گی اور اس زمن میں مینجمنٹ قرض داروں سے گفت وشنید میں اپنی تمام تر کاوشیں بروئے کار لا رہی ہے۔

انتظامیہ کی اصل توجہ کا مرکز سرٹیفکیٹ کے سرمایہ میں اضافہ ہے۔ اس سلسلے میں انتظامیہ ملکیتی سرمایہ (equity) میں اضافے کے لیے مختلف قومی اور بین الاقوامی سرمایہ

کاروں سے رابطہ کررہی ہے۔امکان ہے کہ مستقبل قریب میں مضاربہ کوان سے مثبت ردعمل کی توقع ہے۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز ارایس ایم اویس حیدرلیاقت نومان اینڈ کو، چارٹرڈ اکاؤنٹینٹس نے دوبارہ تقرری کے لیے اپنی خدمات پیش کیں ہیں۔بورڈ نے میسرز آر ایس ایم اویس حیدرلیاقت نومان اینڈ کو، چارٹرڈ اکاؤنٹینٹس کوبطور بیرونی آڈیٹر کے 30 جون 2020 کے اختتام تک کے لیے تقرری کی توثیق کر چکا ہے جو رجسٹرار مضاربہ،ایس ای سی پی،اسلام آباد کی منظوری سے مشروط ہے۔

اعتراف:

بورڈ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان،رجسٹرار مضاربہ،بینک دولت پاکستان اور NBFI اینڈ مضاربہ ایسوسی ایشن کے ان کی حمایت اور رہنمائی کرنے پر احسان مندی کا اظہار کرتا ہے۔

بورڈ،اپنے سرٹیفکیٹ کنندگان اور گاہکوں کے اعتماد کرنے کوسراہتا ہے اور ان کے شکر گذار ہے انہیں اس بات کا یقین دلاتا ہے کہ ہم مناسب اندرونی نگرانی کا نظام کو برقرار رکھیں گے اور خدمات کی فراہمی میں ذاتی توجہ اور بہتر کارپوریٹ گورننس کی ادائیگی کیلیے تمام شعبوں میں مثالی ماحول کو بھی برقرار رکھے گے۔

آخر میں بورڈ فرسٹ آئی بی ایل مضاربہ کی انتظامیہ اور تمام عملے کی خلوص اور سخت محنت کو سراہتا ہے



شیراز بٹ
چیف ایگزیکٹو
مورخہ 30 ستمبر،2019

SIX YEARS' FINANCIAL SUMMARY

BALANCE SHEET

(Rs in Million)

Year Ended June 30.	2013	2014	2015	2016	2017	2018
CURRENT ASSETS						
Cash and bank balances	3.52	30.35	24.58	20.70	13.91	23.50
Ijarah rental receivables	0.32	0.49	0.53	0.99	0.38	0.44
Advances, prepayments & other receivables	36.94	33.54	13.64	12.34	10.35	9.21
Short term investments	22.01	7.77	11.87	36.18	7.64	5.93
Current portion of musharikah receivables	19.37	3.96	16.50	14.41	42.39	65.06
Current portion of murabaha receivables	23.00	6.65	22.21	18.34	-	0.50
Total Current Assets	**105.16**	**82.76**	**89.32**	**102.96**	**74.67**	**104.64**
NON-CURRENT ASSETS						
Long term murabaha receivables	-	21.84	-	-	-	-
Long term musharikah receivables	-	-	-	-	29.03	1.89
Long term advances and deposits	3.21	2.71	2.71	2.71	2.71	2.62
Investment Property	97.08	92.08	87.08	82.08	77.08	72.08
Fixed assets under ijarah arrangements	11.68	22.49	31.89	35.64	42.29	40.13
Fixed assets under own use	2.44	1.74	1.28	0.78	2.57	2.85
Intangible assets	0.42	0.09	0.17	0.08	-	-
Total Non-Current Assets	**114.83**	**140.95**	**123.12**	**121.30**	**153.68**	**119.58**
Total Assets	**219.98**	**223.71**	**212.44**	**224.26**	**228.35**	**224.22**
CURRENT LIABILITIES						
Creditors, accrued & other liabilities	12.08	4.29	3.61	5.20	1.49	1.06
Short term borrowing	-	-	-	10.00	15.00	-
Musharikah profit payable	1.43	1.43	1.43	1.43	1.43	1.43
Musharikah finance	12.14	11.20	8.20	4.20	0.70	0.70
Current portion of non current liabilities	7.87	5.02	4.41	5.08	7.73	11.11
Provision for taxation	3.19	3.19	-	-	-	-
Unclaimed profit distribution	7.65	9.82	8.41	9.48	9.37	10.48
Total current Liabilities	**44.36**	**34.94**	**26.06**	**35.38**	**35.72**	**24.79**
NON CURRENT LIABILITIES						
Long term security deposits	1.94	6.57	10.25	10.05	9.76	10.16
Deffered murabaha income	-	2.41	-	-	-	
Total non current Liabilities	**1.94**	**8.98**	**10.25**	**10.05**	**9.76**	**10.16**
EQUITY						
Issued, subscribed & paid up capital	201.88	201.88	201.88	201.88	201.88	216.88
Reserves	43.60	49.06	47.81	46.69	49.79	48.39
Revenue Reserve and Unappropriated profit	(71.79)	(71.14)	(73.56)	(69.73)	(68.80)	(75.98)
Total Equity	**173.68**	**179.79**	**176.12**	**178.84**	**182.87**	**189.28**
Total Equity & Liabilities	**219.98**	**223.71**	**212.44**	**224.26**	**228.35**	**224.22**

SIX YEARS' FINANCIAL SUMMARY

PROFIT & LOSS SUMMARY

(Rs in Million)

Year Ended June 30.	2013	2014	2015	2016	2017	2018
INCOME						
Income from Ijarah	3.32	5.54	10.12	12.72	15.49	20.23
Profit on murabaha investments	4.03	4.19	3.66	2.25	-	0.06
profit on musharikah investments	0.00	0.56	1.65	3.61	6.34	6.71
income from investment property	4.37	7.50	7.50	7.50	7.50	7.50
Profit on deposits	0.54	0.67	0.38	1.54	1.42	0.14
Income from short term investments	0.09	0.17	3.96	6.29	0.48	-
Sub-total	**12.36**	**18.61**	**27.26**	**33.90**	**31.23**	**34.64**
OTHER INCOME						
Reversal of provision against non performing musharikah	14.54	11.02	4.34	9.85	10.24	0.00
Reversal of musharikah profit held in suspense account	1.99	0.00	2.64	0.00	2.98	0.00
balances written back	0.66	5.32	0.83	0.00	0.54	0.00
Other income	0.58	1.11	0.69	0.16	2.40	1.05
Sub-total	17.77	17.45	8.51	10.01	16.16	1.05
Total Income	**30.13**	**36.06**	**35.77**	**43.91**	**47.39**	**35.69**
EXPENSES						
Operating Expenses	14.23	19.36	19.49	21.49	23.97	21.19
Depreciation on assets under ijarah	3.97	5.16	8.85	10.83	11.75	13.63
Other operating expenses	1.61	1.25	1.52	0.67	0.47	0.82
Total Expenses	**19.81**	**25.77**	**29.85**	**32.98**	**36.19**	**35.64**
Taxation	-	-	-	-	0.09	
Profit/ (loss) before Management Fee	10.32	10.29	5.92	10.93	11.11	0.05
Management Fee	1.03	1.03	0.59	1.09	1.11	0.00
Net Profit	**9.29**	**9.26**	**5.33**	**9.84**	**10.00**	**0.04**

Statement of Compliance with Code of Corporate Governance
For the period ended June 30, 2019

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation # 5.19, sub regulations # 5.19.24 stipulated in Rule Book of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The total number of directors are as per followings:

Male	04
Female	None

2. The composition of board is as follows:

Independent Director	1
Executive Director	2
Non-Executive Directors	1

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

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

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

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provision of the Act and these Regulations.

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

8. The Board of directors has formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has not arranged Directors' training program for the directors as some of the directors has already obtained the relevant training or is exempted under the Regulations.

10. 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.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

    a) **Audit Committee**:

Mr. Naveed Amin	Chairman
Mr. Arslan Khan Khakwani	Member
Mr. Ibrahim Hasan Murad	Member

    b) **HR and Remuneration Committee**:

Mr. Ibrahim Hasan Murad	Chairman
Mr. Arslan Khan Khakwani	Member
Mr. Naveed Amin	Member

13. The Chairman of HR & R Committee is an Executive Director.

14. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

15. The Chairman of Board of Directors and Chief Executive are two separate persons.

16. The frequency of meetings (Quarterly/Half Yearly and Yearly) of the committees was as per following

Audit Committee	04
HR and Remuneration Committee	04

17. The board has set up an effective internal audit function and Mr. Husnain Shafqat who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

18. 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, 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.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles enshrined in the CCG have been complied with, except referred above in Sr. # 23 towards which reasonable progress is being made.

S/D

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Chairman
September 30, 2019

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 CorporateGovernance)Regulations,2017(the Regulations)prepared by the Board of Directors of IBL Modaraba Management(Private)limited for the year ended June 30,2019 in accordance with the requirements ofregulation 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 compliancewith the provisions of the Regulations and report if it does not and to highlight any non-compliance with therequirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and reviewof 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 accountingand internal control systems sufficient to plan the audit and develop an effective audit approach. We are notrequired to consider whether the Board of Directors 'statement on internal control covers all risks and controls orto form an opinion on the effectiveness of such internal controls, the Company's corporate governanceprocedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of theAudit Committee, place before the Board of Directors for their review and approval, its related party transactionsand also ensure compliance with the requirements of section 208 of the Companies Act,2017.We are onlyrequired and have ensured compliance of this requirement to the extent of the approval of the related partytransactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried outprocedures to assess and determine the Company's process for identification of related parties and that whetherthe 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 theRegulations as applicable to the Company for the year ended June 30, 2019.

RSM AVAIS HYDER LIAQUAT NAUMAN.
Chartered Accountants
(Engagement Partner: Nauman Mahmood)

Islamabad
Dated: September 30. 2019

AUDITOR'S REPORT TO CERTIFICATE HOLDERS

We have audited the annexed financial statements of ***First IBL Modaraba*** ,("the Modaraba") which comprises of Statement of financial position as at June 30, 2019 and related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity for the year then ended and notes to the financial statements, including summary of significant accounting policies and other explanatory information 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 Modaraba Company's (IBL Modaraba Management (Private) Limited) responsibility who is also responsible to establish and maintain a system of internal controls, and prepare and present the above said statements in conformity with approved accounting standards as applicable in Pakistan and the requirements of 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 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 financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) We were unable to verify receivable balances aggregating to Rs. 5.511 million (2018: Rs. 6.322 million) included in "Advances, prepayments and other receivables" and any movement therein owing to non-availability of related records / information / direct confirmation.

b) 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 ;

c) in our opinion;

(i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance , 1980 **(XXXI** of 1980) and the Modaraba Companies and Modaraba Rules , 1981 , and are in agreement with the books of accounts and are further in accordance with the accounting policies consistently applied ;

(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;

d) in our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in preceding paragraph " a", the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan , and , give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance , 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules , 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30,2019 and of the profit, comprehensive loss, its cash flows and changes in equity for the year then ended; and

e) In our opinion, Zakat deductible at source under Zakat and Ushr ordinance, 1980 (XVIII of 1980), was deducted by Modaraba and deposited in central Zakat Fund established under section 7 of that ordinance.

RSM AVAIS HYDER LIAQUAT NAUMAN.

Chartered Accountants

(Engagement Partner: Nauman Mahmood)

Islamabad

Dated: September 30, 2019

SHARI'AH ADVISOR'S REPORT
FOR THE YEAR ENDED June 30, 2019

I have conducted the Shari'ah review of First IBL Modaraba managed by IBL Modaraba Management (Pvt.) Ltd. for the year ended June 30, 2019 in accordance with requirement of the Shari'a Compliance and Shari'ah Audit Mechanism for Modaraba.

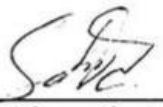
I acknowledge and certify that as Sharia Advisor of the Modaraba, the financial arrangements, contracts and transactions entered into by the company with its customers, stake holders and participants are in compliance with the requirements of Sharia rules and principles.

During the review I have verified the following in compliance with Shariah mechanism:

- The transactions of Ijarah, Murabaha and Diminishing Musharakah were reviewed on random selection basis.
- Declarations, description of assets, relevant purchase invoices, sequence and order of the documents and time difference between purchases and declaration where applicable were reviewed to obviate the possibility of fictitious transactions.
- Sharia Compliance Checklists (SCC) of transactions was also reviewed on random basis.
- During the year, credit approvals, customer-specific transaction process flows, text of documents and security documents were reviewed to ensure Shariah compliance while offering financing products to the customers.
- Random physical inspections and concrete measures were taken to verify the purchase evidences and invoices of financing transactions, thus further improving the quality of internal controls.
- Other related documents and procedures followed by different functional areas were found proper.
- During the year onsite training has been given to the staff.
- There is no receipt of charity during the financial year accordingly no amount was credited into charity account.

Conclusion

In this context of detailed Shari'ah review carried by the undersigned for the Year ended June 30, 2019, transactions during the period executed by FIBLM were found satisfactory as required by Shari'ah Audit Mechanism.



Dr. Mufti Salman Ahmad Khan
Shari'ah Advisor
September 18, 2019

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
Current Assets			
Bank balances	6	32,047,734	23,503,774
Ijarah rentals receivable	7	1,300,470	439,111
Advances, prepayments and other receivables	8	13,054,147	9,212,560
Short term investments	9	2,548,212	5,927,880
Short term musharaka receivables	10	-	53,857,958
Current portion of long term musharaka receivables	11	50,705,110	11,204,478
Murabaha receivable		-	500,000
		99,655,673	104,645,761
Non-Current Assets			
Long term musharaka receivables	11	20,179,814	1,891,061
Long term advances and deposits	12	2,619,260	2,619,260
Investment property	13	67,083,634	72,083,662
Fixed assets under ijarah arrangements	14	36,846,759	40,132,004
Fixed assets under own use	15	3,348,799	2,850,284
		130,078,266	119,576,271
Total Assets		229,733,939	224,222,032
LIABILITIES			
Current Liabilities			
Creditors, accrued and other liabilities	16	1,773,892	1,044,156
Musharaka profit payable	17	1,430,192	1,430,192
Musharaka finances		700,000	700,000
Current portion of long term security deposits	18	14,372,460	11,114,320
Deferred murabaha income		-	17,600
Unpresented profit warrants		10,480,524	10,480,807
		28,757,068	24,787,075
Non-Current Liabilities			
Long term security deposits	18	10,011,110	10,155,550
Total Liabilities		38,768,178	34,942,625
NET ASSETS		190,965,761	189,279,407
REPRESENTED BY:			
Certificate capital	19	216,875,000	216,875,000
Reserves	20	46,305,510	48,385,700
Accumulated loss		(72,214,749)	(75,981,293)
Contingencies and commitments	21	-	-
		190,965,761	189,279,407

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

S/D	S/D	S/D	S/D
CHIEF EXECUTIVE	**DIRECTOR**	**DIRECTOR**	**CHIEF FINANCIAL OFFICER**

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
INCOME FROM OPERATION			
Income from ijarah	22	9,552,173	20,231,423
Profit on murabaha investment		14,734	64,466
Profit on musharaka investments		8,465,229	6,707,422
Income from investment property		7,495,440	7,495,440
Profit on modaraba certificate, term deposit receipts and bank deposits		743,535	144,550
		26,271,111	34,643,301
OTHER INCOME			
Reversal of musharaka profit held in suspense account		8,631,297	-
Other income	23	1,772,506	1,046,069
		10,403,803	1,046,069
TOTAL INCOME		36,674,914	35,689,370
EXPENSES			
Operating expenses	24	(17,818,048)	(21,191,898)
Depreciation on assets under ijarah	14	(12,795,063)	(13,631,214)
Other operating expenses	25	(830,492)	(818,432)
		(31,443,603)	(35,641,544)
Profit before Tax		5,231,311	47,826
Taxation		-	-
Profit before Modaraba Company's Management Fee		5,231,311	47,826
Modaraba Company's management fee	26	(523,131)	(4,783)
Net Profit for the Year		4,708,180	43,043
Earnings per Modaraba Certificate - Basic and Diluted	27	0.217	0.002

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

S/D	S/D	S/D	S/D
CHIEF EXECUTIVE	**DIRECTOR**	**DIRECTOR**	**CHIEF FINANCIAL OFFICER**

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

	2019	2018
	Rupees	Rupees
Net Profit for the Year	4,708,180	43,043
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Unrealized (loss) / income on investments	(3,021,826)	(1,421,432)
Items that will not be reclassified subsequently to profit or loss	-	-
Other comprehensive (loss) / income for the year	(3,021,826)	(1,421,432)
Total Comprehensive Loss for the Year	1,686,354	(1,378,389)

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

S/D	S/D	S/D	S/D
CHIEF EXECUTIVE	**DIRECTOR**	**DIRECTOR**	**CHIEF FINANCIAL OFFICER**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash Generated from / (Used in) operations	28	19,080,537	27,770,104
Income taxes paid		(89,752)	(84,199)
Net Cash Genrated from / (Used in) Operating Activities		18,990,785	27,685,905
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets under ijarah arrangements		(10,956,000)	(14,103,900)
Purchase of fixed assets under own use		(2,093,500)	(148,010)
Capital work in progress		600,000	(752,000)
Proceeds from disposal of fixed assets under own use		74,422	46,641
Proceeds from disposal of assets on terminating ijarahs		1,185,000	2,812,245
Profit on term deposit receipts and bank deposits		743,535	144,550
Net Cash (Used in) / Generated from Investing Activities		(10,446,543)	(12,000,474)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(283)	(6,099,114)
Net Cash Used in Financing Activities		(283)	(6,099,114)
Net Increase / (Decrease) in Cash and Cash Equivalents		8,543,960	9,586,317
Cash and cash equivalents at the beginning of the year		23,503,774	13,917,457
Cash and Cash Equivalents at the End of the Year		32,047,734	23,503,774

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

S/D	S/D	S/D	S/D
CHIEF EXECUTIVE	**DIRECTOR**	**DIRECTOR**	**CHIEF FINANCIAL OFFICER**

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

Particulars	Certificate Capital	Reserves			Accumulated Loss	Total Equity
		Statutory Reserve	Unrealized Gain on Revaluation of Available for Sale Investments	Total		
	Rupees					
Balance as at June 30, 2017	201,875,000	43,059,884	6,738,639	49,798,523	(68,808,789)	182,864,734
Comprehensive income for the year						
Net profit for the year	-	-	-	-	43,043	43,043
Other comprehensive income for the year	-	-	(1,421,432)	(1,421,432)	-	(1,421,432)
Total comprehensive income for the year	-	-	(1,421,432)	(1,421,432)	43,043	(1,378,389)
Issuance of Captial Certificates	15,000,000					15,000,000
Transferred to statutory reserve	-	8,609	-	8,609	(8,609)	-
Transactions with owners						
Profit distributed for the year ended June 30, 2017	-	-	-	-	(7,206,938)	(7,206,938)
Balance as at June 30, 2018	216,875,000	43,068,493	5,317,207	48,385,700	(75,981,293)	189,279,407
Comprehensive income for the year						
Net profit for the year	-	-	-	-	4,708,180	4,708,180
Other comprehensive loss for the year	-	-	(3,021,826)	(3,021,826)	-	(3,021,826)
Total comprehensive loss for the year	-	-	(3,021,826)	(3,021,826)	4,708,180	1,686,354
Transferred to statutory reserve	-	941,636	-	941,636	(941,636)	-
Balance as at June 30, 2019	216,875,000	44,010,129	2,295,381	46,305,510	(72,214,749)	190,965,761

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

S/D	S/D	S/D	S/D
CHIEF EXECUTIVE	DIRECTOR	DIRECTOR	CHIEF FINANCIAL OFFICER

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

Note 1
Legal Status and Nature of Business

First IBL Modaraba ("the Modaraba") is a multi purpose, perpetual and multi dimensional Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and rules framed thereunder, having its registered office # 514, Al hafeez Business, center, 89 B-III , Gulberg III ,Lahore. The Modaraba is managed by IBL Modaraba Management (Private) Limited (Modaraba Management Company) incorporated in Pakistan under the Companies Act, 2017 and registered with the Registrar of Modaraba Companies.

The Modaraba is listed on Pakistan stock exchange. It commenced its operations on October 19, 1989 and is currently engaged in various Islamic modes of financing and operations including ijarah, musharaka and murabaha arrangements.

Note 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 ("IFRSs") and the Islamic Financial Accounting Standards (IFASs) as are notified under the provisions of the Companies Act, 2017 and made applicable to Modarabas under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980; and

- The requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981; prudential regulations and directives issued by the Securities and Exchange Commission of Pakistan (the Modaraba Regulations).

Wherever, the requirements of the Modaraba Regulations differ from the requirements of these standards, the requirements of the Modaraba Regulations take precedence.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for the measurement of certain financial instruments at fair value in accordance with the requirements of IAS-39 (Financial Instruments: Recognition and Measurement) and at the overall contract price in accordance with IFAS-1 (Murabaha).

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is Modaraba's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest rupee unless otherwise stated.

Note 3
Use of Estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, results of which form the basis of making judgment about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgments made by the management that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are as under:

Fixed assets

The Modaraba reviews the useful lives of fixed assets, both under own use and ijarah arrangements, on regular basis. Any change in the estimate might affect the carrying amounts of the respective items of fixed assets with a corresponding effect on the depreciation charge and impairment, if any.

Short term investments

The Modaraba has recorded its short term investments by using quotations from active market. This valuation is subjective to market price fluctuation and therefore, cannot be determined with precision.

Ijarah rentals, musharaka and murabaha investments

Ijarah rentals, musharaka receivables and murabaha investments are stated net of provision, where applicable. Provision is recognised for ijarah rentals receivable, musharaka receivables and murabaha investment in accordance with the prudential regulations for the Modarabas issued by the Securities and Exchange Commission of Pakistan (SECP). Bad and doubtful receivables are written-off when identified.

Note 4
Changes in Accounting Standards, Interpretations and Pronouncements

4.1 **Standards, interpretations and amendments to approved accounting standards which became effective during the year**

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

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
measured at amortized cost.

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.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

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.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss account or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

All financial assets not classified as measured at amortized 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 amortized cost or at FVOCI as 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.
The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.
The accounting policies that apply to financial instruments are stated in note 5.3 to the financial statements.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Modaraba's financial assets as at 30 June 2018:

As at 30 June 2018	Orignal classification under IAS 39	New classification under IFRS 9	Orignal carrying amount	New carrying amount
			Rupees	
Bank balances	Loan receivable	Amortized cost	23,503,774	23,503,774
Ijarah rentals receivable	Loan receivable	Amortized cost	439,111	439,111
Advances, prepayments and other receivables	Loan receivable	Amortized cost	9,212,560	9,212,560
Short term investments	Loan receivable	Amortized cost	5,927,880	5,927,880
Short term musharaka receivables	Loan receivable	Amortized cost	53,857,958	53,857,958
Musharaka receivables	Loan receivable	Amortized cost	13,095,539	13,095,539
Murabaha receivable	Loan receivable	Amortized cost	500,000	500,000
Long term advances and deposits	Loan receivable	Amortized cost	2,619,260	2,619,260
Total financial assets			109,156,082	109,156,082
Long term security deposit	Other financial liabilities	Other financial liabilities	21,269,870	21,269,870
Creditors, accrued and other liabilities	Other financial liabilities	Other financial liabilities	1,044,156	1,044,156
Musharaka profit payable	Other financial liabilities	Other financial liabilities	1,430,192	1,430,192
Musharaka finances	Other financial liabilities	Other financial liabilities	700,000	700,000
Total financial liabilities			24,444,218	24,444,218

Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial asset in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Modaraba applies the IFRS 9 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets, except in the case of calculation impairment provision on financial assets where the requirements of the Prudential Regulations for Modaraba prevails.

Loss allowance on other securities and bank balances is measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances.

IAS 7, "Statement of Cash Flows" has introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

IFRS 15 replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Modaraba has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Accordingly, the information presented for 2018 has not been restated i.e. it is presented, as previously reported under IAS 18 and related interpretations.

Adoption of IFRS 15 did not have an impact on the timing and amounts of revenue recognition of the Modaraba.

Apart from providing more extensive disclosures, the application of IFRS 15 has not had a significant impact on the financial position and / or financial performance of the Modaraba for the reasons described above. Accordingly there were no adjustments to retained earning on application of IFRS 15 at July 01, 2018.

4.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

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

IFRS 16 'Leases' (effective for annual period beginning on or after January 01, 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-Statement of financial position 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. The Modaraba is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

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 January 01, 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 Modaraba's condensed interim financial statements.

Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after January 01, 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 amendments is not likely to have an impact on Modaraba's financial statements.

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 January 01, 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 judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

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 amendments are effective from annual period beginning on or after January 01, 2019 and are not likely to have an impact on Modaraba's financial statements.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	Effective Date (Period beginning on or after)
-IFRS 14 'Regulatory Deferral Accounts'	January 1, 2016
-IFRS 17 'Insurance Contracts '	January 1, 2021

The Modaraba expects that such improvements to the standards will not have any material impact on the Modaraba's financial statements.

Note 5
Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless stated otherwise.

5.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of financial positionat at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks.

5.2 Murabaha investment

Murabaha investments are stated net of provision against potential murabaha losses. Provision is recognized in accordance with prudential regulations for Modarabas issued by the SECP or on the estimate of management, whichever is higher. Bad debts are written off when identified. Murabaha receivables are recorded by the Modaraba at invoiced amount and disclosed as such in the balance sheet.

Purchases and sales under murabaha and the resultant profit are accounted for on the culmination of murabaha transaction. However, the profit on that portion of sales revenue not due for payment is deferred and shown in the Statement of financial positionas liability.

5.3 Financial assets

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.

***5.3.1* Debt instrument at Fair value through other comprehensive income**

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, and impairment are recognised in the statement of profit or loss account. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income and are never reclassified to the statement of profit and loss account.

***5.3.2* Equity investement at fair value through other comrehensive income**

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit and loss account.

***5.3.3* Financial assets at fair value through profit or loss**

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in the statement of profit and loss account.

***5.3.4* Financial assets measured at amortized cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest markup income, and impairment are recognised in the statement of profit and loss account.

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5.3.5 Non-derivative financial assets

Non-derivatives financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Modaraba has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments, that are intended to be held-to-maturity, are subsequently measured at amortized cost.

This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective markup rate method, of a difference between the initially recognised amount and the maturity amount. This calculation includes all fees and charges paid or received between parties to the contract that are an integral part of the effective markup rate, transaction cost and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in the profit and loss account and then the investments are derecognized or impaired, as well as, through the amortization process.

5.3.6 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise loans, deposits and other receivables in the statement of financial position.

5.4 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are secured deposits against ijarah (lease) assets, musharaka payable and other liabilities.

5.5 Recognition and derecognition of financial instruments

All financial assets and liabilities are recognized at the time when the Modaraba becomes a party to the contractual provisions of the instrument and are derecognized: in the case of asset, when the contractual rights under the instrument are derecognized, expired or surrendered: and in case of liability, when the obligation is discharged, cancelled or expired.

Any gain / (loss) on the recognition and derecognition of financial assets and liabilities is included in the profit / (loss) for the period in which it arises.

Assets and liabilities that are not of contractual nature and that are created as a result of statutory requirements are not financial instruments of the Modaraba.

5.6 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the Statement of financial position when there is a legally enforceable right to set-off the recognized amounts and the Modaraba intends to either settle on a net basis, or to recognize the asset and settle the liability simultaneously.

5.7 Musharaka investment

Musharaka investments are stated net of provision. Provision is recognized in accordance with prudential regulations for Modarabas issued by the SECP or on the estimate of management, whichever is higher. Bad debts are written off when identified.

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5.8 Fixed assets

Assets given to customers under ijarah arrangements

Assets given to customers under ijarah arrangements are accounted for as operating lease and are stated at cost less accumulated depreciation and impairment loss, if any. Assets under ijarah arrangements are depreciated using the straight line basis over the shorter of ijarah term or asset's useful life. In respect of additions and transfer during the year, depreciation is charged proportionately over the period of ijarah.

Assets in own use - Tangible

Tangible fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost in relation to assets comprises acquisition and other directly attributable costs. Subsequent costs are included in assets' carrying amounts 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. Carrying amount of parts so replaced, if any, is derecognized. All other repairs and maintenance are charged to profit and loss account as and when incurred. Gains / losses on disposals are carried to the profit and loss account in the year of disposal.

Depreciation is charged to profit and loss account using the straight line method at the rates as specified in note 15 to these financial statements so as to write off the cost of assets over their estimated useful lives without taking into account any residual value. Depreciation on additions to the tangible fixed assets is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

Assets in own use - Intangible

Expenditure incurred on intangible asset is capitalized and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized on straight line basis over a period of three years.

5.9 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The Modaraba values its investment property, which is held to earn rentals and / or for capital appreciation purposes, using the cost model i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on investment property is charged to income on straight-line method over its estimated useful life at the rates specified in note 13 to the financial statements. Depreciation on additions to investment property is charged from the month in which a property is available for use while no depreciation is charged for the month in which the property is disposed off.

5.10 Creditors and other liabilities

Creditors and other liabilities are measured at cost which is the fair value of the consideration to be paid in future for goods and services received whether billed to the Modaraba or not.

5.11 Provisions

Provisions are recognized 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 would be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each the reporting date and adjusted to reflect the current best estimates.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Future operating losses are not provided for.

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5.12 Revenue recognition

Ijarah rentals are recognized as income on accrual basis, as and when the rental becomes due over the lease period.

Profit on murabaha investment is recognized on pro-rata accrual basis, calculated on number of days for which funds are utilized.

Return on deposits with bank is recognized on accrual basis.

Profit on investment under musharaka arrangements is recognized on accrual basis and additional profit, if any, is recognized on declaration by the investee company in accordance with terms of issue.

Dividend income is recognized when the right to receive dividends is established.

Income from fee and commission is recognized as and when it becomes due.

5.13 Taxation

Current

Under the current tax law, the income of a non-trading Modaraba is exempt from income tax provided that the Modaraba distributes ninety percent (90%) of its profits for the year, as cash dividend to the certificate holders, after appropriating statutory reserves. Where such profit is not distributed, provision for tax is made on taxable income at the current tax rates applicable to the Modaraba after taking into account available tax exemptions and tax credits, if any.

Deferred Tax

Deferred tax is accounted for using the Statement of financial position liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged to or credited in the unconsolidated statement of profit or loss and other comprehensive income

5.14 Proposed profit distribution to certificate holder

Profit distribution to certificate holders is recognized as a liability in the period in which such distributions are approved by the Board of Directors of the Management Company.

5.15 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length on the same terms and conditions as are applicable to third party transactions or otherwise as approved by the Board of Directors.

5.16 Impairment

Carrying amounts of the Modaraba's assets are reviewed at each the reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated and impairment loss is recognized in the profit and loss account. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the initial cost of the asset. A reversal of the impairment loss is recognized as loss in the profit and loss account.

5.17 Segment reporting

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

The Chief Executive Officer 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.

Note 6
Bank Balances

	2019	2018
	Rupees	Rupees
Profit bearing bank account	28,967,470	21,372,393
Non profit bearing bank accounts	3,080,264	2,131,381
	32,047,734	23,503,774

Note 7
Ijarah Rentals Receivable

	Note	2019	2018
		Rupees	Rupees
Considered good		1,300,470	439,111
Considered doubtful	7.2	9,876,185	8,902,560
		11,176,655	9,341,671
Provision against doubtful ijarah rentals		(9,876,185)	(8,902,560)
		1,300,470	439,111

7.1 These represent rentals receivable against assets given under Ijarah arrangements.

7.2 Movement in provision against doubtful ijarah rentals is as follows:

Opening balance		8,902,560	8,855,077
Addition during the year		1,060,210	214,063
Reversed during the year		(86,585)	(166,580)
	23.1	973,625	47,483
Closing balance		9,876,185	8,902,560

Note 8
Advances, Prepayments and Other Receivables

	Note	2019	2018
		Rupees	Rupees
Advance income tax		1,211,210	1,121,457
Advance to employees (Unsecured - considered good)		572,492	597,651
Prepayments		405,341	440,066
		2,189,043	2,159,174
Accrued profit on musharaka receivable:			
- Profit receivable		5,059,164	11,209,724
- Less: Profit held in suspense account	11.2	(1,969,089)	(10,600,386)
		3,090,075	609,338
Accrued profit on murabaha receivables		-	11,666
Other receivables		7,775,029	6,432,382
		13,054,147	9,212,560

Note 9
Short Term Investments

	Note	2019 Rupees	2018 Rupees
Investments in listed equity securities are classified as:			
Equity instrument			
At fair value through profit or loss	9.1	2,548,212	5,927,880

9.1 At fair value through profit or loss

2019	2018	Name of entity	2019 Rupees	2018 Rupees
No. of shares / certificates				
Holdings are in ordinary				
15,662	15,662	The Searle Company Limited	2,295,423	5,317,249
Holdings are in ordinary				
219	219	IBL Health Care	7,335	17,570
200	200	Attock Refinery Limited	15,454	43,062
100,000	100,000	First Punjab Modaraba	230,000	550,000
100,419	100,419		252,789	610,632

Note 10
Short Term Musharaka Receivables

	Note	2019 Rupees	2018 Rupees
Short term musharaka receivables	10.1	-	53,857,958

10.1 This represents musharaka finance provided to customers for business activities for a maximum period of one years. The provisional rate of profit on these finances ranges from 12% to 15% (2018: 12% to 15%) per annum and secured by way of hypothecation of goods, book debts and equitable mortgage of property. These charges have not been registered.

Note 11
Long Term Musharaka Receivables

	Note	2019 Rupees	2018 Rupees
Considered good		70.884.924	13.095.539
Considered doubtful		6,093,971	6,093,971
	11.1	76,978,895	19,189,510
Provision against classified portfolio	11.2	(6,093,971)	(6,093,971)
Less: Current portion		(50,705,110)	(11,204,478)
		20,179,814	1,891,061

11.1 This represents musharaka finance provided to customers for business activities for a maximum period of five years. The provisional rate of profit on these finances ranges from 12% to 16% (2018: 12% to 15%) per annum and secured by way of hypothecation of goods, book debts and equitable mortgage of property. These charges have not been registered.

11.2 This represents provision made against overdue principal amount of musharaka finance on time based criteria in terms of the requirement of the prudential regulations applicable to the Modaraba. Accrued profit of Rs.1,969,089 (2018: Rs. 10,600,386) is held in suspense account (Refer to note 8). Movement in provision against classified portfolio is as follows:

Opening balance		6,093,971	6,093,971
Recognized during the year		-	-
Reversed during the year	11.2.1	-	-
		-	-
Closing balance		6,093,971	6,093,971

11.2.1 This represents reversal of provision against outstanding principal after cash recovery from different parties.

Note 12
Long Term Advances and Deposits

	2019	2018
	Rupees	Rupees
Advances	1,500,000	1,500,000
Deposits	1,119,260	1,119,260
	2,619,260	2,619,260

Note 13
Investment Property

	Note	2019 Rupees	2018 Rupees
Cost			
Opening balance	13.1	100,000,465	100,000,465
Additions during the year		-	-
Closing balance		100,000,465	100,000,465
Accumulated Depreciation			
Opening balance		(27,916,803)	(22,916,775)
Charged during the year	13.2 & 26	(5,000,028)	(5,000,028)
Closing balance		(32,916,831)	(27,916,803)
		67,083,634	72,083,662

13.1 This represents fifth floor of the Library Building situated at C-II, Johar Town, Lahore. This floor measures 13,370 square feet.

13.2 The Modaraba depreciates investment property on straight line basis @ 5% per annum.

13.3 The fair value of investment property as at June 30, 2019 was estimated to be Rs. 102.769 million (2018: Rs. 102.769 million). This management estimate was based on latest valuation carried on June 30, 2017 by an independent valuer.

13.4 The forced sale value of investment property as at June 30, 2019 was estimated to be Rs. 87.354 million (2018: Rs. 87.354 million). This management estimate was based on latest valuation carried on June 30, 2017 by an independent valuer.

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Note 14

Fixed Assets under Ijarah Arrangements

Description	Plant and Machinery	Vehicles	Office Equipment and Computers	Total
	Rupees	Rupees	Rupees	Rupees
Year Ended June 30, 2018				
Cost				
Balance as at July 01, 2018	23,031,253	55,035,533	603,825	78,670,611
Additions	-	10,890,000	66,000	10,956,000
Disposals		(2,503,000)		(2,503,000)
Balance as at June 30, 2019	23,031,253	63,422,533	669,825	87,123,611
Accumulated depreciation				
Balance as at July 01, 2018	13,813,705	24,190,458	534,444	38,538,607
Charge for the year	4,535,026	8,260,037	-	12,795,063
Disposals	-	(1,056,818)	-	(1,056,818)
Balance as at June 30, 2018	18,348,739	31,393,669	534,444	50,276,852
Total as at June 30, 2019	**4,682,514**	**32,028,864**	**135,381**	**36,846,759**
Year Ended June 30, 2017				
Cost				
Balance as at July 01, 2017	22,975,853	44,511,033	603,825	68,090,711
Additions	55,400	14,048,500	-	14,103,900
Disposals	-	(3,524,000)	-	(3,524,000)
Balance as at June 30, 2018	23,031,253	55,035,533	603,825	78,670,611
Accumulated depreciation				
Balance as at July 01, 2017	7,572,025	17,697,157	534,444	25,803,626
Charge for the year	6,241,680	7,389,534	-	13,631,214
Disposals	-	(896,233)	-	(896,233)
Balance as at June 30, 2018	13,813,705	24,190,458	534,444	38,538,607
Total as at June 30, 2018	**9,217,548**	**30,845,075**	**69,381**	**40,132,004**

14.1 General description of significant ijarah arrangements (IFAS-2)

This represents Ijarah arrangements made by the Modaraba at profit rates ranging from 10.00% to 17.00% (2018: 10.00% to 17.00%) per annum. These arrangements are secured against assets under ijarah, personal / corporate guarantees, demand promissory notes executed by Musta'jir and other collaterals.

14.2 Aggregate amount of future ijarah rentals receivable on the basis of ijarah arrangements executed upto the reporting date are as follows:

	2019	2018
	Rupees	Rupees
Not later than one year	7,790,032	8,222,828
Later than one year but not later than five years	5,171,531	8,273,683
	12,961,563	16,496,511

Note 15
Fixed Assets under Own Use

	Note	2019 Rupees	2018 Rupees
Operating fixed assets	15.1	3,348,799	2,250,284
Capital work in progress - Advance for purchase of vehicle		-	600,000
		3,348,799	2,850,284

15.1 Operating fixed assets

Description	Machinery	Furniture and Fittings	Vehicles	Office Equipment	Computers and Accessories	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Year Ended June 30, 2019						
Cost						
Balance as at July 01, 2018	1,987,400	4,763,295	2,566,020	1,429,517	2,612,628	13,358,860
Additions		483,310	1,582,190		28,000	2,093,500
Disposals	-	(4,639,595)	(91,130)	-	-	(4,730,725)
Balance as at June 30, 2019	1,987,400	607,010	4,057,080	1,429,517	2,640,628	10,721,635
Accumulated depreciation						
Balance as at July 01, 2018	1,987,400	4,679,450	573,505	1,306,013	2,562,208	11,108,576
Charge for the year	-	68,457	776,210	42,467	33,429	920,563
Disposals	-	(4,639,595)	(16,708)	-	-	(4,656,303)
Balance as at June 30, 2019	1,987,400	108,312	1,333,007	1,348,480	2,595,637	7,372,836
Total as at June 30, 2019	**-**	**498,698**	**2,724,073**	**81,037**	**44,991**	**3,348,799**
Year Ended June 30, 2018						
Cost						
Balance as at July 01, 2017	1,987,400	4,763,295	358,700	1,400,017	2,585,138	11,094,550
Additions	-	-	2,461,020	44,500	27,490	2,533,010
Disposals	-	-	(253,700)	(15,000)	-	(268,700)
Balance as at June 30, 2018	1,987,400	4,763,295	2,566,020	1,429,517	2,612,628	13,358,860
Accumulated depreciation						
Balance as at July 01, 2017	1,972,286	4,644,410	334,920	1,278,665	2,530,623	10,760,904
Charge for the year	15,114	35,040	492,284	42,348	31,585	616,371
Disposals	-	-	(253,699)	(15,000)	-	(268,699)
Balance as at June 30, 2018	1,987,400	4,679,450	573,505	1,306,013	2,562,208	11,108,576
Total as at June 30, 2018	**-**	**83,845**	**1,992,515**	**123,504**	**50,420**	**2,250,284**
Depreciation rates	**20%**	**20%**	**20%**	**20%**	**33.33%**	

Note 16
Creditors, Accrued and Other Liabilities

	2019	2018
	Rupees	Rupees
Accrued expenses	480.875	279,448
Payable to the Modaraba Management Company	223,131	4,783
Other liabilities	1,069,887	759,925
	1,773,892	1,044,156

Note 17

Musharaka profit payable	1,430,192	1,430,192

Note 18
Long Term Security Deposits

	2019	2018
	Rupees	Rupees
Security deposit - Ijarah	24.383.570	21.269.870
Less: Current portion	(14,372,460)	(11,114,320)
	10,011,110	10,155,550

Note 19
Certificate Capital

2019	2018		2019	2018
Number of certificates			Rupees	Rupees
Authorized:				
50,000,000	50,000,000	Modaraba Certificates of Rs. 10 each	500,000,000	500,000,000
Issued, subscribed and paid-up:				
20,000,000	20,000,000	Modaraba Certificates of Rs. 10 each issued as fully paid in cash	200,000,000	200,000,000
1,687,500	1,687,500	Modaraba Certificates of Rs. 10 each issued as fully paid bonus certificate	16,875,000	16,875,000
21,687,500	21,687,500		216,875,000	216,875,000

19.1 Reconciliation of the number of certificates outstanding as at the beginning and at the end of the year is as under:

	2019	2018
	Number of certificates	
Opening balance of certificates	21,687,500	20,187,500
Certificates issued during the year	-	1,500,000
Closing balance of certificates	21,687,500	21,687,500

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19.3 Certificates of the Modaraba held by associates / related parties are as under:

2019	2018		2019	2018
			Rupees	Rupees
2,030,905	2,030,905	IBL Modaraba Management (Pvt.) Limited	20,309,050	20,309,050
3,070,000	3,070,000	University of Management and Technology	30,700,000	30,700,000
3,015,820	3,015,820	Director	30,158,200	30,158,200
8,116,725	8,116,725		81,167,250	81,167,250

Note 20
Reserves

	Note	2019	2018
		Rupees	Rupees
Statutory reserve	20.1	44,010,129	43,068,493
Unrealized gain on revaluation of available for sale investments		2,295,381	5,317,207
		46,305,510	48,385,700

20.1 Statutory reserve represents profits set aside in compliance with the requirements of prudential regulations for Modarabas issued by the SECP. These regulations require the Modaraba to transfer at least 20% after tax profit, if any, up to a maximum of 50%, in the statutory reserves until the reserve equals 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred into the statutory reserve each year. During the year, an amount of Rs. 941,636 (2018: Rs. 8,609) has been transferred from profit for the year to statutory reserve with the approval of the Board of Directors of the Management Company.

Note 21
Contingencies and Commitments

There were no material contingencies and commitments outstanding as at the reporting date (2018: Nil).

Note 22
Income from Ijarah

	Note	2019	2018
		Rupees	Rupees
Income from ijarah rental		10,525,798	20,278,906
Ijarah income suspended - net	7.2 & 22.1	(973,625)	(47,483)
		9,552,173	20,231,423

22.1 This represents ijarah income suspended in accordance with the prudential regulations applicable to the Modaraba.

Note 23
Other Income

	2019	2018
	Rupees	Rupees
Documentation charges	130,164	191,968
Gain on termination of ijarah arrangements	171,948	184,478
Gain on disposal of fixed assets under own use	50,579	46,641
Miscellaneous	1,419,815	622,982
	1,772,506	1,046,069

Note 24
Operating Expenses

	Note	2019 Rupees	2018 Rupees
Salaries, allowances and other benefits	24.1	7,629,003	9,796,718
Communication expenses		231,105	232,946
Travelling and conveyance	24.2	810,179	891,737
Postage and stamps		13,020	137,572
Advertisement		23,200	61,900
Legal and professional charges		814,996	1,429,788
Rent, rates and taxes		6,960	900,232
Fees and subscription		915,917	883,960
Repairs and maintenance		537,112	313,425
Utilities		287,639	269,616
Insurance		239,457	204,371
Stationery, printing and other expenses		149,121	259,747
Depreciation / amortization:			
- Investment property	13	5,000,028	5,000,028
- Owned - tangible	15	920,563	616,371
- Intangible assets	16	-	-
Entertainment		146,840	113,351
Bank charges		3,463	8,388
Office supplies		89,445	71,748
		17,818,048	21,191,898

24.1 Remuneration of Officers

	2019 Rupees	2018 Rupees
Salaries and other benefits include remuneration of officers:		
Remuneration	3.635.668	4.282.787
Employer's contribution to provident fund	240,307	221,280
	3,875,976	4,504,067
Number of persons	4	4

24.2 Officers include Chief Operating Officer (COO), Chief Financial Officer (CFO), Head of Internal Auditor and Company Secretary.

24.3 COO and CFO are also provided with Modaraba owned and maintained vehicles.

Note 25
Other Operating Expenses

	Note	2019 Rupees	2018 Rupees
Auditors' remuneration	25.1	472.650	450.825
Provision on musharaka profit receivable		-	77,323
Unrealized loss on re-measurement of investments at fair value through profit or loss		357,842	290,284
		830,492	818,432

25.1 Auditors' remuneration

	2019 Rupees	2018 Rupees
Audit fee	294.000	275.000
Review of half yearly financial statements and other certifications	158,125	158,125
Out of pocket expenses	20,525	17,700
	472,650	450,825

Note 26
Modaraba Company's Management Fee

In accordance with Section 18 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, management fee @ 10% of annual profits is paid to the Modaraba Management Company.

Note 27
Earnings per Modaraba Certificate - Basic and Diluted

	2019	2018
The calculation of the basic earnings per modaraba certificate is based on the following data:		
Net profit for the year (Rupees)	4,708,180	43,043
Weighted average number of modaraba certificates outstanding (Numbers)	21,687,500	20,187,500
Earnings per certificate - basic (Rupees)	0.217	0.002

27.1 Basic earnings per modaraba certificate have been computed by dividing profit for the year as stated above with weighted average number of Modaraba certificates.

27.2 There is no dilutive effect on the basic earnings per modaraba certificate.

Note 28
Cash Generated from Operations

	2019	2018
	Rupees	Rupees
Net profit for the Year	4,708,180	43,043
Adjustment for:		
- Depreciation on fixed assets under own use	920,563	616,371
- Depreciation on investment property	5,000,028	5,000,028
- Depreciation on fixed assets under ijarah arrangements	12,795,063	13,631,214
- Gain on disposal of fixed assets under own use	(50,579)	(46,641)
- Reversal of musharaka profit held in suspense account	(8,631,297)	77,323
- Revaluation loss / (gain) on investment at fair value through profit or loss	357,842	290,284
- Gain on termination of ijarah arrangements	(171,948)	(184,478)
- Profit on term deposit receipts and bank deposits	(743,535)	(144,550)
	9,476,136	19,239,551
Operating profit before working capital changes	14,184,317	19,282,594
Decrease / (Increase) in operating assets:		
- Advances, prepayments and other receivables	5,358,424	1,170,787
- Ijarah rentals receivable	(861,359)	(62,748)
- Long term musharaka receivables	(3,944,281)	15,436,995
- Short term musharaka receivables		(10,978,976)
- Long term murabaha receivable	500,000	(500,000)
- Long term loans and deposits	-	90,000
Increase / (Decrease) in operating liabilities:		
- Long term security deposits	3,113,700	3,777,130
- Creditors, accrued and other liabilities	729,736	(445,678)
Net changes in working capital	4,896,221	8,487,510
Cash Generated from / (Used in) Operations	19,080,537	27,770,104

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Note 29
Maturity of Assets and Liabilities

	Up to one month	One month to three months	Three months to one year	One year to five years	Five years and above	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Assets						
Bank balances	32,047,734	-	-	-	-	32,047,734
Ijarah rentals receivable	1,300,470	-	-	-	-	1,300,470
Advances, prepayment and other receivables	3,090,075	-	9,964,072	-	-	13,054,147
Short term investments	252,789	-	2,295,423	-	-	2,548,212
Musharaka receivables	18,991,777	6,469,739	25,243,594	20,179,814	-	70,884,924
Long term advances and deposits	-	-	-	2,619,260	-	2,619,260
Investment property	416,669	833,338	3,750,021	25,000,140	37,083,466	67,083,634
Fixed assets	17,418,866	495,584	4,442,530	17,838,578		40,195,558
Total Assets - June 30, 2019	73,518,380	7,798,661	45,695,640	65,637,792	37,083,466	229,733,939
Liabilities						
Creditors, accrued and other liabilities	40,875	663,131	1,069,886	-	-	1,773,892
Musharaka profit payable	1,430,192	-	-	-	-	1,430,192
Musharaka finances	700,000	-	-	-	-	700,000
Unpresented profit warrants	10,480,524	-	-	-	-	10,480,524
Security deposits	11,509,320	212,700	2,650,440	10,011,110	-	24,383,570
Total Liabilities - June 30, 2019	24,160,911	875,831	3,720,326	10,011,110	-	38,768,178
Net Assets - June 30, 2019	49,357,469	6,922,830	41,975,314	55,626,682	37,083,466	190,965,761
Total Assets - June 30, 2018	60,158,975	10,022,868	54,852,044	52,104,623	47,083,522	224,222,032
Total Liabilities - June 30, 2018	23,450,007	217,802	1,119,266	10,155,550	-	34,942,625
Net Assets - June 30, 2018	36,708,968	9,805,066	53,732,778	41,949,073	47,083,522	189,279,407

	2019	2018
	Rupees	Rupees
Represented by:		
Certificate capital	216,875,000	216,875,000
Reserves	46,305,510	48,385,700
Accumulated loss	(72,214,749)	(75,981,293)
	190,965,761	189,279,407

Note 31
Balances and Transactions with Related Parties

31.1 In accordance with Section 18 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, management fee @ 10% of annual profits is paid to the Modaraba Management Company.

31.2 Related parties comprise the Management Company, major certificate holders of the Modaraba and their close family members, directors of the management company and their close family members, key management personnel of the Management Company and their close family members and entities with common directors or under common management.

31.3 Details of transactions with related parties and balances outstanding with them as at the reporting date are as follows:

Transactions during the year			**2019**	**2018**
			Rupees	Rupees
Related party	**Relationship**	**Nature of Transaction**		
IBL Modaraba Management (Private) Limited	Management Company	Management fee accrued during the year	523,131	217,802
		Management fee paid during the year	304,783	711,964
University of Management and Technology	Holds 14.16% of the paid up certificates of Modaraba	Rent of library building received	7,495,440	7,495,440
		Dividend paid during the year	-	1,095,990
IBL Modaraba Management (Pvt.) Limited	Holds 9.36% of the paid up certificates of Modaraba	Dividend paid during the year	-	725,033
		Dividend paid during the year	-	541,148
		Short term borrowing converted to certificate capital	-	15,000,000
Outstanding Balance at the year end				
Payable to the Modaraba Management Company			223,131	4,783

Note 32
Capital Risk Management

While managing capital, the objectives of the Modaraba are to ensure that it continues to meet the going concern assumption, enhances certificate holders' wealth and meets stakeholders' expectations. The Modaraba ensures its sustainable growth viz. maintaining optimal capital structure and keeping its profits payable low thus maintaining smooth capital management.

Note 30
Segment Analysis

30.1 Geographical segments

The Modaraba's assets are employed and its income is derived in Pakistan.

30.2 Business segments

Murabaha receivable and profit on murabaha receivable

	2019		2018	
	Rupees	%	Rupees	%
Construction	-	-	500,000	100.0
	-	-	500,000	100.0

Musharaka receivable and profit on musharaka receivable

Media advertising	25,671,911	36.2	22,177,370	33.12
Construction	18,341,076	25.9	2,643,133	3.95
Education	-	-	6,179,507	9.23
Individual	26,871,937	37.9	35,953,488	53.70
	70,884,924	100.0	66,953,498	100.0

Ijarah receivable

Individuals	1,061,935	81.7	401,346	91.40
Others	238,535	18.3	37,765	8.60
Textile	-	-	-	-
	1,300,470	100.0	439,111	100.0

Investment in ijarah under (IFAS-2)

Individuals	24,772,289	67.2	23,025,727	57.40
Medical and pharmaceuticals	1,439,766	3.9	1,439,752	3.60
Media advertising	3,560,002	9.7	7,870,517	19.60
Leasing	283,905	0.8	283,906	0.70
Hotel	120,000	0.3	120,000	0.30
Engineering	60,000	0.2	60,000	0.10
Others	6,610,817	17.9	7,332,102	18.30
	36,846,779	100	40,132,004	100

AHLN

In line 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 borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated by adding equity, as shown in the statement of financial position, into net debt. As on the reporting date, the Modaraba is geared 5.24% (2018: 5%).

Note 33
Financial Risk Management

33.1 The Modaraba has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

The Board of Directors of Modaraba Management Company ("the Board") has overall responsibility for the establishment and oversight of the Modaraba's risk management framework. The Board is responsible for developing and monitoring the Modaraba's risk management policies.

The Modaraba's risk management policies are established to identify and analyze the risks faced by the Modaraba, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Modaraba's activities. The Modaraba, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Modaraba's Audit Committee oversees how the management monitors compliance with the Modaraba's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Modaraba. The Audit Committee is assisted in its oversight role by the Internal Audit Department.

33.2 Credit Risk:

33.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties to the financial instruments fail to perform as contracted. The Modaraba is exposed to credit risk from its operating activities (primarily from investments in ijarah, murabaha and musharaka contracts), deposits with banks and financial institutions and other financial instruments.

33.2.2 Credit risk related to receivables

The Modaraba has adopted a policy of only dealing with creditworthy parties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Modaraba also uses other publicly available financial information and its own trading records to rate its customers. The Modaraba's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved parties. Credit exposure is controlled by credit limits that are internally reviewed and approved by the risk management committee annually.

AHLN

The management monitors and limits the Modaraba's exposure to credit risk through monitoring of clients' credit exposure, reviews and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organizations of sound financial standing covering various industrial sectors and segments.

33.2.3 Credit risk related to financial instruments and cash deposits

The Modaraba limits its exposure to credit risk by only investing in liquid securities and only with parties that have a track record. Given these high credit ratings, the management does not expect any party to fail to meet its obligations, except to the extent of impairment loss recognized.

33.2.4 Exposure to credit risk

Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial assets	Note	**2019** Rupees	**2018** Rupees
Bank balances	6	32,047,734	23,503,774
Ijarah rentals receivable	7	1,300,470	439,111
Advances and other receivables	8	10,865,104	7,053,386
Short term investments	9	2,548,212	5,927,880
Musharaka receivables	10 & 11	70,884,924	66,953,497
Murabaha receivable		-	500,000
Long term advances and deposits	12	2,619,260	2,619,260
		120,265,703	106,996,908

Geographically all credit exposure is concentrated in Pakistan.

The maximum exposure to credit risk for receivables against ijarah, musharaka and murabaha investment at the reporting date by type of customer was:

Education	-	6,179,507
Media advertising	25,671,911	22,177,370
Individuals	27,933,872	36,354,834
Construction	18,341,076	3,143,133
Others	238,535	37,765
	72,185,394	67,892,609

The maximum exposure to credit risk for the following financial assets at the reporting date by mode of financing was as under:

Ijarah rentals receivable	1,300,470	439,111
Accrued profit on murabaha and musharaka	3,090,075	621,004
Musharaka receivables	70,884,924	66,953,497
Murabaha receivable	-	500,000
	75,275,469	68,513,612

	Rating			2019	2018
	Short Term	Long term	Agency	Rupees	Rupees
Profit bearing accounts					
Meezan Bank Limited	A1+	AA+	JCR-VIS	298,253	992,554
MCB Bank Limited	A1+	AAA	PACRA	28,669,217	20,379,838
Non Profit bearing accounts					
Habib Bank Limited	A1+	AAA	JCR-VIS	3,080,264	2,131,382
				32,047,734	23,503,774

Note 33, Financial Risk Management - Contd...

Impairment losses

The aging of financial assets at the reporting date was:

	Gross 2019	Impairment 2019	Gross 2018	Impairment 2018
	Rupees	Rupees	Rupees	Rupees
Not past due	-	-	-	-
Past due 0-90 days	881,210	265,605	77,332	-
Past due 90-180 days	-	-	60,280	60,280
Past due over 180 days	17,886,820	17,673,640	25,596,917	25,596,917
	18,768,030	17,939,245	25,734,529	25,657,197

33.3 Liquidity risk

Liquidity risk is the risk that the Modaraba will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of the business. 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 stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation.

The maturity profile of the Modaraba's financial liabilities based on contractual amounts is disclosed in Note 30 to the financial statements.

33.3.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Modaraba's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

33.3.2 Currency

Currency risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of chnages in foreign exchange rates.The modaraba, at present, is not exposed to currency risk as all transaction are carried in pak rupees.

33.3.3 Exposure to currency risk

The Modaraba has no exposure to foreign currency risk as at the reporting date.

33.3.4 Other market price risk

Other price risk represents 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 rate 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 instrument traded in the market. The Modaraba is exposed to equity price risk in respect of short term investments available for sale and at fair value through profit or loss.

33.3.5 Sensitivity analysis - equity price risk

A change of 1% in value of investments would have increase or decrease equity by Rs. 25,482 (2018: Rs. 59,279).

AHLN

Note 34
Provident Fund Related Disclosures

The Modaraba operates a recognized provident fund for its permanent employees wherein equal monthly contributions are made by the Modaraba and employees into the fund at the rate of 10% of the basic salary. Obligation for contributions to defined contribution plan is recognized as an expense in the profit and loss account. The following is information of fund as on June 30,:

	2019	2018
Fund Balance	849,103	1,787,953

34.1 The Modaraba has maintained provident fund account in MCB Bank Limited which has balance of Rs. 849,103 (2018: Rs. 1,787,953).

Note 35
Number of Employees

	2019	2018
	Numbers	Numbers
Employees as at June 30,	14	14
Average number of employees during the year	14	14

Note 36
Date of Authorization for Issue

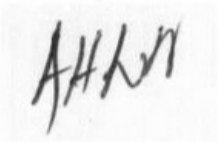
These financial statements were approved and authorized for issue on September 30, 2019 by the Board of Directors of IBL Modaraba Management (Private) Limited (the Management Company).

Note 37
Profit Distribution

Subsequent to the year ended June 30, 2019, the Board of Directors of the Management Company in their meeting held on September 30, 2019 declared a final profit distribution of Re. 0.16 (2018: NIL) per Modaraba certificate which in total amounts to Rs. 3,470,000 (2018: NIL).

Note 38
General

Corresponding figures have been re-arranged, wherever necessary, to facilitate comparison.



S/D	S/D	S/D	S/D
CHIEF EXECUTIVE	DIRECTOR	DIRECTOR	CHIEF FINANCIAL OFFICER

Note 34
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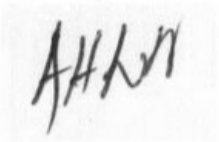
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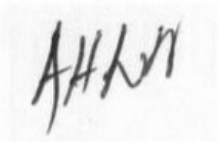
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S/D	S/D	S/D	S/D
CHIEF EXECUTIVE	DIRECTOR	DIRECTOR	CHIEF FINANCIAL OFFICER

PATTERN CERTIFICATE HOLDING
BY CERTIFICATE HOLDERS
AS AT JUNE 30, 2019

No. of Shareholders	Shareholding		Total Shares held
	From	To	
426	1	100	15,873
299	101	500	84,258
184	501	1,000	131,453
226	1,001	5,000	481,828
40	5,001	10,000	289,336
14	10,001	15,000	182,787
5	15,001	20,000	97,500
3	20,001	25,000	69,000
3	25,001	30,000	82,500
3	30,001	35,000	97,875
1	35,001	40,000	36,000
2	40,001	45,000	88,500
2	45,001	50,000	96,000
1	50,001	55,000	51,087
1	55,001	60,000	59,000
1	80,001	85,000	82,000
1	90,001	95,000	92,700
2	130,001	135,000	265,441
2	145,001	150,000	300,000
1	165,001	170,000	170,000
1	240,001	245,000	240,068
1	280,001	285,000	280,507
1	310,001	315,000	313,500
1	470,001	475,000	473,000
1	505,001	510,000	509,990
1	530,001	535,000	531,000
1	1,045,001	1,050,000	1,050,000
1	1,075,001	1,080,000	1,078,774
1	1,895,001	1,900,000	1,895,034
1	2,030,001	2,035,000	2,030,905
1	3,015,001	3,020,000	3,015,820
1	3,065,001	3,070,000	3,070,000
1	4,425,001	4,430,000	4,425,764
1,230			**21,687,500**

CATEGORIES OF CERTIFICATE HOLDERS
AS AT JUNE 30, 2019

Categories of Shareholder	Share held	Percentage
Associated Companies, Undertakings & Related Parties	5,100,905	23.52
NIT & ICP	1,078,774	4.97
Banks, DFIs, NBFCs	10,155	0.05
Insurance Companies	517,033	2.38
Modarabas and Mutual Funds	70	0.00
General Public (Local)	10,226,978	47.16
General Public (Foreigner)	331	0.00
Other Companies (Local)	4,753,254	21.92
	21,687,500	**100.00**