



# Annual Report 2009



**First Al-Noor Modaraba**



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## VISION STATEMENT

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

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

## MISSION STATEMENT

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



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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Mr. Ismail H. Zakaria	Chairman
Mr. Jalaluddin Ahmed	Chief Executive
Mr. Yusuf Ayoob	Director
Mr. Suleman Ayoob	Director
Mr. A. Aziz Ayoob	Director
Mr. Zain Ayoob	Director
Mr. Zohair Zakaria	Director

### AUDIT COMMITTEE

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Mr. Suleman Ayoob	Director
Mr. Zohair Zakaria	Director
Mr. Zain Ayoob	Director

### MODARABA MANAGEMENT COMMITTEE

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Mr. Ismail H. Zakaria	Chairman
Mr. Jalaluddin Ahmed	Chief Executive
Mr. Zain Ayoob	Director
Mr. Zohair Zakaria	Director

### BANKERS

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Al-Baraka Islamic Bank B.S.C.  
Allied Bank Limited  
Askari Bank Limited  
National Bank of Pakistan

### REGISTERED OFFICE

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First Al-Noor Modaraba  
96-A, Sindhi Muslim Co-operative Housing Society  
Karachi-74400.

Telephone No(s) : 3455 8268 3455 3067  
3455 2974 3455 2943  
Fax : 3455 3137  
E-mail : fam@cyber.net.pk

### INVESTORS INFORMATION

#### STOCK EXCHANGE LISTING

First Al-Noor Modaraba is listed on Karachi and Lahore Stock Exchange.

Daily quotations on the Modaraba Certificates can be obtained from leading newspapers and/or Stock Exchanges websites under the sector "Modaraba".

#### CERTIFICATE HOLDERS INFORMATION

Enquiries concerning lost Modaraba certificates, dividend payments, change of address, verification of transfer deeds and certificate transfer should be directed to our Registered Office.



## SEVENTEETH REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2009

I am pleased to present, on behalf of the Board of Directors of Al-Noor Modaraba Management (Private) Limited, the "mudarib/management company" of First Al-Noor Modaraba (FAM), the Seventeenth Annual Report together with the Audited Accounts of the company for the year ended June 30, 2009.

By the grace of Almighty Allah, despite immeasurable constraints, the Modaraba still posted a meager profit in the above financial year which under the circumstances may still be termed as quiet satisfactory. Obviously, the overall economic and political crises in which the entire country remained mired, heavily dented all types of business, be it may the industrial sector, real estate or financial market or the variety of financial institutions.

### Financial Results

Financial results are summarized as under:

	For the year ended	
	30-06-2009	30-06-2008
	Amount in Rupees	
Profit after taxation	4,204,524	31,991,789
Share of associate's incremental depreciation on account of revaluation of fixed assets	300,282	170,491
Unappropriated profit brought forward	2,334,091	1,909,183
Profit available for appropriation	6,838,897	34,071,463

### Appropriation

Profit Distribution @ 0.00%  
(2008: @ 10.00%)

Statutory Reserve @ 20%  
(2008: @ 32.00%)

General Reserve

-	(21,000,000)
(840,905)	(10,237,372)
(500,000)	(500,000)
(1,340,805)	(31,737,372)
5,497,992	2,334,091

### Profit Distribution

It is pertinent to mention that the SECP issued necessary directives applicable on all the companies and financial institutions under their jurisdiction, that they would henceforth be required to recognize impairment, if any, in their long term equity portfolio investment (Available for Sale) through profit and loss account under IAS-39. Prior to that, such impairment losses were being recognized through balance sheet thus effecting only the equity portion of the related company/financial institution. Accordingly, the Modaraba suffered an impairment loss of Rs. 38.770 million upto December 31, 2008. The said loss is therefore opted to be recognized through profit and loss on quarterly basis during the calendar year ending December 31, 2009 including any adjustment/effect for price movement.

Moreover, the said SECP directive also categorically state that the amount reflected in equity, shall be treated as charged to Profit and Loss account for the purpose of distribution as dividend. Pursuant thereto, the Board unanimously approved in the meeting nil distribution of profit of Rs. 0.00 (0.00%) {2008: Rs. 1.00 (10.00%)} per certificate of Rs.10 each, for the year ended June 30, 2009.



## SEVENTEETH REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2009

### Review of Operations

The turmoil in the Karachi Stock Exchange in particular, did also have a debilitating effect on the Modaraba. There was an unprecedented fall of around 63.22% in its portfolio investment in a short span of around six months. Such unanticipated shocks cannot be easily sustained. Yet the Modaraba has remained steadfast as a result of which it performed exceedingly well in other sectors. It was chiefly due to an unprecedented hit of Rs. 17.507 million in the impairment of investment in stocks (in two quarters of first half of the calendar year 2009) that the Modaraba was forced to post a moderate profit, otherwise it could have been an altogether different scenario.

Understandably, keeping in view the present state of the economy, the Modaraba has deemed it expedient to adopt a pragmatic approach. It will be a mix blend of caution and aggression. Momentarily, the Modarabas' main area of concentration will be to further diversify its trading activities, which historically has always remained the backbone of its operational activities. Although the Modaraba has a plethora of Islamic tools at its disposal, but its utilization can only be enlarged when the Modaraba feels satisfied that the country's economy has stabilized to a certain degree.

Hopefully, some improvement in the Karachi Stock Exchange in future could also have a positive impact (KSE-100 index improved from 7,162 points on June 30, 2009 to 9,137 points as on the date of this report).

### Future Outlook

The Modaraba has formulated a well devised and coherent strategy for the current financial year ending June 30, 2010. However, much depends on the overall economic and political conditions prevalent in the country during the said period. In case, the economy moves on a sound footing, there is no reason that the Modaraba will perform better in the current financial year. Moreover, from the comparative position with Islamic Banks being its main competitors, it is encouraging to note that the Modaraba within its limited size/capital structure has performed quite appreciably.

### Compliance with the Code of Corporate Governance

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

- (a) The financial statements prepared by the management of the Modaraba present fairly its true state of affairs, the result of its operations, cash flows and changes in equity.
- (b) Proper books of account of the Modaraba have been maintained.
- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- (d) International accounting standards, as applicable in Pakistan have been followed in preparation of financial statements.
- (e) The system of internal control is sound and has been effectively implemented and monitored.
- (f) The Modaraba is financially sound and there is no reason whatsoever to doubt its ability to continue as a going concern.
- (g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulation of the Stock Exchange(s) and;



## SEVENTEETH REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2009

- (h) The Directors, CEO, CFO, Company Secretary and their spouses and minor children do not hold any interest in the certificates of Modaraba, other than that disclosed in the pattern of certificate holding.
- (i) During the year under review, four meetings of the Board of Directors were held. Attendance by each director was follows:

Name of Director	Meetings Eligibility	Meetings Attended
Mr. Ismail H. Zakaria	4	4
Mr. Jalaluddin Ahmed	4	4
Mr. Yousuf Ayooob	4	3
Mr. Suleman Ayooob	4	4
Mr. A. Aziz Ayooob	4	4
Mr. Zohair Zakaria	4	4
Mr. Zain Ayooob	4	4

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

### Pattern of Certificate holding

A statement reflecting the pattern of holding of the certificates as on June 30, 2009 is attached to the Annual Report.

### Key Operating & Financial Data

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

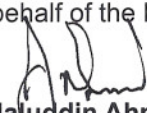
### Acknowledgment

The Board thank the Regulatory Authorities for their continuous efforts and co-operation for improvement of the Modaraba sector and places on record its appreciation for the services rendered by the staff members for their commitment, dedication and hard work in discharging their responsibilities and our valued customers for being supportive, understanding and for exercising professionally and our certificate holders for the confidence reposed on us for having the organization achieve the overall success.

### Auditors

The present auditors, Messrs. Anjum Asim Shahid Rahman, Chartered Accountants (Member firm of Grant Thornton International) being due for retirement have offered themselves for re-appointment for the year ending June 30, 2010 subject to approval by Registrar of Modaraba Companies & Modaraba.

On behalf of the Board

  
**Jalaluddin Ahmed**  
Chief Executive

Dated : September 16, 2009  
Place : Karachi



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2009

This statement is being presented to comply with the Code Of Corporate Governance contained in Regulation No.35 of listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby listed Modaraba is managed in compliance with the best practices of corporate governance.

The Modaraba has applied the principles contained in the Code in the following manner;

1. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this management company.
2. All the resident directors of the company are registered as tax payers and none of them defaulted in payment of loan to a banking company, a DFI or an NBFC or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
3. No casual vacancy occurred in the Board during the year.
4. The Modaraba has prepared a Statement of Ethics and Business Practices, which has been signed by all directors and employees of the Modaraba.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Modaraba along with dates on which they were approved or amended, has been maintained.
6. All the powers of the Board have been duly exercised and decision on material transaction, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by Board.
7. The meeting of the Board was presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meeting, along with the agenda and working papers were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
8. The directors are fully aware of the relevant laws applicable to the Modaraba, its policies and procedures and provisions of the Memorandum and Articles of Association to manage the affairs of the Modaraba on behalf of the certificate holders.
9. The director's report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
10. The Directors, CEO and Executives do not hold any interest in the shares of the Modaraba other than that disclosed in the pattern of holding of certificates
11. The Modaraba has complied with all the corporate and financial reporting requirements of the Code.
12. The Board has formed an audit committee, which comprises of three members.





## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2009

13. The meetings of the audit committee are held at least once every quarter prior to approval of interim and final results of the Modaraba as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
14. The Board has set-up effective internal audit functions.
15. The statutory auditors of the Modaraba had confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Modaraba and that the firm and all of its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan
16. 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
17. We confirm that all other material principles contained in the Code have been substantially complied with.

For and on behalf of the Board

  
**Jalauddin Ahmed**  
Chief Executive

Date : September 16, 2009



## REVIEW REPORT TO THE CERTIFICATE HOLDERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Al-Noor Modaraba Management (Private) Limited (Modaraba Management Company) in respect of First Al-Noor Modaraba (the Modaraba) to comply with the Listing Regulation No. 37 (Chapter XI) of the Karachi Stock Exchange and Chapter XIII of the Listing Regulations of the Lahore Stock Exchange where the Modaraba is listed.


The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Modaraba Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Modaraba's Management Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Modaraba Management Company's personnel and review of various documents prepared by the Modaraba Management Company to comply with the Code.

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

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Modaraba Management Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arms length transactions and transactions which are not executed at arms length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately place before the audit committee. We are only required and have ensured compliance requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Modaraba, for the year ended June 30, 2009.

Karachi  
Date: September 16, 2009

  
**Anjum Asim Shahid Rahman**  
Chartered Accountants



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

We have audited the annexed balance sheet of **First AL-Noor Modaraba (the Modaraba)** as at **June 30, 2009** and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred as "the financial statements"), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

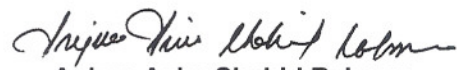
- a) in our opinion, proper books of accounts have been kept by the modaraba company in respect of First Al-Noor Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;

in our opinion:

- i. the balance sheet 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 account and are further in agreement with 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;
- b) in our opinion and to the best of our information and according to explanations given to us, the balance sheet, profit and loss account, 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, 2009 and of the profit, its cash flows and changes in equity for the year then ended; and
  - c) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the modaraba and deposited in the Central Zakat Fund established under section 7 of the Ordinance.

Without qualifying our opinion, we draw attention to note 35.2 to the financial statements which more fully explains the reasons as to why the Modaraba will continue to enjoy the tax exemption under Clause 100, Part I of Second Schedule to the Income tax Ordinance, 2001. Since the ultimate outcome of the matter cannot be ascertained as this stage, provisions for income tax has been considered as if the Modaraba would continue to enjoy the tax exemption.

Karachi  
Date: September 16, 2009

  
**Anjum Asim Shahid Rahman**  
Chartered Accountants  
**Shahzada Saleem Chughtai**



## BALANCE SHEET AS AT JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	6	42,063,741	17,121,399
Long term investment in ijarah	7	22,031,271	32,350,209
Long term deposits	8	3,853,589	3,839,989
Long term investments	9	29,295,087	43,966,461
<b>Total non-current assets</b>		<b>97,243,688</b>	<b>97,278,058</b>
<b>Current assets</b>			
Stock-in-trade	10	35,460,760	39,913,112
Trade debts	11	-	7,994,526
Bills receivable	12	6,977,844	11,179,200
Current maturity of investment in ijarah		22,689,358	26,560,851
Musharikhah receivables - secured	13	-	81,410,000
Musawamah receivables - secured	14	24,000,000	7,500,000
Modaraba receivables - secured	15	70,475,000	-
Short term investments	16	11,239,543	15,876,391
Profit receivable	17	5,777,293	3,994,957
Advances, deposits, prepayments and other receivables	18	1,570,155	26,963,797
Income tax refundable / paid in advance	19	1,623,490	1,597,948
Bank balances	20	24,482,724	9,567,845
<b>Total current assets</b>		<b>204,296,167</b>	<b>232,558,627</b>
<b>Total assets</b>		<b>301,539,855</b>	<b>329,836,685</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Certificate holders' equity</b>			
Certificate capital	21	210,000,000	210,000,000
Reserves		80,969,721	79,628,816
Unappropriated profit		5,997,992	23,834,091
Unrealized (loss) on re-measurement of available for sale investments		(17,272,060)	(18,622,160)
<b>Total certificates holders' equity</b>		<b>279,695,653</b>	<b>294,840,747</b>
Deferred liability - staff gratuity	22	1,654,482	1,154,849
Long term security deposits	23	6,772,016	6,284,786
<b>Total non-current liabilities</b>		<b>8,426,498</b>	<b>7,439,635</b>
<b>Current liabilities</b>			
Islamic export refinance	24	-	1,500,000
Current maturity of security deposits	23	1,073,808	3,306,450
Creditors, accrued and other liabilities	25	7,912,264	18,221,083
Provision for custom duty/surcharge	26	4,398,842	4,398,842
Profit payable	27	32,790	129,928
<b>Total current liabilities</b>		<b>13,417,704</b>	<b>27,556,303</b>
<b>Total liabilities</b>		<b>21,844,202</b>	<b>34,995,938</b>
<b>Total equity and liabilities</b>		<b>301,539,855</b>	<b>329,836,685</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	28		

The annexed notes from 1 to 48 form an integral part of these financial statements. The details of valuation of investments, impairment and impact on profit and loss account are given in note 9.5.

  
Chief Executive

  
Director

  
Director



**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	2009 Rupees	2008 Rupees
<b>INCOME</b>			
Profit from trading operations	29	15,145,801	19,780,597
Income on musharikhah receivables		6,399,381	15,293,483
Income on murabaha receivables		-	11,504
Income on musawamah receivables		5,775,592	57,247
Income on modaraba receivables		5,377,691	-
Income from ijarah		31,122,504	23,561,927
Income from investments	30	1,799,340	8,643,507
		<u>65,620,309</u>	<u>67,348,265</u>
<b>EXPENSES</b>			
Operating expenses	31	11,721,807	9,412,924
Depreciation on ijarah assets	6	25,053,295	18,117,462
(Reversal) of provision on non-performing assets	32	-	(68,610)
Financial and other charges	33	3,032,494	2,099,448
		<u>39,807,596</u>	<u>29,561,224</u>
<b>Operating profit</b>		<u>25,812,714</u>	<u>37,787,041</u>
Other income	34	3,228,604	2,859,117
		<u>29,041,318</u>	<u>40,646,158</u>
Unrealized gain / (loss) on re-measurement of investments classified at fair value through profit or loss		(7,090,929)	(7,296,271)
Impairment loss on re measurement of investment in listed securities classified as available for sale		(17,507,101)	-
Share of profit from associates		636,690	2,540,655
		<u>5,079,978</u>	<u>35,890,542</u>
Modaraba Company's management fee		(507,998)	(3,589,054)
<b>Profit before income tax</b>		<u>4,571,980</u>	<u>32,301,488</u>
Income tax expense	35	(367,456)	(309,699)
<b>Profit for the year</b>		<u>4,204,524</u>	<u>31,991,789</u>
Earnings per certificate - Basic and Diluted	36	<u>0.20</u>	<u>1.52</u>

The annexed notes from 1 to 48 form an integral part of these financial statements. The details of valuation of investments, impairment and impact on profit and loss account are given in note 9.5.

  
Chief Executive

  
Director

  
Director



## BALANCE SHEET AS AT JUNE 30, 2009

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<b>CONTINGENCIES AND COMMITMENTS</b>			
	28		

The annexed notes from 1 to 48 form an integral part of these financial statements. The details of valuation of investments, impairment and impact on profit and loss account are given in note 9.5.

  
Chief Executive

  
Director

  
Director



**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	2009 Rupees	2008 Rupees
<b>INCOME</b>			
Profit from trading operations	29	15,145,801	19,780,597
Income on musharikhah receivables		6,399,381	15,293,483
Income on murabaha receivables		-	11,504
Income on musawamah receivables		5,775,592	57,247
Income on modaraba receivables		5,377,691	-
Income from ijarah		31,122,504	23,561,927
Income from investments	30	<u>1,799,340</u>	<u>8,643,507</u>
		<b>65,620,309</b>	<b>67,348,265</b>
<b>EXPENSES</b>			
Operating expenses	31	<b>11,721,807</b>	9,412,924
Depreciation on ijarah assets	6	<b>25,053,295</b>	18,117,462
(Reversal) of provision on non-performing assets	32	-	(68,610)
Financial and other charges	33	<b>3,032,494</b>	2,099,448
		<u>39,807,596</u>	<u>29,561,224</u>
<b>Operating profit</b>		<b>25,812,714</b>	<b>37,787,041</b>
Other income	34	<u>3,228,604</u>	<u>2,859,117</u>
		<b>29,041,318</b>	<b>40,646,158</b>
Unrealized gain / (loss) on re-measurement of investments classified at fair value through profit or loss		<b>(7,090,929)</b>	(7,296,271)
Impairment loss on re measurement of investment in listed securities classified as available for sale		<b>(17,507,101)</b>	-
Share of profit from associates		<u>636,690</u>	2,540,655
		<b>5,079,978</b>	35,890,542
Modaraba Company's management fee		<b>(507,998)</b>	(3,589,054)
<b>Profit before income tax</b>		<b>4,571,980</b>	<b>32,301,488</b>
Income tax expense	35	<b>(367,456)</b>	(309,699)
<b>Profit for the year</b>		<u><b>4,204,524</b></u>	<u><b>31,991,789</b></u>
Earnings per certificate - Basic and Diluted	36	<u><b>0.20</b></u>	<u><b>1.52</b></u>

The annexed notes from 1 to 48 form an integral part of these financial statements. The details of valuation of investments, impairment and impact on profit and loss account are given in note 9.5.

  
Chief Executive

  
Director

  
Director



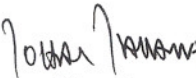
## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash from/(used in) operations after working capital changes	37	60,510,810	(13,294,361)
Increase/(Decrease) in long-term security deposits		(1,745,412)	2,563,051
Income received from musharikhah		10,068,697	18,167,105
Income received from modaraba		1,079,000	11,504
Income received from musawamah		4,795,510	-
Income tax paid		(341,914)	(327,272)
Gratuity paid		-	(32,500)
<i>Net cash from operating activities</i>		<u>74,366,691</u>	<u>7,087,527</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed assets purchased		(16,811,553)	(43,566,717)
Sale proceeds on disposal of fixed assets		690,342	4,239,882
Dividend received		1,525,245	2,151,782
Profit on bank deposits		507,710	902,364
Purchase of investments in listed securities		(27,866,692)	(360,655,890)
Proceeds from sale of investments in listed securities		6,484,693	346,628,344
<i>Net cash (used in) investing activities</i>		<u>(35,470,254)</u>	<u>(50,300,235)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Profit paid to the certificate holders		(20,917,933)	(12,559,970)
Financial charges paid		(3,063,624)	(3,120,850)
<i>Net cash (used in) financing activities</i>		<u>(23,981,557)</u>	<u>(15,680,820)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>14,914,879</b>	<b>(58,893,528)</b>
Cash and cash equivalents at beginning of the year		9,567,845	68,461,373
<b>Cash and cash equivalents at end of the year</b>	38	<u><u>24,482,724</u></u>	<u><u>9,567,845</u></u>

The annexed notes from 1 to 48 form an integral part of these financial statements. The details of valuation of investments, impairment and impact on profit and loss account are given in note 9.5.

  
Chief Executive

  
Director

  
Director





## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2009

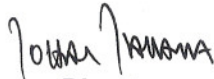
	Certificate Capital	Capital *Statutory Reserve	Reserve		Unappropriated profit	Total
			General reserve	Revenue (loss)/Gain remeasurement of available for sale investment		
Rupees						
Balance as at July 01, 2007 - restated	210,000,000	61,591,444	7,300,000	(6,563,101)	15,009,183	287,337,526
<b>Changes in equity for the year ended June 30, 2008</b>						
Share of associate's incremental depreciation on account of revaluation of fixed assets	-	-	-	-	170,491	170,491
Unrealized (loss) on remeasurement of available for sale investments	-	-	-	(12,059,059)	-	(12,059,059)
<b>Net income directly recognized in equity</b>	-	-	-	<b>(12,059,059)</b>	<b>170,491</b>	<b>(11,888,568)</b>
Profit distribution in cash	-	-	-	-	(12,600,000)	(12,600,000)
Profit for the year	-	-	-	-	31,991,789	31,991,789
Transfer to general reserve	-	-	500,000	-	(500,000)	-
Transfer to statutory reserve - restated	-	10,237,372	-	-	(10,237,372)	-
<b>Balance as at June 30, 2008</b>	<b>210,000,000</b>	<b>71,828,816</b>	<b>7,800,000</b>	<b>(18,622,160)</b>	<b>23,834,091</b>	<b>294,840,747</b>
<b>Changes in equity for the year ended June 30, 2009</b>						
Share of associate's incremental depreciation on account of revaluation of fixed assets	-	-	-	-	300,282	300,282
Unrealized gain on remeasurement of available for sale investments	-	-	-	1,350,100	-	1,350,100
<b>Net income directly recognized in equity</b>	-	-	-	<b>1,350,100</b>	<b>300,282</b>	<b>1,650,382</b>
Profit distribution in cash	-	-	-	-	(21,000,000)	(21,000,000)
Profit for the year	-	-	-	-	4,204,524	4,204,524
Transfer to general reserve	-	-	500,000	-	(500,000)	-
Transfer to statutory reserve	-	840,905	-	-	(840,905)	-
<b>Balance as at June 30, 2009</b>	<b>210,000,000</b>	<b>72,669,721</b>	<b>8,300,000</b>	<b>(17,272,060)</b>	<b>5,997,992</b>	<b>279,695,653</b>

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

The annexed notes from 1 to 48 form an integral part of these financial statements. The details of valuation of investments, impairment and impact on profit and loss account are given in note 9.5.

  
Chief Executive

  
Director

  
Director



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**1. LEGAL STATUS AND NATURE OF THE BUSINESS**

First Al-Noor Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under. It is managed by Al-Noor Modaraba Management (Private) Limited, the Modaraba Company. The Modaraba was floated on October 19, 1992 and commenced its business on November 02, 1992. The Modaraba is a multipurpose, perpetual modaraba and is currently engaged in musharikhah, murabaha, musawamah, modaraba, equity investment, Ijarah and trading activities.

The registered office of the modaraba is situated at 96-A, Sindhi Muslim Corporative Housing Society, Karachi. The Modaraba is listed on the Karachi and Lahore Stock Exchanges.

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance 1984, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, (the Ordinance) and the Modaraba Companies and Modaraba Rules, 1981(the Rules). Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) as are notified under the provisions of Companies Ordinance, 1984, provisions of and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail.

The Securities and Exchange Commission of Pakistan (SECP) vide circular No. 10 of 2004 dated February 13, 2004 has deferred the application of IAS 17 "Leases" on madarabas till further orders.

- 2.1** SECP has adopted the Islamic Financial Accounting Standard (IFAS) 1 "Murabaha" through notification dated August 24, 2005, issued by the Institute of Chartered Accountants of Pakistan, effective for financial periods beginning on or after January 1, 2006.
- 2.2** In addition, SECP has also notified Islamic Financial Accounting Standard (IFAS) 2 "Ijarah" issued by the Institute of Chartered Accountants of Pakistan. This standard is operative for financial statements covering the period beginning on or after July 1, 2007 and is required to be followed on those Ijarahs which commence after the above mentioned date.

The modaraba has adopted IFAS 1 and IFAS 2.

**2.3 Standards, amendments and interpretations in current year but not yet effective:**

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Modaraba's operations or are not expected to have significant impact on the Modaraba's financial statements other than increase in disclosures in certain cases:



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

Amendments in IAS 32 – Financial instruments: Presentation	January 01, 2009
IAS 1 - Presentation of Financial Statements	January 01, 2009
IAS 23 - Borrowing Costs	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements	January 01, 2009
IAS 36 - Impairment of Assets	January 01, 2009
IAS 38 - Intangible Assets	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements	January 01, 2009
IFRS - 8 Operating Segments	January 01, 2009
Amendments in IFRS 7 - Financial instruments: Disclosures	January 01, 2009

Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after January 01, 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owners changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.

Revised IAS 23 - Borrowing Costs (effective for annual periods beginning on or after January 01, 2009) removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

Amendment to IFRS 7 - Improving Disclosures about Financial Instruments (effective for annual periods beginning on or after January 01, 2009). The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements.

IFRS 8 - Operating Segments (effective for annual periods beginning on or after January 01, 2009) introduces the "management approach" to segment reporting. IFRS 8 will require a change in presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Modaraba's "chief operating decision maker" in order to assess each segment's performance and to allocate resources to them. Currently, the Modaraba presents segment information in respect of its business segments.

**3. BASIS OF MEASUREMENT**

- 3.1** These financial statements have been prepared under the historical cost convention except for certain financial assets and financial liabilities which are stated at fair value or amortized cost or cost as applicable.
- 3.2** These financial statements have been prepared under the accrual basis of accounting except for cash flow information.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**4. USE OF ESTIMATES**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the modarabas accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under circumstances. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial estimates are as follows:

- a) Staff retirement benefits - gratuity (note 5.1)
- b) Classification and measurement of investments (note 9 and 16)
- c) Fixed Assets (note 5.2)
- d) Income tax (note 5.6)
- e) Impairment (note 5.15)

Estimates and judgments are continually evaluated and are based on management's best judgments and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

**5. 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 the years presented unless otherwise stated.

**5.1 Staff retirement benefits**

The company operates an unfunded gratuity for all its employees who complete the eligible period of service. Provision has been made in accordance with actuarial recommendations using the projected unit credit method. The results of current valuation are summarized in note 22. Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceeded ten percent of the higher of defined benefit obligation and fair value of the planned assets at that date. These gains or losses are recognized over the expected remaining working lives of the employees.

**5.2 Fixed assets**

**5.2.1 Assets in own use and depreciation**

**5.2.1.1 Tangible**

Fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss, if any.

Depreciation is charged to income applying the straight line method whereby the depreciable amount of an asset is written off over its estimated useful life. Depreciation is charged at rates stated in note 6.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

Depreciation on additions is charged from the month during which the asset is put to use. For disposals during the year, depreciation is charged up to the month preceding the month of disposal.

The assets residual value and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense. Maintenance and normal repairs are charged to income. Major renewals and improvements are capitalized.

**5.2.1.2 Intangible - computer software**

Acquired computer software capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortized over there estimated useful lives.

**5.2.2 Assets leased out under Ijarah and depreciation**

Assets leased out under Ijarah are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to income applying the annuity method whereby the depreciation is charged from the date of recognition of Ijarah of respective assets to mustajir upto the date of maturity/termination of Ijarah agreement.

**5.2.3 Impairment**

The company assesses at each balance sheet date whether there is any indication that fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful lives.

**5.3 Stock-in-trade**

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

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

Packing material are recorded at average cost.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**5.4 Investments**

Investments in securities are initially recognized at cost, being the fair value of the consideration given, including the transaction cost associated with the investment, except in case of held for trading investments (if any) in which case these transaction cost are charged off to the profit and loss account. All regular way of purchases and sale of investments are recognized/derecognized on the trade date. These are classified and measured as follows:

**5.4.1 Held to maturity**

These are securities with fixed or determinable payments and fixed maturity which the Modaraba has the positive intent and ability to hold to maturity. These are measured at amortized cost.

**5.4.2 Investment at fair value through profit or loss (held for trading)**

Investment which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading. After initial recognition, the above investments are remeasured at fair value determined with reference to the year-end rates quoted on the respective stock exchange. Gains or losses on investments on remeasurement of these investments are recognized in the profit and loss account currently.

**5.4.3 Available for sale**

These are the investments that are held for an undefined period that may be sold in response to the need for liquidity or changes in market rates. After initial recognition, these investments are remeasured at fair value. Surplus/deficit arising from re-measurement are taken to equity until the investments are sold/disposed-off or until the investments are determined to be impaired, at which time, accumulative gain or loss previously reported in the equity is included in the current year's profit and loss account.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value can not be reliably measured are measured at cost.

**5.4.4 Investment in associates**

Investment in associates are carried using equity method of accounting.

**5.5 Revenue recognition**

- i) Sale of goods is recognized on dispatch of goods to customers.
- ii) Profit on musharikhah finances are accounted for on the basis of expected rate of profit. The effect of adjustments, if any, between actual rate and expected rate of profit is accounted for at the time of determination of the actual rate. Unrealized musharikhah income is excluded from profit on musharikhah receivables in accordance with the requirements of Prudential Regulations for Modarabas.
- iii) Profit from murabaha finance is accounted for on culmination of murabaha transaction. However, the profit on that portion of murabaha finance not due for payment is deferred by accounting for "Deferred Murabaha Income" with a corresponding credit to "Unearned Murabaha Income" which is recorded as a liability. The same is then recognized on a time proportion basis. Unrealized murabaha income is excluded from profit on murabaha receivables in accordance with the requirement of Prudential Regulations for Modarabas.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

- iv) Profit on musawamah receivables is recognized on an accrual basis, whereas unrealized musawamah income is excluded from profit on musawamah receivables in accordance with the requirement of Prudential Regulations for Modarabas.
- v) Return on investment and deposits with banks are recognized on an accrual basis
- vi) Ijarah / Lease rental income is recognized on an accrual basis.
- vii) Dividend income is recognized when the right to receive dividend is established.
- viii) Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.

**5.6 Income tax**

**5.6.1 Current**

The charge for taxation is based on taxable income at current rates of taxation after taking into account tax credits and tax rebates available, if any. For items covered under final tax regime, provision is made according to the final tax rate provided in the Income Tax Ordinance, 2001. The income of Modaraba other than trading income is exempt from tax under Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Provided that not less than 90% of its total profits in the year as reduced by the amount transferred to a mandatory reserve, as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 or the rules made thereunder, as are distributed amongst the shareholders.

**5.6.2 Deferred**

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the tax base. This is recognized on the basis of expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized to the extent that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

Deferred tax liability or asset is not recognized if the management expects to continue to distribute atleast 90 % of its profits in future years (due to which no tax would be payable as explained above).

**5.7 Borrowings**

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective interest method. Borrowings cost are recognized as an expense in the period in which they are incurred.

**5.8 Provisions**

Provisions are recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**5.9 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**5.10 Foreign currency translation**

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak rupees at exchange rate prevailing at the date of transaction. All non-monetary items are translated into rupees at exchange rate prevailing on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

**5.11 Transactions with related parties**

The Modaraba enters into transactions with related parties for purchase of goods and services. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

**5.12 Financial instruments**

Financial assets and liabilities are recognized when the Modaraba becomes a party to the contractual provisions of the instruments and de-recognized when the company loses control of the contractual rights that comprise the financial asset and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled and expired.

**5.13 Offsetting of financial assets and liabilities**

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**5.14 Profit distribution to certificates holders**

Profit distribution to certificates holders is recognized as liability in the period in which such distribution is announced.

**5.15 Impairment**

The carrying amount of Modaraba assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the assets recoverable amount is estimated accordingly and impairment loss is recognized in the profit and loss account for the carrying amount of asset that exceeds its recoverable amount.

**5.16 Segment reporting**

A business segment is a distinguishable component of the Modaraba that is engaged in providing an individual product or service or a group of related products or services and that is subject to risk and returns that are different from those of other business segments. As the risk and rate of return are predominantly affected by difference in these products or services, the primary format for reporting segment information is based on business segment.

**5.17 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Modaraba operates. The financial statements are presented in Pakistani Rupees, which is the Modaraba's functional and presentation currency.

**5.18 Level of precision**

Figures have been rounded-off to the nearest rupee.





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**6. FIXED ASSETS**

6.1 Following is the statement of fixed assets:

Cost	Owned Assets						Sub Total	Intangibles	Total	Assets leased out under Ijarah			Total
	Land	Building	Computer equipment	Office equipment and appliances	Furniture and fixtures	Vehicles				Machinery and equipment	Vehicles	Sub Total	
Rupees													
<b>Year ended June 30, 2008</b>													
Opening net book value	14,374,629	-	26,215	437,203	114,919	1,175,563	16,128,529	-	16,128,529	1,064,414	39,263,107	40,327,521	56,456,050
Addition	-	-	135,235	134,700	80,000	1,750,753	2,100,688	-	2,100,688	11,100,000	30,365,999	41,465,999	43,566,687
Disposal	-	-	(3)	(146,073)	(5)	(382,186)	(528,267)	-	(528,267)	(29,230)	(4,735,768)	(4,764,998)	(5,293,265)
Depreciation charge	-	-	(40,099)	(78,918)	(24,276)	(436,258)	(579,551)	-	(579,551)	(876,473)	(17,240,989)	(18,117,462)	(18,697,013)
<b>Closing net book amount</b>	<b>14,374,629</b>	<b>-</b>	<b>121,348</b>	<b>346,912</b>	<b>170,638</b>	<b>2,107,872</b>	<b>17,121,399</b>	<b>-</b>	<b>17,121,399</b>	<b>11,258,711</b>	<b>47,652,349</b>	<b>58,911,060</b>	<b>76,032,459</b>
<b>As at June 30, 2008</b>													
Cost	14,374,629	-	588,295	656,490	366,350	2,959,909	18,945,673	-	18,945,673	12,406,000	76,820,099	89,226,099	108,171,772
Accumulated depreciation	-	-	(466,947)	(309,578)	(195,712)	(852,037)	(1,824,274)	-	(1,824,274)	(1,147,289)	(29,167,750)	(30,315,039)	(32,139,313)
<b>Net Book Value</b>	<b>14,374,629</b>	<b>-</b>	<b>121,348</b>	<b>346,912</b>	<b>170,638</b>	<b>2,107,872</b>	<b>17,121,399</b>	<b>-</b>	<b>17,121,399</b>	<b>11,258,711</b>	<b>47,652,349</b>	<b>58,911,060</b>	<b>76,032,459</b>
<b>Year ended June 30, 2009</b>													
Opening net book value	14,374,629	-	121,348	346,912	170,638	2,107,872	17,121,399	-	17,121,399	11,258,711	47,652,349	58,911,060	76,032,459
Addition	18,670,904	6,312,096	376,275	8,500	21,700	653,550	26,043,025	165,000	26,208,025	-	15,586,528	15,586,528	41,794,553
Disposal	-	-	(32,267)	-	(20,000)	(444,208)	(496,475)	-	(496,475)	(1,306,000)	(29,580,243)	(30,886,243)	(31,382,718)
Depreciation charge	-	(159,556)	(110,166)	(82,485)	(26,591)	(511,816)	(890,614)	(45,375)	(935,989)	(4,332,797)	(20,720,498)	(25,053,295)	(25,989,284)
Reversal of depreciation	-	-	32,266	-	19,998	114,517	166,781	-	166,781	1,120,400	25,042,179	26,162,579	26,329,360
<b>Closing net book amount</b>	<b>33,045,533</b>	<b>6,152,540</b>	<b>387,456</b>	<b>272,927</b>	<b>165,745</b>	<b>1,919,915</b>	<b>41,944,116</b>	<b>119,625</b>	<b>42,063,741</b>	<b>6,740,314</b>	<b>37,980,315</b>	<b>44,720,629</b>	<b>86,784,370</b>
<b>As at June 30, 2009</b>													
Cost	33,045,533	6,312,096	932,303	664,990	368,051	3,169,250	44,492,223	165,000	44,657,223	11,100,000	62,826,384	73,926,384	118,583,607
Accumulated depreciation	-	(159,556)	(544,847)	(392,070)	(202,305)	(1,249,329)	(2,548,107)	(45,375)	(2,593,482)	(4,359,686)	(24,846,069)	(29,205,755)	(31,799,237)
<b>Net Book Value</b>	<b>33,045,533</b>	<b>6,152,540</b>	<b>387,456</b>	<b>272,920</b>	<b>165,746</b>	<b>1,919,921</b>	<b>41,944,116</b>	<b>119,625</b>	<b>42,063,741</b>	<b>6,740,314</b>	<b>37,980,315</b>	<b>44,720,629</b>	<b>86,784,370</b>
Depreciation rate		5%	30%	10%-30%	10%	20%		30%		10%	20%		

6.2 Details of disposals of fixed assets to executives and other major disposals are as follows:

Description	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Gain/(Loss)	Mode of disposal	Particulars of purchaser
Computer P-IV	32,267	32,266	1	4,130	4,129	Insurance Claim	EFU General Insurance Limited
Suzuki Mehran No. AQJ-078	403,703	74,012	329,691	352,018	22,327	Insurance Claim	EFU General Insurance Limited
Honda motorcycle KCK-626	40,506	40,505	1	7,500	7,499	Negotiation	Mr. Muhammad Hanif Bawany
	<u>476,476</u>	<u>146,783</u>	<u>329,693</u>	<u>363,648</u>	<u>33,955</u>		

	Note	2009 Rupees	2008 Rupees
<b>7. LONG TERM INVESTMENT IN IJARAH</b>			
Investment in ijarah		<b>44,720,629</b>	58,911,060
Less: Current maturity of investment in ijarah		<b>(22,689,358)</b>	(26,560,851)
		<b>22,031,271</b>	32,350,209
<b>7.1 Future rentals receivables against Ijarah arrangements</b>			
Not later than one year		<b>24,602,775</b>	27,475,287
Later than one year and not later than five years		<b>17,795,869</b>	30,209,877
Later than five years		-	-
		<b>42,398,644</b>	57,685,164



**NOTES TO THE FINANCIAL STATEMENTS  
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	Note	2009 Rupees	2008 Rupees
<b>8. LONG TERM DEPOSITS</b>			
National Commodities Exchange Limited		2,500,000	2,500,000
Other deposits		1,353,589	1,339,989
		<u>3,853,589</u>	<u>3,839,989</u>
<b>9. LONG TERM INVESTMENTS</b>			
Investment in associates	9.1	11,179,996	10,675,228
Other listed companies	9.4	18,115,091	33,291,233
		<u>29,295,087</u>	<u>43,966,461</u>
<b>9.1 Investment in associates</b>			

	2009			Total
	Al-Noor Sugar Mills Limited	Shah Murad Sugar Mills Limited	Reliance Insurance Company Limited	
Opening balance	4,252,335	2,950,021	3,472,872	10,675,227
Share of incremental depreciation	242,784	57,498	-	300,282
Share of profit of associate	327,087	130,578	179,025	636,690
	569,871	188,076	179,025	936,972
Dividend income	(330,000)	(102,203)	-	(423,203)
	<u>4,492,206</u>	<u>3,035,894</u>	<u>3,651,896</u>	<u>11,179,996</u>
	2008			
Opening balance	3,090,562	2,337,912	2,535,608	7,964,082
Share of incremental depreciation	110,632	59,859	-	170,491
Share of profit of associate	1,216,138	552,251	937,264	2,705,652
	1,326,770	612,110	937,264	2,876,143
Dividend income	(164,998)	-	-	(164,998)
Closing Balance	<u>4,252,335</u>	<u>2,950,021</u>	<u>3,472,872</u>	<u>10,675,228</u>

**9.2 Basis of significant influence**

Name of Associate
Al-Noor Sugar Mills Limited
Shah Murad Sugar Mills Limited
Reliance Insurance Company Limited

Basis of significant influence
Common directorship
Common directorship
Common directorship



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**9.3 Summarized financial statements of associates:**

	2009		
	Al-Noor Sugar Mills Limited	Shah Murad Sugar Mills Limited	Reliance Insurance Company Limited
	Rupees in '000		
Share capital - ordinary shares of Rs. 10 each	185,703	211,187	252,002
Total assets	4,452,907	3,817,361	947,487
Total liabilities	2,939,295	3,198,474	574,693
Net assets	1,513,612	618,887	372,794
Revenue	2,883,181	1,725,243	30,771
Profit for the year - after tax	55,219	26,982	17,567
	Rupees		
Number of shares held	110,000	102,203	256,814
Cost of investment	1,623,000	2,081,160	1,645,065
Ownership interest	0.59%	0.48%	1.02%
Market value of shares	2,035,000	861,571	1,797,698
<b>Net book value</b>	<b>(412,000)</b>	<b>1,219,589</b>	<b>(152,633)</b>
Financial results based on the information available as on	<b>June 30, 2009</b>	<b>June 30, 2009</b>	<b>June 30, 2009</b>
	2008		
	Rupees in '000		
Share capital - ordinary shares of Rs. 10 each	185,703	211,187	229,093
Total assets	3,517,388	3,423,912	712,731
Total liabilities	2,470,378	2,877,091	398,014
Net assets	1,047,010	546,821	314,717
Revenue	2,015,524	1,778,596	58,526
Profit for the year - after tax	205,309	114,114	70,746
	Rupees		
Number of shares held	110,000	102,203	233,468
Cost of investment	1,623,000	2,081,160	1,645,065
Ownership interest	0.59%	0.48%	1.32%
Market value of shares	2,222,000	1,144,674	4,435,892
<b>Net book value</b>	<b>(599,000)</b>	<b>936,486</b>	<b>(2,790,827)</b>
Financial results based on the information available as on	<b>June 30, 2008</b>	<b>June 30, 2008</b>	<b>December 31, 2007</b>


**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

9.4 Investment classified as available for sale				
2009	2008		2009	2008
No. of shares/certificates			Rupees	Rupees
		<b>Close-end-mutual Funds</b>		
22,000	22,000	PICIC Growth Fund	184,800	522,940
16,500	16,500	JS Growth Fund	63,030	200,805
15,156	15,156	Pakistan Premier Fund	62,140	202,636
25,000	25,000	Pakistan Strategic Fund	85,750	230,250
24,000	24,000	JS Value Fund	106,800	463,920
		<b>Investment Banks</b>		
2,500	2,000	Arif Habib Securities Limited	69,100	322,960
13,751	4,000	Jahangir Siddiqui & Company Limited	318,886	2,120,600
7,700	5,000	First Capital Securities Corporation	80,157	296,000
		<b>Commercial Banks</b>		
6,600	6,000	MCB Bank Limited	1,023,198	1,958,280
19,375	19,375	The Bank of Punjab	212,738	603,144
25,000	25,000	Bank Islamic Pakistan Limited	159,250	370,250
15,000	15,000	Standard Chartered Bank (Pakistan) Limited	127,350	352,650
35,000	35,000	N.I.B. Bank Limited	166,250	397,950
14,640	12,000	Soneri Bank Limited	160,454	298,080
8,250	7,500	United Bank Limited	315,893	638,175
25,000	25,000	JS Bank Limited	150,750	343,500
11,250	10,000	Bank Alfalah Limited	118,687	410,600
		<b>Insurance</b>		
500	500	New Jubilee Insurance Company	25,375	84,220
3,000	3,000	EFU General Insurance Company Limited	264,270	1,082,580
2,200	2,000	Adamjee Insurance Company Limited	184,778	541,440
3,000	2,000	IGI Insurance Company Limited	271,020	451,440
9,788	9,788	Pak Reinsurance Company Limited	342,874	849,696
		<b>Textile Composite</b>		
7,500	7,500	Nishat Mills Limited	283,650	644,775
18,000	15,000	Azgard Nine Limited	398,520	923,400
		<b>Cement</b>		
50,000	50,000	Fauji Cement Company Limited	329,500	506,000
25,000	25,000	Maple Leaf Cement Company Limited	106,500	272,750
21,000	21,000	D.G.Khan Cement Limited	622,650	1,409,940
6,325	5,750	Kohat Cement Limited	46,046	210,622
3,000	3,000	Lucky Cement Limited	175,590	293,790
		<b>Refinery</b>		
40,000	40,000	Bosicor Pakistan Limited	278,400	536,000
		<b>Power Generation &amp; Distribution</b>		
150,000	150,000	The Hub Power Company Limited	4,063,500	4,290,000


**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

2009	2008		2009	2008
No. of shares/certificates			Rupees	Rupees
		<b>Oil &amp; Gas Marketing Companies</b>		
3,800	3,800	Pakistan State Oil Company Limited	811,870	1,585,512
493	493	Sui Southern Gas Company Limited	6,902	13,834
10,000	10,000	Sui Northern Gas Company Limited	319,500	435,700
		<b>Oil &amp; Gas Exploration Companies</b>		
3,000	-	Pakistan Oilfields Limited	437,700	-
5,000	-	Oil & Gas Development Company Limited	393,200	-
1,100	1,000	Pakistan Petroleum Limited	208,494	245,990
1,000	1,000	Mari Gas Company Limited	148,830	269,530
		<b>Engineering</b>		
5,000	5,000	Dost Steels Limited	26,700	109,200
		<b>Automobile Assemblers</b>		
250	250	Dewan Farooque Motors Limited	420	1,727
1,000	1,000	Indus Motors Limited	107,720	200,050
1,000	1,000	Pak Suzuki Motors Limited	67,900	119,790
600	500	Sazgar Engineering Limited	13,950	55,485
		<b>Technology &amp; Communication</b>		
82,500	82,500	Pakistan Telecommunication Co. Limited	1,422,300	3,187,654
13,950	13,950	Callmate Telips Telecommunication Limited	-	54,963
25,000	25,000	Worldcall Telecommunication Limited	62,500	363,000
10,000	10,000	Telecard Limited	17,300	63,600
25,000	25,000	TRG Pakistan Limited	33,750	156,250
		<b>Fertilizer</b>		
7,700	5,500	Engro Chemical Pakistan Limited	988,921	1,544,455
10,312	7,500	Fauji Fertilizer Company Limited	896,628	992,400
20,412	20,412	Fauji Fertilizer Bin Qasim Limited	361,088	734,220
		<b>Chemicals</b>		
5,000	5,000	ICI Pakistan Limited	701,250	806,850
		<b>Modaraba</b>		
35,000	35,000	First National Bank Modaraba	140,000	280,000
6,000	6,000	First Habib Bank Modaraba	23,460	46,980
19,000	19,000	First Equity Modaraba	18,810	56,050
11,550	11,550	Standard Chartered Modaraba	107,992	138,600
			<b>18,115,091</b>	<b>33,291,233</b>

All shares/certificates are of the nominal value of Rupees 10 each.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

### 9.5 Unrealised loss on remeasurement of available for sale investments

Due to uncertainties prevailing in the stock market and as a measure to address the issue of continuous decline in market prices since second quarter of the calendar year 2008, the Karachi Stock Exchange (Guarantee) Limited (KSE) placed a 'Floor Mechanism' on market value of securities based on closing prices prevailing on August 27, 2008. The mechanism remained effective from August 28, 2008 to December 15, 2008. Under this mechanism prices of securities could vary but not below the floor level. This resulted in significant decline in market value of securities during the floor period. There were also lower floors on a number of securities as at December 31, 2008. These circumstances raised questions with regards to basis of valuation of securities and impairment of securities.

Securities and Exchange Commission of Pakistan (SECP) earlier on January 29, 2009 clarified that the companies, for the purpose of preparing financial statements for the period ended December 31, 2008, may use market price as quoted on the stock exchange on December 31, 2008 as fair value of securities. Later on, SECP through notification vide SRO 150(1)/2009 dated February 13, 2009 allowed that impairment loss, if any recognized as on December 31, 2008 due to valuation of listed equity securities held as 'available for sale' in terms of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" to market prices as quoted on the stock exchange on December 31, 2008 may be shown under the equity. This amount taken to equity including any adjustment/effect for price movements during each quarter of calendar year 2009 shall be taken to profit and loss account on quarterly basis. This amount shall be treated as a charge to profit and loss account for the purpose of distribution as dividend.

Consequently, the Modaraba has valued its securities at prices quoted on the KSE on December 31, 2008 and the impairment loss based on market values as at December 31, 2008 has been determined at Rs. 38,770,113. However, the management believes that these are exceptional/abnormal circumstances and the fall in stock market should not be considered as a fair reflection of security prices. Therefore, recognition of impairment for available for sale equity securities through profit and loss account would not be real reflective of financial performance of the Modaraba. After adjustment/effect for price movements during the half year of calendar year 2009 the charge of the impairment loss for the first two quarters of the said calendar year is Rs. 17,507,101.

The recognition of entire impairment loss based on the market values as at June 30, 2009 would have had the following effect on these financial statements.

	Rupees
Increase in 'impairment loss' in profit and loss account	17,272,060
Decrease in profit for the period - after tax	17,272,060
Decrease in earning per certificate - after tax	0.822
Decrease in defect on revaluation of available for sale investments	17,272,060
Decrease in unappropriated profit	17,272,060



**NOTES TO THE FINANCIAL STATEMENTS  
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	Note	2009 Rupees	2008 Rupees
<b>10. STOCK-IN-TRADE</b>			
Finished goods		<b>35,728,550</b>	40,180,902
Provision for slow moving stock		<b>(267,790)</b>	(267,790)
		<b><u>35,460,760</u></b>	<u>39,913,112</u>
<b>11. TRADE DEBTS</b>			
Considered good - unsecured		<u>-</u>	<u>7,994,526</u>
This represent the amount receivables against local sale.			
<b>12. BILLS RECEIVABLE</b>			
Bill receivables		<u><b>6,977,844</b></u>	<u>11,179,200</u>
This represent the amount receivables against export of rice.			
<b>13. MUSHARIKAH RECEIVABLES - Secured</b>			
Musharika receivables	13.1	<u>-</u>	<u><b>81,410,000</b></u>
<b>13.1</b>	The Modaraba has entered into musharika agreements under which the Modaraba has provided funds on profit and loss sharing basis and for the period ranging between 90 to 180 days. These are secured against hypothecation of stocks and current assets, demand promissory notes, personal guarantee of directors and proprietors and mortgage of properties. The finance given is renewable on maturity. Expected rate of profit ranges from 12.50% to 20.00% (2008: 12% to 14.81%) per annum.		
<b>14. MUSAWAMAH RECEIVABLES - Secured</b>			
Musawamah receivables	14.1	<u><b>24,000,000</b></u>	<u>7,500,000</u>
<b>14.1</b>	This represents contract sale on deferred payments with specified expected profit margin for the period ranging between 90 to 365 days. These are secured against hypothecation of stocks and trade receivables, vehicles, demand promissory notes, personal guarantee of directors/proprietors and mortgage of properties. The expected rate(s) of profit ranges from 15.67% to 21% (2008: 21%) per annum.		
<b>15. MODARABA RECEIVABLES - Secured</b>			
Modaraba receivables	15.1	<u><b>70,475,000</b></u>	<u>-</u>
<b>15.1</b>	This represents investments as "Rab-ul Maal" with expected profit margin for the period ranging between 180 to 300 days. These are secured against hypothecation of stocks/trade receivables, current assets, demand promissory notes, personal guarantee of directors and proprietors and mortgage of property(ies). The expected rate(s) of profit ranges from 16.00% to 20% (2008: Nil) per annum.		






**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

2009	2008		2009	2008
No. of shares			Rupees	Rupees
		<b>Auto Mobile Parts &amp; Accessories</b>		
6,000	5,000	Agriauto Industires Limited	195,840	413,750
		<b>Technology and Communication</b>		
10,000	10,000	Pakistan Tele Communication Limited	172,400	386,400
75,000	25,000	TRG Pakistan Limited	101,250	156,250
		<b>Fertilizer</b>		
45,000	25,000	Fauji Fertilizer Bin Qasim Limited	796,050	899,250
9,100	5,000	Engro Chemicals Pakistan Limited	1,168,713	1,404,050
2,500	-	Dawood Hercules Chemicals Limited	321,275	-
6,600	-	Fauji Fertilizer Company Limited	573,870	-
		<b>Chemicals</b>		
25,000	25,000	Pakistan PTA Limited	71,500	105,750
5,000	-	Engro Polymer and Chemicals Limited	95,800	-
		<b>Modarabas</b>		
500	500	First Habib Bank Modaraba	1,955	3,915
			<u>11,239,543</u>	<u>15,876,391</u>

All shares/ certificates are of the nominal value of Rupees 10 each.

**17. PROFIT RECEIVABLE**

Musharikhah receivable	-	3,669,316
Musawamah receivable	1,037,329	57,247
Modaraba receivable	4,298,691	-
PLS bank account	441,273	268,394
	<u>5,777,293</u>	<u>3,994,957</u>

**18. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Advances - considered good		
to suppliers	-	1,055,528
for expenses	31,004	94,792
to staff	240,491	12,250
Prepayments	643,133	366,501
Dividend receivable	133,080	80,624
Ijarah rental receivable	301,375	26,296
Repossessed assets	-	24,983,000
Others	221,072	344,806
	<u>1,570,155</u>	<u>26,963,797</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	2009 Rupees	2008 Rupees
<b>19. INCOME TAX REFUNDABLE / PAID IN ADVANCE</b>			
Income tax refundable		1,597,948	1,580,375
Income tax deducted at source		<u>25,542</u>	<u>17,573</u>
		<u>1,623,490</u>	<u>1,597,948</u>
<b>20. BANK BALANCES</b>			
Cheque in hand		1,763,355	-
PLS accounts		21,878,282	8,845,410
Current accounts	20.1	<u>841,087</u>	<u>722,435</u>
		<u>24,482,724</u>	<u>9,567,845</u>
20.1 Current accounts include Rs. 727,397 (2008: Rs. 620,731) on account of dividend payable.			
<b>21. CERTIFICATE CAPITAL</b>			
<b>21.1 Authorised certificate capital</b>			
		2009	2008
		No. of Certificates	
		<u>40,000,000</u>	<u>40,000,000</u>
		Modaraba certificates of Rupees 10 each	Modaraba certificates of Rupees 10 each
		<u>400,000,000</u>	<u>400,000,000</u>
<b>21.2 Issued, subscribed and paid-up capital</b>			
		20,000,000	20,000,000
		"Modaraba certificates of Rupees 10 each fully paid-up in cash"	"Modaraba certificates of Rupees 10 each fully paid-up in cash"
		<u>200,000,000</u>	<u>200,000,000</u>
		1,000,000	1,000,000
		"Modaraba certificates issued as fully paid-up bonus certificates"	"Modaraba certificates issued as fully paid-up bonus certificates"
		<u>10,000,000</u>	<u>10,000,000</u>
		<u>21,000,000</u>	<u>21,000,000</u>
<b>21.3 Capital management policies and procedures</b>			
The Modaraba's objective when managing capital are:			
- to safe guard its ability to continue as a going concern so that it can continue to provide returns to certificates holders and benefit other stakeholders; and			
- to maintain a strong capital base to support the sustained development of its business.			



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

The modaraba manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

The modaraba's capital includes share certificates, accumulated profit or loss reserves( statutory and General reserve) and surplus/deficit on revaluation of investments classified as 'available for sale'. As at balance sheet date the capital of the modaraba is as follows:

	2009 Rupees	2008 Rupees
Certificate capital	210,000,000	210,000,000
Reserves	80,969,721	79,628,816
Unappropriate profit	5,997,992	23,834,091
Unrealized (loss) on re-measurement of available for sale investments	<u>(17,272,060)</u>	<u>(18,622,160)</u>
	<u>279,695,653</u>	<u>294,840,747</u>

### 22. DEFERRED LIABILITY - gratuity

The gratuity scheme benefit is payable on the basis of last drawn salary for each year of eligible service or part thereof in accordance with the rules of the gratuity scheme.

The obligations under the scheme were determined through an actuarial valuation using Projected Unit Credit method. Last actuarial valuations was carried out as at June 30, 2009, the significant assumptions of the valuation used by the management for determining their best estimate for the current year obligations are as follows:

Key actuarial assumptions:

	2009	2008
Discount rate	12%	12%
Expected increase in eligible salary	11%	11%
Mortality rate	EFU (61-66) mortality table	EFU (61-66) mortality table
Gratuity	<u>1,654,482</u>	<u>1,154,849</u>

#### 22.1 Movement in the liability recognized in the balance sheet

Balance sheet liability as on June 30,	1,154,849	917,401
Amount recognized during the year	499,633	269,948
Benefit payments	-	(32,500)
<b>Balance sheet liability as on June 30,</b>	<u>1,654,482</u>	<u>1,154,849</u>

#### 22.2 Charge to profit and loss

Current service cost	499,633	269,948
Interest cost		
Asset charged due to application of IAS-19		
<b>Total amount chargeable to profit and loss</b>	<u>499,633</u>	<u>269,948</u>


**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	2009 Rupees	2008 Rupees
<b>22.3 Balance sheet liability as on June 30, 2009</b>			
Present value of defined benefit obligations as on June 30		1,654,482	1,154,849
Actuarial gains to be recognized in later periods			
Past service cost to be recognized in later periods			
		<u>1,654,482</u>	<u>1,154,849</u>
<b>23. LONG TERM SECURITY DEPOSIT</b>			
Long term security deposit		7,845,824	9,591,236
Less: Current maturity		(1,073,808)	(3,306,450)
		<u>6,772,016</u>	<u>6,284,786</u>
<b>24. ISLAMIC EXPORT REFINANCE - Secured</b>			
This represents finance arranged from Al-Baraka Islamic Bank under Islamic Export Refinance Scheme (IERS) against negotiation/realization of relative export bills or 180 days from the date of each finance from own sources, whichever is earlier. The profit is paid at the rate of 7.50% (2008: 7.50%) per annum.			
<b>25. CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Creditors		1,415,777	1,415,777
Accrued expenses		1,931,572	2,532,435
Other liabilities			
Management fee payable		507,998	3,589,054
Clearing and forwarding charges		458,900	458,900
Advances from customers		1,766,052	8,342,766
Advance Ijarah rentals		1,183,395	1,315,647
Unclaimed profit distributions		648,571	566,504
		<u>7,912,264</u>	<u>18,221,083</u>
<b>26. PROVISION FOR CUSTOM DUTY / SURCHARGE</b>			
Custom duty / surcharge	26.1	<u>4,398,842</u>	<u>4,398,842</u>
<b>26.1</b>			
In a suit filed with the Honorable High Court of Sindh, Modaraba has disputed the amount of duty and surcharge levied by the Collector of Customs on import of 1,901.472 metric tons of edible oil imported from Singapore . The Honorable High Court rejected the appeal and ordered to deposit amount for the disputed amount of duty. The Modaraba has filed an appeal in the Honorable Supreme Court against the decision of the Honorable High Court. The Honorable Supreme Court in its interim order allowed the Modaraba to get release of goods for which Modaraba has provided bank guarantee of Rs. 4.4 million against 10% cash margin and hypothecation charge on current assets until the matter is decided. The Modaraba, however, has fully provided for the duty and surcharge of Rs. 4,398,842, as claimed by the Collector of Customs.			
Current and corresponding figures of this provision have been reclassified from creditors, accrued and other liabilities for better presentation.			



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	2009 Rupees	2008 Rupees
<b>27. PROFIT PAYABLE</b>			
Return on US dollar deposit	27.1	9,440	9,440
Return on carry over transactions	27.2	7,517	92,517
Late payment & cheques return	27.3	15,833	-
Profit payable on islamic export refinance		-	27,971
		<u>32,790</u>	<u>129,928</u>
27.1	This represents return received on US dollar deposit placed as bank guarantee against delivery of disputed goods. The management donates this amount for charitable purposes with the approval of Registrar Modaraba.		
27.2	This represents interest on carry over transactions in listed securities during the year ended June 30, 2002. The management intends to donate the same for charitable purposes subject to the approval of Registrar Modaraba.		
27.3	This represents surcharge applied to customers due to late payment and cheques returned during the year. The management intends to donate the same for charitable purposes subject to the approval of Registrar Modaraba.		
<b>28. CONTINGENCIES AND COMMITMENTS</b>			
	<b>Contingencies</b>		
28.1	The Modaraba imported goods from Singapore, against which custom duties of Rs. 471,991 are under dispute. The customs authorities released 90% of the imported goods against three separate undertakings in favor of the Custom House. The matter is still pending before the working committee. No provision has been made for disputed duties as the Modaraba expects a favorable outcome.		
28.2	During the year 2000-2001, the Collector Excise and Taxation has raised a demand of Rs. 101,050 on account of Professional tax not paid by the Modaraba. The management has filed a constitutional petition before the High Court of Sindh against the Collector Excise and Taxation and the Government of Sindh challenging the levy of professional tax. The Honorable High Court of Sindh awarded the case in the favor of Modaraba. The Government of Sindh has challenged the favorable ruling of High Court of Sindh in Supreme Court of Pakistan. No provision has been made for the same as the management anticipates a favorable outcome.		
	<b>Commitments</b>		
28.3	An outstanding letter of credit for sale of rice through Al-Baraka Islamic Bank amounting to Rs. 2,551,000 (2008: Rs. 2,829,133).		
<b>29. PROFIT FROM TRADING OPERATIONS</b>			
	<b>Sales</b>		
Local		135,324,421	99,861,961
Export		30,987,995	42,975,791
		<u>166,312,416</u>	<u>142,837,752</u>
Cost of sales	29.1	<u>(151,166,615)</u>	<u>(123,057,155)</u>
		<u>15,145,801</u>	<u>19,780,597</u>


**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Notes	2009 Rupees	2008 Rupees
<b>29.1 Cost of sales</b>			
Opening stock		40,180,902	5,153,453
Purchases		143,871,761	153,898,574
		<u>184,052,663</u>	<u>159,052,027</u>
Packing material consumed:			
Opening stock		-	-
Purchases		865,818	1,570,450
		<u>865,818</u>	<u>1,570,450</u>
Less: Closing stock			
		<u>865,818</u>	<u>1,570,450</u>
Export expenses		1,976,684	2,615,580
		<u>186,895,165</u>	<u>163,238,057</u>
Less: Closing stock of finished goods		(35,728,550)	(40,180,902)
		<u>151,166,615</u>	<u>123,057,155</u>
<b>30. INCOME FROM INVESTMENTS</b>			
Gain on sale of securities		141,015	6,576,099
Dividend income		1,658,325	2,067,408
		<u>1,799,340</u>	<u>8,643,507</u>
<b>31. OPERATING EXPENSES</b>			
Salaries and other staff benefits	31.1	5,207,061	3,907,151
Rent, rates and taxes		776,995	653,297
Postage and telephone		381,043	420,594
Printing and stationery		388,573	191,680
Fee and subscription		584,927	613,650
Legal and professional charges		756,914	203,463
Traveling and conveyance		187,330	318,720
Entertainment		119,123	77,780
Repair and maintenance		862,780	861,985
Electricity and other utility charges		466,820	371,618
Depreciation	6.1	935,989	579,551
Auditor's remuneration	31.3	316,187	225,058
Advertisement and publicity		85,900	45,700
Zakat		28,453	47,276
Storage and transportation charges		88,405	85,372
Insurance		389,592	246,667
Commission		40,171	42,668
Others		105,544	520,694
		<u>11,721,807</u>	<u>9,412,924</u>

**31.1** This includes Rs. 499,633 (2008: Rs. 269,948) in respect of staff retirement benefits.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

### 31.2 Remuneration to officers and employees

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

	2009			2008		
	Officers	Employees	Total	Officers	Employees	Total
Salary	2,407,409	953,850	3,361,259	1,777,762	804,129	2,581,891
Benefit	357,216	227,025	584,241	287,475	206,039	493,514
Gratuity	611,948	163,825	775,773	210,281	59,667	269,948
EOBI	14,400	18,000	32,400	13,248	9,936	23,184
Group insurance	113,795	122,268	236,063	98,679	30,575	129,254
General services	-	223,465	223,465	-	153,585	153,585
Contract staff	-	270,000	270,000	-	255,775	255,775
	<u>3,504,768</u>	<u>1,978,433</u>	<u>5,483,201</u>	<u>2,387,445</u>	<u>1,519,706</u>	<u>3,907,151</u>
No. of persons as at end of year	5	6	11	4	6	10

	Notes	2009 Rupees	2008 Rupees
<b>31.3 Auditor's remuneration</b>			
Audit fee		175,000	125,000
Half yearly review		75,000	50,000
Out-of-pocket expenses		66,187	50,058
		<u>316,187</u>	<u>225,058</u>
<b>32. (REVERSAL) OF PROVISION ON NON-PERFORMING ASSETS</b>			
Trade debts		-	248,500
Musharikhah and murabaha		-	(317,110)
		-	<u>(68,610)</u>
<b>33. FINANCIAL CHARGES</b>			
Profit paid on murabaha	33.1	2,624,978	750,830
Profit paid on musharikhah		-	855,616
Profit paid on islamic export refinance	24	27,508	151,901
Bank charges		272,648	270,701
Guarantee commission		107,360	70,400
		<u>3,032,494</u>	<u>2,099,448</u>

33.1 The modaraba availed finance facilities on morabaha basis. Profit paid on these facilities ranges from 15.03% to 18.18% (2008: 11.80% to 12.37%) per annum.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

		2009 Rupees	2008 Rupees
<b>34. OTHER INCOME</b>			
Documentation and other service charges		103,000	232,500
Profit on bank deposits	34.1	680,590	912,834
Foreign exchange difference		1,708,758	1,088,649
Profit on disposal of fixed asset		270,297	318,644
Insurance claim		215,016	48,785
Miscellaneous		250,943	257,705
		<u>3,228,604</u>	<u>2,859,117</u>
34.1	This represents profit on PLS accounts at the rates ranges from 7.37% to 7.57% (2008: 3.25% to 3.71%) per annum		
<b>35. INCOME TAX EXPENSES</b>			
Current		<u>367,456</u>	<u>309,699</u>
35.1	Relation between tax expenses and accounting profit		
	Accounting profit for the current year	<u>4,571,980</u>	<u>31,991,789</u>
	Tax on income @ 25% (2008: 25%)	1,142,995	7,997,947
	Tax effect off - exempt income	<u>(775,539)</u>	<u>(7,688,248)</u>
		<u>367,456</u>	<u>309,699</u>
35.2	The Modaraba has not distributed dividend due to treatment of impairment on available for sale investments as prescribed in SECP Circular No. 150(I)/2009 dated February 13, 2009 which would be recognized in subsequent two quarters. Management Company of the Modaraba is of the view that as the restriction for non-payment of dividend in view of un-recognized impairment loss, is due to operation of Circular stated above, no non-compliance of Clause 100, Part I of Second Schedule to the Income Tax Ordinance, 2001 would take place. Accordingly, appropriate representation will be made before the respective and competent Authority for a clarification on this matter.		
35.3	Current tax expense represents tax on income of the Modaraba other than the exempt income covered under Clause 100, Part I of the Second Schedule to the Income Tax Ordinance, 2001.		
<b>36. EARNING PER CERTIFICATE - Basic and Diluted</b>			
	Profit for the year	<u>4,204,524</u>	<u>31,991,789</u>
		Number of certificate	
	Weighted average number of ordinary certificates	<u>21,000,000</u>	<u>21,000,000</u>
		Rupees	
	Earnings per certificate	<u>0.20</u>	<u>1.52</u>





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

		2009 Rupees	2008 Rupees
<b>37. CASH FROM/(USED IN) OPERATIONS AFTER WORKING CAPITAL CHANGES</b>			
Profit before taxation		4,571,980	32,301,488
Adjustments for:			
Income on musharikhah receivables		(6,399,381)	(15,293,483)
Gain on sale of investment in listed securities	30	(141,015)	(6,576,099)
Dividend income	30	(1,658,325)	(2,067,408)
Income on musawamah investment		(5,775,592)	(57,247)
Income on modaraba investment		(5,377,691)	-
Income on murabaha investment		-	(11,504)
Profit on disposal of fixed assets	34	(270,297)	(318,644)
Profit on bank deposits	34	(680,590)	(912,834)
Depreciation on Ijarah assets	6.1	25,053,295	18,117,462
Reversal of provision against non performing receivables		-	(68,610)
Financial charges		3,032,494	2,099,448
Depreciation on assets	6.1	935,989	579,551
Provision for gratuity	22.2	499,633	269,948
Share of profit from associates		(636,690)	(2,540,655)
Impairment loss on re-measurement of investment in listed securities classified as available for sale		17,507,101	-
Unrealized loss on re measurement of investments at fair value through profit or loss		7,090,929	7,296,271
<b>Operating profit before working capital changes</b>		<b>33,179,859</b>	<b>516,196</b>
(Increase)/Decrease in current assets			
Stock-in-trade		4,452,352	(35,027,449)
Trade debtors		7,994,526	22,954,890
Bills receivables		4,201,356	(6,119,915)
Musharikhah receivables - secured		81,410,000	(1,060,916)
Murabaha receivables		-	10,962,170
Musawamah receivables		(16,500,000)	(7,500,000)
Modaraba receivables		(70,475,000)	-
Advances, deposits, prepayments and other receivables	18	25,446,098	(22,792,961)
Profit receivable		(1,782,336)	2,805,905
Increase/(Decrease) in current liabilities			
Murabaha finance		-	(1,264,553)
Musharikhah finance		-	(7,500,000)
Islamic Export Refinance		(1,500,000)	(3,500,000)
Creditors, accrued expenses and other liabilities	25	(10,390,886)	2,987,186
Profit payable		(97,138)	(1,056,402)
		<u>60,510,810</u>	<u>(13,294,361)</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

		2009 Rupees	2008 Rupees
<b>38. CASH AND CASH EQUIVALENTS</b>			
Bank balances	20	<u>24,482,724</u>	<u>9,567,845</u>
<b>39. TRANSACTION WITH RELATED PARTIES</b>			
<p>The related parties of the Modaraba comprise of management company, staff retirement funds, directors of management company and key management personnel. Transaction with related parties other than remuneration and benefits to officers and employees under the terms of their employment are as follows:</p>			
<b>39.1 Balance outstanding at year end</b>			
Modaraba Management Company			
- Management fee		<u>507,998</u>	<u>3,589,054</u>
Associated undertakings			
- Guarantee commission accrued to MCB Bank Limited		<u>50,257</u>	<u>310,737</u>
- Sharing of common expense charged during the year with Al-Noor Industries		<u>541,548</u>	<u>390,608</u>
Other related parties (other than key management personnel)			
- Contribution to staff gratuity fund		<u>1,654,482</u>	<u>1,154,849</u>
Associated undertakings			No. of shares
- Bonus shares of Reliance Insurance Company Limited		<u>256,814</u>	<u>233,468</u>
<b>39.2 Transactions during the year</b>			
Modaraba Management Company			
- Management fee		<u>507,998</u>	<u>3,589,054</u>
Associated undertakings			
- Guarantee commission accrued to MCB Bank Limited		<u>107,360</u>	<u>70,400</u>
- Sharing of common expense charged during the year with Al-Noor Industries		<u>360,000</u>	<u>360,000</u>
Other related parties (other than key management personnel)			
- Contribution to staff gratuity fund		<u>499,633</u>	<u>269,948</u>
Associated undertakings			No. of shares
- Bonus shares of Reliance Insurance Company Limited		<u>23,346</u>	<u>53,877</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

### 40. MATURITIES OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Modaraba's assets and liabilities:

	2009			Total	2008
	Upto one year	One year to five years	Over five years		Total
<b>Assets</b>					
Fixed assets	-	27,689,112	14,374,629	42,063,741	17,121,399
Investment in ijarah	22,689,358	22,031,271	-	44,720,629	58,911,060
Long term deposits	-	3,853,589	-	3,853,589	3,839,989
Long term investments	11,239,543	29,295,087	-	40,534,630	59,842,852
Stock-in-trade	35,460,760	-	-	35,460,760	39,913,112
Trade debts	-	-	-	-	7,994,526
Bills receivable	6,977,844	-	-	6,977,844	11,179,200
Musharikhah receivables - secured	-	-	-	-	81,410,000
Musawamah receivables - secured	24,000,000	-	-	24,000,000	7,500,000
Modaraba receivables - secured	70,475,000	-	-	70,475,000	-
Profit receivable	5,777,293	-	-	5,777,293	3,994,957
Advances, deposits, prepayments and other receivables	1,570,155	-	-	1,570,155	26,963,797
Income tax refundable / paid in advance	1,623,490	-	-	1,623,490	1,597,948
Bank balances	24,482,724	-	-	24,482,724	9,567,845
	<b>204,296,167</b>	<b>82,869,059</b>	<b>14,374,629</b>	<b>301,539,855</b>	<b>329,836,685</b>
<b>Liabilities</b>					
Deferred liability - staff gratuity	-	-	1,654,482	1,654,482	1,154,849
Long term security deposits	1,073,808	6,772,016	-	7,845,824	9,591,236
Islamic export refinance	-	-	-	-	1,500,000
Creditors, accrued and other liabilities	7,912,264	-	-	7,912,264	18,221,083
Provision for custom duty/surcharge	4,398,842	-	-	4,398,842	4,398,842
Profit payable	32,790	-	-	32,790	129,928
	<b>13,417,704</b>	<b>6,772,016</b>	<b>1,654,482</b>	<b>21,844,202</b>	<b>34,995,938</b>
<b>Net assets - 2009</b>	<b>190,878,463</b>	<b>76,097,043</b>	<b>12,720,147</b>	<b>279,695,653</b>	<b>294,840,747</b>
Net assets - 2008	172,978,496	108,642,471	13,219,780	294,840,747	

### 41. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Carrying value of all the financial instruments reflected in the financial statements approximate their respective fair values.

In the opinion of management, fair value of financial assets and liabilities, other than those short term nature, can not be calculated with sufficient reliability due to absence of current and active market for such assets and reliable data regarding market rates for similar instruments. The Modaraba's short term financial instruments are expected to be settled in short term hence, their carrying amount is not considered to be materially different from fair values.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

### 42. YIELD / PROFIT RATE RISK EXPOSURE

The information about Modaraba's exposure to yield rate risk as at June 30, 2009 based on contractual refinancing or maturity dates whichever is earlier, is as follows:

Description	Effective yield / Profit risk %age	2009						2008	
		Total	Yield / Profit Bearing Maturing			Non - Yield / Profit Bearing Maturing			Total
			Within one year	After one Year	Sub Total	Within one Year	After one Year	Sub Total	
Rupees									
<b>Financial assets</b>									
Long term deposits	7.37 to 7.57%	3,853,589	-	-	-	-	3,853,589	3,853,589	3,839,989
Long term investments		29,295,087	-	-	-	-	29,295,087	29,295,087	43,966,461
Trade debtors		-	-	-	-	-	-	-	7,994,526
Bills receivable		6,977,844	-	-	-	6,977,844	-	6,977,844	11,179,200
Musharikhah receivables - secured	12.50% to 20.00%	-	-	-	-	-	-	-	81,410,000
Musawamah receivables	15.67% to 21.00%	24,000,000	24,000,000	-	24,000,000	-	-	-	7,500,000
Modaraba receivables - secured	16.00% to 20.00%	70,475,000	70,475,000	-	70,475,000	-	-	-	-
Short term investments		11,239,543	-	-	-	11,239,543	-	11,239,543	15,876,391
Profit receivable		5,777,293	-	-	-	5,777,293	-	5,777,293	3,994,957
Advances, deposits, prepayments and other receivables		1,570,155	-	-	-	1,570,155	-	1,570,155	30,592,253
Bank balances	7.37 to 7.57%	24,482,724	23,641,637	-	23,641,637	841,087	-	841,087	9,567,845
		<u>177,671,235</u>	<u>118,116,637</u>	<u>-</u>	<u>118,116,637</u>	<u>26,405,922</u>	<u>33,148,676</u>	<u>59,554,598</u>	<u>9,567,845</u>
<b>Liabilities</b>									
Security deposits		7,845,824	-	-	-	1,073,808	6,772,016	7,845,824	9,591,236
Islamic export refinance	7.50%	-	-	-	-	-	-	-	1,500,000
Creditors and other liabilities		7,912,264	-	-	-	7,912,264	-	7,912,264	18,221,083
Profit payable		32,790	-	-	-	32,790	-	32,790	129,928
		<u>7,912,264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,912,264</u>	<u>-</u>	<u>7,912,264</u>	<u>19,721,083</u>
On-balance sheet gap		169,758,971	118,116,637	-	118,116,637	18,493,658	33,148,676	51,642,334	(10,153,238)
Non-financial assets		77,524,501							
Non-financial liability		32,412,181							
Total net assets		<u>279,695,653</u>							

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve.

Profit rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market profit rates.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

### 43. CREDIT RISK AND CONCENTRATION OF CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba attempts to control credit risk by monitoring credit exposures, limiting transactions with various parties and continuous monitoring of credit worthiness of dealing parties. The management understands that the Modaraba is not exposed to any major concentration of credit risk.

Concentration of credit risk on musharika, morabaha, musawamah financing and investments are indicated in the following table by the percentage of the total balance receivable from these parties in the specified industries/sectors.

	2009		2008	
	Rupees	%	Rupees	%
Commercial banks	5,355,308	2.41%	11,424,669	4.28%
Non-Banking Financial Institutions	1,262,880	0.57%	4,885,656	1.83%
Textile composite	12,586,059	5.67%	55,696,415	20.88%
Trading	47,873,047	21.55%	95,016,346	35.62%
Sugar and allied industries	7,528,100	3.39%	7,202,356	2.70%
Fuel and energy	6,450,790	2.90%	7,558,333	2.83%
Chemical and pharmaceutical	30,754,445	13.84%	25,639,257	9.61%
Food and allied industries	15,874,185	7.15%	11,511,989	4.32%
Fertilizers	4,972,894	2.24%	4,170,179	1.56%
Cement	1,583,986	0.71%	3,375,502	1.27%
Insurance	4,826,944	2.17%	6,686,713	2.51%
Transport and communication	2,657,303	1.20%	5,597,932	2.10%
Oil and gas companies	4,647,087	2.09%	5,386,151	2.02%
Others miscellaneous	75,795,835	34.12%	22,599,252	8.47%
	<u>222,168,863</u>	<u>100%</u>	<u>266,750,750</u>	<u>100%</u>

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

	2009 Rupees	2008 Rupees
Investment in ijarah	44,720,629	58,911,060
Long term deposits		
Investments	40,534,630	59,842,852
Bills receivable	6,977,844	11,179,200
Trade debts	-	7,994,526
Musharikhah receivables - secured	-	81,410,000
Stock-in-trade	35,460,760	39,913,112
Musawamah receivables - secured	24,000,000	7,500,000
Modaraba receivables - secured	70,475,000	-
	<u>222,168,863</u>	<u>266,750,750</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

### 44. CURRENCY RISK

Currency risk is the risk that the value of financial instrument will fluctuate due to changes in foreign exchange rates. Recommendable expenses to foreign exchange risk amounted to Rs. 6,977,844 (2008: Rs. 11,179,200).

### 45. LIQUIDITY RISK

The Modaraba defines liquidity risk as the risk that funds will not be available to meet liabilities as they for due.

A range of tools is used for the management of liquidity. These comprise commitment and under writings guidelines, key balance sheet ratios and medium-term funding requirements. Moreover, day-to-day monitoring of future cash flows takes place and suitable levels of liquid reserves are maintained by the business.

### 46. INFORMATION ABOUT BUSINESS SEGMENTS

SEGMENT REVENUE	2009					2008				
	Trading	Islamic Mode Financing	Investment	Ijarah	Consolidated	Trading	Financing	Investment	Ijarah	Consolidated
	166,312,416	17,552,664	1,799,340	31,122,504	216,786,924	142,837,752	15,362,234	8,643,507	23,561,927	190,405,420

Rupees

#### RESULT

Segment results	15,145,801	14,520,171	(5,291,589)	6,423,152	30,797,535	19,780,597	13,331,396	1,347,236	5,934,670	40,393,899
Unallocated corporate expenses					(11,721,807)					(9,412,924)
Other income					2,874,661					2,368,912
Impairment loss					(17,507,101)					-
Share of profit from associate					636,690					2,540,655
Modaraba company's management fee					(507,998)					(3,589,054)
Income taxes					(367,456)					(309,699)
Profit for the year					<u>4,204,524</u>					<u>31,991,789</u>

#### OTHER INFORMATION

Capital expenditure	-	-	-	41,794,553	-	-	-	-	18,117,462
Depreciation and amortization	-	-	-	25,989,284	-	-	-	-	18,697,013
Non cash expenses									

#### ASSETS AND LIABILITIES

Segment assets	42,438,604	101,875,783	40,534,630	44,720,629	229,569,646	47,907,638	100,089,200	59,842,852	58,911,060	266,750,750
Unallocated corporate assets					71,970,209					82,476,030
Consolidated total assets					<u>301,539,855</u>					<u>349,226,780</u>
Segment liabilities	1,415,777	7,973,025	648,571	9,029,219	19,066,592	1,415,777	1,527,891	566,504	10,906,883	14,417,055
Unallocated corporate liabilities					10,734,803					20,578,883
Consolidated total liabilities					<u>29,801,395</u>					<u>34,995,938</u>

46.1 The above mentioned segments do not necessarily match with the organizational structure of the Modaraba.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

**47. DATE OF AUTHORIZATION FOR ISSUE**

The financial statements were approved by the board of directors of the Modaraba Company and authorized for issue on September 16, 2009.

**48. SUBSEQUENT EVENTS**

The board in its meeting held on September 16, 2009 has approved the distribution of profit of Rs. Nil {2008: Rs. 1.00 (10.00%)} per certificate of Rs. 10 each.

  
Chief Executive

  
Director

  
Director



**PATTERN OF HOLDING OF THE CERTIFICATE HELD BY THE  
CERTIFICATE HOLDERS AS AT JUNE 30,2009**

Number of Certificate Holders	Certificate Holding		Total Certificates Held
	From	To	
86	1	100	4,362
120	101	500	45,400
122	501	1,000	91,456
228	1,001	5,000	559,151
61	5,001	10,000	477,894
28	10,001	15,000	354,294
5	15,001	20,000	88,500
6	20,001	25,000	132,075
3	25,001	30,000	78,643
2	30,001	35,000	67,830
2	35,001	40,000	73,935
5	40,001	45,000	210,500
4	45,001	50,000	198,000
1	50,001	55,000	51,660
3	55,001	60,000	179,500
1	60,001	65,000	65,000
2	70,001	75,000	146,500
1	80,001	85,000	84,000
1	90,001	95,000	95,000
2	95,001	100,000	196,000
1	100,001	105,000	103,500
1	135,001	140,000	135,500
1	145,001	150,000	146,000
1	150,001	155,000	153,000
1	190,001	195,000	191,500
1	295,001	300,000	300,000
1	385,001	390,000	386,600
1	410,001	415,000	414,000
1	520,001	525,000	521,220
2	600,001	1,100,000	2,100,000
1	1,100,001	1,600,000	1,589,880
1	1,600,001	2,100,000	2,005,830
1	4,100,001	4,600,000	4,200,000
1	5,100,001	5,600,000	5,553,270
<b>698</b>			<b>21,000,000</b>

**CATEGORIES OF CERTIFICATE HOLDING  
AS AT JUNE 30, 2009**

Categories of Certificate Holders	Numbers	Certificate Held	Percentage
1. ASSOCIATED UNDERTAKINGS	666	6,038,595	28.76 %
2. JOINT STOCK COMPANIES	14	2,083,285	9.92 %
3. MODARABA MANAGEMENT COS.	1	4,200,000	20.00 %
4. INSURANCE COMPANIES	4	908,450	4.33 %
5. FINANCIAL INSTITUTIONS	5	7,656,170	36.46 %
6. CO-OPERATIVE SOCIETIES	1	100,000	0.48 %
7. CHARITABLE TRUSTEES	1	1,000	0.01 %
8. CHARITABLE TRUSTEES	1	10,000	0.05 %
9. OTHERS	5	2,500	0.01 %
<b>TOTAL:</b>	<b>698</b>	<b>21,000,000</b>	<b>100.00 %</b>




**CATEGORIES OF CERTIFICATE HOLDING  
AS AT JUNE 30, 2009**

Categories of Certificate Holders	Numbers	Certificate Held	Percentage
<b>ASSOCIATE COMPANIES UNDERTAKINGS AND RELATED PARTIES</b>			
Al-Noor Modaraba Management Company (Pvt.) Ltd.	1	4,200,000	20.00%
Reliance Insurance Company Limited	1	521,220	2.48%
<b>NBP &amp; ICP</b>			
National Bank of Pakistan Trustee Deptt.	2	2,100,000	10.00%
Investment Corporation of Pakistan	1	500	0.01%
<b>DIRECTORS , CEO &amp; THEIR SPOUSES AND MINOR CHILDREN</b>			
<b>PUBLIC SECTOR COMPANIES AND CORP.</b>			
State Life Insurance Corporation of Pakistan	1	386,600	1.84%
<b>BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS, CHARITABLE TRUSTEES AND CO-OPERATIVE SOCIETIES</b>			
	7	5,667,300	26.99%
<b>JOINT STOCK COMPANIES</b>			
	14	2,083,285	9.92%
<b>INDIVIDUALS</b>			
	666	6,038,595	28.76%
<b>OTHERS</b>			
	5	2,500	0.01%
<b>TOTAL:</b>	<b>698</b>	<b>21,000,000</b>	<b>100%</b>

**CERTIFICATES HOLDERS HOLDING  
TEN PERCENT OR MORE VOTING  
INTEREST IN THE LISTED COMPANY**

Muslim Commercial Bank Limited	5,553,270
National Bank of Pakistan Trustee Deptt.	2,100,100
Al-Noor Modaraba Management (Pvt.) Ltd	4,200,000



## KEY OPERATING AND FINANCIAL DATA

YEAR	2009	2008	2007	2006	2005	2004
Paid up Capital	<b>210.000</b>	210.000	210.000	210.000	210.000	210.000
Certificate Holder Equity	<b>279.696</b>	294.841	287.338	274.551	283.536	260.061
Current Liabilities	<b>13.418</b>	27.556	35.902	51.065	69.884	76.713
Fixed Assets	<b>86.784</b>	76.032	56.456	61.818	36.025	32.681
Current Assets	<b>204.296</b>	205.998	219.474	217.139	267.368	278.414
Operating Profit	<b>25.813</b>	37.787	15.582	23.600	32.246	31.920
Profit before Tax	<b>4.572</b>	32.301	17.985	21.953	29.267	29.561
Taxation	<b>0.367</b>	0.310	0.183	0.943	0.127	0.309
Profit after Tax	<b>4.205</b>	31.992	17.802	21.010	29.140	29.251
Dividend	-	10.00%	6.00%	7.00%	10.00%	10.50%
Earning per Certificate	<b>0.20</b>	1.52	0.85	1.00	1.39	1.39
Break up Value	<b>13.32</b>	14.04	13.68	13.07	13.50	12.38



**NOTICE OF ANNUAL REVIEW MEETING**

Notice is hereby given to the certificate holders that ninth Annual Review Meeting of First Al-Noor Modaraba will be held on Thursday, the 10th December, 2009 at 5:00 p.m. at the Registered Office of the Modaraba at 96-A, Sindhi Muslim Co-operative Housing Society, Karachi.

**(ROOFI ABDUL RAZZAK)**  
COMPANY SECRETARY

Karachi : October 01, 2009

**Note:**

1. The Share Transfer Book of the Modaraba will remain closed from December 5, 2009 to December 19, 2009 (both days inclusive).
2. Certificate holders are requested to inform the Modaraba of any change in their address immediately.

