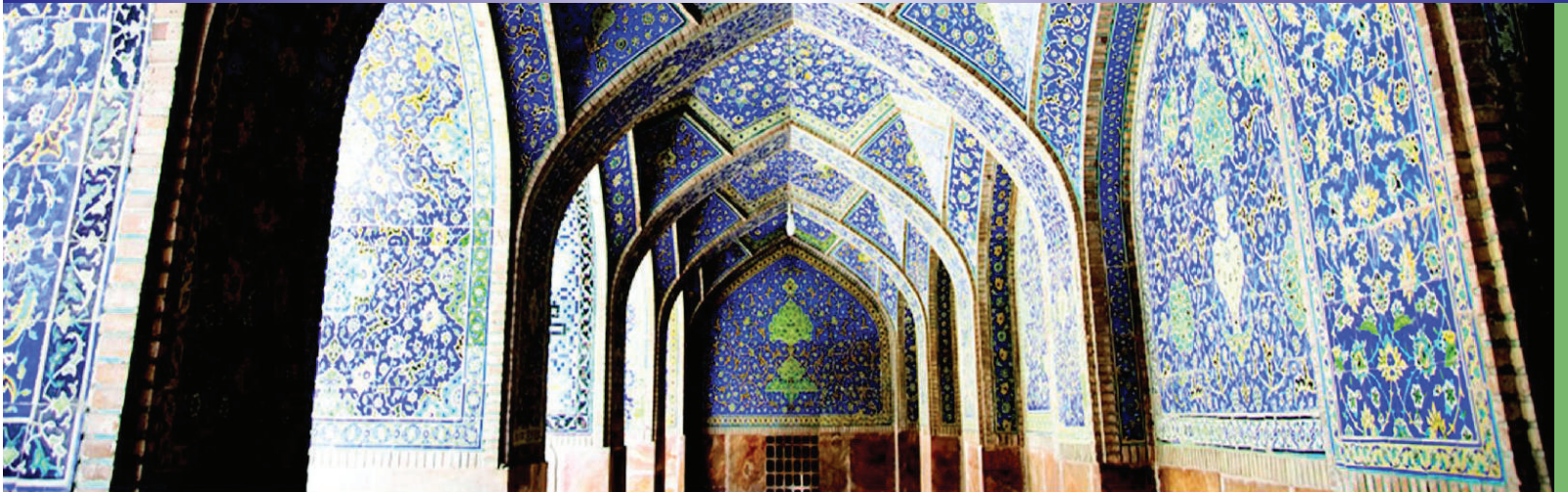


# ANNUAL REPORT 2014



**FIRST AL-NOOR  
MODARABA**

*(An Islamic Financial Institution)*

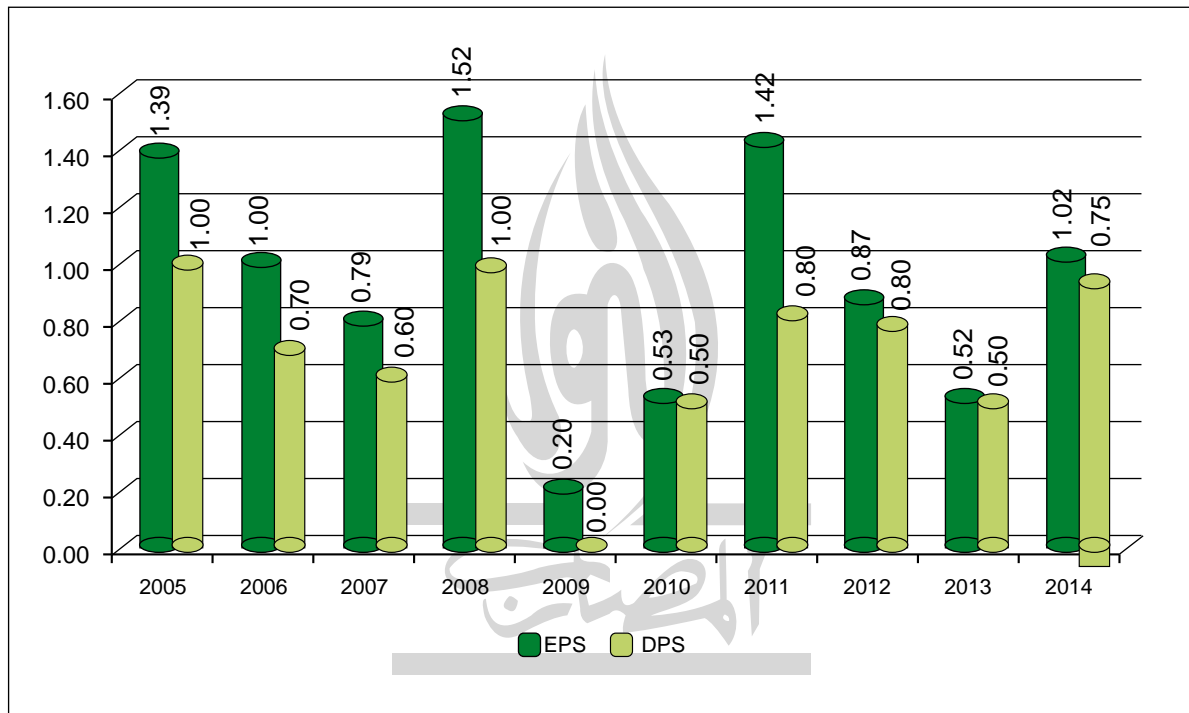


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## HISTORICAL DIVIDEND PAYOUT





## OUR VISION

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

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

## OUR MISSION

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



## CORPORATE INFORMATION

### Board of Directors

---

Mr. Ismail H. Zakaria	- Chairman (NE*)
Mr. Jalaluddin Ahmed	- Chief Executive (E**)
Mr. Yusuf Ayooob	- Director (NE*)
Mr. Suleman Ayooob	- Director (NE*)
Mr. Aziz Ayooob	- Director (NE*)
Mr. Mansoor Alam	- Director (NE***)
Mr. Zia Zakaria	- Director (NE*)
Mr. Zain Ayooob	- Director (E**)

### Bankers

---

Al-Baraka Bank (Pakistan) Limited.  
Askari Bank Ltd, Islamic Banking  
Faysal Bank Ltd, Islamic Banking  
Habib Bank Limited, Islamic Banking  
MCB Bank Limited, Islamic Banking  
Meezan Bank Limited

### Auditors

---

Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

### Shariah Advisor

---

Mufti Muhammad Ibrahim Essa

### Legal Advisor

---

Muhammad Jamshaid Malik  
Barrister-at-Law

\* *Non Executive*

\*\* *Executive*

\*\*\* *Independent Non Executive*

### Company Secretary

---

Mr. Roofi Abdul Razzak

### Audit Committee

---

Mr. Suleman Ayooob	- Chairman
Mr. Mansoor Alam	- Member
Mr. Zia Zakaria	- Member

### HR & Remuneration Committee

---

Mr. Jalaluddin Ahmed	- Chairman
Mr. Zain Ayooob	- Member
Mr. Roofi Abdul Razzak	- Member

### Share Registrar

---

M/s Technology Trade (Private) Limited  
Dagia House, 241-C, Block 2, P.E.C.H.S.  
Off. Shahrah-e-Faisal, Karachi  
Tel: 34391316-7 & 19, 34387960-1  
Fax: 34391318

### Registered Office

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3rd Floor, 96-A, Sindhi Muslim Cooperative  
Housing Society, Karachi

### Contact Details

---

Telephone: 34558268;34552943;34553067  
Fax: 34553137  
Email: info@fanm.co  
Webpage: www.fanm.co



## NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given to the certificate holders that fifteenth (15th) Annual Review Meeting of First Al-Noor Modaraba will be held on Tuesday, October 28, 2014 at 4:30 p.m. at the Registered Office of the Modaraba at 96-A, Sindhi Muslim Co-operative Housing Society, Karachi

By order of the Board  
**Roofi Abdul Razzak**  
Company Secretary

Karachi : August 19, 2014

Note:

1. **CLOSURE OF CERTIFICATE (SHARE) TRANSFER BOOK**  
The Share Transfer Book of the Modaraba will remain closed from Monday, October 28, 2014 to Tuesday November 11, 2014 (both days inclusive) and no transfer will be accepted during this period. The transfers received in order at the office of the Share Registrar, M/s Technology Trade (Private) Limited, Dagia House, 241-C, Block 2, P.E.C.H.S, Off: Shahrah-e-Quadeen, Karachi by the close of business on October 27, 2014 will be considered in time for the purpose of determination of their respective entitlement(s), if any, and eligibility to attend the Annual Review Meeting.

2. **SUBMISSION OF CNICS/NTN**  
Certificate holders are once again advised that as per the orders of the SECP inter alia vide SRO No. 831(1)/2012 dated July 5, 2012 and SRO No. 19(1)/2014 dated January 10, 2014, CNIC (individuals) / NTN (Corporate entities) number of the concerned certificate holders is mandatorily required as to be mentioned on Dividend Warrants. Certificate holders are therefore requested to immediately send a copy of the same (if not already provided) to our Share Registrars, M/s Technology Trade (Private) Limited, Dagia House 241-C, Block 2, P.E.C.H.S., Off: Shahrah-e-Quaideen, Karachi (Tel: 34391316/7/9 ; Fax: 34391318) to ensure compliance. In case of non-receipt of the copies of the valid CNICs/NTN, the Company may be constrained to withhold dispatch of Dividend Warrants to such Certificate Holders as per S.E.C.P. SRO and directives.

Certificate holders may also provide by mail or fax, photocopy of their CNIC/NTN and in case of foreigner, copy of passport, unless it has already been provided to enable the company to comply with relevant laws.

### IMPORTANT:

In pursuance with the amendments made by the government under Section 150 of the Income Tax ordinance vide Finance Act, 2014, separate rate of tax introduced for Tax Return Filer and Non Filer on dividends. Hence, the certificate holders who already had provided their CNICs/NTN and are categorized as Non Filer as per the list of 'FILERS' available at Federal board of revenue's (FBR) website (<http://www.fbr.gov.pk>), are liable to deduction of tax at source on dividends at higher rate.

3. **DIVIDEND MANDATE OPTION**  
As directed by the Securities and Exchange Commission of Pakistan through its circular No. 18 of 2012 dated June 5, 2012, we give the certificate holders the opportunity to authorise the Company to directly credit the cash dividend in their bank account declared by the company in future. If you wish that the cash dividend, if declared by the company be directly credited into your bank account, instead of issuing a dividend warrant, please provide the following details:



## NOTICE OF ANNUAL REVIEW MEETING

Details of Bank Mandate	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Contact of Certificate Holder/Transferee	
Landline Number	

#### 4. CHANGE IN ADDRESS

Certificate holders are requested to promptly notify the Modaraba or its Share Registrar of any change in their address, if applicable, by the end of business on October 27, 2014.

#### 5. FOR ATTENDING THE MEETING

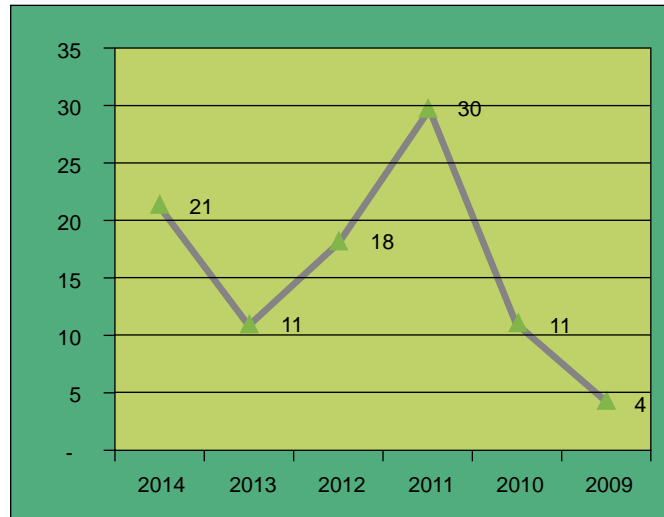
- (i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations or whose securities are in physical form, shall authenticate his/her identity by showing his/her original Computerized National identity Card (CNIC) or original passport at the time of attending the meeting.
- (ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.



## SIX YEARS FINANCIAL SUMMARY

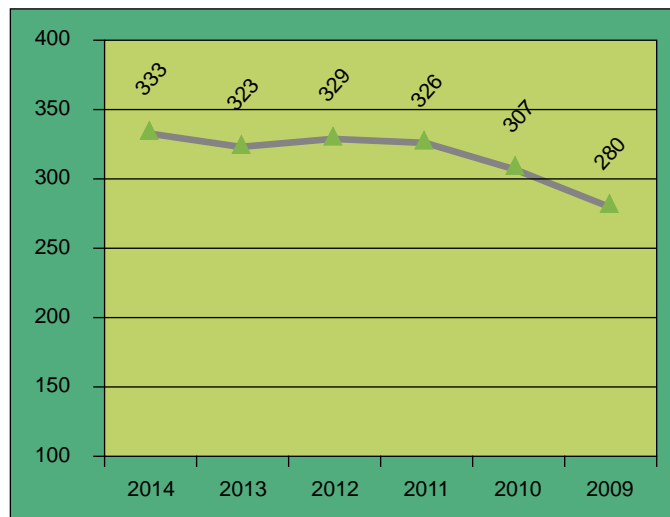
Profit after tax

Rs. in millions



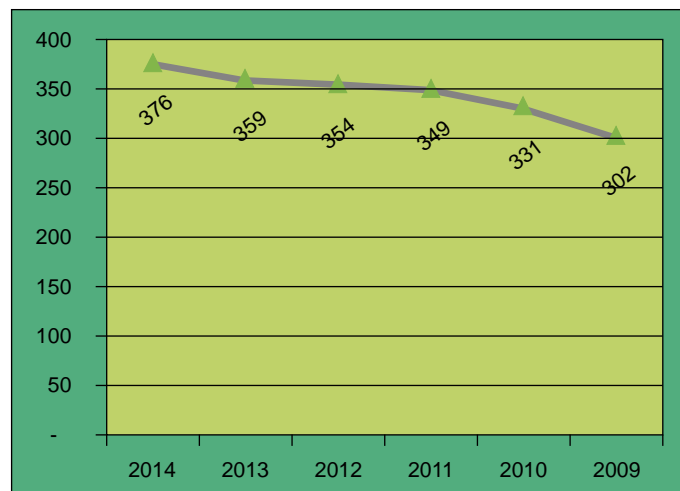
Equity Growth

Rs. in millions



Assets Growth

Rs. in millions



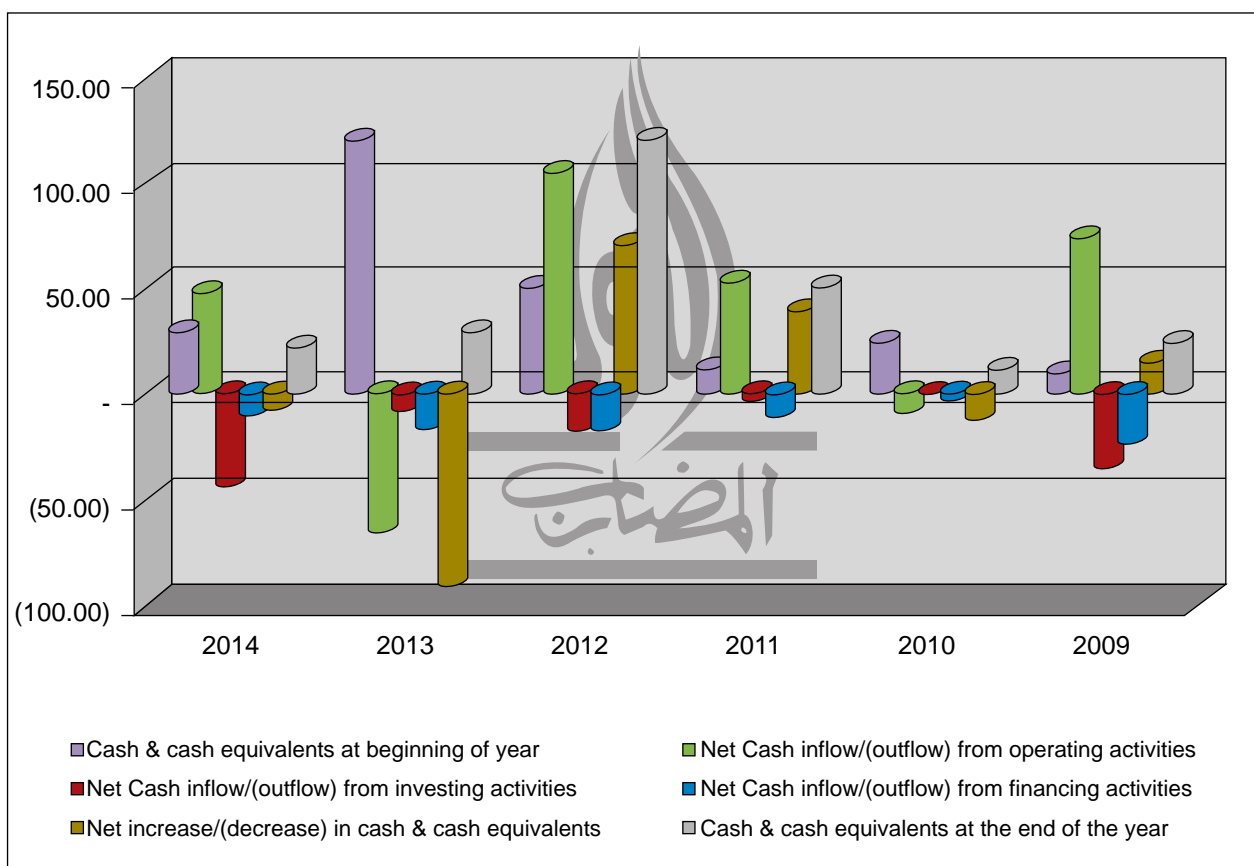




## SIX YEARS' CASH FLOWS SUMMARY

(Rupees in millions)

	2014	2013	2012	2011	2010	2009
Cash & cash equivalents at beginning of year	29.31	120.73	50.28	11.40	24.48	9.57
Net Cash inflow/(outflow) from operating activities	47.76	(66.19)	105.05	53.27	(9.16)	74.37
Net Cash inflow/(outflow) from investing activities	(44.32)	(8.21)	(17.45)	(3.17)	(0.71)	(35.47)
Net Cash inflow/(outflow) from financing activities	(10.60)	(17.02)	(17.16)	(11.21)	(3.22)	(23.98)
Net increase/(decrease) in cash & cash equivalents	(7.16)	(91.42)	70.44	38.88	(13.08)	14.91
Cash & cash equivalents at the end of the year	22.15	29.31	120.73	50.28	11.40	24.48





## HORIZONTAL ANALYSIS

### BALANCE SHEET (%)

ASSETS	2014	2013	2012	2011	2010	2009
<b>NON-CURRENT ASSETS</b>						
<b>Fixed Assets - tangible</b>						
Long term deposits	-	(0.35)	-	-	-	0.35
Long term investment	63.11	(52.94)	(3.59)	11.67	(36.52)	(33.37)
Ijarah Assets	32.35	113.58	32.21	(17.13)	(32.83)	(24.09)
Fixed Assets in own use	(31.89)	(81.06)	(5.86)	(19.37)	3.03	145.68
<b>CURRENT ASSETS</b>						
Bank balances	(24.42)	86.34	(68.72)	341.07	(53.44)	155.89
Short Term investments	(2.81)	(71.41)	311.14	49.03	124.98	(29.21)
Mushrikah receivables- secured	-	-	-	-	-	(100.00)
Murabaha receivables- secured	-	-	-	-	-	-
Musawamah receivables- secured	(57.04)	(5.09)	(43.22)	21.35	270.83	220.00
Modaraba receivables- secured	-	(100.00)	200.00	(92.36)	(7.09)	100.00
Ijarah rental receivable	-	-	(100.00)	(65.71)	245.64	1,046.09
Trade Receivables	100.00	100.00	100.00	0.00	0.00	(100.00)
Bills Receivable	-	-	(100.00)	11.31	(66.81)	(37.58)
Stock in trade	16.19	2,655.72	(91.61)	60.42	(18.67)	(11.16)
Advances, Deposits, Prepayments & Other Receivables	35.98	(15.33)	48.62	233.21	19.57	(95.29)
Income tax refundable/paid in advance	15.06	4.93	(31.92)	70.42	1.78	1.60
Profit receivable	(56.99)	(60.73)	(40.28)	(18.57)	47.35	44.61
<b>TOTAL ASSETS</b>	<b>4.62</b>	<b>1.46</b>	<b>1.39</b>	<b>5.61</b>	<b>9.73</b>	<b>(8.58)</b>
<b>EQUITY &amp; LIABILITIES</b>						
<b>CAPITAL &amp; RESERVES</b>						
Issued, subscribed and paid up capital	-	-	-	-	-	-
Reserves	4.15	2.18	4.82	15.13	3.34	1.68
Unappropriated profit	63.79	(43.58)	(13.12)	48.18	146.17	(74.83)
Unrealised diminution on remeasurement of investment classified as 'available for sale'- net	(30.56)	73.71	36.03	32.20	(90.92)	(7.25)
<b>NON-CURRENT LIABILITIES</b>						
Security Deposits	35.78	114.13	71.85	(17.97)	(39.95)	7.75
Deffered liability - staff gratuity	75.85	41.82	(9.27)	6.30	36.28	43.26
<b>CURRENT LIABILITIES</b>						
Islamic export refinance	-	-	-	-	-	(100.00)
Musharikah Finance - Secured	-	-	-	-	-	-
Murabaha Finance - Secured	-	-	-	-	-	-
Current maturity of security deposits	3.72	191.31	(65.89)	(32.59)	286.70	(67.52)
Creditors, accrued and other liabilities	(1.56)	24.47	2.58	13.15	15.30	(56.58)
Provision for custom duty/surcharge	-	-	-	-	-	-
Profit payable	100.00	100.00	100.00	100.00	(100.00)	(74.76)
<b>TOTAL EQUITIES &amp; LIABILITIES</b>	<b>4.88</b>	<b>1.21</b>	<b>1.39</b>	<b>5.61</b>	<b>9.73</b>	<b>(8.58)</b>
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>PROFIT &amp; LOSS ACCOUNT (%)</b>						
Profit on trading operations	194.57	(46.74)	(13.25)	42.52	(33.04)	(23.43)
Income on musharikah receivables	-	-	-	-	(100.00)	(58.16)
Income on murabaha receivables	-	-	-	-	-	(100.00)
Income on musawamah receivables	(48.17)	12.20	(54.83)	52.80	76.48	9,988.90
Income on modaraba receivables	(100.00)	(52.69)	(36.51)	(69.46)	77.82	100.00
Income from Ijarah	28.32	114.61	6.88	(32.42)	(12.60)	11.47
Income from investments	(28.80)	(24.21)	69.66	44.88	225.31	(79.18)
Operating Expenses	(0.48)	48.73	(11.75)	39.85	18.79	24.53
(Provision)/Reversal of provision on non-performing assets	#DIV/0!	(100.00)	-	-	-	(100.00)
Financial and other charges	68.15	(63.06)	(76.11)	(71.55)	14.68	44.44
Other Income	(704.56)	(137.20)	(66.70)	144.75	(30.54)	12.92
unrealized gain/(loss) on remeasurement of investments classified at fair value through profit / loss	(12.69)	(251.80)	(644.38)	(127.74)	(77.06)	(2.81)
Impairment loss on re-measurement of investment in listed securities classified as available for sale	-	(100.00)	-	(100.00)	(28.26)	100.00
Share of profit from associates	(31.85)	686.60	(97.60)	206.44	82.49	(74.94)
Modaraba Company's management fee	92.25	(41.65)	(36.33)	164.57	153.37	(85.85)
Income tax expenses	(69.30)	(81.80)	490.03	(33.53)	(36.73)	18.65
Provision for workers welfare fund	96.09	(41.65)	(36.33)	89.70	100.00	-
Profit for the year	94.61	(39.64)	(39.05)	170.89	162.45	(86.86)

**VERTICAL ANALYSIS****BALANCE SHEET ITEMS**

<b>ASSETS</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>NON-CURRENT ASSETS</b>						
<b>Fixed Assets - tangible</b>						
Long term deposits	1.02	1.07	1.09	1.10	1.16	1.28
Long term investment	4.09	2.62	5.65	5.94	5.62	9.72
Ijarah Assets	24.74	19.55	9.29	7.12	9.08	14.83
Fixed Assets in own use	1.13	1.73	9.29	10.00	13.10	13.95
<b>CURRENT ASSETS</b>						
Bank balances	5.89	8.15	4.44	14.39	3.45	8.12
Short Term investments	11.45	12.32	43.73	10.78	7.64	3.73
Mushrikah receivables- secured	-	-	-	-	-	-
Murabaha receivables- secured	6.65	16.19	17.31	30.91	26.90	7.96
Musawamah receivables- secured	-	-	4.23	1.43	19.79	23.37
Modaraba receivables- secured	0.03	-	-	0.10	0.31	0.10
Ijarah rental receivable	8.40	5.81	0.05	-	-	-
Trade Receivables	0.45	-	-	0.74	0.70	2.31
Bills Receivable	33.06	29.77	1.10	13.24	8.72	11.76
Stock in trade	2.30	1.77	2.12	1.45	0.46	0.42
Advances, Deposits, Prepayments & Other Receivables	0.62	0.56	0.54	0.81	0.50	0.54
Income tax refundable/paid in advance	0.19	0.45	1.17	1.98	2.57	1.92
Profit receivable	100.00	100.00	100.00	100.00	100.00	100.00
<b>TOTAL ASSETS</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>EQUITY &amp; LIABILITIES</b>						
<b>CAPITAL &amp; RESERVES</b>						
Issued, subscribed and paid up capital	55.84	58.42	59.27	60.10	63.47	69.64
Reserves	28.57	28.70	28.50	27.57	25.29	26.85
Unappropriated profit	4.67	2.98	5.36	6.26	4.46	1.99
unrealised diminution on remeasurement of investment classified as available for	(0.43)	(0.10)	(0.37)	(0.59)	(0.47)	(5.73)
<b>NON-CURRENT LIABILITIES</b>						
Security Deposits	4.43	3.41	1.62	0.95	1.23	2.25
Deffered liability - staff gratuity	1.44	0.86	0.61	0.69	0.68	0.55
<b>CURRENT LIABILITIES</b>						
Islamic export refinance	-	-	-	-	-	-
Musharikhah Finance - Secured	-	-	-	-	-	-
Murabaha Finance - Secured	-	-	-	-	-	-
Current maturity of security deposits	0.77	0.77	0.27	0.80	1.25	0.36
Creditors, accrued and other liabilities	3.45	3.67	2.99	2.95	2.76	2.62
Provision for custom duty/surcharge	1.17	1.22	1.24	1.26	1.33	1.46
Profit payable	0.09	0.06	0.50	0.01	-	0.01
<b>TOTAL EQUITIES &amp; LIABILITIES</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>PROFIT &amp; LOSS ACCOUNT ITEMS</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Profit on trading operations	46.75	19.31	31.63	32.11	24.70	37.34
Income on musharikhah receivables	-	-	-	-	-	15.77
Income on murabaha receivables	-	-	-	-	-	-
Income on musawamah receivables	9.72	22.83	17.74	34.60	24.83	14.24
Income on modaraba receivables	-	2.54	4.68	6.49	23.29	13.26
Income from Ijarah	25.08	23.78	9.66	7.96	12.92	14.96
Income from investments	18.45	31.54	36.29	18.84	14.26	4.44
Gross Revenue	100.00	100.00	100.00	100.00	100.00	100.00
Operating Expenses	(60.45)	(73.93)	(43.35)	(43.26)	(33.92)	(28.89)
(Provision)/Reversal of provision on non-performing assets	-	-	(0.00)	(0.00)	(0.00)	(0.00)
Financial and other charges	(0.35)	(0.25)	(0.60)	(2.20)	(8.47)	(7.48)
Other Income	9.77	(1.97)	4.61	12.19	5.46	7.96
unrealized gain/(loss) on remeasurement of investments classified at fair value through profit / loss	7.74	10.79	(6.20)	1.00	(3.96)	(17.48)
Impairment loss on re-measurement of investment in listed securities classified as available for sale	-	-	0.00	0.00	(30.59)	(43.16)
Share of profit from associates	1.09	1.94	0.22	7.91	2.83	1.57
Modaraba Company's management fee	(5.78)	(3.66)	(5.47)	(7.56)	(3.14)	(1.25)
Income tax expenses	(0.12)	(0.48)	(2.30)	(0.34)	(0.57)	(0.91)
Provision for workers welfare fund	(1.04)	(0.65)	(0.97)	(1.33)	(0.77)	-
Profit for the year	50.86	31.80	45.95	66.41	26.88	10.36



## KEY FINANCIAL DATA SIX YEARS` AT A GLANCE

(Rupees in millions)

KEY FINANCIAL DATA	2014	2013	2012	2011	2010	2009
<b>Total Assets</b>	<b>376.09</b>	<b>359.48</b>	<b>354.30</b>	<b>349.43</b>	<b>330.87</b>	<b>301.54</b>
Fixed Assets (owned)	4.24	6.23	32.90	34.94	43.34	42.06
Fixed Assets (ijarah)	93.04	70.29	32.91	24.89	30.04	44.72
Other Non Current Assets	19.21	13.26	23.87	24.62	22.45	33.15
Current Assets	259.60	269.69	264.61	264.97	235.04	181.61
<b>Total Liabilities</b>	<b>42.69</b>	<b>35.93</b>	<b>25.64</b>	<b>23.29</b>	<b>24.00</b>	<b>21.84</b>
Current Liabilities	20.60	20.57	17.73	17.56	17.67	13.42
Non Current Liabilities	22.09	15.36	7.91	5.73	6.32	8.43
<b>Total Equity</b>	<b>333.40</b>	<b>322.66</b>	<b>328.66</b>	<b>326.14</b>	<b>306.87</b>	<b>279.70</b>
Reserves	107.46	103.18	100.98	96.33	83.68	80.97
Certificate Holders' Equity	210.00	210.00	210.00	210.00	210.00	210.00
Unappropriated	15.94	9.48	17.68	19.81	13.20	(11.27)
<b>Gross Revenue</b>	<b>46.19</b>	<b>33.90</b>	<b>41.48</b>	<b>50.50</b>	<b>43.30</b>	<b>43.80</b>
<b>Net Revenue</b>	<b>21.40</b>	<b>11.00</b>	<b>18.22</b>	<b>29.89</b>	<b>11.03</b>	<b>4.20</b>
Earning per Certificate - Rs. 10/- each	1.02	0.52	0.87	1.42	0.53	0.20
Cash dividend (%)	7.50%	5.00%	8.00%	8.00%	5.00%	0.00%

(Rupees in millions)

STAKEHOLDER INFORMATION	2014	2013	2012	2011	2010	2009
Profit after tax ratio (%)	29.48	18.24	45.95	51.24	36.38	40.91
Return on assets (%)	96.14	35.54	43.24	14.45	19.99	22.83
Return on equity	6.52	3.37	5.56	9.44	3.76	1.46
Return on capital employed (%)	6.67	3.53	6.11	16.65	4.34	1.69
Assets Turnover Ratio (%)	96.14	35.54	43.24	14.45	19.99	22.83
Current ratio	12.60	13.11	14.94	15.09	14.37	15.23
Market Value per certificate (year end)						
High	6.00	5.99	4.99	4.00	2.95	3.45
Low	6.00	5.00	4.25	4.00	2.95	3.45
Closing	6.00	5.01	4.90	4.00	2.95	3.45
EPC (Earning per certificate)	1.02	0.52	0.87	1.42	0.53	0.20
Net assets per certificate	15.88	15.41	15.65	15.53	14.61	13.32
Earning asset to total assets ratio (%)	87.21	88.61	85.75	83.82	81.19	79.48
Price earning ratio	5.89	9.57	5.65	2.81	5.61	17.23
Dividend Yield Ratio (%)	12.50	9.57	16.33	20.00	16.95	0.00
Cash Dividend per certificate (in Rs.)	0.75	0.50	0.80	0.80	0.50	-



## TWENTY SECOND REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2014

I, on behalf of Board of Directors of **Al-Noor Modaraba Management (Private) Limited**, the "mudarib/management company" of First Al-Noor Modaraba (FAM), pleased to present the Twenty Second Annual Report together with the Audited Financial Statements of the Modaraba for the year ended June 30, 2014.

### FINANCIAL RESULTS

	For the year ended	
	<b>June 30, 2014</b>	June 30, 2013
	-----Amount in Pak. Rupees-----	
Profit after Taxation	<b>21,398,938</b>	10,996,069
Shares of associate's incremental depreciation on account of revaluation of fixed assets	<b>222,110</b>	(279,645)
Unappropriated profit brought forward	<b>225,230</b>	2,208,020
	<b><u>21,846,278</u></b>	<u>12,924,444</u>

### APPROPRIATIONS

Profit distribution @ 7.5% (2013 @ 5.00%)	<b>(15,750,000)</b>	(10,500,000)
Statutory Reserve @ 20.00% (2013 @ 20.00%)	<b>(4,279,979)</b>	(2,199,214)
General Reserve	<b>(500,000)</b>	-
	<b>(20,529,979)</b>	(12,699,214)
Unappropriated profit carried forward	<b><u>1,316,299</u></b>	<u>225,230</u>

### Dividend

The board is pleased to announce a cash dividend of Rs. 0.75 (7.50%) per certificate {2013: Rs. 0.50 (5.00%)} in its meeting held on August 19, 2014 for the year ended June 30, 2014.

### Review of Operations

The Modaraba's performance in the financial ending June 30, 2014 has been exceptionally well in comparison to the preceding financial year. The Modaraba mainly focused on its revised strategy : (a) heavy concentration in trading activities (b) increased investments in Ijarah (c) reducing its investments in the stock exchange mainly to such scripts which yield regular dividends and enjoy a fairly good market. This new found planning has proved to be immensely fructuous. Moreover, with it all the more heartening to note that this fairly satisfying accomplishment has been made purely by employing Modaraba's own resources and without indulging in any type of borrowings. Obviously, this has provided the necessary momentum to the Modaraba's management to further gear up their efforts to produce even better results in the current financial year. Consequently, the Modaraba is now in a position to announce a fairly decent dividend of 7.5% to its certificate holders.



## TWENTY SECOND REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2014

### Financial and Economic Review

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

- (a) the dwindling law and order situation.
- (b) the asymmetrical inflation and saving rates.
- (c) continuing fiscal slippages.
- (d) unresolved power sector issue.
- (e) high level of government borrowings and low lending by banks to private sector.
- (f) Political and operational inconsistency
- (g) New and stringent taxation measures

### Future Outlook of the Modaraba

If the constraining factors would not be the major element in effecting the overall economical prosperity, the Modaraba's strategy of focusing more on trading and ijarah portfolio would continue to persist. With the increased confidence and the improved learning of the market's effecting elements, would hopefully be resulting in the consistent and better earnings.

The management while achieving every new milestone, would continue to devised diversified business strategies for the increased profitability.

With the hope of the governments' all out efforts for improving the Pakistan's economy, we do foresee a better years ahead.

### Compliance with 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 results 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.



## TWENTY SECOND REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2014

- (g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulation of the Stock Exchange(s) and;
- (h) 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 as follows:

Name of Director	Meeting Eligibility	Meetings Attended
Mr. Ismail H. Zakaria, Chairman	4	4
Mr. Jalaluddin Ahmed, Chief Executive	4	4
Mr. Yusuf Ayoob, Director	4	3
Mr. Suleman Ayoob, Director	4	4
Mr. A. Aziz Ayoob, Director	4	4
Mr. Mansoor Alam, Director	4	4
Mr. Zia I. Zakaria Director*	-	-
Mr. Zohair Zakaria, Director*	4	2
Mr. Zain Ayoob, Director	4	4

*\*Mr. Zia I. Zakaria appointed as Director of the management company in place of the retiring director, Mr. Zohair Zakaria for the remainder of the term.*

- (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 certificates as on June 30, 2014 is attached to the Annual Report.

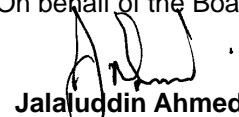
### Key Operating & Financial Data

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

### Auditors

The present auditors, Messrs. Rahman Sarfaraz Rahim Iqbal Rafiq & Company, Chartered Accountants (Member firm of Russell Bedford International) have offered themselves for re-appointment as the auditor of the Modaraba for the financial year ending June 30, 2015 subject to the approval of Registrar of Modaraba companies & Modaraba.

On behalf of the Board

  
**Jalaluddin Ahmed**  
 Chief Executive

Dated : August 19, 2014  
 Place : Karachi



## SHARIAH ADVISOR'S REPORT

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ  
الْحَمْدُ لِلَّهِ رَبِّ الْعَالَمِينَ، وَالْعَاقِبَةُ لِلْمُتَّقِينَ، وَالصَّلَاةُ وَالسَّلَامُ عَلَى رَسُولِهِ  
الكَرِيمِ وَعَلَى آلِهِ وَاصْحَابِهِ أَجْمَعِينَ. آمِينَ

I have conducted the Shari'ah review of First Al Noor Modaraba managed by Al Noor Modaraba Management (Private) Limited for the year ended June 30, 2014 in accordance with the requirements of the Shariah Compliance and Shariah Audit Mechanism for Modarabas. Based on my review I report that in my opinion:

### SHARIAH COMPLIANCE:

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

### REVIEW OF OPERATIONS:

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

### BANK ACCOUNTS:

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

### FRESH DISBURSEMENTS:

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

### INVESTMENTS IN EQUITY SHARES:

Modaraba's entire equity investments were made in approved Shariah compliant scripts provided and updated by NBF and Modaraba Association of Pakistan and in compliance of circular 8 of 2012. Further, the screening of the investment in equity shares is carried out by the Modaraba itself biannually, as per the guidelines issued by SECP in consultation with the Shariah Advisor.

### DIVIDEND PURIFICATION:

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

### TAKAFUL:

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

### TRADE OF COMMODITIES:

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

### TRAINING:

The undersigned keep giving specific training session on continuous basis during the course of internal review of transaction(s).

### CONCLUSION:

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



**MUFTI IBRAHIM ESSA**  
Shariah Advisor  
Dated: August 12, 2014





## THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

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

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

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

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

The Committee shall be responsible for :

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



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2014

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi, and Lahore Stock Exchange Limited respectively 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 Board comprises eight directors, including the CEO and one independent director. At present, the Board comprises of executive including CEO, non executive and independent directors as follows:

Name	Designation	Status
Mr. Ismail H. Zakaria	Chairman/Director	Non Executive
Mr. Yusuf Ayoob	Director	Non Executive
Mr. Jalaluddin Ahmed	Chief Executive	Executive
Mr. Suleman Ayoob	Director	Non Executive
Mr. Aziz Ayoob	Director	Non Executive
Mr. Mansoor Alam	Director	Independent Non Executive
Mr. Zia Zakaria	Director	Non Executive
Mr. Zain Ayoob	Director	Executive

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this management company.
3. 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.
4. During the year, a casual vacancy occurred due to the resignation of Mr. Zohair Zakaria as Director (Non Executive). Hence, the board collectively appointed Mr. Zia Zakaria on the board as Non Executive Director to fill the casual vacancy occurred duly approved by the Registrar Modarabas, Specialized Companies Division, Securities & Exchange Commission of Pakistan.
5. The Modaraba has prepared a Statement of Ethics and Business Practices, which has been signed by all directors and employees of the Modaraba.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Modaraba. A complete record of particulars of significant policies along with dates on which they were approved or amended has been maintained.
7. 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.
8. The meeting of the Board was presided over by the Chairman. 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.
9. Six of the directors met the criteria of exemption from taking orientation course under the condition of having 14 years of education and 15 years of experience on the Board of Directors of listed company. Further, the Board arranged orientation course for one of its directors during the preceding year(s) apprising him of his duties and responsibilities.



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2014

10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been made during the year. And that the eligibility/ qualification requirement for CFO, Company Secretary and Head of Internal Audit are in compliance with Code of Corporate Governance.
11. 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.
12. The financial statements of the Modaraba were duly endorsed by the CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of holding of certificates.
14. The Modaraba has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee, which comprises of three members all of which are non-executive directors including independent director and chaired by one non executive director.
16. The Board has formed a Human Resource and Remuneration committee, which comprises of three members.
17. 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.
18. The Board has set-up effective internal audit function manned by suitable qualified and experienced personnel who are conversant with the policies and procedures.
19. 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.
20. 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.
21. The "closed period" prior to the announcement of interim/final results and business decisions, which may materially affect the market price of Modaraba's certificates, was determined and intimated to directors, employees and stock exchange.
22. The Modaraba has complied with all the major corporate and financial reporting requirements to the code. All related parties transactions has been reviewed and approved by the Board and are carried out as per agreed terms.
23. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

**Jalaluddin Ahmed**  
Chief Executive

Date : August 19, 2014.



## 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 Regulations of the Karachi Stock Exchanges Limited and Lahore Stock Exchange Limited where the Modaraba is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the 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 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 Company personnel and review of various documents prepared by the Modaraba to comply with the Code.

As part of the 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 Boards statement on internal control covers all risks and control, or to form an opinion on the effectiveness of such internal controls, the company corporate governance procedures and risks.

Further Listing Regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited requires the company to place before the Board of Directors for their consideration and approval the related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in the arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before 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 Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2014.

Karachi  
Date: August 19, 2014.

Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants



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

We have audited the annexed Balance Sheet of **FIRST AL NOOR MODARABA (the Modaraba)** as at **June 30, 2014** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba Company's [Al Noor Modaraba Management (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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that -

- (a) in our opinion, proper books of accounts have been kept by the Modaraba Company in respect of **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;
- (b) 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 accounts 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;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2014 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat as 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 established under Section 7 of that Ordinance.

**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
Chartered Accountants  
**Engagement Partner: Muhammad Waseem**

Karachi  
Date: August 19, 2014.







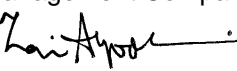
## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2014

	Note	June 30 2014 Rupees	June 30 2013 Rupees
<b>CURRENT ASSETS</b>			
Cash and bank balances	4	22,150,478	29,308,110
Short term investments	5.1	43,053,177	44,296,203
Musawamah receivables - secured	6	25,000,000	58,197,900
Profit receivable	7	699,326	1,625,843
Ijarah rental receivable	8	108,789	-
Bills receivable		1,697,587	-
Trade Debtors - unsecured		31,597,750	20,891,661
Stock in trade	9	124,325,994	107,001,599
Advances, deposits, prepayments and other receivables	10	8,649,419	6,360,902
Taxation	11	2,314,738	2,011,747
<b>TOTAL CURRENT ASSETS</b>		<b>259,597,258</b>	<b>269,693,965</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Long term deposits	12	3,839,989	3,839,989
Long term investments	5.2	15,369,205	9,422,590
Ijarah assets	13	93,036,512	70,294,687
Fixed assets in own use	14	4,243,876	6,230,788
<b>TOTAL NON-CURRENT ASSETS</b>		<b>116,489,582</b>	<b>89,788,054</b>
<b>TOTAL ASSETS</b>		<b>376,086,840</b>	<b>359,482,019</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Current maturity of security deposits	15	2,884,950	2,781,582
Creditors, accrued and other liabilities	16	12,973,390	13,179,631
Provision for custom duty & surcharge	17	4,398,842	4,398,842
Profit payable	18	341,404	208,954
<b>TOTAL CURRENT LIABILITIES</b>		<b>20,598,586</b>	<b>20,569,009</b>
<b>NON CURRENT LIABILITIES</b>			
Security deposits	15	16,668,031	12,275,810
Deferred liability - staff gratuity	19	5,423,164	3,980,611
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>22,091,195</b>	<b>16,256,421</b>
<b>TOTAL LIABILITIES</b>		<b>42,689,781</b>	<b>36,825,430</b>
<b>NET ASSETS</b>		<b>333,397,059</b>	<b>322,656,589</b>
<b>REPRESENTED BY:</b>			
<b>CAPITAL AND RESERVES</b>			
Certificate Capital			
Authorised certificate capital			
40,000,000 (2013: 40,000,000) certificates of Rs 10/- each		400,000,000	400,000,000
Issued, subscribed and paid-up capital	20	210,000,000	210,000,000
Reserves	21	107,456,413	103,176,625
Unappropriated profit		17,566,490	10,725,230
Unrealised diminution on remeasurement of investment classified as available for sale- net		(1,625,844)	(1,245,266)
<b>Total capital and reserves</b>		<b>333,397,059</b>	<b>322,656,589</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	22	-	-

The annexed notes 1 to 45 form an integral part of these financial statements.

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

  
Chief Executive

  
Director

  
Director





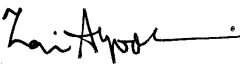
## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2014

	Note	June 30 2014 Rupees	June 30 2013 Rupees
Profit from trading operations	23	19,671,230	6,677,844
Income on musawamah receivables		4,090,357	7,892,608
Income on modaraba receivables		-	877,054
Income from Ijarah	24	10,551,328	8,222,712
Income from investments	25	7,764,787	10,905,248
		<b>42,077,702</b>	<b>34,575,465</b>
Administrative and operating expenses	26	25,436,843	25,560,619
Financial and other charges	27	146,811	87,310
		<b>25,583,654</b>	<b>25,647,929</b>
<b>Operating profit</b>		<b>16,494,048</b>	<b>8,927,536</b>
Other income/(loss)	28	4,110,292	(679,877)
		<b>20,604,340</b>	<b>8,247,659</b>
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	5.1.2	3,256,928	3,730,125
Share of profit from associates	5.2.1	458,312	672,461
		<b>24,319,580</b>	<b>12,650,246</b>
Modaraba management fee	29	(2,431,958)	(1,265,025)
		<b>21,887,622</b>	<b>11,385,221</b>
Provision for workers welfare fund	30	(437,752)	(223,240)
		<b>21,449,870</b>	<b>11,161,981</b>
<b>Profit before taxation</b>		<b>21,449,870</b>	<b>11,161,981</b>
Income tax expense	31	(50,932)	(165,912)
<b>Profit for the year</b>		<b>21,398,938</b>	<b>10,996,069</b>
Earnings per certificate - Basic and Diluted	32	1.02	0.52

The annexed notes 1 to 45 form an integral part of these financial statements.

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

  
Chief Executive

  
Director

  
Director



## STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2014

	Note	June 30 2014 Rupees	June 30 2013 Rupees (restated)
<b>Profit for the year - after tax</b>		<b>21,398,938</b>	10,996,069
<b>Others comprehensive income</b>			
- Items that may be reclassified subsequently to profit or loss:		-	-
- Items that will not be subsequently reclassified to profit or loss:			
Unrealized gain/ (loss) on re-measurement of available for sale investment	5.2.3	291,823	977,483
Remeasurement of net defined benefit liability - loss	18.1	(672,401)	(229,131)
Shares of other comprehensive income of associate	5.2.1	-	-
		<b>(380,578)</b>	748,352
<b>Total comprehensive income for the year - after tax</b>		<b>21,018,360</b>	<b>11,744,421</b>

The annexed notes 1 to 45 form an integral part of these financial statements.

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

  
Chief Executive

  
Director

  
Director



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2014

	Issued subscribed & paid capital	Reserve			Total	
		Capital Reserve	Revenue Reserve	Other comprehensive income		
	Certificate Capital	*Statutory Reserve	Revenue reserve	Unappropriated profit		
	----- Rupees -----					
Balance as at July 1, 2012	210,000,000	90,477,411	10,500,000	19,008,020	(1,326,188)	328,659,243
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 3.6.2	-	-	-	-	(667,430)	(667,430)
Balance as at July 1, 2012 - restated	210,000,000	90,477,411	10,500,000	19,008,020	(1,993,618)	327,991,813
Share of associate's incremental depreciation on account of revaluation of fixed assets	-	-	-	(279,645)	-	(279,645)
Total Comprehensive income for the year	-	-	-	10,996,069	748,352	11,744,421
Profit distribution in cash	-	-	-	(16,800,000)	-	(16,800,000)
Transfer to general reserve	-	-	-	-	-	-
Transfer to statutory reserve	-	2,199,214	-	(2,199,214)	-	-
Balance as at June 30, 2013 - restated	210,000,000	92,676,625	10,500,000	10,725,230	(1,245,266)	322,656,589
Share of associate's incremental depreciation on account of revaluation of fixed assets	-	-	-	222,110	-	222,110
Total Comprehensive income for the year	-	-	-	21,398,938	(380,578)	21,018,360
Profit distribution in cash	-	-	-	(10,500,000)	-	(10,500,000)
Transfer to general reserve	-	-	-	-	-	-
Transfer to statutory reserve	-	4,279,788	-	(4,279,788)	-	-
Balance as at June 30, 2014	210,000,000	96,956,413	10,500,000	17,566,490	(1,625,844)	333,397,059

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

The annexed notes 1 to 45 form an integral part of these financial statements.

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

  
Chief Executive

  
Director

  
Director



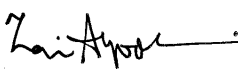
## STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2014

	Note	June 30 2014 Rupees	June 30 2013 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash from operations after working capital changes	34	<b>37,844,409</b>	(84,106,209)
Increase/(Decrease) in long-term security deposits		<b>4,495,589</b>	8,369,700
Income on musawamah receivables		<b>5,681,313</b>	8,733,240
Income on modaraba receivables		-	979,451
Income tax paid		<b>(50,932)</b>	(165,912)
Gratuity paid		<b>(213,000)</b>	-
Net cash from operating activities		<b>47,757,379</b>	(66,189,730)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to fixed assets			
- Own		<b>(50,506)</b>	(6,039,866)
- Ijarah		<b>(58,602,900)</b>	(63,895,000)
Sale proceeds on disposal of fixed assets			
- Own		<b>1,109,500</b>	27,387,000
- Ijarah		<b>3,541,214</b>	1,287,647
Dividend received		<b>2,953,824</b>	2,478,265
Profit on term deposit modaraba		-	1,658,046
Profit on Meezan Islamic certificates		-	612,238
Profit on Al-Samarat Islamic Certificates		<b>140,137</b>	2,333,150
Profit on Barkat Islamic Certificates		<b>282,292</b>	926,397
Profit on Al-Makhraj (MCB Islamic Banking)		<b>72,422</b>	-
Profit on bank deposit		<b>2,394,349</b>	2,252,796
Purchase of investments in mutual funds		-	(5,000,000)
Proceeds from sale of mutual funds units		<b>4,348,012</b>	-
Purchase of investments in listed securities		<b>(30,982,502)</b>	(18,390,551)
Proceeds from sale of investments in listed securities		<b>30,476,117</b>	46,183,369
Net cash (used in) investing activities		<b>(44,318,041)</b>	(8,206,508)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Profit paid to the certificate holders		<b>(10,450,158)</b>	(16,936,557)
Financial charges paid		<b>(146,811)</b>	(87,310)
Net cash (used in) financing activities		<b>(10,596,969)</b>	(17,023,867)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(7,157,631)</b>	(91,420,105)
Cash and cash equivalents at beginning of the year		<b>29,308,110</b>	120,728,215
<b>Cash and cash equivalents at end of the year</b>	35	<b>22,150,478</b>	29,308,110

The annexed notes 1 to 45 form an integral part of these financial statements.

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

  
Chief Executive

  
Director

  
Director



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 1 LEGAL STATUS AND NATURE OF BUSINESS

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

The Modaraba is a multipurpose perpetual modaraba and is primarily engaged in ijarah financing, musharikhah, murabaha, musawamah, modaraba, equity investment, Ijarah and trading activities. The Modaraba is listed on the Karachi and Lahore Stock Exchanges.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP differ with the requirements of IFRS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Islamic Financial Accounting Standards (IFASs), Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP prevail.

#### 2.2 Initial application of standards, amendments or an interpretation to existing standards:

##### a) Standards, amendments to published standards and interpretations that are effective in year beginning from July 01, 2013 and are relevant to the Modaraba:

- IAS 1, 'Financial statement presentation' regarding other comprehensive income, emphasises on the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The application of the amendment has not affected the results or net assets of the Company as it is only concerned with presentation and disclosures.
- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. Applicable to annual periods beginning on or after January 1, 2013.
- IAS 32 Financial Instruments: Presentation - Applicable to annual periods beginning on or after 1 January 2013, is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction.
- IAS 34 Interim Financial Reporting is amended, Applicable to annual periods beginning on or after 1 January 2013, to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

- IAS 28 "Investments in Associates and Joint Ventures", applicable to annual reporting periods beginning on or after January 1, 2013.
- IFRS 12, 'Disclosure of interests in other entities', effective for annual periods beginning on or after January 1, 2013.
- IFRS 13, 'Fair value measurement', effective for annual periods beginning on or after January 1, 2013.
- IAS 19 (revised) 'Employee Benefits' has eliminated the corridor approach and requires to calculate finance cost on net funding bases. The Company has applied this change in accounting policy retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and recorded unrecognized actuarial losses net of taxes associated with retirement benefit plan by adjusting the opening balance of unappropriated profit and retirement benefit for the prior years presented.

There are a number of minor amendments in other IFRS and IAS which are part of annual improvement project published (not addressed above). These amendments are unlikely to have any impact on the company's financial statements and therefore have not been analyzed in detail.

### b) **Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Company**

Following new standards, amendments and interpretation to existing standards have been issued but are not effective for the financial year beginning July 1, 2013 and have not been early adopted by the Company:

- IFRS 10, 'Consolidated financial statements', effective for periods beginning on or after January 1, 2013.
- IAS 27 "Separate Financial Statements" , applicable to annual reporting periods beginning on or after January 1, 2013.
- IFRS 9 "Financial Instruments", Applies on a modified retrospective basis to annual periods beginning on or after January 1, 2015.
- Amendments to IFRS 7 (Disclosures) - Offsetting Financial Assets and Financial Liabilities, Applicable to annual periods beginning on or after January 1, 2013 and interim periods within those periods.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32), Applicable to annual periods beginning on or after January 1, 2014.
- IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets, Applicable to annual periods beginning on or after January 1, 2014.
- IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting, Applicable to annual periods beginning on or after January 1, 2014.

There are a number of minor amendments in other IFRS and IAS which are part of annual improvement project published (not addressed above). These amendments are unlikely to have any impact on the company's financial statements and therefore have not been analyzed in detail.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 2.3 Applicability of International Accounting Standard 17 'Leases'

SECP vide its circular No. 10 of 2004 dated February 13, 2004 has deferred, till further orders, the applicability of International Accounting Standard (IAS) 17 "Leases" on Modarabas with effect from July 1, 2003 and advised the management companies of Modarabas that they may continue to prepare the financial statements of the Modarabas without applying the requirements of the said IAS to the Modarabas. However, the requirements of the above IAS were considered for the purpose of preparation of these financial statements upto June 30, 2008. From July 1, 2008 all new leases are being accounted for in accordance with the requirements of IFAS 2 as explained in note 2.5. As allowed by the SECP, leases which were accounted for as finance lease in accordance with IAS 17 till June 30, 2008 continue to be accounted for as finance leases.

### 2.4 Islamic Financial Accounting Standard - 1

During the year ended June 30, 2005, the Securities and Exchange Commission of Pakistan notified the Islamic Financial Accounting Standard 1 issued by the Institute of Chartered Accountants of Pakistan relating to accounting for Murabaha transaction undertaken by a bank / financial institution, effective for financial periods beginning on or after January 1, 2006. The Modaraba adopted this standard effective from July 1, 2006.

### 2.5 Islamic Financial Accounting Standard - 2

During the year ended June 30, 2008, Islamic Financial Accounting Standard 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan which was notified by the Securities and Exchange Commission of Pakistan vide an SRO 431(1)/ 2007 dated May 5, 2007 was adopted. Under the above IFAS 2, the 'Ijarah' transactions are accounted for in the following manner:

- Muj`ir (lessors) shall present the assets subject to Ijarah in their balance sheet according to the nature of the asset, distinguished from the assets in own use.
- Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income shall be recognized as an expense.
- Ijarah income shall be recognized in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.
- SECP, vide its letter No. SC/ M/ RW/ SCM /2009 dated March 9, 2009, allowed that in case of Modarabas, IFAS-2 shall be applied for Ijarah transactions executed on or after July 1, 2008.

### 2.6 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments classified as financial assets 'at fair value through profit or loss' or 'available for sale' have been marked to market and certain staff retirement benefits are carried at present value of defined benefit obligation.

### 2.7 Functional and presentation currency

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





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 2.8 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. The management makes estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires management to exercise judgment in application of the Modaraba's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

Significant accounting estimates and areas where judgments were made by management in the application of accounting policies are disclosed in note 3 & 41 to these financial statements.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

#### 3.1 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

#### 3.2 Financial assets

##### 3.2.1 Classification

The Modaraba classifies its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39) Financial Instruments: Recognition and Measurement, except for the assets classified under Islamic Financial Accounting Standards, in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

##### a) At fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss' category. The financial assets classified as at fair value through profit or loss included investments in listed equity securities.

##### b) Loans and receivables

These are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. The financial assets included in loans and receivables classification are cash and bank balances, Musawamah finance, Modaraba finance, net investment in finance lease and advances, deposits, prepayments and other receivables.





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### c) Held to maturity

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

### d) Available for sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity (c) financial assets at fair value through profit or loss. The financial assets classified as 'available for sale' include investments in listed equity securities.

### e) Investment in associates

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

### 3.2.2 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

### 3.2.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

#### a) "Financial asset at fair value through profit or loss' & 'available for sale'

The investment in listed equity securities are marked to market using the closing market rates and are carried on the balance sheet at fair value.

Gains and losses arising from the difference between the carrying amount and the value determined in accordance with the criteria mentioned above in respect of financial assets at fair value through profit or loss are taken to the income statement.

Net gains and losses arising from the excess of value determined in accordance with the above mentioned criteria over the carrying amount in respect of 'available for sale' financial assets are recognised in other comprehensive income until the 'available for sale' investment is derecognised. At this time, the cumulative gain or loss previously recognised in other comprehensive income is transferred to the profit and loss account.

The Company accounts for its investment in associated undertakings using the equity method. Under this method Company's share of the post acquisition profits and / or losses of the associate is recognised in the profit and loss accounts and its share of post acquisition movements in reserve is recognised in reserves. Where company's share of losses of an associates equal or exceeds its interest in the associates, the company discontinue to recognize its shares of further losses except to the extent that company has incurred legal or constructive obligation or made payment on behalf of the associates. If the associates subsequently reports profits, the company resumes recognizing its share of those profit only after its share of the profit equals the share of losses not recognised.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### b) Loans and receivables' & 'held to maturity

Loans and receivables and held to maturity financial assets are carried at amortised cost.

### 3.2.4 Regular way contracts

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

### 3.2.5 Impairment

The management assesses at each balance sheet date whether there is objective evidence that the financial asset or a group of financial assets is impaired.

#### i) Financial assets classified as "held to maturity"

For loans and receivables, a provision for impairment is established when there is objective evidence that the Modaraba will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the profit and loss account.

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit and loss account.

#### ii) Financial assets classified as 'available for sale'

In case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is reclassified from equity and recognised in the profit and loss account. Impairment losses recognised on equity instruments are not reversed through profit and loss.

#### iii) Financial assets classified under Islamic Financial Accounting Standards

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

### 3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred and the Modaraba has transferred substantially all the risks and rewards of ownership.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 3.2.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

### 3.2.8 Financial liabilities

All financial liabilities are recognised at the time when the Modaraba becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

### 3.2.9 Receivable from terminated / matured contracts

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

### 3.2.10 Ijarah rentals , Musawamah finance and Modaraba finance

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

## 3.3 Fixed assets - Tangible

### 3.3.1 Owned assets

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

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

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

### 3.3.2 Ijarah assets

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

### 3.3.3 Gain or loss on disposal

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



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 3.3.4 Impairment

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

### 3.3.5 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that the future economic benefits associated with the asset will flow to the Modaraba and the cost of item can be measured reliably. Amortisation is charged to income using the straight line method in accordance with the rates specified in note 13.1 to these financial statements after taking into account residual value, if any. The residual values, useful lives and amortisation method are reviewed and adjusted, as appropriate, at each balance sheet date. Amortisation is charged from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceding the month of disposal.

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

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

### 3.4 Loans, advances and other receivables

These are stated at cost less estimates made for doubtful receivables based on a review of all outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.

### 3.5 Taxation

#### 3.5.1 Current

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

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

#### 3.5.2 Deferred

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

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



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

### 3.6 Creditors, accrued and other liabilities

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

#### 3.6.1 Provisions

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

#### 3.6.2 Staff retirement benefits

##### Unfunded gratuity scheme

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

Contributions under the scheme are made to this fund on the basis of actuarial recommendation at per annum of basic salary and are charged to profit and loss account. The latest actuarial valuation for the scheme was carried out as at June 30, 2014. The amount recognized in balance sheet represents the present value of the defined benefit obligation using the Projected Unit Credit Method.

Following are the key assumptions of the actuarial valuation scheme:

- Discount rate : 13% per annum (2013: 10.5 % per annum)
- Expected increase in eligible pay : 12% per annum (2013: 9.5 % per annum)
- Average expected remaining working life time of employees : 12 years (2013: 10 years)
- Number of employees : 11 employees (2013: 12 employees)
- Expected mortality rates : SLIC 2005 Setback 1 year (2013: EFU 61-66)

IAS 19 (Revised) 'Employee Benefits' amends the accounting for the Company's defined benefit plan under which all unrecognised actuarial gains/losses are recognised in the current period immediately eliminating the corridor approach as previously defined in the respective accounting standard. It has been applied retrospectively in accordance with the transitional provisions of the standard. The impact of the adoption of IAS 19 (revised) has been in the following areas:



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Effects of change in accounting policy are as follows:

	As at June 30, 2013		As at June 30, 2012	
	Before restatement	As re-stated	Before restatement	As re-stated
Rupees				
<b>Effect on statement of financial position:</b>				
Deferred liability - staff gratuity	3,084,050	3,980,611	2,174,621	2,842,051
Unappropriated profit		(896,561)	-	(667,430)
<b>Effect on other comprehensive income:</b>				
Remeasurement of net defined benefit liability - loss		(672,401)	-	(229,131)

### 3.7 Stock In trade

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

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

Packing materials are recorded at average cost.

### 3.8 Revenue recognition

#### 3.8.1 Ijarah

Income on Ijarah is recognised on an accrual basis.

#### 3.8.2 Non-performing ijarah lease

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

#### 3.8.3 Modaraba Finance

Profit on modaraba finance is recognised on the basis of pre-agreed profit / loss sharing ratio when actual gain / loss on transaction is computed upon termination / completion of transaction.

#### 3.8.4 Musawammah Finance

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



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 3.8.5 Dividend Income

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

### 3.8.6 Return on deposit with bank

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

### 3.9 Segment reporting

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

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

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

- Trading
- Financing
- Investments
- Ijarah

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
<b>4. CASH AND BANK BALANCES</b>			
With Cash in Hand		17,800	30,078
With banks in current accounts		910,830	3,089,951
With banks in PLS account	4.1	21,221,848	26,188,081
		<u>22,150,478</u>	<u>29,308,110</u>
4.1 These deposits accounts carry profit at rates ranging from 2.03% to 7.93% (2013: 3.23% to 9.15%).			
	Note	June 30, 2014 Rupees	June 30, 2013 Rupees

### 5. INVESTMENTS

#### 5.1 SHORT TERM INVESTMENTS

At fair value through profit and loss

- Equity securities - listed	5.1.1	43,053,177	44,296,203
		<u>43,053,177</u>	<u>44,296,203</u>





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 5.1.1 At fair value through profit and loss

#### Equity securities - listed

Name of investee company	Number of shares / Units				Balance as at June 30, 2014			
	As at July 1, 2013	Purchases during the year	Bonus / right issue	Sales / write-offs during the year	As at June 30, 2014	Carrying cost	Market value	Appreciation/ (diminution)
<b>Banking Sector</b>								
Bank Islami Pakistan Limited	45,000	55,000	-	100,000	-	-	-	-
Meezan Bank Limited	-	8,000	-	8,000	-	-	-	-
Sub total	45,000	63,000	-	108,000	-	-	-	-
<b>Construction and Materials</b>								
<b>Lafarge Pakistan Cement</b>								
Company Limited	-	50,000	-	50,000	-	-	-	-
Maple Leaf Cement Factory Limited	30,000	30,000	-	60,000	-	-	-	-
Fauji Cement Company Limited	-	25,000	-	25,000	-	-	-	-
Dewan Cement Company Limited	-	-	-	-	-	-	-	-
D.G.Khan Cement Limited	-	18,000	-	13,000	5,000	455,045	439,800	(15,246)
Cheart Cement Company Limited	-	22,000	-	22,000	-	-	-	-
Kohat Cement Company Limited	-	7,500	-	2,500	5,000	603,810	639,075	35,265
Sub total	30,000	152,500	-	172,500	10,000	1,058,855.88	1,078,875	20,019
<b>Oil &amp; Gas Producers</b>								
Attock Refinery Limited	5,000	-	-	5,000	-	-	-	-
Shell Pakistan Limited	3,750	-	937	4,687	-	-	-	-
Pakistan State Oil Limited	4,000	4,000	-	8,000	-	-	-	-
Pakistan Oilfield Limited	-	4,000	-	4,000	-	-	-	-
Pakistan Refinery Limited	4,000	-	-	4,000	-	-	-	-
National Refinery Limited	5,200	1,800	-	-	7,000	2,146,237	1,507,590	(638,647)
Pakistan Petroleum Limited	15,750	7,500	3,450	8,000	18,700	2,952,977	4,195,158	1,242,180
Sub total	37,700	17,300	4,387	33,687	25,700	5,099,214	5,702,748	603,533
<b>Gas Water &amp; Multiutilities</b>								
Sui Northern Gas Pipelines Limited	50,935	5,000	-	5,435	50,500	1,359,034	1,143,825	(215,209)
	50,935	5,000	-	5,435	50,500	1,359,034	1,143,825	(215,209)
<b>General Industries</b>								
Thal Limited	-	5,000	-	5,000	-	-	-	-
Packages Limited	-	3,500	-	3,500	-	-	-	-
Sub total	-	8,500	-	8,500	-	-	-	-
<b>Electricity</b>								
The Hub Power Company Limited	-	2,500	-	-	2,500	167,517	146,838	(20,679)
K-Electric Limited	-	105,000	-	80,000	25,000	212,771	212,125	(647)
Pakgen Power Limited	-	5,000	-	-	5,000	112,511	90,175	(22,336)
Hub Power Company Limited	-	1,000	1,000	-	-	-	-	-
Sub total	-	113,500	-	81,000	32,500	492,799	449,138	(43,662)
<b>Automobile and Parts</b>								
Agriauto Industries Limited	6,000	-	-	-	6,000	654,736	579,000	(75,736)
Pak Suzuki Motors Company Limited	-	3,000	-	3,000	-	-	-	-
Atlas Honda Cars (Pakistan) Limited	-	5,000	-	-	-	-	-	-
Sub total	6,000	8,000	-	3,000	6,000	654,736	579,000	(75,736)





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Name of investee company	Number of shares / Units				Balance as at June 30, 2014			
	As at July 1, 2013	Purchases during the year	Bonus / right issue	Sales / write-offs during the year	As at June 30, 2014	Carrying cost	Market value	Appreciation/ (diminution)
<b>Fixed Line Telecommunication</b>								
<b>Pakistan Telecommunication</b>								
Compay Limited	30,000	10,000	-	40,000	-	-	-	-
	<u>30,000</u>	<u>10,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Software and Computer Services</b>								
<b>Netsol Technologies Limited</b>								
	-	5,000	-	5,000	-	-	-	-
	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Chemicals</b>								
Fauji Fertilizer Bin Qasim Limited	140,000	20,000	-	65,000	95,000	4,757,595	3,777,280	(980,316)
Fatima Fertilizer Company Limited		5,000	-	-	5,000	161,516	144,600	(16,915)
Fauji Fertilizer Company Limited	65,000	30,000	-	5,000	90,000	10,269,615	10,102,500	(167,115)
Lotte Pakistan PTA Limited	200,000	-	-	-	200,000	2,193,568	1,438,000	(755,568)
Akzo Nobel Pakistan Limited	-	2,500	-	2,500	-	-	-	-
ICI Pakistan Limited	7,319	-	-	7,319	-	-	-	-
Sub total	<u>412,319</u>	<u>57,500</u>	<u>-</u>	<u>79,819</u>	<u>390,000</u>	<u>17,382,295</u>	<u>15,462,380</u>	<u>(1,919,914)</u>
<b>Pharma and Bio Tech</b>								
<b>Searle Compay Limited</b>								
	-	8,500	-	8,500	-	-	-	-
Sub total	<u>-</u>	<u>8,500</u>	<u>-</u>	<u>8,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Industrial Transportation</b>								
<b>Pakistan National Shipping Company</b>								
	-	2,000	-	-	2,000	160,006	142,240	(17,766)
	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>160,006</u>	<u>142,240</u>	<u>(17,766)</u>
<b>Personal Goods(Textiles)</b>								
<b>Nishat Mills Limited</b>								
	-	20,000	-	10,000	10,000	1,251,375	1,119,200	(132,175)
Kohinoor Textile Mills Limited	-	30,000	-	-	30,000	803,480	476,950	(326,530)
Sub total	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>10,000</u>	<u>40,000</u>	<u>2,054,855</u>	<u>1,596,150</u>	<u>(458,705)</u>
<b>Units of Mutual Funds</b>								
<b>UBL Bank Limited - Islamic saving fund Class C</b>								
	30,724	-	1,895	8,500	24,118	1,836,380	2,481,359	644,979
<b>Meezan Islamic Fund - Growth Units</b>								
	70,820	-	36,860	38,500	69,180	1,521,948	3,444,742	1,922,793
<b>Meezan Sovereign Fund - growth Fund</b>								
	112,480	-	10,231	19,000	103,711	4,200,422	5,284,465	1,084,043
First Habib Islamic Balanced Fund	48,811	-	10,136	3,500	55,447	4,673,100	5,688,266	1,015,166
	<u>262,835</u>	<u>-</u>	<u>59,122</u>	<u>69,500</u>	<u>252,456</u>	<u>12,231,851</u>	<u>16,898,832</u>	<u>4,666,981</u>
<b>Total Listed securities</b>								
<b>- At Fair value through Profit &amp; Loss</b>								
	<u>874,789</u>	<u>500,800</u>	<u>63,509</u>	<u>624,941</u>	<u>809,156</u>	<u>40,493,647</u>	<u>43,053,177</u>	<u>2,559,540</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
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### 5.1.2 Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss

Market Value as at		<b>43,053,177</b>	44,296,203
Cost of investment		<b>40,493,647</b>	44,189,094
Unrealised gain/(loss) on investment as at year ended		<b>2,559,531</b>	107,111
Unrealised gain/(loss) on investment at the beginning of the year		<b>107,111</b>	(17,632,196)
Loss realised on disposal during the year		<b>(804,508)</b>	14,009,180
Unrealised loss on investment for the year ended		<b>3,256,928</b>	3,730,127

### 5.2 LONG TERM INVESTMENTS

Investment in Associates	5.2.1	<b>7,493,454</b>	6,870,600
<i>Available for Sale</i>			
- Equity securities - listed	5.2.2	<b>7,875,751</b>	2,551,990
		<b>15,369,205</b>	9,422,590

#### 5.2.1 Investment in Associates

June 30 2014				
Al-Noor Sugar Mills Limited	Shah Murad Sugar Mills Limited	Reliance Insurance Company Limited	Total	
Opening balance	6,870,601	-	-	6,870,601
Share of incremental depreciation	222,110	-	-	222,110
Share of profit/(loss) of associate	458,312	-	-	458,312
	680,422	-	-	680,422
Dividend income	(57,570)	-	-	(57,570)
Reversal of Sale of Shares	-	-	-	-
	<b>7,493,454</b>	-	-	<b>7,493,454</b>
June 30 2013				
Al-Noor Sugar Mills Limited	Shah Murad Sugar Mills Limited	Reliance Insurance Company Limited	Total	
Opening balance	6,614,015	4,389,335	4,110,503	15,113,852
Share of incremental depreciation	156,210	(435,855)	-	(279,645)
Shares of others comprehensive income	-	-	-	-
Share of profit of associate	153,873	237,036	281,552	672,461
	310,083	(198,819)	281,552	392,816
Dividend income	(53,497)	(153,305)	-	(206,902)
	-	(4,037,213)	(4,392,055)	(8,429,268)
	<b>6,870,600</b>	-	-	<b>6,870,600</b>

#### Basis of significant influence

*Name of Associate*

Al-Noor Sugar Mills Limited

*Basis of significant influence*

Common directorship



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Summarized financial statements of Associates:

	June 30 2014			June 30 2013		
	Al-Noor Sugar Mills Limited	Shah Murad Sugar Mills Limited	Reliance Insurance Company Limited	Al-Noor Sugar Mills Limited	Shah Murad Sugar Mills Limited	Reliance Insurance Company Limited
	-----Rupees in '000-----			-----Rupees in '000-----		
Share capital - ordinary shares of Rs. 10 each	194,988	211,187	366,781	194,988	211,187	366,781
Total assets	10,431,035	7,156,750	1,454,833	6,393,279	4,820,388	1,546,613
Total liabilities	7,919,374	6,248,170	776,457	4,525,278	3,729,940	959,407
Net assets	2,511,661	1,976,813	1,349,135	1,868,001	1,090,448	587,206
Revenue	2,971,754	2,128,718	69,378	5,985,396	5,585,789	5,542
Profit for the year - after tax	126,565	198,055	24,958	136,459	37,265	8,493
	-----Rupees-----			-----Rupees-----		
Number of shares held	121,275	-	-	115,500	-	-
Cost of investment	1,623,000	-	-	1,704,000	-	-
Ownership interest	62%	0.00%	0.00%	59%	0.00%	0.00%
Market value of shares	4,730,000	-	-	5,429,000	-	-
<b>Net book value</b>	<b>(3,107,000)</b>	<b>-</b>	<b>-</b>	<b>(3,725,000)</b>	<b>-</b>	<b>-</b>
Financial results based on the information available as on	31-Mar-14	31-Mar-14	31-Mar-14	30-Jun-13	30-Jun-13	31-Mar-13
Financial year ended of the companies	30-Sep	30-Sep	31-Dec	30-Sep	30-Sep	31-Dec



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 5.2.2 Available for sale

#### Equity securities - listed

Name of investee company	Number of shares				Balance as at June 30, 2014			
	As at July 1, 2013	Purchases during the year	Bonus / right issue	Sales /write-offs during the year	As at June 30, 2014	Carrying cost	Market value	Appreciation/ (diminution)
Fully paid ordinary shares of Rs 10 each unless stated otherwise								
<b>Equity Investment Instruments</b>								
First National Bank Modaraba	19,000	-	-	9,000	10,000	34,700	36,700	2,000
First Habib Modaraba	3,481	1,019	-	-	4,500	36,646	43,875	7,228
First Imrooz Modaraba	-	500	-	-	500	42,254	26,860	(15,394)
Allied Rental Modaraba	-	3,000	-	-	3,000	118,962	170,076	51,114
Standard Chartered Modaraba	11,550	-	-	-	11,550	144,522	254,100	109,578
Sub total	34,031	4,519	-	9,000	29,550	377,085	531,611	154,526
<b>Banking Sector</b>								
Meezan Bank Limited	-	15,000	-	15,000	-	-	-	-
Sub total	-	15,000	-	15,000	-	-	-	-
<b>Gas Water &amp; Multiutilities</b>								
Sui Northern Gas Pipelines Limited	11,550	-	-	-	11,550	248,000	261,608	13,608
Sub total	11,550	-	-	-	11,550	248,000	261,608	13,608
<b>Fixed Line Telecommunication</b>								
Worldcall Telecommunication Limited	15,000	-	-	-	15,000	55,500	31,350	(24,150)
Sub total	15,000	-	-	-	15,000	55,500	31,350	(24,150)
<b>Chemicals</b>								
Fauji Fertilizer Bin Qasim Limited	52,500	85,000	-	-	137,500	5,656,008	5,468,183	(187,825)
Archroma Pakistan Limited	-	1,400	-	-	1,400	480,600	460,644	(19,956)
Fauji Fertilizer Compay Limited	-	10,000	-	-	10,000	1,084,658	1,122,356	37,698
Sub total	52,500	96,400	-	-	148,900	7,221,266	7,051,183	(170,084)
Total Listed securities - AFS	113,081	115,919	-	24,000	205,000	7,901,851	7,875,751	(26,100)

**June 30,**  
**2014**  
**Rupees**

June 30,  
2013  
Rupees

### 5.2.3 Unrealized gain/ (loss) on re-measurement of available of sale investment

Market Value as at	<b>7,875,751</b>	2,551,990
Cost of investment	<b>7,901,851</b>	2,869,913
Unrealised gain / (loss) on investment as at year ended	<b>(26,100)</b>	(317,923)
Unrealised gain / (loss) on investment at the beginning of the year	<b>(317,923)</b>	(1,295,406)
Unrealised gain / (loss) on investment for the year ended	<b>291,823</b>	977,483



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
<b>6 MUSAWAMAH RECEIVABLES - SECURED</b>			
Musawamah receivables	6.1	<u>25,000,000</u>	<u>58,197,900</u>
<b>6.1</b>	This represents principal amount outstanding against musawamah receivable from various customers for the period ranging between 90 to 180 days. These musawamah carry profit ranging from 12.25% to 16.50% (June 2013: 12.25% to 16.50%) per annum. These are secured against hypothecation of stocks and trade receivables, vehicles, demand promissory notes, personal guarantee of directors/proprietors and mortgage of properties.		
	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
<b>7 PROFIT RECEIVABLE</b>			
Musawamah receivable		<u>462,737</u>	1,432,897
PLS bank account		<u>236,589</u>	192,946
		<u>699,326</u>	<u>1,625,843</u>
<b>8 IJARAH RENTALS RECEIVABLE</b>			
Ijarah rentals receivable - considered good		<u>108,789</u>	-
Less: allowance for potential Ijarah losses		<u>-</u>	-
		<u>108,789</u>	<u>-</u>
<b>9 STOCK IN TRADE</b>			
Finished goods		<u>124,583,191</u>	107,269,389
In transit		<u>10,593</u>	-
less: Provision for slow moving stock		<u>(267,790)</u>	(267,790)
		<u>124,325,994</u>	<u>107,001,599</u>
<b>10 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advances - considered good			
- Suppliers		<u>4,088,000</u>	622,000
- Employees		<u>192,000</u>	315,500
Prepayments		<u>3,544,373</u>	3,111,625
Others		<u>233,529</u>	2,087,237
Sales tax receivable	16.1	<u>591,517</u>	224,540
		<u>8,649,419</u>	<u>6,360,902</u>
<b>11 TAXATION</b>			
<b>11.1</b>	The income of the Modaraba, not being trading income, is exempt from tax subject to the condition that not less than ninety per cent of its total profits in the year as reduced by the amount transferred to a mandatory reserve, required under the provisions of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed amongst the shareholders.		



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

As per section 148 of the income tax ordinance, 2001, the Collector of Customs shall collect advance tax from every importer of goods on the value of the goods at the rate specified in Part II of the First Schedule of the income tax ordinance, 2001. The tax collected under this section shall be a final tax on the income of the importer arising from the imports.

As per section 154 of the income tax ordinance, 2001, every authorised dealer in foreign exchange shall, at the time of realisation of foreign exchange proceeds on account of the export of goods by an exporter, deduct tax from the proceeds at the rates specified in Division IV of Part III of the First Schedule. The tax deducted under this section shall be a final tax on the income arising from the transaction.

No provision for current taxation has been made in these financial statements as the Modaraba intends to distribute at least 90 percent of its total income for the year after transfer to mandatory reserve, Income tax expense during the year amounting to Rs. 50,932 (2013: Rs. 165,912) are the tax deducted as final on the remittance received from the export of goods.

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
<b>11.2 Income tax refundable</b>		<b>2,011,747</b>	1,917,239
Income tax adjusted / deducted at source		<u>302,991</u>	<u>94,508</u>
		<b>2,314,738</b>	<b>2,011,747</b>
<b>12 LONG TERM DEPOSITS</b>			
National Commodities Exchange Limited		<b>3,350,000</b>	3,350,000
Guarantee Margin - MCB		<b>440,000</b>	440,000
Mobile Phone - Pakistan Mobile Comm.		<b>12,489</b>	12,489
Security Deposit- CDC Pakistan Ltd.		<u>37,500</u>	<u>37,500</u>
		<b>3,839,989</b>	<b>3,839,989</b>
<b>13 IJARAH ASSETS</b>			
Machinery		<b>4,233,372</b>	8,256,072
Vehicles		<b>52,690,320</b>	46,855,998
Others		<u>36,112,820</u>	<u>15,182,617</u>
	13.1	<b>93,036,512</b>	<b>70,294,687</b>

-----Year ended June 30, 2014-----

Ijarah Assets				
	Machinery & Equipments	Motor Vehicles	Others	Total
<b>At July 01, 2013</b>				
Cost	14,688,404	70,103,500	17,500,000	102,291,904
Accumulated depreciation	(6,432,332)	(23,247,502)	(2,317,383)	(31,997,217)
<b>Net book value</b>	<u>8,256,072</u>	<u>46,855,998</u>	<u>15,182,617</u>	<u>70,294,687</u>
<b>Additions</b>	-	34,224,900	25,000,000	59,224,900
<b>Disposals</b>				
Cost	(3,623,568)	(21,172,000)	-	(24,795,568)
Depreciation	3,261,211	15,568,007	-	18,829,218
	(362,357)	(5,603,993)	-	(5,966,350)
Depreciation / amortisation charge for the year	(3,660,343)	(22,786,585)	(4,069,797)	(30,516,725)
<b>Closing net book value</b>	<u>4,233,372</u>	<u>52,690,320</u>	<u>36,112,820</u>	<u>93,036,512</u>
<b>At June 30, 2014</b>				
Cost	11,064,836	83,156,400	42,500,000	136,721,236
Accumulated depreciation	(6,831,464)	(30,466,080)	(6,387,180)	(43,684,724)
<b>Net book value</b>	<u>4,233,372</u>	<u>52,690,320</u>	<u>36,112,820</u>	<u>93,036,512</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	Year ended June 30, 2013			
	Ijarah Assets			
	Machinery & Equipments	Motor Vehicles	Others	Total
At July 01, 2012				
Cost	13,123,404	32,594,000	-	45,717,404
Accumulated depreciation	(3,289,919)	(9,515,514)	-	(12,805,433)
<b>Net book value</b>	<b>9,833,485</b>	<b>23,078,486</b>	<b>-</b>	<b>32,911,971</b>
<b>Additions</b>	<b>1,565,000</b>	<b>49,310,000</b>	<b>17,500,000</b>	<b>68,375,000</b>
<b>Disposals</b>				
Cost	-	(11,800,500)	-	(11,800,500)
Depreciation	-	6,511,492	-	6,511,492
	-	(5,289,008)	-	(5,289,008)
Depreciation / amortisation charge for the year	(3,142,413)	(20,243,480)	(2,317,383)	(25,703,276)
Closing net book value	8,256,072	46,855,998	15,182,617	70,294,687
At June 30, 2013				
Cost	14,688,404	70,103,500	17,500,000	102,291,904
Accumulated depreciation	(6,432,332)	(23,247,502)	(2,317,383)	(31,997,217)
<b>Net book value</b>	<b>8,256,072</b>	<b>46,855,998</b>	<b>15,182,617</b>	<b>70,294,687</b>

	June 30, 2014	June 30, 2013
	Rupees	Rupees
<b>14 FIXED ASSETS IN OWN USE</b>		
Tangible assets	<b>4,212,048</b>	6,172,560
Intangible assets	<b>31,828</b>	58,228
	<b>4,243,876</b>	<b>6,230,788</b>

14.1 The following is a statement of fixed assets:

	Year ended June 30, 2014								
	Tangible assets						Total Tangible Assets	Intangible	Total fixed
	Land	Building	Computer equipment	Office equipment and appliances	Furniture and Fixtures	Motor Vehicles		Computer software	Assets in use
	Rupees								
At July 01, 2012									
Cost	-	-	1,250,794	1,217,592	564,356	6,084,380	9,117,122	253,000	9,370,122
Accumulated depreciation / amortisation	-	-	(1,104,313)	(705,014)	(284,325)	(850,911)	(2,944,563)	(194,772)	(3,139,335)
<b>Net book value</b>	<b>-</b>	<b>-</b>	<b>146,481</b>	<b>512,578</b>	<b>280,031</b>	<b>5,233,469</b>	<b>6,172,559</b>	<b>58,228</b>	<b>6,230,787</b>
<b>Additions</b>	<b>-</b>	<b>-</b>	<b>25,506</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>50,506</b>	<b>-</b>	<b>50,506</b>
<b>Disposals</b>									
Cost	-	-	(9,100)	(259,365)	-	(1,295,965)	(1,564,430)	-	(1,564,430)
Depreciation	-	-	9,100	236,766	-	928,775	1,174,641	-	1,174,641
	-	-	-	(22,599)	-	(367,190)	(389,789)	-	(389,789)
Depreciation / amortisation charge for the year	-	-	(110,685)	(202,847)	(50,735)	(1,256,961)	(1,621,228)	(26,400)	(1,647,628)
<b>Closing net book value</b>	<b>-</b>	<b>-</b>	<b>61,302</b>	<b>312,132</b>	<b>229,296</b>	<b>3,609,318</b>	<b>4,212,048</b>	<b>31,828</b>	<b>4,243,876</b>
At June 30, 2013									
Cost	-	-	1,267,200	983,227	564,356	4,788,415	7,603,198	253,000	7,856,198
Accumulated depreciation / amortisation	-	-	(1,205,898)	(671,095)	(335,060)	(1,179,097)	(3,391,150)	(221,172)	(3,612,322)
<b>Net book value</b>	<b>-</b>	<b>-</b>	<b>61,302</b>	<b>312,132</b>	<b>229,296</b>	<b>3,609,318</b>	<b>4,212,048</b>	<b>31,828</b>	<b>4,243,876</b>
Depreciation rate % per annum	NIL	5	30	30	10	20		30	



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

----- Year ended June 30, 2013 -----									
----- Tangible assets -----						Total	Intangible		
Land	Building	Computer equipment	Office equipment and appliances	Furniture and Fixtures	Motor Vehicles		Computer software		
----- Rupees -----									
<b>At July 01, 2011</b>									
Cost	24,915,104	6,312,096	1,241,998	789,847	564,356	2,539,265	36,362,666	253,000	36,615,666
Accumulated depreciation / amortisation	-	(1,106,371)	(983,216)	(584,357)	(232,987)	(642,995)	(3,549,926)	(168,372)	(3,718,298)
<b>Net book value</b>	<b>24,915,104</b>	<b>5,205,725</b>	<b>258,782</b>	<b>205,490</b>	<b>331,369</b>	<b>1,896,271</b>	<b>32,812,741</b>	<b>84,628</b>	<b>32,897,369</b>
<b>Additions</b>	-	-	8,796	458,245	-	5,572,825	6,039,866	-	6,039,866
<b>Disposals</b>									
Cost	(24,915,104)	(6,312,096)	-	(30,500)	-	(2,027,710)	(33,285,410)	-	(33,285,410)
Depreciation	-	1,316,774	-	19,254	-	1,107,797	2,443,825	-	2,443,825
	(24,915,104)	(4,995,322)	-	(11,246)	-	(919,913)	(30,841,585)	-	(30,841,585)
Depreciation / amortisation charge for the year	-	(210,403)	(121,097)	(139,911)	(51,338)	(1,315,713)	(1,838,462)	(26,400)	(1,864,862)
<b>Closing net book value</b>	<b>-</b>	<b>-</b>	<b>146,481</b>	<b>512,578</b>	<b>280,031</b>	<b>5,233,470</b>	<b>6,172,560</b>	<b>58,228</b>	<b>6,230,788</b>
<b>At June 30, 2012</b>									
Cost	-	-	1,250,794	1,217,592	564,356	6,084,380	9,117,122	253,000	9,370,122
Accumulated depreciation / amortisation	-	-	(1,104,313)	(705,014)	(284,325)	(850,911)	(2,944,563)	(194,772)	(3,139,335)
<b>Net book value</b>	<b>-</b>	<b>-</b>	<b>146,481</b>	<b>512,578</b>	<b>280,031</b>	<b>5,233,470</b>	<b>6,172,560</b>	<b>58,228</b>	<b>6,230,788</b>
Depreciation rate % per annum	NIL	5	30	30	10	20		30	

### 14.2 Disposal of fixed assets

	Cost	Accumulated depreciation	Net book value	Sale Proceeds	Gain / Loss on disposal	Mode of Disposal	Particulars of Buyers
	----- (Rupees) -----						
Printer Laser Jet P-105	9,100	9,100	-	2,000	2,000	Negotiation	M/s True Tech
Honda City No. ATS-454	1,295,965	928,775	367,190	1,107,500	740,310	Negotiation	M/s Ahmed Motors Ltd.
<b>June 30, 2014</b>	<b>1,305,065</b>	<b>937,875</b>	<b>367,190</b>	<b>1,109,500</b>	<b>742,310</b>		
<b>June 30, 2013</b>	<b>33,285,410</b>	<b>2,443,825</b>	<b>30,841,585</b>	<b>27,837,000</b>	<b>(3,454,585)</b>		

Items having carrying value Rs. 22,599 were written off during the year.

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
<b>15 SECURITY DEPOSITS</b>			
Security deposits		19,552,981	15,057,392
Less: Repayable / adjustable after one year		(16,668,031)	(12,275,810)
Current maturity of security deposits		<u>2,884,950</u>	<u>2,781,582</u>





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

16	CREDITORS, ACCRUED AND OTHER LIABILITIES	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
	Creditors		1,275,742	1,275,742
	Accrued expenses		3,176,570	3,673,033
	Payable to management company	16.1	2,821,071	1,467,429
	Clearing and forwarding charges		458,900	458,900
	Takaful / Insurance		51,536	83,386
	Advances from customers		1,475,316	3,054,850
	Provision for Worker's Welfare Fund		820,364	605,852
	Advance Ijarah rentals		1,992,207	1,608,914
	Unclaimed profit distributions		901,683	951,525
			<u>12,973,390</u>	<u>13,179,631</u>

- 16.1** This includes sindh sales tax on management fee payable amounting to Rs. 389,113/- (2013: Rs. 202,404) as per the provisions of Sindh Sales Tax on Services Act, 2011. The said Act has been published as an Act of the Legislature of Sindh vide notification dated June 10, 2011. Due to the enforceability of the Act, the management fee payable to the Modaraba Management Company has come under the ambit of the Act.

The levy has been recorded as Sales tax refundable on the basis of opinion received from the tax consultant advising that the excess input tax shall be adjustable against the output tax on other services subject to levy under Sindh Sales Tax on Services Act, 2011 and any excess input tax shall be refundable.

### 17 PROVISION FOR CUSTOM DUTY & SURCHARGE

Custom duty / surcharge	17.1	<u>4,398,842</u>	<u>4,398,842</u>
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- 17.1** In a suit filed with the Honorable High Court of Sindh in the year 1994 - 95, Modaraba has disputed the amount of duty and surcharge levied by the Collector of Customs on import of 1,901.472 metric tons of edible oil imported from Singapore. The Honorable High Court rejected the appeal and ordered to deposit amount for the disputed amount of duty. The Modaraba has filed an appeal in the Honorable Supreme Court against the decision of the Honorable High Court. The Honorable Supreme Court in its interim order allowed the Modaraba to get release of goods for which Modaraba has provided bank guarantee of Rs. 4.4 million against 10% cash margin and hypothecation charge on current assets until the matter is decided. The Modaraba, however, has fully provided for the duty and surcharge of Rs. 4,398,842, as claimed by the Collector of Customs.

### 18 PROFIT PAYABLE

Late payment & cheques return	18.1	52,362	-
Shares Dividend	18.2	289,042	208,954
		<u>341,404</u>	<u>208,954</u>

- 18.1** This represents surcharge applied to customers due to late payment and cheques returned during the year. The management is required to donate the same for charitable purposes.

- 18.2** This represents non shariah shares dividend Income during the year. The management has to donate the same for charitable purposes as per circular 8 of 2012 of the Securities and Exchange Commission of Pakistan.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 19 DEFERRED LIABILITY - STAFF GRATUITY

#### 19.1 Staff Gratuity Scheme

As disclosed in note 3.6.2, the Modaraba operates an unfunded gratuity scheme for its permanent employees. The latest actuarial valuation was carried out as at June 30, 2014, using the Projected Unit Credit Method.

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees (Restated)
<b>19.2 Liability recognised in the balance sheet:</b>			
Present value of the defined benefit obligation	3.6.2	5,423,164	3,980,581
Less: Fair value of planned assets		-	-
Defined benefit liability recognized in the accounts		<u>5,423,164</u>	<u>3,980,611</u>
<b>19.3 Changes in present value of defined benefit obligation:</b>			
Opening Net Liability		3,980,581	2,842,051
Current service cost		565,221	511,512
Net interest on defined benefit liability		417,961	397,887
Net remeasurements for the year		672,401	229,131
Payments to fund during the year		(213,000)	-
Closing net liability		<u>5,423,164</u>	<u>3,980,581</u>
<b>19.4 Amounts recognized in profit and loss account</b>			
Current service cost		565,221	511,512
Interest cost		417,961	397,887
Expense recognized in P&L		<u>983,182</u>	<u>909,399</u>
<b>19.5 Total remeasurements chargeable in other comprehensive income</b>			
Actuarial gains / losses from changes in demographic assumptions		-	-
Actuarial gains / losses from changes in financial assumptions		-	-
Experience adjustments		672,401	229,131
Total remeasurements chargeable in other comprehensive income		<u>672,401</u>	<u>229,131</u>
<b>19.6 Changes in Net Liability</b>			
Balance as on 1 July		390,581	2,842,051
Expense chargeable to P&L	19.4	983,182	909,399
Remeasurements chargeable in other comprehensive income	19.5	672,401	229,131
Payments during the year	19.3	(213,000)	-
Company's liability at 30 June		<u>5,423,164</u>	<u>3,980,611</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 19.7 Five years comparison

	As at June 30				
	2014	2013	2012	2011	2010
Present value of defined benefit obligation	5,423,164	3,980,581	2,842,051	3,096,825	2,851,446
	For the year ended June 30				
	2014	2013	2012	2011	2010
Experience Adjustments arising on plan liabilities gains / (losses)	(672,401)	(229,131)	32,552	(103,299)	(169,626)

### 20. CERTIFICATE CAPITAL

#### Authorised certificate capital

June 30, 2014	June 30, 2013		June 30, 2014	June 30, 2013
No. of certificates			..... Rupees .....	
<u>40,000,000</u>	<u>40,000,000</u>	Modaraba Certificates of Rs 10 each	<u>400,000,000</u>	400,000,000
<b>Issued, subscribed and paid-up capital</b>				
<u>20,000,000</u>	20,000,000	Modaraba Certificates of Rs 10 each fully paid in cash	<u>200,000,000</u>	200,000,000
<u>1,000,000</u>	1,000,000	Modaraba Certificates of Rs 10 each issued as fully paid bonus certificates	<u>10,000,000</u>	10,000,000
<u>21,000,000</u>	<u>21,000,000</u>		<u>210,000,000</u>	<u>210,000,000</u>

20.1 As at 30 June 2014, First Al-Noor Modaraba Management (Private) Limited (the Management Company) held 4,200,000 certificates (2013: 4,200,000 certificates), as required under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

### 21 RESERVES

#### Statutory reserve

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

During the current year the Modaraba has transferred an amount of Rs 4,279,788 (2013: Rs 2,199,214) which represents 20% (2013: 20%) of the profit after tax.

### 22 CONTINGENCIES AND COMMITMENTS

#### Contingencies:

There are no known contingencies at the balance sheet date.

#### Commitments:

The company had import purchase commitment of 74 M.Ton Chick Peas having value of Rs. 4.2 million (USD: 43,013) as at June 30, 2014 (2013: Nil).

### 23 PROFIT FROM TRADING OPERATIONS

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
Sales	23.1	<b>308,647,730</b>	74,156,369
Cost of sales	23.2	<b>(288,976,500)</b>	(67,478,525)
Profit		<u><b>19,671,230</b></u>	<u>6,677,844</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
<b>23.1 Sales</b>			
Local		301,856,078	74,156,369
Export		6,791,652	-
Sales		<u>308,647,730</u>	<u>74,156,369</u>
<b>23.2 Cost of Sales</b>			
Opening stock		107,269,389	4,150,682
Purchases		305,808,541	170,597,232
		413,077,930	174,747,914
Packing material consumed		-	-
Export expenses		492,354	-
		413,570,284	174,747,914
Less: Closing stock		(124,593,784)	(107,269,389)
Cost of sales		<u>288,976,500</u>	<u>67,478,525</u>
<b>24 INCOME FROM IJARAH</b>			
Ijarah income		41,068,053	33,925,988
Less: Depreciation on ijarah assets		(30,516,725)	(25,703,276)
		<u>10,551,328</u>	<u>8,222,712</u>
<b>25 INCOME FROM INVESTMENTS</b>			
Gain on sale of marketable securities - net		4,373,862	3,580,970
Dividend income		2,896,074	2,444,515
Profit on term deposit modaraba (Al Baraka Bank)		-	1,322,321
Profit on COII -(Meezan Bank Ltd.)		-	574,943
Profit on Al-Samarat (HBL Islamic Banking)		140,137	2,056,101
Profit on Barkat Islamic Certificates (Faysal Bank)		282,292	926,397
Profit on Al-Makhraj (MCB Islamic Banking)		72,422	-
		<u>7,764,787</u>	<u>10,905,248</u>
<b>26 ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries and other staff benefits	26.1	10,374,126	10,671,378
Rent, rates and taxes		1,860,117	1,720,020
Postage and telephone		335,190	336,608
Printing and stationery		400,742	311,226
Fee and subscription		1,681,866	1,325,569
Legal and professional charges		864,059	903,320
Traveling and conveyance		187,330	259,190
Entertainment		219,960	194,679
Repair and maintenance		1,466,303	2,673,731
Electricity and other utility charges		1,105,791	1,248,086
Depreciation 1,647,628		1,868,691	
Auditor's remuneration	26.3	388,475	359,125
Advertisement and publicity		109,400	110,300
Zakat		2,638	9,039
Storage and transportation charges		373,668	82,113
Insurance		3,917,703	2,751,159
Commission		110,580	111,207
Others		391,267	625,179
		<u>25,436,843</u>	<u>25,560,619</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

**26.1** This includes Rs. 983,182 (2013: Rs. 909,399) in respect of staff retirement benefits.

**26.2** Office space and janitorial expenditure / services are borne by Al Noor Modaraba Management (Private) Limited.

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
<b>26.3 Auditors remuneration</b>			
Audit fee		<b>250,000</b>	250,000
Half yearly review		<b>75,000</b>	75,000
Out-of-pocket expenses		<b>63,475</b>	34,125
		<b>388,475</b>	359,125

### **27 FINANCIAL AND OTHER CHARGES**

Bank charges		<b>65,147</b>	9,870
Guarantee commission		<b>81,664</b>	77,440
		<b>146,811</b>	87,310

### **28 OTHER INCOME/(LOSS)**

Profit on bank deposits	28.1	<b>2,437,992</b>	1,952,618
Foreign exchange difference		<b>9,259</b>	6,164
Profit/(loss) on disposal of fixed asset	14.2	<b>742,310</b>	(3,454,585)
Commission Income		-	136,800
Takaful / Insurance Claim		<b>467,605</b>	411,372
Miscellaneous income		<b>453,126</b>	267,754
		<b>4,110,292</b>	(679,877)

**28.1** This represents profit from PLS accounts, maintained with Islamic banks at the rates ranging from 2.09% to 7.93% (2013: 3.23% to 9.15%).

### **29 MODARABA MANAGEMENT FEE**

In accordance with the Modaraba Companies and Modaraba Rules, 1981 management fee at the rate of 10% of annual profits is payable to the Management Company.

### **30 PROVISION FOR WORKERS WELFARE FUND**

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

During the current year, the management has made a provision of Rs. 437,752 (2013: Rs. 223,240) in respect of this liability.

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
<b>31 INCOME TAX EXPENSES</b>			
Current tax	11.1	<b>50,932</b>	165,912



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
<b>31.1 Relation between tax expenses and accounting profit</b>			
Accounting profit for the current year		<u>21,449,870</u>	<u>11,161,981</u>
Tax on income @ 25% (2013: 25%)		<u>5,362,468</u>	<u>2,790,495</u>
Tax effect off - exempt income		<u>(5,311,536)</u>	<u>(2,624,583)</u>
		<u>50,932</u>	<u>165,912</u>

### 32 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

Profit for the year	<u>21,398,938</u>	<u>10,996,069</u>
	------(Numbers)-----	
Weighted average number of certificates	<u>21,000,000</u>	<u>21,000,000</u>
	----- (Rupee per certificate) -----	
Earning per certificate - basic and diluted	<u>1.02</u>	<u>0.52</u>

There is no dilutive effect on the basic earnings per share of the Modaraba, since there are no convertible instruments in issue as at June 30, 2014 and June 30, 2013 which would have any effect on the earnings per share if the option to convert is exercised. There is no dilutive effect on the basic earning per certificate of the Modaraba.

### 33 REMUNERATION OF OFFICERS AND EMPLOYEES

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

	2014			2013		
	Officers	Employees	Total	Officers	Employees	Total
Salary	5,172,063	2,492,100	7,664,153	4,624,000	2,160,000	6,784,000
Benefit	274,868	39,900	314,768	836,639	704,751	1,541,390
Gratuity	677,205	305,977	983,182	620,700	288,699	909,399
EOBI	21,600	28,800	50,400	24,000	28,800	52,800
Group insurance	220,927	99,819	320,746	195,317	107,515	302,832
General services	-	740,867	740,867	-	845,957	845,957
Contract staff	-	300,000	300,000	-	235,000	235,000
	<u>6,366,663</u>	<u>4,007,463</u>	<u>10,374,126</u>	<u>6,300,656</u>	<u>4,370,722</u>	<u>10,671,378</u>
No. of persons	<u>4</u>	<u>7</u>	<u>11</u>	<u>5</u>	<u>7</u>	<u>12</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
<b>34 CASH FROM OPERATIONS AFTER WORKING CAPITAL CHANGES</b>			
Profit before taxation		21,449,870	11,161,981
Adjustments for:			
Gain on sale of investment in listed securities	25	(4,373,862)	(3,580,970)
Dividend income	25	(2,896,074)	(2,444,515)
Income on musawamah investment		(4,090,357)	(7,892,608)
Income on modaraba investment		-	(877,054)
Loss/(Profit) on disposal of fixed assets	14	(742,310)	3,454,585
Assets Written off		22,599	-
Profit on bank deposits	28.1	(2,437,992)	(1,952,618)
Profit on term deposit modaraba	25	-	(1,322,321)
Profit on Meezan Islamic certificates		-	(574,943)
Profit on Al-Samarat Islamic Certificates		(140,137)	(2,056,101)
Profit on Al-Makhraj (MCB Islamic Banking)		(72,422)	-
Profit on Barkat Islamic Certificates		(282,292)	(926,397)
Depreciation - owned assets	14.1	1,621,228	1,842,291
Depreciation - Ijarah assets	13.1	30,516,725	25,703,276
Amortisation of intangible assets	14.1	26,400	26,400
Provision for gratuity		983,182	909,399
Share of profit/(loss) of associate	5.2.1	(458,312)	(672,461)
Unrealized loss/(gain) on re measurement of investments in listed securities	5.1.2	(3,256,928)	(3,730,125)
		<u>14,419,448</u>	<u>5,905,837</u>
Operating profit before working capital changes		<b>35,869,318</b>	17,067,818
(Increase)/Decrease in current assets			
Stock in trade	9	(17,324,395)	(103,118,707)
Bills receivable		(1,697,587)	-
Musawamah receivables - secured	6	33,197,900	3,123,578
Modaraba receivables - secured		-	15,000,000
Profit receivable	7	926,517	2,514,072
Ijarah Rental receivable	8	(108,789)	-
Trade Debtors - unsecured		(10,706,089)	(20,720,161)
Advances, deposits, prepayments and other receivables	10	(2,288,517)	1,151,893
		<u>1,999,040</u>	<u>(102,049,324)</u>
Increase/(Decrease) in current liabilities			
Creditors, accrued and other liabilities	16	(156,399)	2,454,081
Profit payable	18	132,450	(1,578,784)
		<u>(23,949)</u>	<u>875,297</u>
Cash flow from operating activities		<u><b>37,844,409</b></u>	<u>(84,106,209)</u>
<b>35 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	4	<u>22,150,478</u>	29,308,110
		<u><b>22,150,478</b></u>	<u>29,308,110</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 36 FINANCIAL INSTRUMENTS BY CATEGORY

	----- As at June 30, 2014 -----				
	Loans and receivables	Assets at fair value through profit & loss	Available for sale	Held to maturity	Total
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalent	22,150,478	-	-	-	22,150,478
Investments	-	43,053,177	7,875,751	-	50,928,928
Bills receivable	1,697,587	-	-	-	1,697,587
Long term deposits	3,839,989	-	-	-	3,839,989
	<b>27,688,054</b>	<b>43,053,177</b>	<b>7,875,751</b>	<b>-</b>	<b>78,616,982</b>

June 30, 2014

----Rupees----

#### FINANCIAL LIABILITIES

Security deposits					19,552,981
Creditors, accrued and other liabilities					12,973,390
Profit payable					341,404
Deferred liabilities - staff gratuity					5,423,164
					<b>38,290,939</b>

	----- As at June 30, 2013 -----				
	Loans and receivables	Assets at fair value through	Available for sale	Held to maturity	Total
<b>FINANCIAL ASSETS</b>					
Cash and cash equivalent	29,308,110	-	-	-	29,308,110
Investments	-	44,296,203	2,551,990	-	46,848,193
Bills receivable	-	-	-	-	-
Long term deposits	3,839,989	-	-	-	3,839,989
	<b>33,148,099</b>	<b>44,296,203</b>	<b>2,551,990</b>	<b>-</b>	<b>79,996,292</b>

June 30, 2013

----Rupees----

#### FINANCIAL LIABILITIES

Security deposits					15,057,392
Creditors, accrued and other liabilities					13,179,631
Profit payable					208,954
Deferred liabilities - staff gratuity					3,980,611
Total non-current liabilities					<b>32,426,588</b>





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 37 FINANCIAL RISK MANAGEMENT

The Modaraba financed its operations entirely through equity during the year ended June 30, 2014. The Modaraba utilises funds in ijarah financing, modaraba financing and musawammah financing and equity securities of listed entities. These activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk.

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

#### 37.1 Market Risk

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

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

#### 37.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Modaraba is exposed to currency risk of Rs 1,697,587 as at the balance sheet date against export bills receivables in foreign currency (2013: Rs. Nil).

#### 37.3 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market profit rates. The Modarabahas adopted appropriate policies to minimise its exposure to this risk. At the reporting date the profit rate profile of the Modaraba's significant profit bearing financial instruments in the periods in which they mature is as follows:

	Effective yield / profit rate	2014					Not exposed to yield / profit risk
		Total	Up to one month	Up to one month to 3 months	Over three months to one year	Over one year to five years	
	%	------(Rupees)-----					
<b>Assets</b>							
Bank balances	2.09% to 7.93%	22,150,478	21,221,848	-	-	-	928,630
Investments		58,422,382	-	-	-	-	58,422,382
Musawamah receivables - secured	12.25% to 16.5%	25,000,000	25,000,000	-	-	-	-
Profit receivable	12.25% to 16.5%	699,326	236,589	-	462,737	-	-
Investment in Ijarah finance	14.5 % - 38.47 %	93,036,512	678,481	469,452	34,989,973	56,898,606	-
Ijarah rental receivable		108,789	-	108,789	-	-	-
Bills receivable		1,697,587	-	-	-	-	1,697,587
Advances, deposits, prepayments and other receivables		8,649,419	-	-	-	-	8,649,419
Long-term Deposit		3,839,989	-	-	-	-	3,839,989
<b>Total Financial Assets as at June 30, 2014</b>		<b>213,604,481</b>	<b>47,136,917</b>	<b>578,241</b>	<b>35,452,710</b>	<b>56,898,606</b>	<b>73,538,007</b>
<b>Liabilities</b>							
Security deposits		19,552,981	-	-	-	-	19,552,981
Creditors, accrued and other liabilities		12,973,390	-	-	-	-	12,973,390
Profit payable		341,404	341,404	-	-	-	-
Deferred Liabilities - staff gratuity		5,423,164	-	-	-	-	5,423,164
<b>Total Financial Liabilities as at June 30, 2014</b>		<b>38,290,939</b>	<b>341,404</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,949,535</b>
<b>Total yield / profit risk sensitivity gap</b>			<b>46,795,513</b>	<b>578,241</b>	<b>35,452,710</b>	<b>56,898,606</b>	
<b>Cumulative yield / profit risk sensitivity gap</b>			<b>46,795,513</b>	<b>47,373,754</b>	<b>82,826,464</b>	<b>139,725,070</b>	



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	2013						
	Effective yield / profit rate	Total	Up to one month	Up to one month to 3 months	Over three months to one year	Over one year to five years	Not exposed to yield / profit risk
	%	(Rupees)					
<b>Assets</b>							
Bank balances	4.64 % - 9.16 %	29,308,110	26,188,081	-	-	-	3,120,029
Investments		53,718,793	-	-	-	-	53,718,793
Musawamah receivables - secured	12.25 % - 16.5 %	58,197,900	58,197,900	-	-	-	-
Profit receivable	12.25 % - 16.5 %	1,625,843	1,625,843	-	-	-	-
Investment in Ijarah finance	14.5 % - 38.47 %	70,294,687	481,467	7,646,590	45,799,401	16,367,229	-
Ijarah rental receivable		-	-	-	-	-	-
Bills receivable		-	-	-	-	-	-
Advances, deposits, prepayments and other receivables		6,360,902	-	-	-	-	6,360,902
Long-term Deposit		3,839,989	-	-	-	-	3,839,989
<b>Total Financial Assets as at June 30, 2013</b>		<b>223,346,224</b>	<b>86,493,291</b>	<b>7,646,590</b>	<b>45,799,401</b>	<b>16,367,229</b>	<b>67,039,713</b>
<b>Liabilities</b>							
Security deposits		15,057,392	-	-	-	-	15,057,392
Creditors, accrued and other liabilities		13,179,631	-	-	-	-	13,179,631
Profit payable		208,954	208,954	-	-	-	-
Deferred Liabilities - staff gratuity		3,980,611	-	-	-	-	3,980,611
<b>Total Financial Liabilities as at June 30, 2013</b>		<b>32,426,588</b>	<b>208,954</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,217,634</b>
<b>Total yield / profit risk sensitivity gap</b>			<b>86,284,337</b>	<b>7,646,590</b>	<b>45,799,401</b>	<b>16,367,229</b>	
<b>Cumulative yield / profit risk sensitivity gap</b>			<b>86,284,337</b>	<b>93,930,927</b>	<b>139,730,328</b>	<b>156,097,557</b>	

### Sensitivity analysis for financial instruments

The sensitivity of the net income for the year is the effect of the assumed changes in interest rates on the floating rate financial instruments held at the year end. Since the Modaraba has no floating rate financial instruments held at the year end, therefore it is not exposed to profit risk due to change in market profit rates.

#### 37.4 Price Risk

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

The Modaraba is exposed to equity securities price risk because of investments held by the Modaraba and classified as 'available for sale' and "At fair value through profit and loss". To manage its price risk arising from investments in equity securities, the Modaraba diversifies its portfolio.

In case of 5% increase / decrease in KSE 100 index on June 30, 2014, other comprehensive income for the year would be affected by Rs. 393,788 (2013: Rs. 19,689) as a result of gains / losses on equity securities classified as 'available for sale' and profit and loss for the year would be affected by Rs. 2,152,659 (2013: Rs. 2,214,810) as a result of gains / losses on equity securities classified as 'At fair value through profit and loss'.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Modaraba's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Modaraba's investment portfolio and the correlation thereof to the KSE 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2014 is not necessarily indicative of the effect on the Modaraba's net assets of future movements in the level of the KSE 100 Index.

### 37.5 Credit risk

**37.5.1** Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba is exposed to credit risk in respect of musharaka, musawamah, modaraba and term deposit mudarbas.

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

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

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

Out of the total financial assets of Rs. 376,086,222 (2013: Rs 344,878,594) the financial assets which are subject to credit risk amounted to Rs. 98,668,933 (2013: Rs 80,715,403). The management believes that the Modaraba is not exposed to major concentration of credit risk.

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

	<b>June 30, 2014 Rupees</b>	June 30, 2013 Rupees
<b>Bank balances</b>		
A1	<b>198,411</b>	20,962,229
A1+	<b>15,995,037</b>	522,914
A-1+	<b>5,939,230</b>	3,093,889
<b>Bills receivable</b>		
- Bills receivable	<b>1,697,587</b>	-



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

	30 June 2014		30 June 2013	
	outstanding	overdue	outstanding	overdue
Ijarah rental receivable	108,789	-	-	-
Trade Debtors - unsecured	31,597,750	-	20,891,661	-

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

	As at 30 June 2014				
	OAEM	Substandard	Doubtful	Loss	Total
Musawamah receivable	-	-	-	-	-

	As at 30 June 2013				
	OAEM	Substandard	Doubtful	Loss	Total
Musawamah receivable	-	-	-	-	-

- Musawamah receivable classified as substandard above has been recovered subsequently during the course of audit, and therefore there is no possibility of further classification as doubtful or loss.

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

### 37.5.5 Concentration of credit risk

	2014		2013	
	Rupees	%	Rupees	%
Textile composite	27,058,887	35.37%	30,969,454	29.09%
Fuel and energy	6,151,875	8.04%	7,590,199	7.13%
Chemical and pharmaceutical	22,511,039	29.43%	16,951,501	15.92%
Food and allied industries	-	0.00%	28,661,343	26.92%
Others miscellaneous	20,773,654	27.16%	22,306,542	20.95%
	<b>76,495,455</b>	<b>100%</b>	<b>106,479,039</b>	<b>100%</b>

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:

	June 30, 2014 Rupees	June 30, 2013 Rupees
Musawamah receivables - secured	25,000,000	58,197,900
Modaraba receivables - secured	-	-
Profit receivable	1,432,897	1,432,897
Ijarah rental receivable	108,789	-
	<b>26,541,686</b>	<b>59,630,797</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 37.6 Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation.

The table below analyses the Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	As at 30 June 2014			
	Total	Upto three months	More than three months & upto one year	
----- Rupees -----				
<b>Current liabilities</b>				
Current maturity of security deposits	2,884,950	-	2,884,950	
Creditors, accrued and other liabilities	12,973,390	5,825,862	7,147,528	
<b>Total Current liabilities</b>	<b>15,858,340</b>	<b>5,825,862</b>	<b>10,032,478</b>	
	Total	Upto three months	More than three months and upto one year	More than one year
----- Rupees -----				
<b>Non-Current liabilities</b>				
Security deposits	16,668,031	-	-	16,668,031
Deferred liabilities - staff gratuity	5,423,164	-	-	5,423,164
<b>Total Non-Current liabilities</b>	<b>22,091,195</b>	<b>-</b>	<b>-</b>	<b>22,091,195</b>
	<b>37,949,535</b>	<b>5,825,862</b>	<b>10,032,478</b>	<b>22,091,195</b>
As at 30 June 2013				
	Total	Upto three months	More than three months and upto one year	
----- Rupees -----				
<b>Current liabilities</b>				
Current maturity of security deposits	2,781,582	-	2,781,582	
Creditors, accrued and other liabilities	13,175,793	5,825,862	7,349,931	
<b>Total Current liabilities</b>	<b>15,957,375</b>	<b>5,825,862</b>	<b>10,131,513</b>	



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	Total	Upto three months	More than	More than one year
			three months and upto one year	
----- Rupees -----				
<b>Non-current liabilities</b>				
Security deposits	12,275,810	-	-	12,275,810
Deferred liabilities - staff gratuity	3,980,611	-	-	3,980,611
<b>Total non-current liabilities</b>	16,256,421	-	-	16,256,421
	<u>32,213,796</u>	<u>5,825,862</u>	<u>10,131,513</u>	<u>16,256,421</u>

### 37.7 Fair value of financial assets and liabilities

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

Effective July 1, 2009, the Modaraba adopted the amendments to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

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

### 38 CAPITAL RISK MANAGEMENT

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

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

### 39 RELATED PARTIES TRANSACTIONS

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



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

		June 30, 2014 Rupees	June 30, 2013 Rupees
<b>39.1 Balance outstanding at year end</b>			
Modaraba Management Company			
- Management fee	16.1	<u>2,821,071</u>	<u>1,467,429</u>
Associated undertakings			
- Guarantee commission accrued to MCB Bank Limited		<u>809,578</u>	<u>727,914</u>
- Sharing of common expense charged during the year with Al-Noor Sugar Mills Ltd.		<u>150,000</u>	<u>150,000</u>
Other related parties (other than key management personnel)			
- Contribution to staff gratuity fund	19.2	<u>5,423,164</u>	<u>3,980,611</u>
<b>39.2 Transactions during the year</b>			
Modaraba Management Company			
- Management fee	29	<u>2,431,958</u>	<u>1,265,025</u>
Associated undertakings			
- Guarantee commission accrued to MCB Bank Limited		<u>81,664</u>	<u>77,440</u>
- Sharing of common expense charged during the year with Al-Noor Sugar Mills Ltd.		<u>600,000</u>	<u>600,000</u>
Other related parties (other than key management personnel)			
- Contribution to staff gratuity fund	19.5	<u>983,182</u>	<u>909,399</u>
Associated undertakings		<b>No. of shares</b>	
- Bonus shares of Al-Noor Sugar Mills Limited		<u>5,775</u>	<u>5,500</u>

### 40 INFORMATION ABOUT BUSINESS SEGMENTS

	2014				
	Trading	Financing	Investment	Ijarah	Total
<b>Segment revenue</b>	308,647,730	4,090,357	7,764,787	41,068,053	<b>361,570,927</b>
<b>Segment results</b>	19,671,230	3,943,546	11,021,715	11,004,454	<b>45,640,945</b>
Unallocated corporate expenses					<b>(25,436,843)</b>
Other income					<b>3,657,166</b>
Share of profit from associate					<b>458,312</b>
Modaraba company's management fee					<b>(2,431,958)</b>
Provision for worker's welfare fund					<b>(437,752)</b>
Income taxes					<b>(50,932)</b>
Profit for the year					<u><b>21,398,938</b></u>
<b>OTHER INFORMATION</b>					
Capital expenditure	-	-	-	59,224,900	<u><b>59,224,900</b></u>
Depreciation and amortization	-	-	-	(30,516,725)	<u><b>(30,516,725)</b></u>
<b>ASSETS AND LIABILITIES</b>					
Segment assets	124,325,994	25,462,737	58,422,382	93,145,301	<b>301,356,414</b>
Unallocated corporate assets					<b>74,730,426</b>
<i>Consolidated total assets</i>					<u><b>376,086,840</b></u>
Segment liabilities	1,275,742	22,021	-	23,020,504	<b>24,318,267</b>
Unallocated corporate liabilities					<b>18,371,514</b>
<i>Consolidated total liabilities</i>					<u><b>42,689,781</b></u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	2013				Total
	Trading	Financing	Investment	Ijarah	
<b>Segment revenue</b>	74,156,369	8,769,662	10,905,248	33,925,988	127,757,267
<b>Segment results</b>	6,677,844	8,682,352	14,635,373	8,490,466	38,486,035
Unallocated corporate expenses					(25,560,619)
Other income					(947,631)
Share of profit from associate					672,461
Modaraba company's management fee					(1,265,025)
Provision for worker's welfare fund					(223,240)
Income taxes	165,912				(165,912)
Profit for the year					10,996,069
<b>OTHER INFORMATION</b>					
Capital expenditure	-	-	-	68,375,000	68,375,000
Depreciation and amortization	-	-	-	(25,703,276)	(25,703,276)
<b>ASSETS AND LIABILITIES</b>					
Segment assets	107,001,599	59,630,797	53,718,793	70,294,687	290,645,876
Unallocated corporate assets					68,836,143
<i>Consolidated total assets</i>					<u>359,482,019</u>
Segment liabilities	1,275,742	22,021	-	19,721,156	21,018,919
Unallocated corporate liabilities					15,806,511
<i>Consolidated total liabilities</i>					<u>36,825,430</u>

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

### 41 ACCOUNTING ESTIMATES AND JUDGMENTS

The Modaraba reviews its loan portfolio of Ijarah, Musawamah and Modaraba financing to assess amount of non-performing contracts and provision required there against on a regular basis. The provision is made in accordance with the prudential regulations issued by the SECP (if any). The areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgment was exercised in application of accounting policies are as follows:

	<b>Note</b>
i) Musawamah finance	3.8.4 & 6
ii) Modaraba finance	3.8.3 & 7
iii) Determination and measurement of useful life and residual value of fixed assets and ijarah assets	3.3.2, 13 & 14

### 42 NUMBER OF EMPLOYEES

The total and average number of employees during the year and as at June 30, 2014 and 2013 respectively are as follows:

	<b>June 30, 2014 Rupees</b>	June 30, 2013 Rupees
Total number of employees as at	<u>11</u>	<u>12</u>
Average number of employees during the year ended	<u>11</u>	<u>12</u>





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 43 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on August 19, 2014 have approved distribution at the rate of 7.5 percent (2013: 5%) per certificate of Rs. 10 each.

### 44 DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Management Company in their meeting held on August 19, 2014.

### 45 GENERAL

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



Chief Executive



Director



Director



## PATTERN OF HOLDINGS OF THE CERTIFICATES HELD BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2014

Number of Certificate Holders	Certificate Holding		Total Certificates Held
	From	To	
103	1 .....	100	3,749
90	101 .....	500	33,827
106	501 .....	1,000	76,043
150	1,001 .....	5,000	374,958
45	5,001 .....	10,000	331,124
62	10,001 .....	100,000	2,111,086
15	100,001 .....	1,000,000	4,720,233
1	1,000,001 .....	2,000,000	1,589,880
1	2,000,001 .....	4,000,000	2,005,830
1	4,000,001 .....	5,000,000	4,200,000
1	5,000,001 .....	6,000,000	5,553,270
<b>575</b>			<b>21,000,000</b>



## CATEGORIES OF CERTIFICATE HOLDING AS AT JUNE 30, 2014

Categories of Certificate Holders	Numbers	Certificate Held	Percentage
<b>BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS</b>			
MCB Bank Limited - Treasury	1	5,553,270	26.44%
National Bank of Pakistan	1	580	0.00%
National Development Finance Corporation Investar	1	2,400	0.01%
Bankers Equity Ltd (U/L)	1	2,005,830	9.55%
<b>INSURANCE COMPANIES</b>			
EFU General Insurance Limited	1	130	0.00%
The Premier Insurance Company of Pakistan Limited	1	500	0.00%
State Life Insurance Corporation of Pakistan	1	386,600	1.84%
<b>ASSOCIATED COMPANIES, UNDERTAKINGS &amp; RELATED PARTIES</b>			
Al-Noor Modaraba Management (Private) Limited	1	4,200,000	20.00%
Reliance Insurance Company Limited	1	521,220	2.48%
<b>MODARABAS AND MUTUAL FUNDS</b>			
CDC - Trustee National Investment (Unit)	1	725,440	3.45%
<b>NIT AND ICP</b>			
Investment Corporation of Pakistan		500	0.00%
<b>FOREIGN INVESTORS</b>			
Syed Munir Akbar	1	1,025	0.00%
<b>INDIVIDUALS</b>			
Local Individuals	538	7,307,783	34.80%
<b>OTHERS</b>	28	294,722	1.40%
<b>TOTAL:-</b>	<b>575</b>	<b>21,000,000</b>	<b>100%</b>

### CERTIFICATES HOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

Muslim Commercial Bank Limited	---	5,553,270	26.44%
Al-Noor Modaraba Management (Pvt.) Ltd	---	4,200,000	20.00%
Bankers Equity (U/L)	---	2,005,830	9.55%
Ferozuddin A. Cassim	---	1,589,880	7.57%