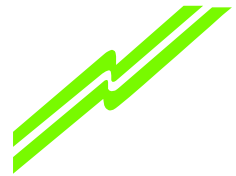




CONTENTS

Corporate Information	02
Vision Statement, Mission Statement & Corporate Strategy	03
Notice of Annual Review Meeting	04
Directors' Report	05
Six Year Financial Summary	13
Statement of Compliance	14
Review Report	17
Auditors' Report to the Certificate Holders	19
Shari'ah Advisor's Report	21
Balance Sheet	22
Profit and Loss Account	23
Statement of Other Comprehensive Income	24
Cash Flow Statement	25
Statement of Changes in Equity	26
Notes to the Financial Statement	27
Detail of Categories of Certificate Holders	47
Pattern of Certificate Holding	48



MODARABA MANAGEMENT COMPANY	IBL Modaraba Management (Pvt.) Ltd.	
BOARD OF DIRECTORS	Dr. Hasan Sohaib Murad Shaheen Rashid Arslan Khan Khakwani Naveed Amin	Chairman & CEO Director Director Director
CHIEF OPERATING OFFICER	Shiraz Butt	
COMPANY SECRETARY	M. Sohail A. Sheikh	
CHIEF FINANCIAL OFFICER	Zeeshan Ahmed	
INTERNAL AUDITOR	Muhammad Ilyas	
AUDIT COMMITTEE	Shaheen Rashid Arslan Khan Khakwani Muhammad Ilyas	Chairman Member Secretary
HR & R COMMITTEE	Shaheen Rashid Arslan Khan Khakwani Shiraz Butt	Chairman Member Member / Secretary
SHARIA' AH ADVISOR	Dr. Mufti Salman Ahmad Khan	
LEGAL ADVISOR	M/s. Holscott International [Legal Services]	
AUDITORS TO MODARABA	M/s. Horwath Hussain Chaudhury & Co. Chartered Accountants	
BANKERS	Habib Bank Limited - Islamic Banking Meezan Bank Limited Silk Bank Limited - Islamic Banking	
REGISTRAR	Technology Trade (Pvt) Ltd Dagia House, 241-C, Block-2 P.E.C.H.S., Shahra-e-Quaideen, Karachi.	
REGISTERED OFFICE	Suite # 105, 1 st Floor, Fortune Center, 45-A,Block # 6 , P.E.C.H.S., Shahrah-e-Faisal, Karachi.	
PRINCIPAL OFFICE	87-Aurangzaib, Block, New Garden Town, Lahore.	



Mission Statement

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

Vision Statement

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

Corporate Strategy

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

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

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



NOTICE OF ANNUAL REVIEW MEETING (ARM)

Notice is hereby given to the certificate holders of First IBL Modaraba (FIBLM) that 14th Annual Review Meeting [ARM] of certificate holders will be held on Wednesday October 22, 2014 at 02:00 p.m at Auditorium of NBF and Modaraba Association of Pakistan, 602, 6th Floor, Progressive Centre, 30-A, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi to review the performance of First IBL Modaraba for the year ended June 30, 2014.

The persons entitled to attend the meeting will be those certificate holders whose names are entered in the register of certificate holders seven (7) days before October 22, 2014.

M. Sohail A. Sheikh
Company Secretary

September 25, 2014



The Board of Directors of M/s. IBL Modaraba Management (Private) Limited [IBLMM], the Management Company of First IBL Modaraba [FIBLM], is pleased to present to the certificate holders the Audited Financial Statements of First IBL Modaraba for the year ended June 30, 2014 along with Auditors' Report thereon.

The Board records its measured satisfaction on continuity on significant improvement in the resilience and financial health of FIBLM.

Financial Results:

Summarized results for the year ended June 30, 2014 are as under:

(Rs. in "000")

	June 2014	June 2013
Operating Income	18,613	12,358
Other Income	17,455	17,769
Management Fee - 10%	1,029	1,032
Profit/ (Loss) before Tax	9,267	9,289
Provision for Taxation	NIL	NIL
Net Profit after Tax	9,267	9,289

Review of Operations:

Besides low mark-up rates, continuously improving stock markets and economic activities in the country, the Modaraba sector of Pakistan could not rise as anticipated, barring a few giant Modarabas.

At the same time, Modarabas are also competing with other market players such as conventional commercial banks, islamic banks, leasing companies and other financial institutions operating in Pakistan which have the comfort of lender of the last resort in the overall macro financial scheme.

During the period under review your Modaraba in order to increase / improve the profitability has focused mainly on recovery of non-performing assets. Fresh facilities were disbursed to the quality borrowers.

Below - mentioned table reflects the breakup of the revenue generated from the operations during the year ended June 30, 2014.



INCOME	June 2014 Amount (Rs.)	June 2013 Amount (Rs.)
Income from Ijarah	5,535,487	3,322,168
Profit on Murabahah Investment	4,189,378	4,025,004
Profit on Musharakah Investments	557,324	2,445
Income from Investment Property	7,495,440	4,372,340
Profit on Deposits	665,388	543,367
Income from Short Term Investments	170,812	92,984
Total	18,613,829	12,358,308

The table given below shows the details of expenses recorded by the Modaraba during the year:

EXPENSES	June 2014 Amount (Rs.)	June 2013 Amount (Rs.)
Operating Expenses	19,362,308	14,225,424
Depreciation on Assets Subject to Ijarah	5,155,606	3,971,149
Other Operating Expenses	1,254,886	1,609,815
Total	25,772,800	19,806,388

As at reporting date, the reserves of the Modaraba build up to the extent of Rs.49.065 million as compare to Rs. 43.59 million in the preceding period.

The contribution of segment wise Operating Income is as follow:

Particulars	Contribution
Income from Ijarah	29.70%
Profit on Murabaha investment	22.50%
Profit on Musharakah investments	3.00%
Income from Investment Property	40.30%
Profit on Term Deposit Receipts and Bank Deposits	3.60%
Income from Short Term Investments	0.90%
Total	100%

Your Modaraba has successfully managed to recover Rs. 41.295 million from its customers due to which the income of the Modaraba increased from Rs. 11.026 million. Further during the



period under review your Modaraba invested Rs. 52.48 million into Ijarah, Musharikah & Murabaha segments which gave significant raise to the Operating Income of the Modaraba.

During the reporting period in order to minimize the credit risk your Modaraba has adopted a policy of only dealing with credit worthy counter parties and obtaining sufficient collaterals, where appropriate, as a means of mitigating the risk of financial loss from defaults. Your Modaraba only transacts with those counter parties that are rated the equivalent of investment grade and above. Your Modaraba has internally developed rating criteria to rate its customers which is supplemented by ratings supplied by independent rating agencies, where available. The Modaraba also uses other publicly available financial information and its own track records to rate its customers. The Modaraba's exposure and the credit ratings of its counter parties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counter parties. Credit exposure is controlled by counter party limits that are reviewed and approved by the risk management committee annually.

The management of FIBLM booked provisions of Rs. 16.145 million against classified portfolio of Rs. 32.806 million under the head of Profit receivable on Musharikah. Due to a single party the provision is understated by Rs. 16.652 million. It is pertinent to mention here that as per the orders of SECP, FIBLM made forced recovery from the client and the full principal amount has been recovered in a very short span of time. Due to heavy losses, liquidity crunches and forced recovery the project for which financing was extended could not sustain and went into winding-up.

FIBLM has recovered / traced-out / adjusted 39.89% of its unverifiable receivables reported in the preceding period. The management is hopeful to recover the balance in near future.

The concerned officials of FIBLM are vigorously working to trace out the missing scripts of FIBLM and assure to its certificate holder that the matter will be resolved shortly.

FIBLM, has paid the full amount of rent amounting to Rs. 3.572 million pertaining to previous period which had been recognized as prior period adjustment in the preceding period.

Your Modaraba has paid / adjusted tax payable of Rs. 3.191 million for the tax year 2009 and 2011 subsequently to the balance sheet date.

The provident fund contribution is not deposited by the Modaraba in a separate bank account but the management is taking appropriate measures for the same.

The progress / improvements in the system on Internal Controls and financial performance of your Modaraba shows the core dedication and commitment of the management to bring your Modaraba to its peak.



Corporate Governance:

The Modaraba has implemented all aspects of Code of Corporate Governance introduced by Stock Exchanges and SECP.

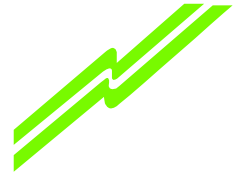
- The financial statements prepared by the Management of Modaraba present fairly the state of affairs, the results of its operations, cash flows, other comprehensive income and changes in the equity.
- Proper books of accounts of Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and mentioned.
- There are no significant doubts about the Modaraba ability to continue as going concern.
- There is no material departure from the best practices and Corporate Governance as detailed in the listing regulations.
- There has been no trading in company shares by Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses and minor children during the year.

Attendance of Board Meetings:

During the year under review, Five (5) meetings of Board of Directors were held, which were attended by the directors as under:

Sr. #	Name of Director	Number of Meetings	No. of Meetings Attended	Leave of Absence
1	Dr. Hasan Sohaib Murad	5	5	-
2	Mr. Shaheen Rashid	5	5	-
3	Mr. Arslan Khan Khakwani	5	5	-
4	Mr. Naveed Amin	2	2	-

Note: Since Mr. Naveed Amin was appointed on December 17, 2013, he attended two (2) Board Meetings, which were held after his appointment.



Operating Data for six years:

The operating data of the Modaraba for six (6) years is annexed to this report.

Pattern of Certificates Holding:

The detailed pattern of certificates holding as at June 30, 2014 as required under the code is annexed to this report.

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

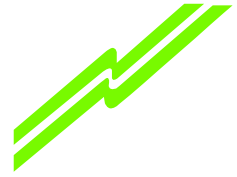
Economic Review:

During the year under review, global recovery as the world economy started picking up in the second half of last year and the global outlook indicates some signs of optimism. In South Asia, economic performance of Pakistan is improving quantitatively and qualitatively as growth is broad based and touched all sectors of the economy and is the highest achievement since 2008-09. China and Pakistan have entered into a comprehensive plan of "economic corridor" between the two nations. It will serve as driver for connectivity between South Asia and East Asia. Major success of the outgoing fiscal year includes: picking up economic growth, inflation contained at single digit, improvement in tax collection, reduction in fiscal deficit, achieving of GSP plus status by EU, worker remittances touches new height, successful launching of Euro Bond, auction of long pending 3G and 4G licenses; foreign exchange reserves significantly rise, Rupee strengthened and stock market created new history.

The GDP growth accelerates to 4.14 percent in 2013-14 against the growth of 3.70 percent recorded in the same period last year. The growth momentum is broad based, as all sectors namely agriculture, industry and services have supported economic growth. Electricity generation & distribution and Gas Distribution is the most essential component of industrial sector. This sub-sector has registered growth at 3.72 percent as compared to negative growth in last year.

Per capita income in dollar terms recorded a growth of 3.5 percent in 2013-14 as compared to 1.44 percent last year. The per capita income in dollar terms has reached to \$1,386 in 2013-14. Total investment is recorded at 13.99 percent of GDP, Fix investment is registered at 12.39 percent of GDP. Private investment witnessed at 8.94 percent of GDP. Investment has been hard hit by internal and external factors during the last few years. Total investment witnessed a growth of 8.5 percent as compared to 8.4 percent last year. Public investment recorded an impressive growth rate at 17.12 percent as compared to -0.35 percent last year. Public investment which was recorded at Rs.748 billion in 2012-13 is reported at Rs.877 billion in 2013-14.

National savings are 12.9 percent of GDP in 2013-14 compared to 13.5 percent in 2012-13. Domestic savings is witnessed at 7.5 percent of GDP in 2013-14 as compared to 8.3 percent of GDP in 2012-13. Net foreign resource inflows are financing the saving investment gap. Present government has launched comprehensive plan to create investment friendly environment and



to attract foreign investors in the country. As is evident, the capital market has reached to new height and emitting positive signals for restoring the investor's confidence. Pakistan's policy trends have been consistent, with liberalization, de-regulation, privatization, and facilitation being its foremost cornerstones. Total foreign investment has reached to \$2979 million during July-April 2014 as compared to \$1277 million showing 133.3 percent higher as compared to last year. Out of total foreign investment, the FDI has reached to \$750.9 million. The major inflow of FDI is from US, Hong Kong, UK, Switzerland and UAE. Oil & gas exploration, financial business, power, communications and chemicals remained major sectors for foreign investors. According to Migration and Remittances report 2014 of the World Bank, Pakistan is ranked on 7th number, in terms of the largest recipient of officially recorded remittances in the world. After India, Pakistan is the second largest recipient of remittances in South Asian region. Pakistan is also one of the countries among 20 countries of the world where remittances cover more than 20 percent of imports and also remittances are equivalent to more than 30 percent of exports.

Stock Markets Review:

Pakistan equity market, the KSE was one of the best performing stock markets in 2013. During this period the KSE-100 Index gained 49% and closed at 25,260 levels by end of December, 2013. The KSE-100 Index improved by 45.2 percent, a gain of 8,998 points since 11th of May, 2013, General Elections and taking control of the PML(N) government till end-April, 2014. However, since 01st July, 2013, the KSE 100 index increased by 7,907 points from 21,006 to 28,913 level (37.6 percent gain) till end April, 2014. This reflects the restoration of the confidence of the investors. Other reasons for outstanding performance of Karachi Stock Exchange includes better economic growth's estimates, improvement in industrial growth, reduction in load shedding, robust growth in remittances, single digit inflation and decline in the fiscal deficit etc.

Pakistan Stock Markets has out-performed during 2013-14 among Global Stock Markets and remained at top of the list in percent gain (37.6 percent) surpassing China, India, Tokyo, Hong Kong, UK and USA markets. US S&P has registered an increase of 17.3 percent, while Bombay Sensex was up by 15.6 percent during the period under review. The UK FTSE 100 Index gained 9.1 percent, Hong Kong, Hang Seng market went up by 6.4 percent, Tokyo Nikkei increased by 4.6 percent and China Shanghai Composite was up by just 2.4 percent during July-April 2013-14. The Index of KSE is primarily influenced by some blue chip companies. During the first ten months of the fiscal year 2013-14, the combined paid-up capital of fifteen big companies was Rs. 91 billion, which constituted 13.17 percent of the total listed capital at KSE.

During July-April, FY14 a total of 11 debt securities issued through private placement which includes two privately placed Term Finance Certificates of Rs. 9.827 billion, 6 Sukuk issues of Rs. 19.00 billion, Listed Term Finance Certificates of Rs. 2.770 billion and Commercial Paper of Rs. 0.150 billion. Small and Medium Enterprises (SMEs) plays vital role in the development of a



country. SMEs are considered to be an important segment of the economy as they have the potential to create the economic as well as social growth. It is therefore essential to minimize the constraints and to provide a conducive environment for the growth and development of SMEs. The Securities and Exchange Commission of Pakistan (SECP) has approved the Regulations for listing of SMEs for the Islamabad Stock Exchange. The Regulations in addition to certain pre-requisite conditions provide a set of procedures for issue, listing and trading of shares of SMEs. Now SMEs can raise funds from the capital market, through listing, for meeting their financial needs for executing new projects and/or expansion of their existing businesses.

In order to facilitate the general public during IPOs, SECP has introduced the concept of e-IPO, i.e. electronic submission of subscription form. The SECP in collaboration with the stock exchanges is in the process of introducing consequential reforms which are essential for taking the exchanges forward in the demutualized setup. The stock exchanges are in the process of bringing in strategic investors to benefit from their extensive expertise and technological knowhow, while at the same time bringing foreign investment, and broadening the investor base.

Future Outlook:

Due to delay in recoveries the over all Modaraba sector of Pakistan has suffered the worst situation. Also the energy crises and law and order situation of the country contributed a lot in liquidity/ financial crunch due to which the clients were unable to pay on time. But it can now oversee the revival of the sector in next few years due to some favorable steps taken by the government. Since most of our clients who were stuck in liquidity crunch, their financial position is now been improving, they would be the first to benefit from the revival of the overall economy.

During the period under review your Modaraba booked a Net profit of Rs. 9.267 million in which amount of Rs. 11.026 million were booked as reversal of provision of classified portfolio. The management is confident to regularize the classified portfolio.

To face the challenge of maintaining the profit ratio in future FIBLM plans to overcome these challenges through exploring new market opportunities and disbursement in Ijarah, Musharikhah and Murabaha segments to give better return to its certificate holders in future.

Further, FIBLM team is very concerned to recover the amount from unverifiable receivables and missing scripts of FIBLM. We hereby assure to our certificate holders that your Modaraba will overcome these issues with the core dedications.

On the basis of performance of the last two years, the management takes an optimistic view of its immediate future and hopes to capitalize upon the available opportunities while managing the business risks and avoiding financial uncertainties.



Auditors:

The present auditors Messrs Horwath Hussain Chaudhury, Chartered Accountants, being due for retirement, have offered themselves for re-appointment for the year ending June 30, 2015. Their appointment has been confirmed by the Board, subject to approval by the Registrar, Modaraba Companies and Modarabas.

Acknowledgement:

The Board remain thankful to Securities & Exchange Commission of Pakistan, Registrar Modaraba, State Bank of Pakistan, and NBFI & Modaraba Association of Pakistan for providing us their usual support and guidance. The Board appreciate and pay gratitude to the certificate holders and customers for entrusting their confidence on us and we assure them to maintenance of adequate internal controls, providing personalized services and also to maintain an ideal environment of good corporate governance in all areas of the activities.

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

For & On behalf of the Board

Dr. Hasan Sohaib Murad
Chairman/ CEO

September 22, 2014

SIX YEAR'S FINANCIAL SUMMARY

BALANCE SHEET AND INCOME STATEMENT



-----Rs.in Million-----

BALANCE SHEET						
Year Ended June 30.	2008	2009	2010	2011	2012	2013
EQUITY						
Issued, subscribed & paid up capital	116.88	201.88	201.88	201.88	201.88	201.88
Reserves	18.35	31.56	39.14	39.17	39.99	43.59
Revenue Reserve and Unappropriated profit	6.74	5.62	6.96	(10.07)	(79.23)	(71.79)
Modaraba certificate deposit money	85	-	-	-	-	0
Total Equity	256.96	239.06	247.98	230.98	162.64	173.67
LIABILITIES						
Customer Security Deposit	3.69	3.80	4.22	9.37	2.70	1.94
CURRENT LIABILITIES						
Other Current Liabilities	11.52	16.00	15.91	11.83	26.03	24.567
Short term Musharakah	-	85.00	86.79	29.14	14.64	12.14
Short term finance	-	20.82	20.85	9.50	0.08	0
Unclaimed profit distribution	2.35	5.12	4.14	7.99	7.69	7.653
Total current Liabilities	13.87	126.94	127.69	58.46	48.44	44.36
Total Equity & Liabilities	274.52	369.80	379.88	298.81	213.79	219.98
NON-CURRENT ASSETS						
Long Term Murabahah	30.00	30.00	30.00	23.00	23.00	-
Other Long Term Assets	1.41	1.20	3.38	3.38	4.16	3.63
Investment Property	0.00	0.00	0	0.00	0.00	97.08
Assets Leased Out	22.80	19.28	16.88	15.86	9.46	11.68
Assets in own Use	4.60	3.70	4.24	2.78	1.15	2.44
Long Term Investment	-	7.80	17.13	57.06	57.31	-
Total Non-Current Assets	58.81	61.98	71.63	102.08	95.08	114.83
CURRENT ASSETS						
Cash & Bank Balances	21.96	1.14	1.06	1.98	0.04	3.52
Ijarah rental receivables	0.49	1.44	1.51	4.14	1.92	0.32
Advance, Deposits and prepayments	1.78	0.73	1.26	1.47	40.10	36.94
Short Term Investments	62.50	27.14	23.31	14.22	2.17	22.01
Short term Musharakah	119.96	252.40	227.66	123.13	74.49	19.37
Other Current Assets	9.02	24.97	53.45	51.79	-	-
Short Term Murabahah	-	-	-	-	-	23.00
Total Current Assets	215.71	307.82	308.25	196.73	118.72	105.15
Total Assets	274.52	369.80	379.88	298.81	213.79	219.98
INCOME STATEMENT						
INCOME						
Income from Ijarah	6.20	6.44	6.69	6.73	2.90	3.32
Income from Musharikhah & Murabaha	16.47	30.20	40.61	39.69	4.96	4.03
Income from Investment Property	-	-	-	-	-	4.37
Capital gain on Investment	0.96	(4.80)	4.00	-	-	-
Income from Short Term Investment	-	-	-	-	0.39	0.54
Investment Income	1.59	2.00	1.86	0.19	-	0.00
Other Income	0.39	0.20	7.04	2.96	0.59	0.58
Total Income	25.61	34.04	60.20	49.57	8.84	12.85
EXPENSES						
Operating Expenses	13.68	19.40	13.15	13.49	12.09	11.25
Financial Expenses	2.97	7.78	15.95	13.31	1.98	0.01
Amortization and Depreciation	4.34	4.21	6.32	6.86	7.68	7.88
Provision for Doubtful Receivables	-	-	19.50	26.10	27.78	(16.53)
Provision for Diminution in Value of Investment	(0.83)	0.83	2.98	-	0.85	(0.09)
Total Expenses	20.16	32.22	57.90	59.76	50.38	2.52
Profit/ (loss) before Management Fee	5.45	1.82	2.30	(10.19)	(41.54)	10.32
Management Fee	0.55	0.18	0.23	-	-	1.03
Profit/ (loss) before Taxation	4.91	1.64	2.07	(10.19)	(41.54)	9.28
Taxation	-	-	-	-	-	-
Net Profit	4.91	1.64	2.07	(10.19)	(41.54)	9.28
APPROPRIATIONS						
Final Dividend	5.84	-	6.05	-	-	6.76
Statutory Reserves	0.98	0.33	0.42	-	-	1.86



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 (CCG) contained in Regulation No. 35 of listing regulations (chapter XI) of Karachi Stock Exchange Limited, Lahore Stock Exchange and Islamabad Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

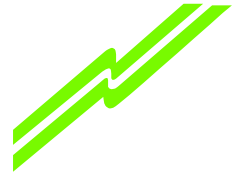
The Modaraba has applied the principles contained in the CCG in the following manner:

1. The Modaraba encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Mr. Naveed Amin
Executive Director	Dr. Hasan Sohaib Murad
Non-Executive Directors	Mr. Shaheen Rashid Mr. Arslan Khan Khakwani

The independent director meets the criteria of independence under clause i (b) of CCG.

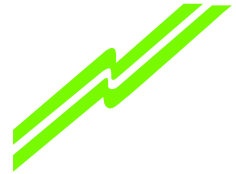
2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Management Company.
3. All the resident directors of the Modaraba are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, Modaraba, DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year under review.
5. The Modaraba has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Modaraba along with its supporting policies and procedures.



6. The Board has put in place a mechanism for undertaking performance evaluation of its members on annual basis.
7. CEO and Chairman of the Modaraba is the same person and the chairman is an executive director. The board is taking all possible measures to comply with the requirement.
8. 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 the dates on which they were approved or amended has been maintained.
9. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
10. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
11. The board arranged one training program for its director during the year.
12. New appointments of CFO, Modaraba Secretary and Head of Internal Audit have not been made during the year.
13. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
14. The financial statements of the Modaraba were duly endorsed by CEO and CFO before approval of the board.
15. The directors, CEO and executives do not hold any interest in the shares of the Modaraba other than that disclosed in the pattern of shareholding.
16. The Modaraba has complied with all the corporate and financial reporting requirements of the CCG.
17. The Board has formed an Audit Committee. It comprises two members who are non-executive directors including the chairman of the committee. The board is taking appropriate measures to induct another non-executive director into Audit Committee.



18. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Modaraba and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance
19. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and one is a senior executive. The chairman of the committee is non-executive director.
20. The Board has appointed a CFO who is "Certified Public Accountant" from an institution of "The Association of Certified Public Accountants" incorporated in UK, as a non-governmental and non-profit organization, he also possesses six years relevant experience of working in the Modaraba. The person appointed as Head of Internal Audit is an MBA from Asia School of Economics Development and possesses more than five years of experience in the field of internal audit and has also served as CFO in an NBFIs for eight years.
21. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
22. 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.
23. The 'closed period', prior to the announcement of interim/ final results, and business decisions, which may materially affect the market price of Modaraba's securities, was determined and intimated to directors, employees and stock exchange(s).
24. Material/ price sensitive information has been disseminated among all market participants at once through stock exchange(s).
25. We confirm that all other material principles enshrined in the CCG have been complied with except referred above in the Serial No. 7, 17 and 20 toward which reasonable progress is being made by the Modaraba to seek compliance by the end of next accounting year.



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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of IBL Modaraba Management (Private) Limited (the Management Company) in respect of First IBL Modaraba (the Modaraba) for the year ended June 30, 2014 to comply with requirements of the Listing Regulation No. 35 (Chapter XI) of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited where the Modaraba is listed.

The responsibility for compliance with the Code 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 Modaraba's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Modaraba's personnel and review of various documents prepared by the Modaraba to comply with the Code.

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

The Code requires the Modaraba to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects, with the best practices contained in the Code as applicable to the Modaraba for the year ended June 30, 2014.



Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in paragraph reference where these are stated in the Statement of Compliance:

Serial no.	Paragraph reference	Description
i	7	CEO and Chairman of the Modaraba are the same person and the chairman is an executive director.
ii	17	The Board has formed an audit committee comprising two members who are non-executive directors.
iii	20	The CFO and the Head of Internal Audit department do not have the necessary professional qualifications.

Lahore
Dated: September 22, 2014

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

(Engagement Partner: Muhammad Nasir Muneer)



AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **First IBL 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 except for the matters described in the below paragraphs "a" and "b", 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 (IBL 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.

Except for the matters described in the below paragraphs "a" and "b", 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) "Short term Investments", as shown in note 9 include shares of listed entities having carrying value of Rs. 6.435 million which are stated to be not in the name of the Modaraba. We have not been provided with any sufficient appropriate evidence to verify existence and rights and obligation of the said investment.
- b) We were unable to verify receivable balances aggregating to Rs. 10.590 million included in "Advances, prepayments and other receivables" owing to non-availability of related records / information / direct confirmation.
- c) "Profit receivable on musharaka receivables" under "Advances, prepayments and other receivables" amounting to Rs. 32.801 million should have been transferred to "suspense account" as on June 30, 2014 as required under Part III, Paragraph 5(1A) of Prudential Regulations applicable to Modaraba, whereas the management has transferred Rs. 16.145 million to suspense account on account of doubtful recovery. This has resulted in overstatement of assets and increase in profit for the year by Rs. 16.653 million.
- d) in our opinion, except for the matters described in preceding paragraph "a", "b" and "c", proper books of accounts have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981;



- e) in our opinion, except for the matters described in preceding paragraph "a", "b" and "c";
- (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 accordance with the accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- f) in our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in preceding paragraphs "a" and "b" and effects of the matter described in preceding paragraph "c", 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
- g) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Financial statements for the year ended June 30, 2013 were audited by another firm of Chartered Accountants whose report dated October 08, 2013 expressed qualified opinion with respect to "Short term investments", "Profit receivable on musharaka receivables", "Advances, prepayments and other receivables" and "Rent payable".

Lahore
Dated: September 22, 2014

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

(Engagement Partner: Muhammad Nasir Muneer)



SHARI'AH ADVISOR'S REPORT FOR THE YEAR ENDED JUNE 30, 2014

I have conducted the Shari'ah review of **First IBL Modaraba** managed by **IBL Modaraba Management (Private) Limited** for the Financial Year ended **June 30, 2014** in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that except the observations as reported hereunder, in my opinion:

- i. The Modaraba has introduced a mechanism which has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles;
- ii. Following were the major developments that took place during the year:
 - a) Stopping non Shari'ah compliant investments.
 - b) Followed Model Islamic Financing Agreements approved by Religious Board.
 - c) During the period under review, a Murabahah facility of Rs. 23.0 million extended to certain entity was matured successfully which was earlier reported as non-Shari'ah compliant. It is pertinent to mention here that subject facility was extended before applicability of Shari'ah Audit regulations. This is an excellent effort made by Modaraba to settle such non-Shari'ah facility.
- iii. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Regulations for Modarabas.

Observations and Recommendation

1. Subject to receipt of charity (if any), it is being advised to open a charity account to maintain charity funds in more efficient manners.

Conclusion

In this context of detailed Shari'ah review carried by the undersigned for the Year ended June 30, 2014, transactions during the period executed by FIBLM were found up to the mark as required by Shari'ah Audit Regulations for Modarabas.

MUFTI SALMAN AHMED KHAN
SHARIAH ADVISOR
FIRST IBL MODARABA

Dr. Mufti Salman Ahmad Khan
Shari'ah Advisor
First IBL Modaraba

Dated: September 02, 2014



BALANCE SHEET AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
ASSETS			
Current Assets			
Cash and bank balances	6	30,354,509	3,519,831
Ijarah rentals receivable	7	488,702	316,952
Advances, prepayments and other receivables	8	33,542,274	36,939,367
Short term investments	9	7,771,066	22,005,971
Musharaka receivables	10	3,955,101	19,374,531
Current portion of murabaha receivable		6,647,079	23,000,000
		82,758,731	105,156,652
Non-Current Assets			
Long term murabaha receivable	11	21,836,430	-
Long term advances and deposits	12	2,706,260	3,205,460
Investment property	13	92,083,759	97,083,785
Fixed assets under ijarah arrangements	14	22,489,235	11,679,975
Fixed assets under own use	15	1,742,741	2,436,257
Intangible asset	16	92,500	422,500
		140,950,925	114,827,977
		<u>223,709,656</u>	<u>219,984,629</u>
Total Assets			
LIABILITIES			
Current Liabilities			
Creditors, accrued and other liabilities	17	4,289,577	12,078,104
Musharaka profit payable		1,430,192	1,430,192
Musharaka finances	18	11,200,000	12,142,348
Current portion of non-current liabilities	19	5,017,780	7,868,871
Provision for taxation	20	3,191,482	3,191,482
Unpresented profit warrants		9,815,161	7,653,693
		34,944,192	44,364,690
Non-Current Liabilities			
Long term security deposits	21	6,573,238	1,940,518
Deferred murabaha income	22	2,405,463	-
		8,978,701	1,940,518
		<u>43,922,893</u>	<u>46,305,208</u>
		<u>179,786,763</u>	<u>173,679,421</u>
Total Liabilities			
NET ASSETS			
REPRESENTED BY:			
Certificate capital	23	201,875,000	201,875,000
Reserves	24	49,055,763	43,599,203
Accumulated loss		(71,144,000)	(71,794,782)
Contingencies and commitments	25	-	-
		<u>179,786,763</u>	<u>173,679,421</u>

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
INCOME FROM OPERATION			
Income from ijarah		5,535,487	3,322,168
Profit on murabaha investment		4,189,378	4,025,004
Profit on musharakah investments		557,324	2,445
Income from investment property		7,495,440	4,372,340
Profit on term deposit receipts and bank deposits		665,388	543,367
Income from short term investments	26	170,812	92,984
		18,613,829	12,358,308
OTHER INCOME			
Reversal of provision against non-performing musharaka receivables - net	10.2	11,023,335	14,536,342
Reversal of musharakah profit held in suspense account		2,979	1,992,611
Balances written back		5,317,023	660,000
Other income	27	1,112,294	580,397
		17,455,631	17,769,350
TOTAL INCOME		<u>36,069,460</u>	<u>30,127,658</u>
EXPENSES			
Operating expenses	28	(19,362,308)	(14,225,424)
Depreciation on assets under ijarah		(5,155,606)	(3,971,149)
Other operating expenses	29	(1,254,886)	(1,609,815)
		<u>(25,772,800)</u>	<u>(19,806,388)</u>
Profit before Modaraba Company's management fee		10,296,660	10,321,270
Modaraba Company's management fee	30	(1,029,666)	(1,032,127)
Net Profit for the Year		<u>9,266,994</u>	<u>9,289,143</u>
Earnings per Modaraba Certificate - Basic and Diluted	31	<u>0.46</u>	<u>0.46</u>

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR



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

	2014 Rupees	2013 Rupees
Net Profit for the Year	9,266,994	9,289,143
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Net unrealized gain in value of available for sale investments	3,603,161	1,748,663
Total Comprehensive Income for the Year	<u>12,870,155</u>	<u>11,037,806</u>

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR



CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	29,105,744	34,861,029
Income taxes paid		(12,436)	-
Dividend income received		8,878	4,367
Profit on term deposit receipts and bank deposits		665,388	-
Net Cash generated from Operating Activities		29,767,574	34,865,396
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets under ijarah arrangements		(18,289,500)	(7,679,560)
Purchase of fixed assets under own use		(222,500)	(1,954,120)
Purchase of investment properties		-	(2,912,502)
Proceeds from disposal of fixed assets under own use		-	13,000
Proceeds from disposal of assets on terminating ijarahs		2,623,597	1,489,415
Purchase of short term investments		-	(35,000,000)
Proceeds from encashment of short term investments		18,000,000	17,000,000
Long term loans and deposits		499,200	200,000
Net Cash generated from / (used in) Investing Activities		2,610,797	(28,843,767)
CASH FLOW FROM FINANCING ACTIVITIES			
Musharaka finances		(942,348)	(2,500,000)
Short term finance		-	(8,110)
Dividends paid		(4,601,345)	(39,899)
Net Cash used in Financing Activities		(5,543,693)	(2,548,009)
Net Increase in Cash and Cash Equivalents		26,834,678	3,473,620
Cash and cash equivalents at the beginning of the year		3,519,831	46,211
Cash and Cash Equivalents at the End of the Year		30,354,509	3,519,831

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR



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

Particulars	Certificate Capital	Reserves			Total	Total Equity
		Capital	Revenue			
		Statutory reserve	Unrealized gain on revaluation of available for sale investments	Accumulated Loss		
Rupees						
Balance as at June 30, 2012	201,875,000	34,313,509	5,679,202	(79,226,096)	(39,233,385)	162,641,615
Total comprehensive income for the year ended June 30, 2013	-	-	1,748,663	9,289,143	11,037,806	11,037,806
Transferred to statutory reserve	-	1,857,829	-	(1,857,829)	-	-
Balance as at June 30, 2013	201,875,000	36,171,338	7,427,865	(71,794,782)	(28,195,579)	173,679,421
Total comprehensive income for the year ended June 30, 2014	-	-	3,603,161	9,266,994	12,870,155	12,870,155
Transferred to statutory reserve	-	1,853,399	-	(1,853,399)	-	-
Profit distributed for the year ended June 30, 2013	-	-	-	(6,762,813)	(6,762,813)	(6,762,813)
Balance as at June 30, 2014	201,875,000	38,024,737	11,031,026	(71,144,000)	(22,088,237)	179,786,763

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR



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

Note 1

Legal Status and Nature of Business

First IBL Modaraba ("the Modaraba") is a multi purpose, perpetual and multi dimensional Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and rules framed there under, having its registered office at Suite # 105, 1st Floor, Fortune Center, 45-A, Block-6, PECHS, Shahrah-e-Faisal, Karachi. The Modaraba is managed by IBL Modaraba Management (Private) Limited (Modaraba Management Company) incorporated in Pakistan under the Companies Ordinance, 1984 and registered with the Registrar of Modaraba Companies.

The Modaraba is listed on Karachi, Lahore and Islamabad stock exchanges. It commenced its operations on October 19, 1989 and is currently engaged in various Islamic modes of financing and operations including Ijarah, Musharaka and Murabaha arrangements.

Note 2

Basis of Preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981; prudential regulations and directives issued by the Securities and Exchange Commission of Pakistan (the Modaraba Regulations). Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") and the Islamic Financial Accounting Standards (IFASs) as are notified under the provisions of the Companies Ordinance, 1984 and made applicable to Modarabas under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. Wherever, the requirements of the Modaraba Regulations differ from the requirements of these standards, the requirements of the Modaraba Regulations take precedence.

2.2 Accounting convention

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

2.3 Functional and presentation currency

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

Note 3

Use of Estimates and Judgments

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

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

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



Fixed assets

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

Short term investments

The Modaraba has recorded its short term investments by using quotations from active market. This estimates is subjective in nature and therefore, cannot be determined with precision.

Ijarah rentals, musharaka and murabaha investments

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

Note 4

New Standards, Interpretations and Amendments to Published Approved Accounting Standards

4.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year and relevant to the Modaraba's operations

Revision / improvements / amendments to IFRS and interpretations

Effective Date

(Period beginning on or after)

- IAS 1, Presentation of financial statements January 1, 2013
- IAS 16, Property, plant and equipment January 1, 2013
- IAS 32, Financial instruments: Presentation January 1, 2013
- IAS 34, Interim financial reporting January 1, 2013

The application of these amendments has no material impact on the Modaraba's financial statements.

4.2 Standards, interpretations and amendments to approved accounting standards which became effective during the year but not relevant

Revision / improvements / amendments to IFRS and interpretations

Effective Date

(Period beginning on or after)

- IAS 27 (Revised), 'Separate financial statements' January 1, 2013
- IAS 28 (Revised), 'Associates and joint ventures' January 1, 2013
- IFRS 1 (Amendment), 'First time adoption' on government loans January 1, 2013
- IFRS 7 (Amendment), 'Financial instruments: Disclosures' on offsetting financial assets and financial liabilities January 1, 2013
- IAS 19 (Amendment), 'Employee benefits' January 1, 2013

4.3 Standards, interpretations and amendments to approved accounting standards that are relevant but not yet effective

Revision / improvements / amendments to IFRS and interpretations

Effective Date

(Period beginning on or after)

- IFRIC 21, 'Levies' January 1, 2014
- IAS 32 (Amendment), 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities January 1, 2014
- IAS 36 (Amendment), 'Impairment of assets' January 1, 2014
- Annual improvements 2012 cycle July 1, 2014
- IAS 24 (Amendment), 'Related parties' July 1, 2014

The following new standards have been issued by the IASB and notified by the SECP for application in Pakistan but their applicability start form the annual period beginning on or after January 01, 2015.

- IFRS 10, 'Consolidated financial statements' January 1, 2013
- IFRS 11, 'Joint arrangements' January 1, 2013
- IFRS 12, 'Disclosures of interest on other entities' January 1, 2013
- IFRS 13, 'Fair value measurement' January 1, 2013



4.4 Standards, interpretations and amendments to approved accounting standards that are not relevant and not yet effective

Revision / improvements / amendments to IFRS and interpretations	Effective Date
	(Period beginning on or after)
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' on novation of derivatives and hedge accounting	January 1, 2014
- Annual improvements 2010-2012 and 2011-2013 cycle	July 1, 2014
- IFRS 9, 'Financial instruments'	January 1, 2015
- IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
- IFRS 15, 'Revenue from contracts'	January 1, 2017
- Agriculture: Bearer plants [amendment to IAS 16 and IAS 41]	January 1, 2016

Note 5

Summary of Significant Accounting Policies

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

5.1 Cash and cash equivalents

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

5.2 Receivables

Receivables are due on normal trade terms. These are carried at original invoice amount less provision for doubtful debts, if any. Balances considered bad and irrecoverable are written off when identified.

5.3 Murabaha investment

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

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

5.4 Financial assets

Financial assets are classified into financial assets at fair value through profit or loss; loans and receivable; held-to-maturity investments and / or available-for-sale financial assets. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction cost. The Modaraba determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

5.4.1 Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'Financial assets at fair value through profit of loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in the profit and loss account.

5.4.2 Held-to-maturity

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



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

5.4.3 Loans and receivables

Loans and receivables are not derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in the profit and loss account when the loans and receivables are derecognized or impaired, as well as, through the amortization process.

5.4.4 Available-for-sale

Available-for-sale financial assets are those non derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains and losses being recognized as a separate component of equity until the investments are derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid price at the close of business on the balance sheet date. For investments where there is no active market, value is determined using valuation techniques.

5.5 Financial liabilities

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

5.6 Recognition and derecognition of financial instruments

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

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

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

5.7 Offsetting of financial assets and financial liabilities

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

5.8 Musharakah investment

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

5.9 Fixed assets

Assets given to customers under ijarah arrangements

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



Assets in own use - Tangible

Tangible fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost in relation to the assets comprises acquisition and other directly attributable costs. Subsequent costs are included in assets' carrying amounts when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. Carrying amount of parts so replaced, if any, is derecognized. All other repairs and maintenance are charged to income as and when incurred. Gains / losses on disposals are carried to the profit and loss account in the year of disposal.

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

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

Assets in own use - Intangible

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

5.10 Investment properties

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

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

5.11 Provisions

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

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

5.12 Creditors and other liabilities

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

5.13 Provident Fund

The Modaraba does not maintain a separate provident fund for its employees.

5.14 Revenue recognition

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

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

Return on deposits with bank is recognized on accrual basis.

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

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

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



5.15 Taxation

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

5.16 Proposed profit distribution to certificate holder

Profit distribution to certificate holders is recognised as a liability in the period in which such distributions are approved by the board of directors of the management company.

5.17 Related party transactions

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

Note 6

Cash and Bank Balances

	Note	2014 Rupees	2013 Rupees
Cash in hand		-	4,780
Profit bearing bank accounts		9,604,089	344,817
Non profit bearing bank accounts		20,750,420	3,170,234
		<u>30,354,509</u>	<u>3,519,831</u>

Note 7

Ijarah Rentals Receivable

Considered good		488,702	316,952
Considered doubtful	7.2	<u>7,586,362</u>	<u>6,696,238</u>
		8,075,064	7,013,190
Provision against doubtful ijarah rentals		<u>(7,586,362)</u>	<u>(6,696,238)</u>
		<u>488,702</u>	<u>316,952</u>

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

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

As at the beginning of the year		6,696,238	5,351,355
Addition during the year		1,097,511	2,276,963
Reversed during the year		<u>(207,387)</u>	<u>(932,080)</u>
As at the end of the year		<u>7,586,362</u>	<u>6,696,238</u>

Note 8

Advances, Prepayments and Other Receivables

Advance income tax		692,363	679,927
Advance to employees (Unsecured - Considered good)		646,228	755,140
Prepayments		279,062	359,712
		1,617,653	1,794,779
Accrued profit:			
- Profit receivable on musharaka receivables		32,806,104	32,800,889
- Less: Profit held in suspense account	10.2	<u>(16,145,001)</u>	<u>(16,147,980)</u>
		16,661,103	16,652,909
Accrued profit on murabaha receivable		502,921	670,834
Accrued profit on term deposit receipts		-	241,322
Other receivables:			
- Balance with broker	8.1	3,100,884	4,775,884
- Others	8.2	11,659,713	12,803,639
		<u>14,760,597</u>	<u>17,579,523</u>
		<u>33,542,274</u>	<u>36,939,367</u>



- 8.1** This represents balance receivable from M/s Khoja's Capital Management (Private) Limited, previously an associated company of the Modaraba.
- 8.2** There is no receivable from chief executive officer or / and any director of the Modaraba.

Note 9

Short Term Investments

	Note	2014 Rupees	2013 Rupees
Investments in listed equity securities are classified as:			
- Available for sale	9.1	7,346,126	3,742,965
- At fair value through profit or loss	9.2	424,940	263,006
Investments in term deposit receipts - Held to Maturity	9.3	-	18,000,000
		<u>7,771,066</u>	<u>22,005,971</u>

9.1 Available for sale

2014	2013	Name of entity		
No. of shares/ Certificates				
Holdings are in ordinary certificates / shares of Rupees 10 each.				
5,244	3,600	The Searle Company Limited	915,288	284,328
392,500	392,500	Lafarge Pakistan Cement Limited	6,272,150	3,332,325
5,700	5,700	Arif Habib Corporation Limited	158,688	126,312
<u>403,444</u>	<u>401,800</u>		<u>7,346,126</u>	<u>3,742,965</u>

9.2 At fair value through profit or loss

Holdings are in ordinary certificates / shares of Rupees 10 each.

2,241	2,241	Invest Capital Investment Bank Limited	4,482	3,496
200	200	Attock Refinery Limited	42,458	34,510
100,000	100,000	First Punjab Modaraba	378,000	225,000
<u>102,441</u>	<u>102,441</u>		<u>424,940</u>	<u>263,006</u>

- 9.3** This represented investment in term deposit receipts and carried profit at the rate of 6.25% to 8.5% (2013: 8% to 8.5%) per annum. These investment have been disposed off during the year.

Note 10

Musharaka Receivables

Considered good		3,955,101	19,374,531
Considered doubtful		<u>30,539,754</u>	<u>41,563,089</u>
	10.1	34,494,855	60,937,620
Accumulated Impairment	10.2	<u>(30,539,754)</u>	<u>(41,563,089)</u>
		<u>3,955,101</u>	<u>19,374,531</u>

- 10.1** This represents Musharaka finance provided to customers for business activities for a maximum period of twelve months. The provisional rate of profit on these finances ranges from 10% to 29% (2013: 10% to 29%) per annum and secured by way of hypothecation of goods and book debts and equitable mortgage of property. These charges have not been registered.

The Modaraba has received "memorandum of deposit of title deed" along with original "sale deed" of open plots of the University of Management & Technology (UMT) for the purpose of creation of equitable mortgage of Rs. 24 million. The said plots are of 60 Marlas and have forced sale value as on June 30, 2014 of Rs. 24.30 million as determined in the report of an independent valuer. The Modaraba has obtained legal advice from legal expert that the charge executed is valid/lawful equitable to the extent of Rs. 24 million on the respective property.

- 10.2** This represents provision made against overdue principal amount of musharaka finance on time based criteria in terms of the requirement of the prudential regulations applicable to Modaraba. Accrued profit of Rs. 16,145,001 (2013: Rs. 16,147,980) is held in suspense account (Refer to note 8). The management expects effective recovery of the outstanding receivable and therefore has not provided against profit of Rs. 16,652,909 million (2013: Rs. 16,652,909).



Movement in accumulated impairment is as follows:

	Note	2014 Rupees	2013 Rupees
As at beginning of the year		41,563,089	56,099,431
Recognized during the year		932,160	4,451,728
Reversed during the year	10.2.1	(11,955,495)	(18,988,070)
		<u>(11,023,335)</u>	<u>(14,536,342)</u>
As at end of the year		<u>30,539,754</u>	<u>41,563,089</u>

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

Note 11

Long Term Murabaha Receivable

Long term murabaha receivable		22,567,704	23,000,000
Unearned murabaha income	22	5,915,805	-
		<u>28,483,509</u>	<u>23,000,000</u>
Less: Current portion		<u>(6,647,079)</u>	<u>(23,000,000)</u>
		<u>21,836,430</u>	<u>-</u>

11.1 This represents murabaha arrangement made with a single party on April 14, 2014 for a period of two years, maturing on March 14, 2016 incorporating profit at the effective rate of 15.41% (2013: 17.5%) per annum payable monthly. Of the total principal receivable, Rs. 17.186 million shall be recovered in the last installment in March 2016. The facility is secured by way of ranking charge over all present and future current assets, book debts, outstanding moneys, receivables, claims, bills, contracts, engagements, securities, rights and assets of the company of the value of Rs. 54 million (2013: Rs. 54 million).

Note 12

Long Term Advances and Deposits

Advances		1,500,000	1,500,000
Deposits		1,206,260	1,705,460
		<u>2,706,260</u>	<u>3,205,460</u>

Note 13

Investment Property

Cost			
Balance as at July 01, 2013		100,000,465	-
Additions during the year	13.1	-	100,000,465
Balance as at June 30, 2014		100,000,465	100,000,465

Depreciation

Balance as at July 01, 2013		(2,916,680)	-
Charged during the year	13.2	(5,000,026)	(2,916,680)
Balance as at June 30, 2014		<u>(7,916,706)</u>	<u>(2,916,680)</u>
		<u>92,083,759</u>	<u>97,083,785</u>

13.1 This represents fifth floor of Library Building of M/s Institute of Leadership and Management (an associated undertaking) acquired against settlement of balance receivable from M/s Dossani Securities (Private) Limited and investment in M/s Alka Power (Private) Limited (previously a subsidiary company of the Modaraba). This floor measures 13,370 square feet and the building is situated at C-II, Johar Town, Lahore.

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

13.3 The fair value of investment property as at June 30, 2014 as per valuation report of an independent valuer was Rs. 119.197 million.



Note 14

Fixed Assets under Ijarah Arrangements

Description	Plant and Machinery	Vehicles	Office Equipment and Computers	Total
----- Rupees -----				
Year Ended June 30, 2014				
Cost				
Balance as at July 01, 2013	8,433,438	14,447,953	603,825	23,485,216
Additions	1,050,000	17,239,500	-	18,289,500
Disposals	(4,386,775)	(4,404,750)	-	(8,791,525)
Balance as at June 30, 2014	<u>5,096,663</u>	<u>27,282,703</u>	<u>603,825</u>	<u>32,983,191</u>
Accumulated depreciation				
Balance as at July 01, 2013	5,461,158	5,829,890	514,193	11,805,241
Charge for the year	925,104	4,210,251	20,251	5,155,606
Disposals	(3,509,420)	(2,957,471)	-	(6,466,891)
Balance as at June 30, 2014	<u>2,876,842</u>	<u>7,082,670</u>	<u>534,444</u>	<u>10,493,956</u>
Total as at June 30, 2014	<u>2,219,821</u>	<u>20,200,033</u>	<u>69,381</u>	<u>22,489,235</u>
Year Ended June 30, 2013				
Cost				
Balance as at July 01, 2012	10,881,878	9,341,953	5,870,705	26,094,536
Additions	1,701,560	5,978,000	-	7,679,560
Disposals	(4,150,000)	(872,000)	(5,266,880)	(10,288,880)
Balance as at June 30, 2013	<u>8,433,438</u>	<u>14,447,953</u>	<u>603,825</u>	<u>23,485,216</u>
Accumulated depreciation				
Balance as at July 01, 2012	7,668,768	4,265,862	4,698,927	16,633,557
Charge for the year	1,165,975	2,348,028	457,146	3,971,149
Disposals	(3,373,585)	(784,000)	(4,641,880)	(8,799,465)
Balance as at June 30, 2013	<u>5,461,158</u>	<u>5,829,890</u>	<u>514,193</u>	<u>11,805,241</u>
Total as at June 30, 2013	<u>2,972,280</u>	<u>8,618,063</u>	<u>89,632</u>	<u>11,679,975</u>

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

This represents Ijarah arrangements made by the Modaraba at profit rates ranging from 12.50% to 25% (2013:12.50% to 25%) per annum. Most of the Ijarah are of vehicles and machinery. These are secured against assets under ijarah, personal/corporate guarantees, demand promissory notes executed by Musta'jir and other collaterals.

14.1 Aggregate amount of future Ijarah rentals receivable on the basis of ijarah arrangements executed upto June 30, 2014 (June 30, 2013) are as follows:

	2014 Rupees	2013 Rupees
Not later than one year	15,874,784	3,923,441
Later than one year but not later than five years	11,010,123	4,686,158
	<u>26,884,907</u>	<u>8,609,599</u>



Note 15

Fixed Assets under Own Use

Description	Machinery	Furniture and Fittings	Vehicles	Office Equipment	Computers and Accessories	Total
----- Rupees -----						
Year Ended June 30, 2014						
Cost						
Balance as at July 01, 2013	1,987,400	4,588,095	1,904,210	1,166,917	2,483,938	12,130,560
Additions	-	51,500	-	148,500	22,500	222,500
Disposals	-	-	-	-	-	-
Balance as at June 30, 2014	<u>1,987,400</u>	<u>4,639,595</u>	<u>1,904,210</u>	<u>1,315,417</u>	<u>2,506,438</u>	<u>12,353,060</u>
Accumulated depreciation						
Balance as at July 01, 2013	1,517,269	4,588,095	274,067	964,463	2,350,409	9,694,303
Charge for the year	397,485	6,866	351,074	80,913	79,678	916,016
Disposals	-	-	-	-	-	-
Balance as at June 30, 2014	<u>1,914,754</u>	<u>4,594,961</u>	<u>625,141</u>	<u>1,045,376</u>	<u>2,430,087</u>	<u>10,610,319</u>
Total as at June 30, 2014	<u>72,646</u>	<u>44,634</u>	<u>1,279,069</u>	<u>270,041</u>	<u>76,351</u>	<u>1,742,741</u>
Year Ended June 30, 2013						
Cost						
Balance as at July 01, 2012	1,891,500	4,588,095	155,490	1,166,917	2,414,438	10,216,440
Additions	95,900	-	1,748,720	-	109,500	1,954,120
Disposals	-	-	-	-	(40,000)	(40,000)
Balance as at June 30, 2013	<u>1,987,400</u>	<u>4,588,095</u>	<u>1,904,210</u>	<u>1,166,917</u>	<u>2,483,938</u>	<u>12,130,560</u>
Accumulated depreciation						
Balance as at July 01, 2012	1,134,900	4,588,095	149,534	888,818	2,308,901	9,070,248
Charge for the year	382,369	-	124,533	75,645	81,508	664,055
Disposals	-	-	-	-	(40,000)	(40,000)
Balance as at June 30, 2013	<u>1,517,269</u>	<u>4,588,095</u>	<u>274,067</u>	<u>964,463</u>	<u>2,350,409</u>	<u>9,694,303</u>
Total as at June 30, 2013	<u>470,131</u>	<u>-</u>	<u>1,630,143</u>	<u>202,454</u>	<u>133,529</u>	<u>2,436,257</u>
Depreciation rates	<u>20%</u>	<u>20%</u>	<u>20%</u>	<u>20%</u>	<u>33.33%</u>	

Note 16

Intangible Assets

Carrying value of intangible - computer software

16.1

2014

Rupees

92,500

2013

Rupees

422,500

16.1 Net Carrying Value

Net carrying value - opening balance

422,500

752,500

Additions during the year

-

-

Amortization during the year

422,500

752,500

(330,000)

(330,000)

92,500

422,500

16.2 Gross Carrying Value

Cost

1,000,000

1,000,000

Accumulated amortization

(907,500)

(577,500)

Net book value

92,500

422,500

16.3 The Modaraba amortizes intangible asset by Rs. 27,500 per month on straight line basis over the period of three years.



Note 17

Creditors, Accrued and Other Liabilities

	Note	2014 Rupees	2013 Rupees
Accrued expenses		1,004,997	3,735,859
Contribution to provident fund payable	17.1	1,581,238	1,842,715
Payable to the Modaraba Management Company		1,029,666	1,821,141
Other liabilities		673,676	4,678,389
		<u>4,289,577</u>	<u>12,078,104</u>

17.1 The provident fund contribution is not deposited by the Modaraba in a separate bank account.

Note 18

Musharaka Finance

Musharaka finance - secured	18.1	<u>11,200,000</u>	<u>12,142,348</u>
-----------------------------	------	-------------------	-------------------

18.1 Musharaka finance facilities are arranged for the purpose of normal business activities of the Modaraba. The maximum period of these arrangements is twelve months. The provisional rate of profit payable ranges from 12.6% to 18% (2013: 12.6% to 18%) per annum. The arrangements are secured against pledge of marketable securities, hypothecation charge over current assets and demand promissory note.

Note 19

Current Portion of Non-Current Liabilities

Long term security deposits	21	1,507,438	7,868,871
Deferred murabaha income	22	<u>3,510,342</u>	-
		<u>5,017,780</u>	<u>7,868,871</u>

Note 20

Provision for Taxation

Provision for taxation	20.1	<u>3,191,482</u>	<u>3,191,482</u>
------------------------	------	------------------	------------------

20.1 This represents tax payable by the Modaraba for the tax year 2009 and 2011. This amount has been entirely paid / adjusted subsequent to the balance sheet date.

Note 21

Long Term Security Deposits

Security deposit - ijarah		8,080,676	9,809,389
Less: Current portion	19	<u>(1,507,438)</u>	<u>(7,868,871)</u>
		<u>6,573,238</u>	<u>1,940,518</u>

Note 22

Deferred Murabaha Income

Long term murabaha receivable	11	5,915,805	-
Less: Current portion	19	<u>(3,510,342)</u>	-
		<u>2,405,463</u>	-

Note 23

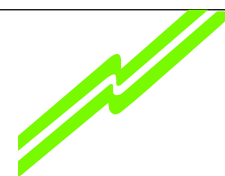
Certificate Capital

	2014	2013		2014	2013
Number of certificates					
Authorized:					
	<u>50,000,000</u>	<u>50,000,000</u>	Modaraba Certificates of Rs. 10 each	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up:					
	18,500,000	18,500,000	Modaraba Certificates of Rs. 10 each issued as fully paid in cash	185,000,000	185,000,000
	1,687,500	1,687,500	Modaraba Certificates of Rs. 10 each issued as fully paid bonus certificate	<u>16,875,000</u>	<u>16,875,000</u>
	<u>20,187,500</u>	<u>20,187,500</u>		<u>201,875,000</u>	<u>201,875,000</u>

23.1 There was no movement in certificate capital during the year. certificates of Rs 10 each.

23.2 IBL Modaraba Management (Private) Limited (the Management Company) holds 2,030,905 (2013: 2,030,905) certificates of Rs 10 each.

23.3 University of Management and Technology (associated undertaking) hold 3,070,000 (2013: 3,070,000) certificates of Rs 10 each.



23.4 One of the Directors of the Management Company holds 1,515,820 (2013: 1,515,820) certificates of Rs 10 each.

Note 24

Reserves

	Note	2014 Rupees	2013 Rupees
Statutory reserve	24.1	38,024,737	36,171,338
Unrealised gain on revaluation of available for sale investments		11,031,026	7,427,865
		<u>49,055,763</u>	<u>43,599,203</u>

24.1 Statutory reserve represents profits set aside in compliance with the requirements of prudential regulations for Modarabas issued by the SECP. These regulations require the Modaraba to transfer at least 20% after tax profit, upto a maximum of 50% in the statutory reserves until the reserve equals 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred into the statutory reserve each year. During the year an amount of Rs. 1,853,399 (2013: Rs. 1,857,829) has been transferred from profit for the year to statutory reserve with the approval of Board of Directors of the Management Company.

Note 25

Contingencies and Commitments

25.1 Contingencies

The Modaraba has provided guarantees amounting to Rs. Nil (2012: 47,957,651) on behalf of the contracts.

25.2 Commitments

The Modaraba has not made any capital commitments as at June 30, 2014 (2013 : Nil).

Note 26

Income from Short Term Investments

Dividend income		8,878	4,367
Unrealised gain on re-measurement of investments at fair value through profit or loss		161,934	88,617
		<u>170,812</u>	<u>92,984</u>

Note 27

Other Income

Commission income		716,218	461,695
Documentation charges		96,983	68,000
Gain on termination of ijarah arrangements		298,963	-
Gain on disposal of fixed assets under own use		-	13,000
Miscellaneous		130	37,702
		<u>1,112,294</u>	<u>580,397</u>

Note 28

Operating Expenses

Salaries, allowances and other benefits	28.1	7,031,297	5,873,914
Communication expenses		285,252	187,610
Travelling and conveyance	28.2	1,033,480	674,615
Postage and stamps		181,700	37,858
Advertisement		62,960	17,700
Legal and professional charges		1,767,187	503,361
Rent, rates and taxes		745,102	727,199
Fees and subscription		729,260	1,181,810
Repairs and maintenance		266,761	292,691
Utilities		265,490	178,877
Donation	28.3	-	100,000
Insurance		220,605	57,316
Stationery, printing and other expenses		180,295	182,988
Depreciation / amortization:			
- Owned - tangible		916,016	664,055
- Investment properties		5,000,026	2,916,680
- Intangible assets		330,000	330,000
Entertainment		117,574	91,433
Staff training		118,872	-
Bank charges		3,076	7,355
Others		107,355	199,962
		<u>19,362,308</u>	<u>14,225,424</u>



Note	2014 Rupees	2013 Rupees
	5,821,599	3,571,064
	215,682	178,236
	<u>6,037,281</u>	<u>3,749,300</u>
	<u>4</u>	<u>6</u>

28.1 Remuneration of Officers

Salaries and other benefits include remuneration of officers:
Remuneration
Employer's contribution to provident fund

Number of persons

28.2 Officers are also provided with free use of Modaraba's vehicles.

28.3 None of the directors and their spouses has any interest in the donee.

Note 29

Other Operating Expenses

	Note	2014	2013
Auditors' remuneration	29.1	399,000	440,405
Fines and penalties		143,000	-
Balances written off		712,886	1,169,410
		<u>1,254,886</u>	<u>1,609,815</u>

29.1 Auditors' remuneration

Audit fee	250,000	210,000
Review of half yearly financial statements and other certifications	125,000	150,000
Out of pocket expenses	24,000	80,405
	<u>399,000</u>	<u>440,405</u>

Note 30

Modaraba Company's Management Fee

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

Note 31

Earnings per Modaraba Certificate - Basic and Diluted

The calculation of the basic earnings per modaraba certificate is based on the following data:

Profit for the year (Rupees)	<u>9,266,994</u>	<u>9,289,143</u>
Weighted average number of modaraba certificates outstanding (Numbers)	<u>20,187,500</u>	<u>20,187,500</u>
Earnings per certificate - basic (Rupees)	<u>0.46</u>	<u>0.46</u>

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

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

Note 32

Cash Generated from Operations

	2014	2013
Profit for the Year	9,266,994	9,289,143
Adjustment for:		
- Depreciation on fixed assets under own use	916,016	664,055
- Depreciation on investment properties	5,000,026	2,916,680
- Depreciation on fixed assets under ijarah arrangements	5,155,606	3,971,149
- Amortization on intangible asset	330,000	330,000
- Balances written back	(5,317,023)	(660,000)
- Balances written off	712,886	1,169,410
- Reversal of provision in respect of Musharaka facilities - net	(11,023,335)	(14,536,342)
- Reversal of provision in respect of profit on Musharaka facilities	(2,979)	(1,992,611)
- Revaluation gain on investment at fair value through profit or loss	(161,934)	(88,617)
- Gain on disposal of fixed assets under own use	-	(13,000)
- Gain on termination of ijarah arrangements	(298,963)	-
- Profit on term deposit receipts and bank deposits	(665,388)	-
- Dividend income	(8,878)	(4,367)
	<u>(5,363,966)</u>	<u>(8,243,643)</u>
Operating profit before working capital changes	3,903,028	1,045,500



(Increase)/ Decrease in operating assets:

- Advances, prepayments and other receivables
- Ijarah rentals receivable
- Musharaka receivables
- Long term murabaha receivable

Increase/ (Decrease) in operating liabilities:

- Long term security deposits
- Creditors, accrued and other liabilities

Net changes in working capital

Cash generated from operations

	2014 Rupees	2013 Rupees
	2,699,622	5,152,894
	(171,750)	1,600,798
	26,442,765	28,703,810
	432,296	-
	(1,107,341)	613,893
	(3,092,876)	(2,255,866)
Net changes in working capital	25,202,716	33,815,529
Cash generated from operations	29,105,744	34,861,029

Note 33

Maturity of Assets and Liabilities

	Up to one month	One month to three months	Three months to one year	One year to five years	Five years and above	Total
----- Rupees -----						
Assets						
Cash and bank balances	30,354,509	-	-	-	-	30,354,509
Ijarah rentals receivable	488,702	-	-	-	-	488,702
Advances, prepayments and other receivables	17,164,024	-	16,378,250	-	-	33,542,274
Short term investments	424,940	-	7,346,126	-	-	7,771,066
Musharaka receivables	290,971	3,664,130	-	-	-	3,955,101
Long term murabaha receivable	597,079	1,100,000	4,950,000	21,836,430	-	28,483,509
Long term advances and deposits	-	-	-	2,706,260	-	2,706,260
Investment property	416,669	833,338	3,750,020	20,000,104	67,083,628	92,083,759
Fixed assets	1,152,506	-	442,814	22,636,656	-	24,231,976
Intangible asset	27,500	55,000	10,000	-	-	92,500
Total Assets - June 30, 2014	50,916,900	5,652,468	32,877,210	67,179,450	67,083,628	223,709,656
Total Assets - June 30, 2013	23,211,314	18,000,000	63,945,338	42,744,308	72,083,669	219,984,629

	Up to one month	One month to three months	Three months to one year	One year to five years	Five years and above	Total
----- Rupees -----						
Liabilities						
Creditors, accrued and other liabilities	353,252	1,029,666	2,906,659	-	-	4,289,577
Musharaka profit payable	1,430,192	-	-	-	-	1,430,192
Musharaka finances	11,200,000	-	-	-	-	11,200,000
Provision for taxation	3,191,482	-	-	-	-	3,191,482
Unpresented profit warrants	9,815,161	-	-	-	-	9,815,161
Long term security deposits	1,154,170	-	353,268	6,573,238	-	8,080,676
Deferred murabaha income	152,082	641,930	2,716,330	2,405,463	-	5,915,805
Total Liabilities - June 30, 2014	27,296,339	1,671,596	5,976,257	8,978,701	-	43,922,893
Total Liabilities - June 30, 2013	15,131,240	848,000	28,385,450	1,940,518	-	46,305,208
Net Assets - June 30, 2014	23,620,561	3,980,872	26,900,953	58,200,749	67,083,628	179,786,763
Net Assets - June 30, 2013	8,080,074	17,152,000	35,559,888	40,803,790	72,083,669	173,679,421

Represented by:

- Certificate capital
- Reserves
- Accumulated loss

	2014 Rupees	2013 Rupees
Certificate capital	201,875,000	201,875,000
Reserves	49,055,763	43,599,203
Accumulated loss	(71,144,000)	(71,794,782)
	179,786,763	173,679,421



Note 34

Segment Analysis

34.1 Geographical segments

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

34.2 Business segments

Murabaha receivable

	2014		2013	
	Rupees	%	Rupees	%
Chemicals	22,567,704	100.0	23,000,000	100.0

Musharakah receivable

Media advertising	3,086,075	78.0	-	-
Education	290,972	7.4	18,442,371	95.2
Individuals	578,054	14.6	932,160	4.8
	<u>3,955,101</u>	<u>100.0</u>	<u>19,374,531</u>	<u>100.0</u>

Ijarah receivable

Medical and pharmaceuticals	234,480	48.0	-	-
Textile	125,000	25.6	-	-
Engineering	-	-	13,557	4.3
Individuals	129,222	26.4	303,395	95.7
	<u>488,702</u>	<u>100.0</u>	<u>316,952</u>	<u>100.0</u>

Investment in ijarah under (IFAS-2)

Engineering	60,000	0.3	1,613,778	13.8
Media advertising	2,579,211	11.5	-	-
Others	816,150	3.6	307,792	2.6
Leasing	707,462	3.1	976,795	8.4
Textile	666,408	3.0	-	-
Hotel	120,000	0.5	120,000	1.0
Medical and pharmaceuticals	3,566,446	15.9	4,576,050	39.2
Individuals	13,973,558	62.1	4,085,560	35.0
	<u>22,489,235</u>	<u>100.0</u>	<u>11,679,975</u>	<u>100.0</u>

Note 35

Balances and Transactions with Related Parties

- 35.1** In accordance with Section 18 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, management fee @ 10% of annual profits is paid to the Modaraba Management Company.
- 35.2** Related parties comprise Management Company, major certificate holders of the Modaraba and their close family members, directors of the management company and their close family members, key management personnel of the management company and their close family members and entities with common directors or under common management.
- 35.3** Details of transactions with related parties and balances outstanding with them at the year end are as follows:



Transactions during the year

Related party	Relationship	Nature of Transaction	2014	2013
			Rupees	Rupees
IBL Modaraba Management (Private) Limited	Management Company	Recovery from Management Company	-	2,700,000
		Adjustment of receivable from the Management Company on account of salary of director of the Management Company	-	100,000
		Management fee paid during the year	1,032,127	1,032,127
		Rent of branch office paid by the management company	-	560,000
		Salary of Director of Management Company	-	104,384
		Reimbursement of expenses paid by the Management Company	789,014	-
University of Management and Technology	Holds 15.2% of the paid up certificates of Modaraba	Recovery against Musharaka of Musharaka profit received	4,750,010	27,749,990
		Rent of Library Building received	7,495,440	4,372,340
			-	250,000
Institute of Leadership & Management	Common Management	Recovery against Musharaka	13,390,371	3,003,481
		Musharaka profit received / adjusted	-	3,481
		Ijarah rental received	-	2,070,770

Outstanding Balance at the year end

Payable to the Modaraba Management Company	(1,029,666)	(1,821,141)
Receivable from University of Management and Technology	16,652,909	21,402,919
Receivable from Institute of Leadership & Management	-	13,383,409

Transactions with related parties, except the management fee payable to the management company, are carried at an arm's length in the normal course of business.

Note 36

Capital Risk Management

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

In line with others in the industry, the Modaraba monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated by adding equity, as shown in the balance sheet, into net debt.



As on the balance sheet date, the gearing ratio of the Modaraba was as under:

	2014	2013
	Rupees	Rupees
Total borrowings	11,200,000	12,142,348
Cash and bank balances	(30,354,509)	(3,519,831)
Net Debt	(19,154,509)	8,622,517
Equity	179,786,763	173,679,421
Total Capital	160,632,254	182,301,938
Gearing Ratio	-11.9%	4.7%

Note 37

Financial Risk Management

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

Credit risk
Liquidity risk
Market risk

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

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

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

37.2 Credit Risk:

37.2.1 Credit risk and concentration of credit risk

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

37.2.2 Credit risk related to receivables

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

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



37.2.3 Credit risk related to financial instruments and cash deposits

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

37.2.4 Exposure to credit risk

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

Financial assets	Note	2014	2013
		Rupees	Rupees
Cash and bank balances	6	30,354,509	3,515,051
Ijarah rentals receivable	7	488,702	316,952
Advances and other receivables	8	31,924,621	35,899,728
Short term investments	9	7,771,066	22,005,971
Musharaka receivables	10	3,955,101	19,374,531
Murabaha receivable	11	28,483,509	23,000,000
Long term advances and deposits	12	2,706,260	3,205,460
		<u>105,683,768</u>	<u>107,317,693</u>

Geographically all credit exposure is concentrated in Pakistan.

The maximum exposure to credit risk for receivables at the reporting date by type of customer was:

Chemicals	22,567,704	23,000,000
Hotel	120,000	120,000
Leasing	707,462	976,795
Textile	791,408	-
Education	290,972	18,442,371
Engineering	60,000	1,627,335
Medical and pharmaceuticals	3,800,926	4,576,050
Media Advertising	5,665,286	-
Individuals	14,680,834	5,321,115
Others	816,150	307,792
The maximum exposure to credit risk for financial assets at the reporting date by mode of financing was:	<u>49,500,742</u>	<u>54,371,458</u>

Ijarah rentals receivable	488,702	316,952
Musharaka receivables	3,955,101	19,374,531
Murabaha receivable	28,483,509	23,000,000
	<u>32,927,312</u>	<u>42,691,483</u>

Impairment losses

The aging of financial assets at the reporting date was:

	Gross 2014	Impairment 2014	Gross 2013	Impairment 2013
	----- Rupees -----			
Not past due	32,927,328	-	23,607,923	-
Past due 0-90 days	-	-	11,019	-
Past due 90-180 days	38,126,100	38,126,116	67,331,868	48,259,327
	<u>71,053,428</u>	<u>38,126,116</u>	<u>90,950,810</u>	<u>48,259,327</u>



37.3 Liquidity risk

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

The maturity profile of the Modaraba's financial liabilities based on contractual amounts is disclosed in Note 33 to the financial statements.

37.3.1 Market risk

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

37.3.2 Exposure to currency risk

The Modaraba has no exposure to foreign currency risk at balance sheet date.

37.3.3 Other market price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Modaraba is exposed to equity price risk in respect of short term investments available for sale and at fair value through profit or loss.

37.3.4 Sensitivity analysis - equity price risk

A change of 10% in value of investments available for sale would have increased or decreased equity by Rs. 777,107 (2013: Rs. 400,597).

37.3.5 Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities approximate their fair values.

Note 38

Number of Employees

	2014 Numbers	2013 Numbers
Employees as at June 30	<u>13</u>	<u>11</u>

Note 39

Date of Authorization for Issue

These financial statements were authorized for issue on September 22, 2014 by the Board of Directors of IBL Modaraba Management (Private) Limited (the Management Company).

Note 40

Profit Distribution

The Board of Directors of the Management Company in their meeting held on September 22, 2014 declared a final profit distribution of Rs. 0.331 (2013: Rs. 0.335) per Modaraba certificate which in total amounts to Rs.6,682,063/- (2013: Rs.6,762,813).



Note 41

General

Corresponding figures have been re-arranged / reorganised, wherever necessary, for better presentation of the financial statements. Following re-arrangements / reclassifications have been made in these financial statements for better presentation.

Nature	From	To	Amount Rupees
Profit on bank deposits	Other income	Profit on term deposit receipts and bank deposits (face of profit and loss account)	387
Profit on term deposit receipts			542,980
Dividend income	Other income	Income from short term investments	4,367
Unrealised gain on re-measurement of investments at fair value through profit or loss	Expenses (face of profit and loss account)	Income from short term investments	88,617
Miscellaneous income	Other income - Miscellaneous income	Other income - Documentation charges	96,983
Miscellaneous income	Other income - Miscellaneous income	Other income - Commission income	461,695
Reversal of provision against non-performing musharaka receivables - net	Expenses (face of profit and loss account)	Other income (face of profit and loss account)	14,536,342
Reversal of musharaka profit held in suspense account	Expenses (face of profit and loss account)	Other income (face of profit and loss account)	1,992,611
Amortization of intangible assets	Expenses (face of profit and loss account)	Operating expenses	330,000
Balances written off - net	Operating expenses	Other operating expenses - Balances written off	1,169,410
		Balances written back (face of profit and loss account)	660,000
Auditors' remuneration	Operating expenses	Other operating expenses	440,405
Finance cost	Expenses (face of profit and loss account)	Operating expenses - Bank charges	7,355
Musharaka profit payable	Creditors, Accrued and Other Liabilities	Musharaka profit payable (face of balance sheet)	1,430,192

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

**DETAIL OF CATEGORIES OF CERTIFICATE HOLDERS
AS AT JUNE 30, 2014**



CATEGORIES OF CERTIFICATE HOLDERS	PERCENTAGE %	CERTIFICATE HELD
BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS.		
SONERI BANK LIMITED		58,000
NATIONAL DEVELOPMENT FINANCE CORPORATION		1,000
THE BANK OF PUNJAB		1,000
CRESCENT INVESTMENT BANK LIMITED		4,348
THE BANK OF PUNJAB - TREASURY DIVISION		300,299
NATIONAL BANK OF PAKISTAN		727,077
NATIONAL BANK OF PAKISTAN		801
Sub-Totals :	5.41	<u>1,092,525</u>
INSURANCE COMPANIES		
GULF INSURANCE COMPANY LTD.		1,200
STATE LIFE INSURANCE CORP. OF PAKISTAN		509,990
SLIVER STAR INSURANCE COMPANY LIMITED		575
ASIA INSURANCE COMPANY LIMITED		5,843
Sub-Totals :	2.56	<u>517,608</u>
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN		
Hassan Sohaib Murad (DHM)		1,515,820
Sub-Totals :	7.51	<u>1,515,820</u>
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES.		
UNIVERSITY OF MANAGEMENT & TECHNOLOGY		3,070,000
Sub-Totals :	15.21	<u>3,070,000</u>
MODARABAS AND MUTUAL FUNDS		
FIRST TRI-STAR MODARABA		70
NIT AND ICP		70
Sub-Totals :	0.00	<u>70</u>
INVESTMENT CORPORATION OF PAK.		3,006
Sub-Totals :	0.01	<u>3,006</u>
OTHERS		
SARFARAZ MAHMOOD (PRIVATE) LTD		512
TRUSTEE NATIONAL BANK OF PAKISTAN - EMPLOYEES		4,577
TRUSTEE NATIONAL BANK OF PAKISTAN - EMPLOYEES		130,441
IBL MODARABA MANAGEMENT (PVT.) LTD.		2,030,905
D.G. CORPORATION (PVT) LIMITED		11,687
NAFEES COTTON MILLS LIMITED		191
GOVERNMENT COLLEGE UNIVERSITY		27,500
CDC-TRUSTEE NATIONAL INVESTMENT (UNIT)		1,078,774
UNITED ETHANOL INDUSTRIES LIMITED		2,000,000
FIKREE'S (SMC-PVT) LIMITED		1,500
SALIM SOZER SECURITIES (PVT) LIMI TED		245,000
ISMAIL ABDUL SHAKOOR SECURITIES (PVT) LIMITED		1,000
AWJ SECURITIES (PVT) LIMITED		584
DARSON SECURITIES (PVT) LIMITED		168
NCC - FREE SETTLEMENT DELIVERY ACCOUNT		8,000
FIRST NATIONAL EQUITIES LIMITED		200,000
DOSSALNI'S SECURITIES (PVT) LIMITED		4,425,764
NH SECURITIES (PVT) LIMITED		165
PYRAMID INVESTMENTS (VPT) LIMITED		800
Sub-Totals :	50.37	<u>10,167,568</u>
INDIVIDUAL		
Local - Individuals		3,820,903
Sub-Totals :	18.93	<u>3,820,903</u>
Grand Total	<u>100.00</u>	<u>20,187,500</u>



**PATTERN OF HOLDING OF CERTIFICATE HELD BY CERTIFICATE HOLDERS
AS AT JUNE 30, 2014**

NO. OF CERTIFICATE HOLDERS	CERTIFICATE HOLDERS		TOTAL CERTIFICATES HELD
	FROM	TO	
406	1	100	16,154
312	101	500	87,034
204	501	1000	145,590
241	1001	5000	515,814
32	5001	10000	224,403
24	10001	100000	773,860
12	100001	1000000	3,253,382
4	1000001	2000000	5,644,594
1	2000001	3000000	2,030,905
1	3000001	4000000	3,070,000
1	4000001	5000000	4,425,764
1,238			20,187,500

**CATEGORIES OF CERTIFICATE HOLDERS
AS AT JUNE 30, 2014**

CATEGORIES OF CERTIFICATE HOLDERS	NUMBER	CERTIFICATES HELD	PERCENTAGE
INVESTMENT CORPORATION OF PAKISTAN	1	3,006	0.01%
BANKS	6	1,091,525	5.41%
DEVELOPMENT FINANCE INSTITUTIONS	1	1,000	0.00%
INSURANCE COMPANIES	4	517,608	2.56%
MODARABAS	1	70	0.00%
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES	2	5,100,905	25.27%
DIRECTORS, CHIEF EXECUTIVE OFFICER & THEIR SPOUSE AND MINOR CHILDREN	1	1,515,820	7.51%
OTHERS	18	8,136,663	40.31%
INDIVIDUALS	1204	3,820,903	18.93%
	1238	20,187,500	100.00%