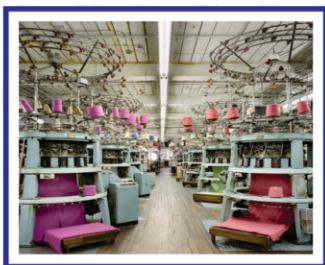
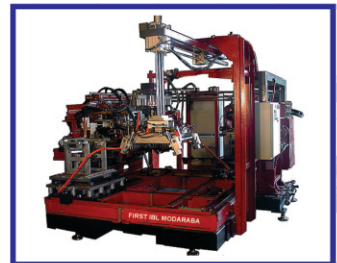


# First IBL Modaraba

## Annual Report 2015



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# CORPORATE INFORMATION

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	Naveed Ameen Shaheen Rashid Arslan Khan Khakwani Muhammad Ilyas	Chairman Member Member Secretary
HR & R COMMITTEE	Shaheen Rashid Arslan Khan Khakwani Naveed Ameen 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 <sup>st</sup> 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 15th Annual Review Meeting [ARM] of certificate holders will be held on Thursday October 29, 2015 at 06:15 p.m. at Auditorium of NBF and Modaraba Association of Pakistan, 602, 6th Floor, Progressive Center, 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, 2015.

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 29, 2015.



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**M. Sohail A. Sheikh**  
**Company Secretary**

October 07, 2015

# Directors' Report

The Board of Directors of M/s IBL Modaraba Management (Private) Limited [IBLMM], the Management Company of First IBL Modaraba [FIBLM], is pleased to present to the certificate holders the Audited Financials Statement of First IBL Modaraba for the year ended June 30, 2015 along with Auditors' Report thereon.

## **Financial Results:**

Summarized results for the year under report are as follows:

	(Rs. in "000")	
	<b>June 2015</b>	June 2014
Operating Income	<b>27,264</b>	18,613
Other Income	<b>8,508</b>	17,455
Management Fee - 10%	<b>592</b>	1,029
Profit before Tax	<b>5,328</b>	9,267

## **Review of Operations:**

The diversity of the Modaraba concept provides unique kind of business opportunities, which are not available in other such entities of the Islamic financial regime; having tax benefit by distributing 90% of the net profit to its certificate holders and offering financial facilities to the prospective clients through Musharakah, Murabaha and Ijarah modes.

By the kind guidance, support and given outlines by the apex regulator as well as by placement of good corporate governance, adapting fool proof, transparent systems & procedures, improved checks & balances and applying adequate risk management policies & practices, the Modaraba sector is moving towards a direction which is not only gaining the trust and confidence of the investors but also optimizes the profitability of the Modarabas.

During the year, to give competitive return to its certificate holders, FIBLM reported increase in Ijarah income of Rs. 4.589 million as compared to the preceding period against Ijarah segment.

We are pleased to inform that due to the efforts of your team in FIBLM, the earning per share of the Modaraba for the period under review stood at 0.26, hence FIBLM declared a cash dividend at the rate of 2% (i.e Re.0.20) per Modaraba certificate.

During the year FIBLM mainly focused on recovery of its classified portfolio thus an aggregate amount of Rs. 4.533 million has been recovered against classified portfolio of principal receivable against Musharakah, Rs. 19.269 million against profit receivable on Musharakah, also recovered Rs.3.10 million against receivable from broker and invested the same into profit generating income segments.

During the reported period FIBLM extended fresh Musharakah and Ijarah facilities for an aggregate amount of Rs. 50.490 million to the quality borrowers / clients during the year whereas it managed recovery of a total amount of Rs. 52.530 million from the existing portfolio.

During the current year FIBLM not only concentrated on increase of its income but also intensified the efforts of previous outstanding amounts. We are pleased to inform you that FIBLM recovered Rs.10 million on account of long outstanding balances subsequent to the balance sheet date, which will be reflected in the results for the period ending September 30, 2015.

Following reflects the break-up of the revenue generated from operations:

<b>INCOME</b>	<b>June 2015 Amount (Rs.)</b>	<b>June 2014 Amount (Rs.)</b>
Income from Ijarah	10,124,834	5,535,487
Profit on Murabaha Investment	3,661,472	4,189,378
Profit on Musharakah Investment	1,645,643	557,324
Income from Investment Property	7,495,440	7,495,440
Profit on Term Deposit Receipts & Bank Deposits	377,442	665,388
Income from Short Term Investments	3,959,514	170,812
<b>Total</b>	<b>27,264,345</b>	<b>18,613,829</b>

The break-up of expenses are as under:

<b>EXPENSES</b>	<b>June 2015 Amount (Rs.)</b>	<b>June 2014 Amount (Rs.)</b>
Operating Expenses	19,485,956	19,362,308
Depreciation on assets under Ijarah	8,849,583	5,155,606
Other Operating Expenses	1,516,096	1,254,886
<b>Total</b>	<b>29,851,635</b>	<b>25,772,800</b>

The statutory reserves of the Modaraba stood at Rs.39,090,402 compared to the accumulated amount of Rs.38,024,737 for the preceding period.

#### **Corporate Governance:**

The Modaraba has implemented all aspects of Code of Corporate Governance introduced by Karachi Stock Exchange 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 Financial Reporting 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's ability to continue as going concern.

There has been no trading in the certificates of Modaraba by Directors, Chief Executive, Chief Financial Officer, Company Secretary, their spouses and minor children during the year.

There is no material departure from the best practices and Code of Corporate Governance (CCG) as detailed in the listing regulations. Certain shortcomings are still there that have been narrated hereunder and also described in the statement of compliance:

The chairman and CEO is the same person and FIBLM has already taken an appropriate step to follow the said CCG regulation.

During the period no director training program is conducted due to busy schedule of the directors. The Modaraba had planned to arrange training program for its directors.

The internal auditor holds Master's degree in Business Administration from Asian School of Economic Development and has professional experience of over 21 years. He possesses more than five(5) years of experience in the field of internal audit and has also served as CFO in an NBFIs for eight(8) years.



**Attendance of Board Meetings:**

During the year under review, four (04) meetings of Board of Directors were held. Attendance of which is described in the table below:

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

**Operating Data for six years:**

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

**Pattern of Certificates Holding:**

The detailed pattern of certificates holding as at June 30, 2015, 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:**

Fiscal year 2014-15 registered some remarkable achievements. Inflation hit the lowest level at 2.1% on YoY in April 2015, since 2003-04. The policy rate decelerated at 7% which was lowest in last 42 years, capital market created history, grading by international rating agencies improved and historical agreement with Chinese Government on Pak-China Economic Corridor was entered into. Successful reviews with IMF and its disbursement of tranches to the country, issuance of Ijarah Sukuk Bond in the international market after a period of 9 years, swelled the foreign exchange reserves to a comfortable level, i.e. touched to its historic-high at US\$. 18.7 billion. There was also a decline in unemployment rate from 6.2% to 6.0%.

The GDP growth accelerated to 4.24% in 2014-15 against the growth of 4.03% recorded in the same period last year. However, excessive taxation and stuck-up tax refunds, power shortages and an overvalued currency may negatively impact our growth and exports.

The fiscal year 2015 ended with sharp improvement in the external account, as the sudden fall in international oil prices along with strong growth in remittances helped contain the current account deficit. The current account deficit for the fiscal year ended June 30, 2015 was rounded at US\$ 2.28 billion, i.e. 0.8% of GDP, which shows an impressive decline of 27% YOY. However, trade deficit increased by 10.6% YOY to US\$. 22.1 billion.

The inflation rate measured by the changes in CPI, averaged at 4.8% during July-April, 2014-15 against 8.7% in the comparable period last year, which is lowest since 2003.

We expect that by having improved security situation, low interest rates, higher private sector credit off take, some improvement in energy supply and progress on Pak-China Economic Corridor, the economic growth could rise between 4.5% to 5% for the next year.

**Stock Markets Review:**

According to the report published by Bloomberg, economic reforms and good relations with the international monetary organizations gave boost to Pakistan's economy. It said that the success is better than India's. It further states that Karachi Stock Exchange (KSE) saw 16% improvement during the last one year and is among the 10 best performing stock markets of the world. Since the year 2009, Pakistani equities delivered 26% a year for US dollar investors, making KSE the best - performing stock exchange in the world.

The aforementioned performance of the KSE-100 can be attributed to 44% FY 2015 TD decline in the international oil prices which consequently led to a subdued performance by index heavy weight Oil & Gas sector (down 25%YoY).

Furthermore, during the period under review, sectors occupying 45% of the KSE market cap concluded the year downward (17%YoY) while 55% of the market posted an aggregate growth (55%) YoY. With integration of the Karachi, Lahore and Islamabad Stock Exchanges, the "Pakistan Stock Exchange" was formed in August 2015 that will go a long way towards development of the country's capital markets and in the best interest of its all stakeholders.

#### **Future Outlook:**

The Boards of directors are pleased to report that during the year under view, FIBLM has successfully recovered an amount of Rs. 2.50 million against missing scripts. We are hopeful that with the concrete efforts, FIBLM will soon recover further amounts from missing scripts (In Sha Allah).

FIBLM's team is vigorously working to recover the amounts from stuck-up portfolio / classified portfolio; once recoveries are materialized, FIBLM will be in position to further strengthen its profitability thus resultantly increase in certificate holder's equity.

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

#### **Auditors:**

The present auditors, M/s Horwath Hussain Chaudhury & Co., Chartered Accountants, being due for retirement have offered themselves for re-appointment for the year ending June 30, 2016. Hence, the Board has confirmed their re-appointment as external auditors of the Modaraba for the year ended June 30, 2016 subject to the approval of the Registrar Modaraba, SECP, Islamabad.

#### **Acknowledgement:**

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

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

For & On behalf of the Board



**Dr. Hasan Sohaib Murad**  
**Chairman**

September 29, 2015

## SIX YEAR'S FINANCIAL SUMMARY

### BALANCE SHEET (Rs in Million)

Year Ended June 30,	2009	2010	2011	2012	2013	2014
<b>CURRENT ASSETS</b>						
Cash and bank balances	1.14	1.06	1.98	0.05	3.52	30.35
Ijarah rental receivables	1.44	1.51	4.14	1.92	0.32	0.49
Advances, prepayments & other receivables	25.70	54.71	53.27	40.10	36.94	33.54
Short term investments	27.14	23.31	14.22	2.17	22.01	7.77
Musharikhah receivables	252.47	227.66	123.13	74.49	19.37	3.96
Other current assets					-	
Current portion of murabaha receivables	-	30.00	-	-	23.00	6.65
<b>Total Current Assets</b>	<b>307.89</b>	<b>338.25</b>	<b>196.74</b>	<b>118.73</b>	<b>105.16</b>	<b>82.76</b>
<b>NON-CURRENT ASSETS</b>						
Long term murabaha receivables	30.00	-	23.00	23.00	-	21.84
Long term advances and deposits	1.23	3.38	3.38	3.41	3.21	2.71
Investment Property					97.08	92.08
Fixed assets under ijarah arrangements	19.24	16.88	15.86	9.46	11.68	22.49
Fixed assets under own use	3.70	4.25	2.78	1.15	2.44	1.74
Intangible assets		-	-	0.75	0.42	0.09
Investment in subsidiary	7.81	17.13	57.06	57.31		
<b>Total Non-Current Assets</b>	<b>61.97</b>	<b>41.63</b>	<b>102.07</b>	<b>95.07</b>	<b>114.83</b>	<b>140.95</b>
<b>Total Assets</b>	<b>369.87</b>	<b>379.88</b>	<b>298.81</b>	<b>213.80</b>	<b>219.98</b>	<b>223.71</b>
<b>CURRENT LIABILITIES</b>						
Creditors, accrued & other liabilities	7.82	14.18	10.18	14.99	12.08	4.29
Musharikhah profit payable	8.21	1.43	1.43	1.43	1.43	1.43
Musharikhah finance	85.00	86.79	29.14	14.64	12.14	11.20
Current portion of non current liabilities	0.71	0.30	0.22	6.49	7.87	5.02
Provision for taxation				3.19	3.19	3.19
Short term finance	20.85	20.85	9.50		-	
Unclaimed profit distribution	5.12	4.14	7.99	7.69	7.65	9.82
<b>Total current Liabilities</b>	<b>127.71</b>	<b>127.68</b>	<b>58.46</b>	<b>48.44</b>	<b>44.36</b>	<b>34.94</b>
<b>NON CURRENT LIABILITIES</b>						
Long term security deposits	3.09	4.22	9.37	2.70	1.94	6.57
Deffered murabaha income	-	-	-	-	-	2.41
	3.09	4.22	9.37	2.70	1.94	8.98
<b>EQUITY</b>						
Issued, subscribed & paid up capital	201.88	201.88	201.88	201.88	201.88	201.88
Reserves	31.89	39.14	39.17	39.99	43.60	49.06
Revenue Reserve and Unappropriated profit	5.30	6.97	(10.07)	(79.23)	(71.79)	(71.14)
<b>Total Equity</b>	<b>239.06</b>	<b>247.98</b>	<b>230.98</b>	<b>162.64</b>	<b>173.68</b>	<b>179.79</b>
<b>Total Equity &amp; Liabilities</b>	<b>369.87</b>	<b>379.88</b>	<b>298.81</b>	<b>213.80</b>	<b>219.98</b>	<b>223.71</b>

## SIX YEAR'S FINANCIAL SUMMARY

### INCOME STATEMENT (Rs in Million)

Year Ended June 30,	2009	2010	2011	2012	2013	2014
<b>INCOME</b>						
Income from Ijarah	6.52	6.69	6.73	2.90	3.32	5.54
Profit on murabaha investments	3.15	3.15	3.85	4.03	4.03	4.19
profit on musharikhah investments	27.00	37.46	35.84	0.94	0.00	0.56
income from investment property			-	-	4.37	7.50
Profit on deposits	0.08	0.02	0.29	0.82	0.54	0.67
Income from short term investments	2.01	5.86	0.19	0.09	0.09	0.17
	<u>38.76</u>	<u>53.18</u>	<u>46.90</u>	<u>8.77</u>	<u>12.36</u>	<u>18.61</u>
<b>OTHER INCOME</b>						
Reversal of provision against non performing musharikhah receivables		-	-	-	14.54	11.02
Reversal of musharikhah profit held in suspense account		-	-	-	1.99	0.00
balances written back		-	-	-	0.66	5.32
Other income	0.08	7.97	2.68	0.20	0.58	1.11
	<u>0.08</u>	<u>7.97</u>	<u>2.68</u>	<u>0.20</u>	<u>17.77</u>	<u>17.45</u>
<b>Total Income</b>	<b>38.85</b>	<b>61.15</b>	<b>49.58</b>	<b>8.97</b>	<b>30.13</b>	<b>36.07</b>
<b>EXPENSES</b>						
Operating Expenses	13.22	14.38	14.82	13.90	14.23	19.36
Depreciation on assets under ijarah	4.20	4.78	5.19	5.76	3.97	5.16
Provision against non performing musharikhah receivables		19.50	14.31	26.02	-	-
Musharikhah profit held in suspense account		-	11.79	1.76	-	-
Finance cost	7.77	15.93	13.28	1.65	-	-
Other operating expenses	11.82	4.24	0.38	1.41	1.61	1.25
<b>Total Expenses</b>	<b>37.02</b>	<b>58.83</b>	<b>59.77</b>	<b>50.51</b>	<b>19.81</b>	<b>25.77</b>
Profit/ (loss) before Management Fee	1.83	2.30	(10.19)	(41.54)	10.32	10.29
Management Fee	0.18	0.23	-	-	1.03	1.02
<b>Net Profit</b>	<b>1.64</b>	<b>2.07</b>	<b>(10.19)</b>	<b>(41.54)</b>	<b>9.28</b>	<b>9.26</b>
<b>Appropriations</b>						
Final dividend	-	6.05	-	-	6.76	6.68
Statutory reserves	0.33	42.00	-	-	1.86	1.85

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2015

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 Modaraba, a 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. 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.
7. 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.
8. 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.
9. 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.
10. The board has not arranged training program for its director during the year.
11. No new appointments of CFO, Modaraba Secretary and Head of Internal Audit have been made during the year.

12. 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.
13. The financial statements of the Modaraba were duly endorsed by CEO and CFO before approval of the board.
14. 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.
15. The Modaraba has complied with all the corporate and financial reporting requirements of the CCG.
16. The Board has formed an Audit Committee. It comprises three members of whom two are non-executive directors and one is an independent director. The chairman of the committee is an independent director.
17. 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.
18. The Board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and one is an independent director. The chairman of the committee is non-executive director.
19. The board has set up an effective internal audit function and internal auditor who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Modaraba.
20. 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. 6, 10 and 20 toward which reasonable progress is being made by the Modaraba to seek compliance by the end of next accounting year.



**Dr. Hasan Sohaib Murad**  
Chairman/ Chief Executive Officer  
September 29, 2015

## **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, 2015 to comply with requirements of the Listing Regulation No. 35 (Chapter XI) of Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange 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, 2015.

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:

<b>Serial no.</b>	<b>Paragraph reference</b>	<b>Description</b>
i	6	CEO and Chairman of the Modaraba are the same person and the chairman is an executive director.
ii	10	The board has not arranged training program for its directors during the year.
iii	20	The Head of Internal Audit Department does not have the necessary professional qualifications.

LAHORE  
Dated: September 29, 2015

**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, 2015 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. 3.94 million (2014: 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. 9.470 million (2014: Rs. 10.590 million) included in "Advances, prepayments and other receivables" and any movement therein owing to non-availability of related records / information / direct confirmation.
- c) in our opinion, proper books of accounts have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981;
- d) in our opinion;
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in 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;
- e) 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", 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, 2015 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- f) 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.

LAHORE  
Dated: September 29, 2015

**HORWATH HUSSAIN CHAUDHURY & CO.**  
Chartered Accountants  
(Engagement Partner: Muhammad Nasir Muneer)



## SHARI'AH ADVISOR'S REPORT FOR THE YEAR ENDED JUNE 30, 2015

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, 2015** 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. During the financial year FIBLM showed high level of interest in strengthening shariah compliance in letter and spirit and has introduced more efficient systems, procedures and policies which are in line with the Shari'ah principles;
- ii. Following were the major developments that took place during the year:
  - a) No investment was made in non-Shari'ah compliant investments.
  - b) In some Ijarah and Murabaha transactions, physical inspection was also conducted.
- iii. The major portfolio of FIBLM is in Ijarah, Murabaha and Musharikah segments.
- iv. 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.
- v. During the period, no earning were realized from the source or by means, prohibited by shariah.
- vi. There is no receipt of charity during the financial year accordingly no amount was credited into charity account.

### **Conclusion**

In this context of detailed Shari'ah review carried by the undersigned for the Year ended June 30, 2015, transactions during the period executed by FIBLM were found satisfactory as required by Shari'ah Audit Mechanism.



MUFTI SALMAN AHMED KHAN  
SHARIAH ADVISOR  
FIRST IBL MODARABA

**Dr. Mufti Salman Ahmad Khan**

Shari'ah Advisor  
First IBL Modaraba

Dated: September 29, 2015

# BALANCE SHEET

## AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
<b>ASSETS</b>			
<b>Current Assets</b>			
Bank balances	6	24,576,852	30,354,509
Ijarah rentals receivable	7	525,015	488,702
Advances, prepayments and other receivables	8	13,635,896	33,542,274
Short term investments	9	11,872,195	7,771,066
Musharaka receivables	10	16,499,625	3,955,101
Current portion of murabaha receivable		22,207,121	6,647,079
		89,316,704	82,758,731
<b>Non-Current Assets</b>			
Long term murabaha receivable	11	-	21,836,430
Long term advances and deposits	12	2,709,260	2,706,260
Investment property	13	87,083,736	92,083,759
Fixed assets under ijarah arrangements	14	31,887,819	22,489,235
Fixed assets under own use	15	1,276,587	1,742,741
Intangible asset	16	166,667	92,500
		123,124,069	140,950,925
<b>Total Assets</b>		<u>212,440,773</u>	<u>223,709,656</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Creditors, accrued and other liabilities	17	3,610,027	4,289,577
Musharaka profit payable		1,430,192	1,430,192
Musharaka finances	18	8,200,000	11,200,000
Current portion of non-current liabilities	19	4,414,136	5,017,780
Provision for taxation	20	-	3,191,482
Unpresented profit warrants		8,410,795	9,815,161
		26,065,150	34,944,192
<b>Non-Current Liabilities</b>			
Long term security deposits	21	10,250,985	6,573,238
Deferred murabaha income	22	-	2,405,463
		10,250,985	8,978,701
<b>Total Liabilities</b>		<u>36,316,135</u>	<u>43,922,893</u>
<b>NET ASSETS</b>		<u>176,124,638</u>	<u>179,786,763</u>
<b>REPRESENTED BY:</b>			
Certificate capital	23	201,875,000	201,875,000
Reserves	24	47,813,043	49,055,763
Accumulated loss		(73,563,405)	(71,144,000)
Contingencies and commitments	25	-	-
		<u>176,124,638</u>	<u>179,786,763</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, 2015

	Note	2015 Rupees	2014 Rupees
<b>INCOME FROM OPERATION</b>			
Income from ijarah	26	10,124,834	5,535,487
Profit on murabaha investment		3,661,472	4,189,378
Profit on musharaka investments		1,645,643	557,324
Income from investment property		7,495,440	7,495,440
Profit on modaraba certificate, term deposit receipts and bank deposits		377,442	665,388
Income from short term investments	27	3,959,514	170,812
		27,264,345	18,613,829
<b>OTHER INCOME</b>			
Reversal of provision against non-performing musharaka receivables - net	10.2	4,344,721	11,023,335
Reversal of musharaka profit held in suspense account		2,642,901	2,979
Balances written back		829,145	5,317,023
Other income	28	690,882	1,112,294
		8,507,649	17,455,631
<b>TOTAL INCOME</b>		<u>35,771,994</u>	<u>36,069,460</u>
<b>EXPENSES</b>			
Operating expenses	29	(19,485,956)	(19,362,308)
Depreciation on assets under ijarah		(8,849,583)	(5,155,606)
Other operating expenses	30	(1,516,096)	(1,254,886)
		(29,851,635)	(25,772,800)
Profit before Modaraba Company's management fee		5,920,359	10,296,660
Modaraba Company's management fee	31	(592,036)	(1,029,666)
<b>Net Profit for the Year</b>		<u>5,328,323</u>	<u>9,266,994</u>
<b>Earnings per Modaraba Certificate - Basic and Diluted</b>	32	<u>0.26</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, 2015

	<b>2015</b> Rupees	<b>2014</b> Rupees
<b>Net Profit for the Year</b>	5,328,323	9,266,994
<i>Other comprehensive income</i>		
<b>Items that may be reclassified subsequently to profit and loss</b>		
Unrealized gain in value of available for sale investments	1,438,897	3,603,161
Gain realized on disposal short term investments classified as 'available for sale'	(3,747,282)	-
Other comprehensive (loss) / income for the year	(2,308,385)	3,603,161
<b>Total Comprehensive Income for the Year</b>	<b>3,019,938</b>	<b>12,870,155</b>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**DIRECTOR**

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	33	29,360,419	29,105,744
Income taxes paid		(3,260,406)	(12,436)
Dividend income received		50,000	8,878
Profit on term deposit receipts and bank deposits		-	665,388
<b>Net Cash generated from Operating Activities</b>		26,150,013	29,767,574
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets under ijarah arrangements		(21,490,450)	(18,289,500)
Purchase of fixed assets under own use		(64,000)	(222,500)
Purchase of intangible asset		(250,000)	-
Proceeds from disposal of fixed assets under own use		8,000	-
Proceeds from disposal of assets on terminating ijarahs		3,458,209	2,623,597
Purchase of short term investments		(5,000,000)	-
Proceeds from encashment of short term investments		2,500,000	18,000,000
Long term loans and deposits		(3,000)	499,200
<b>Net Cash (used in) / generated from Investing Activities</b>		(20,841,241)	2,610,797
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Musharaka finances		(3,000,000)	(942,348)
Dividends paid		(8,086,429)	(4,601,345)
<b>Net Cash used in Financing Activities</b>		(11,086,429)	(5,543,693)
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>		(5,777,657)	26,834,678
Cash and cash equivalents at the beginning of the year		30,354,509	3,519,831
<b>Cash and Cash Equivalents at the End of the Year</b>		<u>24,576,852</u>	<u>30,354,509</u>

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, 2015

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, 2013	201,875,000	36,171,338	7,427,865	(71,794,782)	(28,195,579)	173,679,421
<b>Comprehensive income for the year</b>						
Net profit for the year	-	-	-	9,266,994	9,266,994	9,266,994
Other comprehensive income for the year	-	-	3,603,161	-	3,603,161	3,603,161
<b>Total comprehensive income for the year</b>	-	-	3,603,161	9,266,994	12,870,155	12,870,155
Transferred to statutory reserve	-	1,853,399	-	(1,853,399)	-	-
<b>Transactions with owners</b>						
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
<b>Comprehensive income for the year</b>						
Net profit for the year	-	-	-	5,328,323	5,328,323	5,328,323
Other comprehensive loss for the year	-	-	(2,308,385)	-	(2,308,385)	(2,308,385)
<b>Total comprehensive income for the year</b>	-	-	(2,308,385)	5,328,323	3,019,938	3,019,938
Transferred to statutory reserve	-	1,065,665	-	(1,065,665)	-	-
<b>Transactions with owners</b>						
Profit distributed for the year ended June 30, 2014	-	-	-	(6,682,063)	(6,682,063)	(6,682,063)
Balance as at June 30, 2015	<u>201,875,000</u>	<u>39,090,402</u>	<u>8,722,641</u>	<u>(73,563,405)</u>	<u>(25,750,362)</u>	<u>176,124,638</u>

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

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**DIRECTOR**

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

## **Note 1**

### **Legal Status and Nature of Business**

First IBL Modaraba ("the Modaraba") is a multi purpose, perpetual and multi dimensional Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and rules framed thereunder, having its registered office 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 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 at the overall contract price in accordance with IFAS-1 (Murabaha).

#### **2.3 Functional and presentation currency**

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

## **Note 3**

### **Use of Estimates and Judgments**

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

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

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

#### **Fixed assets**

The Modaraba reviews the useful lives of fixed assets, both under own use and ijarah arrangements, on regular basis. Any change in the estimate 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 valuation is subjective to market price fluctuation and therefore, cannot be determined with precision.

#### **Ijarah rentals, musharaka and murabaha investments**

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

### **Note 4**

#### **Changes in Accounting Standards, Interpretations and Pronouncements**

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

The following key amendments to standards are relevant that became effective during the year. These amendments are not likely to have any impact on the Modaraba's financial statement.

- i) Amendments to IAS 32 that address inconsistencies in applying the offsetting criteria in IAS 32 (Financial Instruments: Presentation). These amendments clarify the meaning of "currently has a legally enforceable right of set-off" and certain gross settlement systems that may be considered equivalent to net settlement.
- ii) Amendments to IAS - 36 "Impairment of Assets" address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal and require the disclosure of additional information about the fair value measurement and discount rates used in present value technique.

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

There were certain amendments to the approved accounting standards which became effective during the year but are considered not to be relevant or have any significant effect on the Modaraba's operations and are, therefore, not disclosed in these financial statements.

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

The following standards, amendments and interpretations of approved accounting standards are relevant and will be effective for accounting periods beginning on or after July 01, 2015. These amendments are not likely to have any impact on the Modaraba's financial statements:

- i) Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introducing severe restrictions on the use of revenue-based amortization for intangible assets. This amendment explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. These amendments have no impact on Modaraba's financial statements as the Modaraba has the policy of depreciating / amortizing its property, plant and equipment and intangible assets based on the assessed useful lives.



ii) Amendments to IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) aim to improve consistency and reduce complexity by providing a precise definition of fair value. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The adoption of this standard is not likely to have an impact on the Modaraba's financial statements.

#### 4.4 Standards, interpretations and amendments to approved accounting standards that are neither relevant and nor yet effective

<b>'Revision / improvements / amendments to IFRS and interpretations</b>	<b>Effective Date</b> (Period beginning on or after)
- IFRS 10 'Consolidated Financial Statements'	January 1, 2016
- IFRS 11 'Joint Arrangements'	January 1, 2016
- IFRS 12 'Disclosure of Interest in Other Entities'	January 1, 2016
- IFRS 14 'Regulatory Deferral Accounts'	January 1, 2016
- IFRS 15 'Revenue from Contracts with Customers'	January 1, 2018
- IAS 27 'Separate Financial Statement'	January 1, 2016
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41]	January 1, 2016
- Investment entities applying the consolidation exception (amendments to IFRS 10, IFRS 12, and IAS-28)	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 or 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 markup rate method, of a difference between the initially recognised amount and the maturity amount. This calculation includes all fees and charges paid or received between parties to the contract that are an integral part of the effective markup rate, transaction cost and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in the profit and loss account and then the investments are derecognized or impaired, as well as, through the amortization process.

### **5.4.3 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 markup rate method. Gains and losses are recognized in the profit and loss account when 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 determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

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, musharaka payable and other liabilities.

## **5.6 Recognition and derecognition of financial instruments**

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

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

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

## **5.7 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 Musharaka investment**

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

## **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 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 property**

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

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

### **5.11 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 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	2015 Rupees	2014 Rupees
Profit bearing bank account		309,575	9,604,089
Non profit bearing bank accounts		24,267,277	20,750,420
		<u>24,576,852</u>	<u>30,354,509</u>

## Note 7

### Ijarah Rentals Receivable

Considered good		525,015	488,702
Considered doubtful	7.2	8,771,008	7,586,362
		9,296,023	8,075,064
Provision against doubtful ijarah rentals		(8,771,008)	(7,586,362)
		<u>525,015</u>	<u>488,702</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		7,586,362	6,696,238
Addition during the year		1,504,037	1,097,511
Reversed during the year		(319,391)	(207,387)
	26.1	1,184,646	890,124
As at the end of the year		<u>8,771,008</u>	<u>7,586,362</u>

## Note 8

### Advances, Prepayments and Other Receivables

Advance income tax		761,287	692,363
Advance to employees (Unsecured - Considered good)		594,335	646,228
Advance for ijarah		678,000	-
Prepayments		287,174	279,062
		2,320,796	1,617,653
Accrued profit on musharaka receivable:			
- Profit receivable	8.1	13,536,414	32,806,104
- Less: Profit held in suspense account	10.2	(13,502,100)	(16,145,001)
		34,314	16,661,103
Accrued profit on murabaha receivable		729,309	502,921
Accrued profit on modaraba certificate and bank deposits		1,764	-
Other receivables:			
- Balance with broker	8.2	-	3,100,884
- Others		10,549,713	11,659,713
		10,549,713	14,760,597
		<u>13,635,896</u>	<u>33,542,274</u>

**8.1** This includes Rs. 16.653 million which was not transferred to suspense account on account of doubtful recovery outstanding as at June 30, 2014 as required under Part III, Paragraph 5(1A) of Prudential Regulations applicable to the Modaraba. However, during the year this balance has been recovered from the respective party.

**8.2** This balance was receivable from M/s Khoja's Capital Management (Private) Limited, previously an associated company of the Modaraba. The entire amount has been received during the year.

## Note 9

### Short Term Investments

	Note	2015 Rupees	2014 Rupees
Investments in listed equity securities are classified as:			
- Available for sale	9.1	6,289,505	7,346,126
- At fair value through profit or loss	9.2	582,690	424,940
Investment in modaraba certificate - Held to Maturity	9.3	5,000,000	-
		<u>11,872,195</u>	<u>7,771,066</u>

#### 9.1 Available for sale

2015	2014	Name of entity
------	------	----------------

#### No. of shares/ Certificates

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

2015	2014	Name of entity	2015 Rupees	2014 Rupees
7,341	5,244	The Searle Company Limited	2,354,185	915,288
246,266	392,500	Pakcem Limited	3,935,320	6,272,150
-	5,700	Arif Habib Corporation Limited	-	158,688
<u>253,607</u>	<u>403,444</u>		<u>6,289,505</u>	<u>7,346,126</u>

**9.1.1** These shares are not in the name of the Modaraba; therefore, these are not being revalued at the year end market price.

#### 9.2 At fair value through profit or loss

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

2015	2014	Name of entity	2015 Rupees	2014 Rupees
-	2,241	Invest Capital Investment Bank Limited	-	4,482
200	200	Attock Refinery Limited	45,690	42,458
100,000	100,000	First Punjab Modaraba	537,000	378,000
<u>100,200</u>	<u>102,441</u>		<u>582,690</u>	<u>424,940</u>

**9.3** This represents investment in monthly modaraba certificate with Meezan Bank Limited that carry profit at rate of 7% to 8% (2014: 6.25% to 8.5%) per annum, on profit and loss sharing basis.

**Note 10**  
**Musharaka Receivables**

	Note	2015 Rupees	2014 Rupees
Considered good		16,499,625	3,955,101
Considered doubtful		<u>26,195,033</u>	<u>30,539,754</u>
	10.1	42,694,658	34,494,855
Provision against classified portfolio	10.2	<u>(26,195,033)</u>	<u>(30,539,754)</u>
		<u>16,499,625</u>	<u>3,955,101</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 23.84% (2014: 10% to 29%) per annum and secured by way of hypothecation of goods and book debts and equitable mortgage of 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 the Modaraba. Accrued profit of Rs. 13,502,100 (2014: Rs. 16,145,001) is held in suspense account (Refer to note 8). Movement in provision against classified portfolio is as follows:

As at beginning of the year		30,539,754	41,563,089
Recognized during the year		<u>145,486</u>	<u>932,160</u>
Reversed during the year	10.2.1	<u>(4,490,207)</u>	<u>(11,955,495)</u>
		<u>(4,344,721)</u>	<u>(11,023,335)</u>
As at end of the year		<u>26,195,033</u>	<u>30,539,754</u>

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

**Note 11**  
**Long Term Murabaha Receivable**

Long term murabaha receivable		19,952,788	22,567,704
Unearned murabaha income	22	<u>2,254,333</u>	<u>5,915,805</u>
		22,207,121	28,483,509
Less: Current portion		<u>(22,207,121)</u>	<u>(6,647,079)</u>
		<u>-</u>	<u>21,836,430</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% (2014: 15.41%) per annum payable monthly. 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 valuing of Rs. 54 million (2014: Rs. 54 million).

**Note 12**  
**Long Term Advances and Deposits**

Advances		1,500,000	1,500,000
Deposits		<u>1,209,260</u>	<u>1,206,260</u>
		<u>2,709,260</u>	<u>2,706,260</u>

**Note 13**  
**Investment Property**

	Note	2015 Rupees	2014 Rupees
<b>Cost</b>			
Balance as at June 30, 2014	13.1	100,000,465	100,000,465
Additions during the year		-	-
Balance as at June 30, 2015		100,000,465	100,000,465
<b>Accumulated Depreciation</b>			
Balance as at July 01, 2014		(7,916,706)	(2,916,680)
Charged during the year	13.2 & 29	(5,000,023)	(5,000,026)
Balance as at June 30, 2015		(12,916,729)	(7,916,706)
		<u>87,083,736</u>	<u>92,083,759</u>

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

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

**13.3** The fair value of investment property as at the balance sheet date, as per the valuation report of an independent valuer, is Rs. 117.654 million (2014: Rs. 119.197 million).

**Note 14**  
**Fixed Assets under Ijarah Arrangements**

Description	Plant and Machinery	Vehicles	Office Equipment and Computers	Total
<b>Year Ended June 30, 2015</b>				
----- Rupees -----				
<i>Cost</i>				
Balance as at July 01, 2014	5,096,663	27,282,703	603,825	32,983,191
Additions	9,109,150	12,381,300	-	21,490,450
Disposals	-	(5,294,000)	-	(5,294,000)
Balance as at June 30, 2015	<u>14,205,813</u>	<u>34,370,003</u>	<u>603,825</u>	<u>49,179,641</u>
<i>Accumulated depreciation</i>				
Balance as at July 01, 2014	2,876,842	7,082,670	534,444	10,493,956
Charge for the year	2,752,111	6,097,472	-	8,849,583
Disposals	-	(2,051,717)	-	(2,051,717)
Balance as at June 30, 2015	<u>5,628,953</u>	<u>11,128,425</u>	<u>534,444</u>	<u>17,291,822</u>
<b>Total as at June 30, 2015</b>	<b><u>8,576,860</u></b>	<b><u>23,241,578</u></b>	<b><u>69,381</u></b>	<b><u>31,887,819</u></b>



**Year Ended June 30, 2014**

----- Rupees -----

*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**

<b>2,219,821</b>	<b>20,200,033</b>	<b>69,381</b>	<b>22,489,235</b>
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**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% (2014: 12.50% to 25%) per annum. These are secured against assets under ijarah, personal / corporate guarantees, demand promissory notes executed by Musta'jir and other collaterals.

**14.2 Aggregate amount of future Ijarah rentals receivable on the basis of ijarah arrangements executed upto balance sheet date are as follows:**

	2015 Rupees	2014 Rupees
Not later than one year	21,974,969	15,874,784
Later than one year but not later than five years	12,560,008	11,010,123
	<u>34,534,977</u>	<u>26,884,907</u>

**Note 15****Fixed Assets under Own Use**

Description	Machinery	Furniture and Fittings	Vehicles	Office Equipment	Computers and Accessories	Total
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----- Rupees -----

**Year Ended June 30, 2015***Cost*

Balance as at July 01, 2014	1,987,400	4,639,595	1,904,210	1,315,417	2,506,438	12,353,060
Additions	-	-	-	64,000	-	64,000
Disposals	-	-	-	(34,550)	-	(34,550)
Balance as at June 30, 2015	<u>1,987,400</u>	<u>4,639,595</u>	<u>1,904,210</u>	<u>1,344,867</u>	<u>2,506,438</u>	<u>12,382,510</u>

*Accumulated depreciation*

Balance as at July 01, 2014	1,914,754	4,594,961	625,141	1,045,376	2,430,087	10,610,319
Charge for the year	19,180	10,300	349,743	92,540	43,995	515,758
Disposals	-	-	-	(20,154)	-	(20,154)
Balance as at June 30, 2015	<u>1,933,934</u>	<u>4,605,261</u>	<u>974,884</u>	<u>1,117,762</u>	<u>2,474,082</u>	<u>11,105,923</u>

**Total as at June 30, 2015**

<b>53,466</b>	<b>34,334</b>	<b>929,326</b>	<b>227,105</b>	<b>32,356</b>	<b>1,276,587</b>
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**Year Ended June 30, 2014**

----- Rupees -----

*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>

<b>Total as at June 30, 2014</b>	<b><u>72,646</u></b>	<b><u>44,634</u></b>	<b><u>1,279,069</u></b>	<b><u>270,041</u></b>	<b><u>76,351</u></b>	<b><u>1,742,741</u></b>
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**Depreciation rates**

<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>33.33%</b>
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**15.1** These contain fully depreciated assets of Rs. 9,870,860 (2014: Rs. 9,870,860)

**15.2 Disposal of fixed assets under own use**

Detail of fixed assets under own use disposed off during the year is as follows:

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Loss on disposal	Buyer Name	Mode of sale
----- Rupees -----							
Air conditioner	34,550	20,154	14,396	8,000	(6,396)	M/s Cool Up Centre	Exchange

**Note 16****Intangible Asset**

	Note	2015 Rupees	2014 Rupees
Carrying value of intangible - computer software	16.1	<u>166,667</u>	<u>92,500</u>

**16.1 Net Carrying Value**

Net carrying value - opening balance	92,500	422,500
Additions during the year	250,000	-
	<u>342,500</u>	<u>422,500</u>
Amortization during the year	(175,833)	(330,000)
	<u>166,667</u>	<u>92,500</u>

**16.2 Gross Carrying Value**

Cost	1,250,000	1,000,000
Accumulated amortization	(1,083,333)	(907,500)
Net book value	<u>166,667</u>	<u>92,500</u>

**16.3** The Modaraba amortizes its intangible asset on straight line basis over the period of three years.

## Note 17

### Creditors, Accrued and Other Liabilities

	Note	2015 Rupees	2014 Rupees
Accrued expenses		261,500	1,004,997
Contribution to provident fund payable	17.1	2,063,008	1,581,238
Payable to the Modaraba Management Company		592,036	1,029,666
Other liabilities		693,483	673,676
		<u>3,610,027</u>	<u>4,289,577</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>8,200,000</u>	<u>11,200,000</u>
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**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% (2014: 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	2,159,803	1,507,438
Deferred murabaha income	22	<u>2,254,333</u>	<u>3,510,342</u>
		<u>4,414,136</u>	<u>5,017,780</u>

## Note 20

### Provision for Taxation

Provision for taxation	20.1	<u>-</u>	<u>3,191,482</u>
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**20.1** The Modaraba has paid / adjusted the entire amount of tax payable, for the Tax Year 2009 and 2011, during the year.

## Note 21

### Long Term Security Deposits

Security deposit - Ijarah		12,410,788	8,080,676
Less: Current portion	19	<u>(2,159,803)</u>	<u>(1,507,438)</u>
		<u>10,250,985</u>	<u>6,573,238</u>

## Note 22

### Deferred Murabaha Income

Long term murabaha receivable	11	2,254,333	5,915,805
Less: Current portion	19	<u>(2,254,333)</u>	<u>(3,510,342)</u>
		<u>-</u>	<u>2,405,463</u>

## Note 23 Certificate Capital

2015	2014		Note	2015 Rupees	2014 Rupees
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>
<b>23.1</b> There was no movement in certificate capital during the year.					
<b>23.2</b> Certificates of the Modaraba held by associates / related parties					
2,030,905	2,030,905	IBL Modaraba Management (Private) Limited		20,309,050	20,309,050
3,070,000	3,070,000	University of Management and Technology		30,700,000	30,700,000
1,515,820	1,515,820	Director		<u>15,158,200</u>	<u>15,158,200</u>
<u>6,616,725</u>	<u>6,616,725</u>			<u>66,167,250</u>	<u>66,167,250</u>

## Note 24 Reserves

Statutory reserve	24.1	39,090,402	38,024,737
Unrealised gain on revaluation of available for sale investments		<u>8,722,641</u>	<u>11,031,026</u>
		<u>47,813,043</u>	<u>49,055,763</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, up to a maximum of 50% in the statutory reserves until the reserve equals 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred into the statutory reserve each year. During the year, an amount of Rs. 1,065,665 (2014: Rs. 1,853,399) 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

There were no material contingencies as at the balance sheet date (2014: Nil).

### 25.2 Commitments

The Modaraba has not made any capital commitments as at the balance sheet date (2014: Nil).

**Note 26**  
**Income from Ijarah**

	Note	2015 Rupees	2014 Rupees
Income from ijarah rental		11,309,480	6,425,611
Ijarah income suspended - net	7.2 & 26.1	<u>(1,184,646)</u>	<u>(890,124)</u>
		<u>10,124,834</u>	<u>5,535,487</u>

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

**Note 27**  
**Income from Short Term Investments**

Dividend income		50,000	8,878
Unrealised gain on re-measurement of investments at fair value through profit or loss		162,232	161,934
Gain on disposal of short term investments available for sale		<u>3,747,282</u>	<u>-</u>
		<u>3,959,514</u>	<u>170,812</u>

**Note 28**  
**Other Income**

Commission income		-	716,218
Documentation charges		134,653	96,983
Gain on termination of ijarah arrangements		215,926	298,963
Miscellaneous		<u>340,303</u>	<u>130</u>
		<u>690,882</u>	<u>1,112,294</u>

**Note 29**  
**Operating Expenses**

Salaries, allowances and other benefits	29.1	7,794,573	7,031,297
Communication expenses		248,259	285,252
Travelling and conveyance	29.2	1,135,642	1,033,480
Postage and stamps		165,263	181,700
Advertisement		37,000	62,960
Legal and professional charges		1,557,000	1,767,187
Rent, rates and taxes		805,644	745,102
Fees and subscription		629,586	729,260
Repairs and maintenance		353,907	266,761
Utilities		350,500	265,490
Insurance		156,290	220,605
Stationery, printing and other expenses		357,154	180,295
Depreciation / amortization:			
- Owned - tangible		515,758	916,016
- Investment property		5,000,023	5,000,026
- Intangible assets		175,833	330,000
Entertainment		101,668	117,574
Staff training		-	118,872
Bank charges		3,447	3,076
Office supplies		<u>98,409</u>	<u>107,355</u>
		<u>19,485,956</u>	<u>19,362,308</u>

**29.1 Remuneration of Officers**

	Note	2015 Rupees	2014 Rupees
Salaries and other benefits include remuneration of officers:			
Remuneration		5,375,677	5,821,599
Employer's contribution to provident fund		240,885	215,682
		<u>5,616,562</u>	<u>6,037,281</u>
Number of persons		<u>4</u>	<u>4</u>

**29.2** Officers are also provided with free use of vehicles fully maintained by the Modaraba.

**Note 30****Other Operating Expenses**

Auditors' remuneration	30.1	404,700	399,000
Fines and penalties		105,000	143,000
Balances written off		1,000,000	712,886
Loss on disposal of fixed assets under own use		6,396	-
		<u>1,516,096</u>	<u>1,254,886</u>

**30.1 Auditors' remuneration**

Audit fee		250,000	250,000
Review of half yearly financial statements and other certifications		125,000	125,000
Out of pocket expenses		29,700	24,000
		<u>404,700</u>	<u>399,000</u>

**Note 31****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 32****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>5,328,323</u>	<u>9,266,994</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>0.26</u>	<u>0.46</u>

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

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

## Note 33

### Cash Generated from Operations

	2015 Rupees	2014 Rupees
<b>Profit for the Year</b>	5,328,323	9,266,994
Adjustment for:		
- Depreciation on fixed assets under own use	515,758	916,016
- Depreciation on investment property	5,000,023	5,000,026
- Depreciation on fixed assets under ijarah arrangements	8,849,583	5,155,606
- Amortization on intangible asset	175,833	330,000
- Balances written back	(829,145)	(5,317,023)
- Loss on disposal of fixed assets under own use	6,396	-
- Balances written off	1,000,000	712,886
- Reversal of provision against non-performing musharaka receivables - net	(4,344,721)	(11,023,335)
- Reversal of musharaka profit held in suspense account	(2,642,901)	(2,979)
- Revaluation gain on investment at fair value through profit or loss	(162,232)	(161,934)
- Gain on disposal of short term investments available for sale	(3,747,282)	-
- Gain on termination of ijarah arrangements	(215,926)	(298,963)
- Profit on term deposit receipts and bank deposits	-	(665,388)
- Dividend income	(50,000)	(8,878)
	<u>3,555,386</u>	<u>(5,363,966)</u>
<b>Operating profit before working capital changes</b>	8,883,709	3,903,028
Decrease / (Increase) in operating assets:		
- Advances, prepayments and other receivables	21,618,203	2,699,622
- Ijarah rentals receivable	(36,313)	(171,750)
- Musharaka receivables	(8,199,803)	26,442,765
- Long term murabaha receivable	2,614,916	432,296
Increase/ (Decrease) in operating liabilities:		
- Long term security deposits	4,330,112	(1,107,341)
- Creditors, accrued and other liabilities	149,595	(3,092,876)
<b>Net changes in working capital</b>	20,476,710	25,202,716
<b>Cash generated from operations</b>	<u>29,360,419</u>	<u>29,105,744</u>

## Note 34

### 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
<b>Assets</b>	----- Rupees -----					
Bank balances	24,576,852	-	-	-	-	24,576,852
Ijarah rentals receivable	525,015	-	-	-	-	525,015
Advances, prepayments and other receivables	765,387	-	12,870,509	-	-	13,635,896
Short term investments	5,582,690	-	6,289,505	-	-	11,872,195
Musharaka receivables	2,033,488	-	14,466,137	-	-	16,499,625
Long term murabaha receivable	788,453	1,232,238	20,186,430	-	-	22,207,121
Long term advances and deposits	-	-	-	2,709,260	-	2,709,260
Investment property	416,669	833,338	3,750,020	20,000,104	62,083,605	87,083,736
Fixed assets	1,167,765	-	39,362	31,957,279	-	33,164,406
Intangible asset	6,944	13,889	62,500	83,334	-	166,667
<b>Total Assets - June 30, 2015</b>	<u>35,863,263</u>	<u>2,079,465</u>	<u>57,664,463</u>	<u>54,749,977</u>	<u>62,083,605</u>	<u>212,440,773</u>
Total Assets - June 30, 2014	50,916,900	5,652,468	32,877,210	67,179,450	67,083,628	223,709,656

Up to one month	One month to three months	Three months to one year	One year to five years	Five years and above	Total
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## Liabilities

----- Rupees -----

Creditors, accrued and other liabilities	74,664	1,221,189	2,314,174	-	-	3,610,027
Musharaka profit payable	1,430,192	-	-	-	-	1,430,192
Musharaka finances	8,200,000	-	-	-	-	8,200,000
Unpresented profit warrants	8,410,795	-	-	-	-	8,410,795
Long term security deposits	1,625,263	-	534,540	10,250,985	-	12,410,788
Deferred murabaha income	132,238	555,015	1,567,080	-	-	2,254,333
<b>Total Liabilities - June 30, 2015</b>	<b>19,873,152</b>	<b>1,776,204</b>	<b>4,415,794</b>	<b>10,250,985</b>	<b>-</b>	<b>36,316,135</b>
Total Liabilities - June 30, 2014	27,296,339	1,671,596	5,976,257	8,978,701	-	43,922,893
<b>Net Assets - June 30, 2015</b>	<b>15,990,111</b>	<b>303,261</b>	<b>53,248,669</b>	<b>44,498,992</b>	<b>62,083,605</b>	<b>176,124,638</b>
Net Assets - June 30, 2014	23,620,561	3,980,872	26,900,953	58,200,749	67,083,628	179,786,763

## Represented by:

Certificate capital	201,875,000	201,875,000
Reserves	47,813,043	49,055,763
Accumulated loss	(73,563,405)	(71,144,000)
	<u>176,124,638</u>	<u>179,786,763</u>

## Note 35

### Segment Analysis

#### 35.1 Geographical segments

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

#### 35.2 Business segments

##### Murabaha receivable

	2015		2014	
	Rupees	%	Rupees	%
Chemicals	<u>22,936,430</u>	<u>100.0</u>	<u>28,986,430</u>	<u>100.0</u>

##### Musharaka receivable

Media advertising	11,922,317	72.1	3,086,075	78.0
Individuals	-	-	578,054	14.6
Education	4,611,622	27.9	16,952,075	7.4
	<u>16,533,939</u>	<u>100.0</u>	<u>20,616,204</u>	<u>100.0</u>

##### Ijarah receivable

Medical and pharmaceuticals	233,355	44.4	234,480	48.0
Individuals	216,660	41.3	129,222	26.4
Textile	75,000	14.3	125,000	25.6
	<u>525,015</u>	<u>100.0</u>	<u>488,702</u>	<u>100.0</u>



Investment in ijarah under (IFAS-2)	2015		2014	
	Rupees	%	Rupees	%
Individuals	18,199,039	57.1	13,973,558	62.1
Textile	6,646,500	20.8	666,408	3.0
Medical and pharmaceuticals	4,067,953	12.8	3,566,446	15.9
Media advertising	1,832,547	5.7	2,579,211	11.5
Leasing	438,133	1.4	707,462	3.1
Hotel	120,000	0.4	120,000	0.5
Engineering	60,000	0.2	60,000	0.3
Others	523,647	1.6	816,150	3.6
	<u>31,887,819</u>	<u>100</u>	<u>22,489,235</u>	<u>100</u>

## Note 36

### Balances and Transactions with Related Parties

**36.1** 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.

**36.2** 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.

**36.3** Details of transactions with related parties and balances outstanding with them as at the balance sheet date are as follows:

Transactions during the year			2015	2014
Related party	Relationship	Nature of Transaction	Rupees	Rupees
IBL Modaraba Management (Private) Limited	Management Company	Management fee paid during the year	1,029,666	1,032,127
		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 profit received	-	4,750,010
		Rent of Library Building received	16,652,909	-
Institute of Leadership & Management	Common Management	Recovery against Musharaka	7,495,440	7,495,440
			-	13,390,371
<b>Outstanding Balance at the year end</b>				
		Payable to the Modaraba Management Company	592,036	1,029,666
		Receivable from University of Management and Technology	-	16,652,909

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

## Note 37

### Capital Risk Management

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

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:

	<b>2015</b> Rupees	<b>2014</b> Rupees
Total borrowings	8,200,000	11,200,000
Bank balances	<u>(24,576,852)</u>	<u>(30,354,509)</u>
<b>Net Debt</b>	<b>(16,376,852)</b>	<b>(19,154,509)</b>
<b>Equity</b>	<b>176,124,638</b>	<b>179,786,763</b>
<b>Total Capital</b>	<b><u>159,747,786</u></b>	<b><u>160,632,254</u></b>
<b>Gearing Ratio</b>	<b><u>Not Geared</u></b>	<b><u>Not Geared</u></b>

## Note 38

### Financial Risk Management

**38.1** 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.

### **38.2 Credit Risk:**

#### **38.2.1 Credit risk and concentration of credit risk**

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

### 38.2.2 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.

### 38.2.3 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.

### 38.2.4 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:

<b>Financial assets</b>		<b>2015</b>	<b>2014</b>
	Note	Rupees	Rupees
Bank balances	6	24,576,852	30,354,509
Ijarah rentals receivable	7	525,015	488,702
Advances and other receivables	8	11,315,100	31,924,621
Short term investments	9	11,872,195	7,771,066
Musharaka receivables	10	16,499,625	3,955,101
Murabaha receivable	11	22,207,121	28,483,509
Long term advances and deposits	12	2,709,260	2,706,260
		<u>89,705,168</u>	<u>105,683,768</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	22,936,430	28,986,430
Textile	75,000	125,000
Education	4,611,622	16,952,075
Medical and pharmaceuticals	233,355	234,480
Media Advertising	11,922,317	3,086,075
Individuals	216,660	707,276
	<u>39,995,384</u>	<u>50,091,336</u>

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

	<b>2015</b>	<b>2014</b>
	Rupees	Rupees
Ijarah rentals receivable	525,015	488,702
Accrued profit on murabaha musharaka	763,623	17,164,024
Musharaka receivables	16,499,625	3,955,101
Murabaha receivable	22,207,121	28,483,509
	<u>39,995,384</u>	<u>50,091,336</u>

### Impairment losses

The aging of financial assets at the reporting date was:

	<u>Gross</u>	<u>Impairment</u>	<u>Gross</u>	<u>Impairment</u>
	2015	2015	2014	2014
	----- Rupees -----			
Not past due	38,580,602	-	32,927,328	-
Past due 0-90 days	-	-	-	-
Past due 90-180 days	238,590	73,185	38,126,100	38,126,116
Past due over 180 days	49,644,333	48,394,956	33,309,025	16,145,001
	<u>88,463,525</u>	<u>48,468,141</u>	<u>104,362,453</u>	<u>54,271,117</u>

### 38.3 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.

#### 38.3.1 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.

#### 38.3.2 Exposure to currency risk

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

#### 38.3.3 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.

### 38.3.4 Sensitivity analysis - equity price risk

A change of 10% in value of investments would have increased or decreased equity by Rs. 687,220 (2014: Rs. 777,107).

### 38.3.5 Fair value of financial assets and liabilities

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

## Note 39

### Number of Employees

	2015 Numbers	2014 Numbers
Employees as at June 30,	14	13
Average employees during the year	14	12

## Note 40

### Date of Authorization for Issue

These financial statements were authorized for issue on September 29, 2015 by the Board of Directors of IBL Modaraba Management (Private) Limited (the Management Company).

## Note 41

### Profit Distribution

Subsequent to the year ended June 30 ,2015, the Board of Directors of the Management Company in their meeting held on September 29, 2015 declared a final profit distribution of Rs. 0.200 (2014: Rs. 0.331) per Modaraba certificate which in total amounts to Rs. 4,037,500 (2014: Rs. 6,682,063).

## Note 42

### General

Corresponding figures have been rearranged, wherever necessary during the year. No material rearrangements were made in these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

  
DIRECTOR

# DETAIL OF CATEGORIES OF CERTIFICATE HOLDERS

## AS AT JUNE 30, 2015

Categories of Certificateholders	Percentage %	Certificate Held
<b>BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS.</b>		
NATIONAL BANK OF PAKISTAN		801
SONERI BANK LIMITED		58,000
NATIONAL BANK OF PAKISTAN		727,077
NATIONAL DEVELOPMENT FINANCE		1,000
THE BANK OF PUNJAB		1,000
M/S. CRESCENT INVESTMENT BANK LIMITED.		4,348
<b>INSURANCE COMPANIES</b>	<b>SUB TOTAL</b>	<b>792,226</b>
ASIA INSURANCE COMPANY LTD		5,843
SILVER STAR INSURANCE COMPANY LIMITED.		575
STATE LIFE INSURANCE CORP. OF PAKISTAN		509,990
M/S. GULF INSURANCE COMPANY LTD.		1,200
<b>DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN</b>	<b>SUB TOTAL</b>	<b>517,608</b>
Hassan Sohaib Murad (DHM)		1,515,820
<b>ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES.</b>	<b>SUB TOTAL</b>	<b>1,515,820</b>
UNIVERSITY OF MANAGEMENT & TECHNOLOGY		3,070,000
IBL MODARABA MANAGEMENT (PRIVATE) LIMITED		2,030,905
<b>MODARABAS AND MUTUAL FUNDS.</b>	<b>SUB TOTAL</b>	<b>5,100,905</b>
FIRST TRI-STAR MODARABA		70
<b>NIT AND ICP</b>	<b>SUB TOTAL</b>	<b>70</b>
INVESTMENT CORPORATION OF PAK.		3,006
<b>OTHERS</b>	<b>SUB TOTAL</b>	<b>3,006</b>
NH SECURITIES (PVT) LIMITED.		165
M/S. NAFEEES COTTON MILLS LTD.		191
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOY		130,441
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BE		4,577
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT)		1,078,774
UNITED ETHANOL INDUSTRIES LIMITED		2,000,000
FIKREE'S (SMC-PVT) LTD.		1,500
ISMAIL ABDUL SHAKOOR SECURITIES (PRIVATE) LTD.		1,000
AWJ SECURITIES (PRIVATE) LIMITED.		584
DARSON SECURITIES (PVT) LIMITED		168
FIRST NATIONAL EQUITIES LIMITED		200,000
DOSSLANI'S SECURITIES (PVT) LIMITED		4,425,764
M/S. D.S.CORPORATION (PVT) LTD		11,687
GOVT. COLLEGE UNIVERSITY		27,500
SARFRAZ MAHMOOD (PRIVATE) LTD		512
PYRAMID INVESTMENTS (PVT) LTD.		800
MAPLE LEAF CAPITAL LIMITED		1
<b>Individual</b>	<b>SUB TOTAL</b>	<b>7,883,664</b>
<b>Local - Individuals</b>		4,374,201
	<b>SUB TOTAL</b>	<b>4,374,201</b>
	<b>G-TOTAL</b>	<b>20,187,500</b>

## CATEGORIES OF CERTIFICATE HOLDERS AS AT JUNE 30, 2015

CATEGORIES OF CERTIFICATE HOLDERS	NUMBER	CERTIFICATE HELD	PERCENTAGE %
INVESTMENT CORPORATION OF PAKISTAN	1	3,006	0.01
PUBLIC SECTOR COMPANIES AND CORPORATIONS	-	-	-
BANKS	6	792,226	3.92
DEVELOPMENT FINANCE INSTITUTIONS	-	-	-
INSURANCE COMPANIES	4	517,608	2.56
MODARABAS	1	70	0.00
OTHERS	17	7,883,664	39.05
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	2	5,100,905	25.27
DIRECTOR, CHIEF EXECUTIVE OFFICER, THEIR SPOUSE AND MINOR CHILDREN	1	1,515,820	7.51
INDIVIDUALS	1174	4,374,201	21.67
<b>TOTAL</b>	<b>1206</b>	<b>20,187,500</b>	<b>100.00</b>

**PATTERN OF HOLDING OF CERTIFICATES  
BY CERTIFICATE HOLDERS  
AS AT JUNE 30, 2015**

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
408	1	100	16,007
309	101	500	85,303
192	501	1000	135,382
224	1001	5000	481,379
32	5001	10000	222,816
9	10001	15000	113,533
1	15001	20000	20,000
2	20001	25000	43,471
1	25001	30000	27,500
3	30001	35000	98,812
1	35001	40000	36,000
1	50001	55000	51,087
2	55001	60000	113,500
2	60001	65000	127,164
1	80001	85000	82,000
1	90001	95000	92,700
2	130001	135000	265,441
1	150001	155000	150,500
1	165001	170000	170,000
1	195001	200000	200,000
1	200001	205000	200,507
1	235001	240000	235,068
1	505001	510000	509,990
1	725001	730000	727,077
1	810001	815000	811,000
1	1045001	1050000	1,050,000
1	1075001	1080000	1,078,774
1	1515001	1520000	1,515,820
1	1995001	2000000	2,000,000
1	2030001	2035000	2,030,905
1	3065001	3070000	3,070,000
1	4425001	4430000	4,425,764
<b>1206</b>			<b>20,187,500</b>





## First IBL Modaraba

Managed by: IBL Modaraba Management (Pvt.) Ltd.

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**Registered Office:**

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