

ANNUAL REPORT 2017



**FIRST AL-NOOR
MODARABA**

(An Islamic Financial Institution)



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OUR VISION

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

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

OUR MISSION

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



CORPORATE INFORMATION

BOARD OF DIRECTORS

Non Executive Directors

Chairman

Mr. Ismail H. Zakaria

Directors

Mr. Yusuf Ayoob

Mr. Suleman Ayoob

Mr. Aziz Ayoob

Mr. Mansoor Alam, Independent

Mr. Zia Zakaria

Mr. Zainuddin Ayoob

Executive Directors

Chief Executive

Mr. Jalaluddin Ahmed

Company Secretary

Mr. Roofi Abdul Razzak

Board Audit Committee

Mr. Suleman Ayoob - Chairman

Mr. Mansoor Alam - Member

Mr. Zia Zakaria - Member

HR & Remuneration Committee

Mr. Zainuddin Ayoob - Chairman

Mr. Abdul Aziz Ayoob - Member

Mr. Jalaluddin Ahmed - Member

Bankers

Al-Baraka Bank (Pakistan) Limited.

Askari Bank Limited, Islamic Banking

Askari Bank Limited

Faysal Bank Limited, Barkat Islamic Banking

Habib Bank Limited, Islamic Banking

MCB Bank Limited, Islamic Banking

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

Auditors

RSM Avasi Hyder Liaquat Nauman

Chartered Accountants

Shariah Advisor

Mufti Muhammad Ibrahim Essa

Legal Advisor

Muhammad Jamshid Malik

Barrister-at-Law

Share Registrar

M / s Technology Trade (Private) Limited

Dagia House, 241-C, Block 2, P.E.C.H.S.

Off. Shahrah-e-Faisal, Karachi

Tel: 34391316-7 & 19, 34387960-1

Fax: 34391318

Registered Office

96-A, Sindhi Muslim Cooperative

Housing Society, Karachi

Contact Details

Telephone: 34558268;34552943;34553067

Fax: 34553137

Webpage: www.fanm.co

Email: info@fanm.co



NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given to the certificate holders that eighteenth (18th) Annual Review Meeting of First Al-Noor Modaraba will be held on Friday, October 6, 2017 at 4:30 p.m. at the Registered Office of the Modaraba at 96-A, Sindhi Muslim Co-operative Housing Society, Karachi

By order of the Board
Roofi Abdul Razzak
 Company Secretary

Karachi : September 09, 2017

Notes:

1. Closure of Certificate (Share) Transfer Books

The Share Transfer Book of the Modaraba will remain closed from Monday, October 2, 2017 to Friday, October 13, 2017 (both days inclusive) and no transfer will be accepted during this period. The transfers received in order at the office of the Share Registrar, M/s Technology Trade (Private) Limited, Dagia House, 241-C, Block 2, P.E.C.H.S, Off: Shahrah-e-Quaideen, Karachi by the close of business on September 30, 2017 will be considered in time for the purpose of determination of their respective entitlement(s), if any, and eligibility to attend the Annual Review Meeting.

2. Submission of CNICs / NTN

SECP has directed to issue dividend warrant only crossed as "A/c Payee only" and should bear the computerized National Identity Card (CNIC) number of the registered certificate holders. All those certificate holders possessing physical shares are requested to submit a photocopy of their valid CNIC along with the Folio number at the earliest directly to Company's Shares Registrar. In case of non-submission of CNIC copy, dividend warrants may be withheld. Corporates are also requested to submit their NTN to Company's Shares Registrar.

3 Deduction of Income Tax from Dividend Under section 150 of the Income Tax Ordinance, 2001 (Mandatory)

(i) As per Section 150 of the Income Tax Ordinance, 2001, withholding tax on dividend will be deducted for filers and non-filers of income tax returns @ 15.00% and 20.00% respectively. According to FBR, withholding tax in case of joint accounts will be determined separately based on the filer and non-filer status of the principal and joint shareholder(s) based on their holding proportions. Members that hold shares with joint certificate holders are requested to provide the certificate holding proportions of the principal and joint holder(s) in respect of certificates held by them to Company's Shares Registrar in writing as follows. In case required information is not provided, it will be assumed that the certificates are held in equal proportion by the principal and joint holders.

Company Name	Folio/CDS Account #	Total Shares	Principal shareholder		Joint Shareholder	
			Name and CNIC #	Proportion (No. of shares)	Name and CNIC #	Proportion (No. of shares)



To enable the company to make tax deduction on the amount of cash dividend @ 15.00% instead of 20.00%, all the shareholders whose names are not entered into the Active Tax-payers (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 20.00% instead of 15.00%

4 Exemption Certificate

As per FBR Circulars numbers 1(29) SHT/2006 dated June 30, 2010 and 1(43) DG(WHT) 2008 Vol-II-66417-R dated May 12, 2015, the valid exemption certificate is mandatory to claim exemption amount of withholding tax u/s 150 of the Income Tax Ordinance, 2001 (tax on dividend) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The certificate holder(s) who fall into the above mentioned category and wish to avail exemption, must provide Valid Tax Exemption Certificate at our Share Registrars before book closure otherwise tax will be deducted on dividend as per applicable tax rates.

5 Non-Resident Certificate Holders

In case of those certificate holders who are non-residents are requested to please provide their respective details including residence status/country of residence with copy of their NICOP to Share Registrars or by email to corporate@fanm.co before book closure. In case of non availability of status in their respective portfolio, the respective tax on dividends would be applicable.

6 Dividend Mandate

As directed by the Securities and Exchange Commission of Pakistan through its circular No. 18 of 2012 dated June 5, 2012, a certificate holder may, if so desire, direct the Modaraba to pay dividend, if paid, through his/her/its bank account.

If the certificate holder(s) so desire, they avail this option by using the standardized 'Dividend Mandate Form/Application' available on Modaraba's website <http://www.fanm.co>

7 Consent for Electronic Transmission of Audited Financial Statements & Notices (Optional)

The Securities and Exchange Commission of Pakistan (SECP) through its Notification SRO 787(I)/2014 dated September 8, 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual Review Meeting to its members through e-mail. Accordingly, members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail. In order to avail this facility, a Standard Request Form is available at the Modaraba's website, <http://www.fanm.co>.

8 Change of Address and Non-Deduction of Zakat Declaration Form:

Physical certificate holders are requested to notify any change in their addresses immediately and if applicable provide their non-deduction of Zakat Declaration Form to the Company's Shares Registrar.

9 For Attending the Meeting

(i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations or whose securities are in physical form, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

(ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.



8- پتے کی تبدیلی

سرٹیفکٹ ہولڈر سے درخواست ہے کہ وہ جلد از جلد اپنے پتے میں ہونے والی کسی بھی تبدیلی سے آگاہ کریں اور ضرورت ہو تو اپنے زکوٰۃ ڈیکلریشن فارم کمپنی رجسٹرار کو بھجوائیں۔

9- اجلاس میں شرکت

(۱) اگر افراد، حاملین اکاؤنٹ یا حاملین ذیلی اکاؤنٹ اور/ایسا کوئی فرد جس کی سیکورٹیز مرکزی صورت میں موجود ہو کو اجلاس میں شرکت کیلئے اپنی شناخت ثابت کرنے کیلئے اپنا اصل قومی شناختی یا پاسپورٹ ظاہر کارڈ ظاہر کرنا ضروری ہوگا۔

(۲) کاروباری ادارے بوقت اجلاس، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ نمونہ دستخط پیش کرنا لازمی ہے (اگر پہلے سے مہیا نہ کیا گیا ہو)۔

4۔ سٹوفکیٹ برائے استثناء

ایف بی آر کے سرکل نمبر (29) SHT/2004 بتاریخ 30 جون 2010 اور (43) 20081 DG (WHT) وایم 66417-R2 بتاریخ 12 مئی 2015 کے مطابق جہاں قانونی استثناء شیڈول دوئم پارٹ 4 کی دفعہ 47B کی تحت حاصل ہے، وہاں درست سٹوفیکٹ برائے استثناء وہوڈنگ ٹیکس کی چھوٹ کے دعویٰ کے لیے لازمی ہے۔ وہ سٹوفیکٹ یافتگان جو درج بالا زمرہ میں استثناء حاصل کرنا چاہتے ہیں وہ اپنا قابل قبول سرٹیفیکٹ برائے استثناء ہمارے شیر رجسٹر اکو کتاہوں کی بندش سے پہلے ضرور مہیا فرمائیں ورنہ ان کا لاگو شرح کے حساب سے تقسیم شدہ منافع (ڈیوڈنڈ) برودوڈنگ ٹیکس منہا کر لیا جائے گا۔

5- غیر مقیم سٹیفنڈ یافتگان

ایسے ٹھیکیت یا فنکار جو غیر مقیم ہوں ان سے درخواست کی جاتی ہے وہ اپنی متعلقہ تفصیل بشمول اقامت نامہ اور شہریت، نائیکوپ (NICOP) کی نقل کاپی کے ساتھ ہمارے شیئر رجسٹرار کو کتابوں کی بندش سے پہلے ضرور مہیا فرمائیں یا درج پتہ پر ای میل کر دیں corporate@fanm.co۔ مذکورہ معلومات کی عدم دستیابی کی صورت میں متعلقہ شرح کے حساب سے وہ ہولڈنگ ٹیکس لاگو ہوگا۔

6- تقسیم شدہ منافع (ڈیوڈنڈ) کا مینڈیٹ

سیکیورٹیز اینڈ ایکسچینج کمیشن کے سرکل منبرا ایماہم ری ڈی سی مجریہ 2008 مورخہ 15 اپریل 2013 کی پاسداری کرتے ہوئے حصص داران کو مطلع کیا جاتا ہے کہ نقد منافع کی تقسیم کے عمل کو مزید موثر بنانے کی غرض سے منافع کی تقسیم کا ایک باقاعدہ نظام متعارف کروایا گیا ہے جس کے ذریعے حصص داران اپنے نقد منافع کی رقوم کو بذریعہ الیکٹرونک طریقہ کار بنائ کسی تعطل اسے بینک اکاؤنٹ میں منتقل کروا سکتے ہیں۔

ایسے حصص داران جن کے پاس دستی طور پر منافع حاصل کرنے کی سہولت موجود ہے اور وہ اس سے فائدہ اٹھانا چاہتے ہیں وہ اپنا منافع حاصل کرنے کا مینڈیٹ کمپنی رجسٹرار کے پاس جمع کروا سکتے ہیں جو کہ ہماری ویب سائٹ www.fanm.com پر بھی دستیاب ہے۔ ایسے حصص داران جن کے پاس حصص بتوسط شراکت داران / اسٹاک بروکر یا مرکزی ڈپازٹری کمپنی (CDC) موجود ہیں ان کو چاہیے کہ مجوزہ منافع کا مینڈیٹ اپنے متعلقہ شراکت دار / اسٹاک بروکر یا سی ڈی سی کے پاس جمع کرائیں اور اس سلسلے میں وہ کمپنی رجسٹرار سے منافع مینڈیٹ کی نقل حاصل کر سکتے ہیں۔

7۔ آڈٹ شدہ مالیاتی رپورٹوں کی الیکٹرونک منتقلی کیلئے رضامندی (اختیاری)

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) نے بذریعہ نوٹس ایس آر او ۷۸/۱(۲۰۱۴) مورخہ ۸ ستمبر ۲۰۱۴ کمپنیوں کو اس بات کی اجازت دی ہے کہ کمپنیاں اپنے ممبران کو آڈٹ شدہ مالیاتی رپورٹیں بمعہ نوٹس برائے سالانہ نظر ثانی اجلاس بذریعہ ای میل بھیج سکتی ہیں۔ اسی اعتبار سے بذریعہ ہذا تمام ممبران سے التماس ہے کہ اس سلسلے میں اپنی رضامندی کے ساتھ اپنے ای میل کے پتے کمپنی کو بھیجوا دیں تاکہ انھیں آڈٹ شدہ مالیاتی رپورٹیں اور نوٹس بذریعہ ای میل بھیجوائی جاسکیں۔ اس سہولت سے فائدہ اٹھانے کیلئے مضارب کی ویب سائٹ <http://www.fanm.com> پر ایک معیاری فارم دستیاب ہے۔

اطلاع برائے سالانہ جائزہ اجلاس

بذریعہ ہذا حصص یافتگان کو اطلاع دی جاتی ہے فرسٹ النور مضاربہ کا اٹھارویں (۱۸) سالانہ جائزہ اجلاس بروز جمعہ بتاریخ ۱۶ اکتوبر ۲۰۱۷ کو شام ۳:۳۰ بجے مضاربہ کے رجسٹرڈ دفتر اے سندھی مسلم کوآپریٹو ہاؤسنگ سوسائٹی میں منعقد کیا جائے گا۔

بحکم پورڈ

رونی عبدالرزاق

کمپنی سیکریٹری

کراچی: ۹ ستمبر ۲۰۱۷

نوٹ:

1- انتقال سرٹیفکیٹ (حصص) کی کتاب کا اتمام:-

مضاربہ کی سرٹیفکیٹ ٹرانسفر بکس مورخہ ۲ اکتوبر ۲۰۱۷ بروز پیر سے ۱۳ اکتوبر ۲۰۱۷ بروز جمعہ (بشمول دونوں دن) تک بند رہیں گی اور درج بالا دنوں میں کوئی منتقلی قبول نہیں کی جائے گی۔ سالانہ اجلاس میں شرکت کے سلسلے میں ہمارے شیئرز رجسٹرار، میسرز ٹیکنالوجی ٹریڈ (پرائیویٹ) لمیٹڈ، ڈاگیا ہاؤس، C-241، بلاک 2، پی ای سی ایچ شاہراہ قائدین، کراچی کو مورخہ ۳۰ ستمبر ۲۰۱۷ کو دفتری اوقات ختم ہونے تک موصول ہونے ٹرانسفر بروقت اور سالانہ جائزہ اجلاس میں شرکت کے اہل تصور کیے جائیں گے۔

2- قومی شناختی کارڈ / قومی ٹیکس نمبر کی فراہمی

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت کے مطابق ڈیویڈنڈ وارنٹ صرف کراسلا "A/c Payee only" جاری کیئے جائیں گے اور جس پر رجسٹرڈ سرٹیفکیٹ ہولڈرز کا قومی شناختی کارڈ نمبر ہونا لازمی ہے۔ وہ تمام سرٹیفکیٹ ہولڈرز جن کی ملکیت میں physical سرٹیفکیٹ ہیں، درخواست ہے کہ وہ اپنے قومی شناختی کارڈ کی کاپی اپنے فوئیو نمبر کے ساتھ جلد سے جلد کمپنی کے شیئرز رجسٹرار کے پاس جمع کروائیں۔ قومی شناختی CNIC کاپی جمع نہ کرانے کی صورت میں ڈیویڈنڈ وارنٹ روکے جاسکتے ہیں۔ کمپنیوں سے درخواست ہے کہ وہ اپنا NTN کمپنی شیئرز رجسٹرار کے پاس جمع کروائیں۔

3- انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت تقسیم شدہ منافع میں ود ہولڈنگ ٹیکس کی کٹوتی (لازمی)

انکم ٹیکس آرڈیننس ۲۰۰۱ کے سیکشن ۱۵۰ کے تحت انکم ٹیکس گوشواروں کے فائلرز اور نان فائلرز کے ٹیکس ریٹ ۱۵ اور ۲۰ فیصد کے حساب سے ہوں گے۔ FBR کے مطابق، ود ہولڈنگ ٹیکس جو اینٹ ہولڈرز کا ٹیکس ریٹ ان کی ہولڈنگ کے تناسب سے ہوگا۔ وہ ممبر جو جو اینٹ ہولڈنگ رکھتے ہیں ان سے درخواست ہے کہ وہ اپنی ہولڈنگ کی تفصیلات کمپنی کے شیئرز رجسٹرار کو لکھائی میں مندرجہ ذیل طریقہ کار سے بھیجیں۔ تفصیلات نہ ملنے کی صورت میں یہ سمجھا جائے گا کہ سرٹیفکیٹ برابری کی بنیاد پر ہیں۔

Company Name	Folio/CDS Account #	Total Shares	Principal shareholder		Joint Shareholder	
			Name and CNIC #	Proportion (No. of shares)	Name and CNIC #	Proportion (No. of shares)

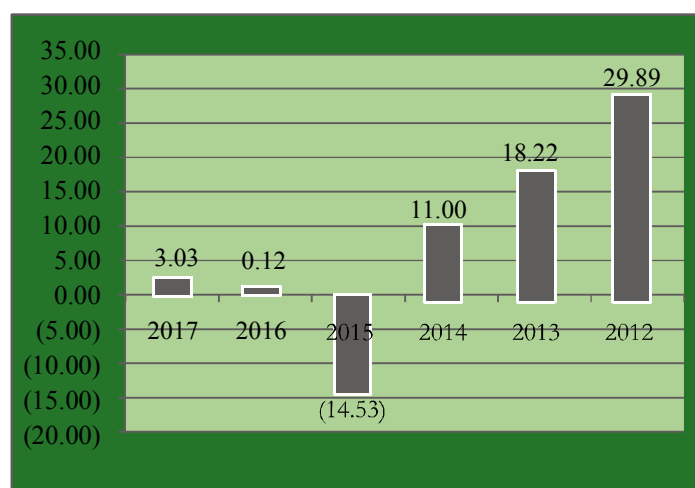
اگر سرٹیفکیٹ ہولڈر چاہتے ہیں کہ کمپنی ۲۰ فیصد کی بجائے ۱۵ فیصد کٹوتی کرے تو سرٹیفکیٹ ہولڈر سے درخواست ہے کہ وہ اپنا نام FBR کی Active Tax Payer List میں شامل کروائیں ورنہ ان کی کٹوتی ۱۵ فیصد کے بجائے ۲۰ فیصد کی جائیگی۔



SIX YEARS FINANCIAL SUMMARY

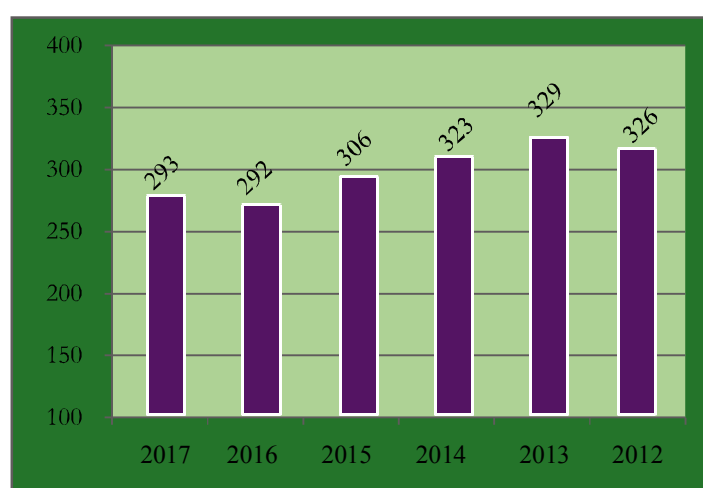
Profit after tax

Rs. in millions



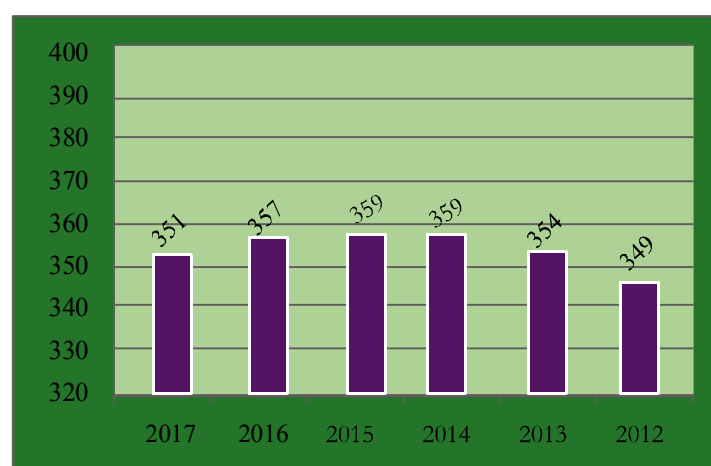
Equity Growth

Rs. in millions



Assets Growth

Rs. in millions

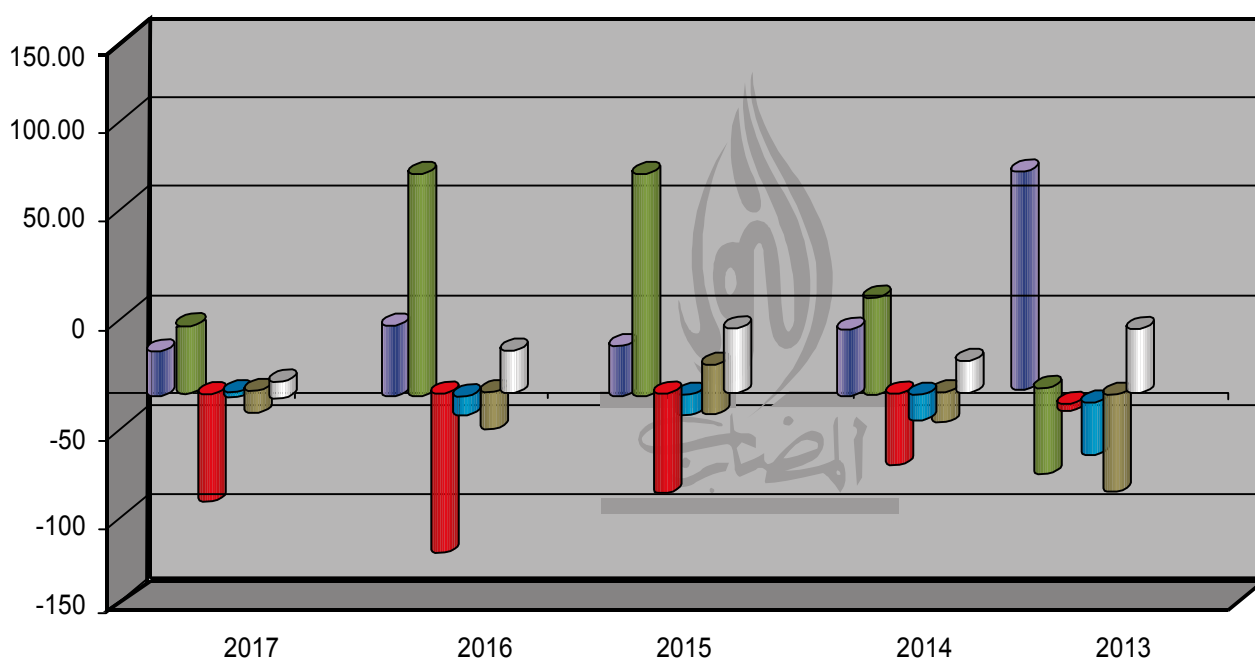




SIX YEARS' CASH FLOWS SUMMARY

(Rupees in millions)

	2017	2016	2015	2014	2013	2012
Cash & cash equivalents at beginning of year	24.21	42.32	22.15	29.31	120.73	50.28
Net Cash inflow/(outflow) from operating activities	39.55	116.98	124.15	47.76	(66.19)	105.05
Net Cash inflow/(outflow) from investing activities	(52.23)	(124.59)	(88.28)	(44.32)	(8.21)	(17.46)
Net Cash inflow/(outflow) from financing activities	(0.36)	(10.51)	(15.69)	(10.60)	(17.02)	(17.16)
Net increase/(decrease) in cash & cash equivalents	(12.72)	(18.11)	20.17	(7.16)	(91.42)	70.44
Cash & cash equivalents at the end of the year	11.48	24.21	42.32	22.15	29.31	120.73



■ Cash & cash equivalents at beginning of year	■ Net Cash inflow/(outflow) from operating activities
■ Net Cash inflow/(outflow) from investing activities	■ Net Cash inflow/(outflow) from financing activities
■ Net increase/(decrease) in cash & cash equivalents	■ Cash & cash equivalents at the end of the year



HORIZONTAL ANALYSIS

BALANCE SHEET (%)

ASSETS	2017	2016	2015	2014	2013	2012
NON-CURRENT ASSETS						
Fixed Assets - tangible						
Long term deposits	-	-	0.18	-	(0.35)	-
Long Term portion of investment in Sukuk Certificates	(28.57)	(57.14)	100.00	-	-	-
Long Term portion of investment in diminishing musharakah(syndicate)	(26.67)	100.00	-	-	-	-
Long Term portion of investment in diminishing musharakah	100	-	-	-	-	-
Long Term Investments	(23.53)	30.56	79.98	63.11	(52.94)	(3.59)
Ijarah Assets	(1.40)	18.96	25.63	32.35	113.58	32.21
Fixed Assets in own use	76.33	6.81	(35.18)	(31.89)	(81.06)	(5.86)
CURRENT ASSETS						
Bank Balances	(52.56)	(74.82)	91.05	(24.42)	86.34	(68.72)
Short Term investments	61.78	(120.30)	17.43	(2.81)	(71.41)	311.14
Musharikah receivables - secured	-	-	-	-	-	-
Current Portion of invstment diminshing musharakah (syndicate)	300.00	100.00	-	-	-	-
Current Portion of investment diminshing musharakah	100.00	-	-	-	-	-
Musawamah receivables - secured	-	-	-	(57.04)	(5.09)	(43.22)
Modaraba receivables - secured	-	-	-	-	(100.00)	200.00
Ijarah rental receivable	205.31	100.00	-	-	-	(100.00)
Trade Receivables	(8.16)	(370.83)	38.65	51.25	-	100.00
Bills Receivable	-	-	(100.00)	-	12,081.73	(100.00)
Stock in trade	-	(100.00)	(80.06)	16.19	-	(91.61)
Advances, Deposits, Prepayments & Other Receivables	82.16	9.98	63.89	35.98	2,655.72	48.62
Current portion of investment in Sukuk Certificates	(0.00)	50.00	100.00	-	(15.33)	-
Income tax refundable/paid in advance	33.93	24.63	(10.42)	15.06	4.93	(31.92)
Profit Receivable	1.26	122.57	(24.87)	(56.99)	(60.73)	(40.28)
TOTAL ASSETS	1.91	(0.58)	(4.53)	4.62	1.46	1.39
EQUITY & LIABILITIES						
CAPITAL & RESERVES						
Issued, subscribed and paid up capital	-	-	-	-	-	-
Reserves	2.93	(9.70)	0.47	4.15	2.18	4.28
Unappropriated profit	(89.57)	(0.98)	(173.35)	63.79	(43.58)	(13.12)
unrealised diminution on remeasurement of investment classified as available for	107.42	(633.63)	128.75	(30.56)	6.10	36.03
NON-CURRENT LIABILITIES						
Security Deposits	12.78	5.05	40.55	35.78	114.13	71.85
Deffered liability - staff gratuity	(12.81)	0.53	24.08	75.85	41.82	(9.27)
CURRENT LIABILITIES						
Islamic export refinance	-	-	-	-	-	-
Musharikah Finance - Secured	-	-	-	-	-	-
Murabaha Finance - Secured	-	-	-	-	-	-
Current maturity of security deposits	(26.56)	82.74	123.30	3.72	191.31	(65.89)
Creditors, accrued and other liabilities	(23.53)	36.03	(5.41)	(1.56)	24.47	2.58
Provision for custom duty/surcharge	-	-	-	-	-	-
Profit payable	1.57	108.59	(33.36)	63.39	(88.31)	4,410.39
TOTAL EQUITIES & LIABILITIES	1.91	(0.58)	(4.53)	4.88	1.21	1.39
PROFIT & LOSS ACCOUNT (%)						
Profit on trading operations	(136.72)	(83.65)	(199.98)	194.57	(46.74)	(13.25)
Income on musharikah receivables	-	-	-	-	-	-
Income on Diminshing Musharakah (Syndicate)	80.14	100.00	-	-	-	-
Income on Diminishing Musharaka	100.00	-	(22.89)	(48.17)	12.20	(54.83)
Income on musawamah receivables	(100.00)	(79.03)	-	(100.00)	(52.69)	(36.51)
Income on modaraba receivables	-	-	48.54	28.32	114.61	6.88
Income from Ijarah	(8.33)	16.83	(7.21)	(28.80)	(24.21)	69.66
Income from investments	142.23	(7.92)	-	-	-	-
Operating Expenses	0.72	(9.36)	-	-	-	-
Financial and other charges	374.16	(93.98)	(12.91)	68.15	(63.06)	(76.11)
Other Income	100.61	22.14	(48.73)	(704.56)	(137.20)	(66.70)
Unrealized gain/(loss) on remeasurement of investments classified at fair value through profit & loss	525.02	(113.97)	47.37	(12.69)	(251.80)	(644.38)
Share of profit from associates	335.09	(54.64)	31.73	(31.85)	686.60	(97.60)
Modaraba Company's management fee	100.00	100.00	(100.00)	92.25	(41.65)	(36.33)
Income tax expenses	-	(100.00)	240.70	(69.30)	(81.80)	490.03
Provision for workers welfare fund	2,470.80	100.00	(100.00)	96.09	(41.65)	(36.33)
Profit for the year	2,537.92	(100.79)	(167.91)	94.61	(39.64)	(39.05)



VERTICAL ANALYSIS

BALANCE SHEET (IN %AGE)

ASSETS	2017	2016	2015	2014	2013	2012
NON-CURRENT ASSETS						
Fixed Assets - tangible						
Long term deposits	1.09	1.08	1.07	1.02	1.07	1.09
Long Term portion of investment in Sukuk Certificates	0.51	0.70	1.09	-	-	-
Long Term Portion of investment diminishing musharakah (syndicate)	11.74	15.76	-	-	-	-
Long Term Portion of investment diminishing musharakah	0.19	-	-	-	-	-
Long Term Investments	8.69	11.16	7.70	4.09	2.62	5.65
Ijarah Assets	40.46	40.41	32.55	24.74	19.55	9.29
Fixed Assets in own use	1.48	0.83	0.77	1.13	1.73	9.29
CURRENT ASSETS						
Bank Balances	3.27	6.78	11.79	5.89	8.15	4.44
Short Term investments	10.56	6.43	14.08	11.45	12.32	43.73
Musharikah receivables - secured	-	-	-	-	-	-
Murabaha receivables - secured	-	-	-	-	-	-
Musawamah receivables - secured	3.56	7.00	6.96	6.65	16.19	17.31
Modaraba receivables - secured	-	-	-	-	-	4.23
Ijarah rental receivable	0.89	0.29	-	0.03	-	-
Trade Receivables	2.43	2.61	12.20	8.40	5.81	0.05
Bills Receivable	-	-	-	0.45	-	-
Stock in trade	-	-	6.91	33.06	29.77	1.10
Advances, Deposits, Prepayments & Other Receivables	8.19	4.41	3.95	2.30	1.77	2.12
Current portion of investment in Sukuk Certificates	0.41	0.40	0.20	-	-	-
Current Portion of investment diminishing musharakah (syndicate)	4.27	1.05	-	-	-	-
Current Portion of investment diminishing musharakah	0.88	-	-	-	-	-
Income tax refundable/paid in advance	1.05	0.77	0.58	0.62	0.56	0.54
Profit Receivable	0.34	0.33	0.15	0.19	0.45	1.17
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00	100.00
EQUITY & LIABILITIES						
CAPITAL & RESERVES						
Issued, subscribed and paid up capital	59.75	58.83	58.49	55.84	58.56	59.27
Reserves	27.91	27.31	30.07	28.57	28.77	28.50
Unappropriated profit	(2.94)	(3.57)	(3.59)	4.67	2.99	5.36
Unrealised diminution on remeasurement of investment classified as 'available for sale'- net	(1.49)	(0.70)	0.13	(0.43)	(0.35)	(0.37)
NON-CURRENT LIABILITIES						
Security Deposits	7.90	6.89	6.52	4.43	3.42	1.62
Deferred liability - staff gratuity	1.77	1.90	1.87	1.44	0.86	0.61
CURRENT LIABILITIES						
Islamic export refinance	-	-	-	-	-	-
Musharikah Finance - Secured	-	-	-	-	-	-
Murabaha Finance - secured	-	-	-	-	-	-
Current maturity of security deposits	2.46	3.30	1.79	0.77	0.78	0.27
Creditors, accrued and other liabilities	3.25	4.68	3.42	3.45	3.68	2.99
Provision for custom duty/surcharge	1.25	1.23	1.23	1.17	1.23	1.24
Profit payable	0.14	0.13	0.06	0.09	0.06	0.50
TOTAL EQUITIES & LIABILITIES	100.00	100.00	100.00	100.00	100.00	100.00
PROFIT & LOSS ACCOUNT ITEMS						
Profit on trading operations	3.00	(13.72)	(308.96)	46.75	19.31	31.63
Income on musharikah receivables	-	-	-	-	-	-
Income on murabaha receivables	13.39	4.47	-	-	-	-
Income on musawamah receivables	-	2.82	49.55	9.72	22.83	17.74
Income on modaraba receivables	-	-	-	-	2.54	4.68
Income on Diminishing Musharaka	0.15	-	-	-	-	-
Income from Ijarah	42.64	78.13	246.22	25.08	23.78	9.66
Income from investments	40.82	28.31	113.19	18.45	31.54	36.29
Gross Revenue	100.00	100.00	100.00	100.00	100.00	100.00
Operating Expenses	(64.97)	(108.70)	(441.57)	(60.45)	(73.93)	(43.35)
(Provision)/Reversal of provision on non-performing assets	(31.75)	-	-	-	-	-
Financial and other charges	(0.09)	(0.03)	(2.01)	(0.35)	(0.25)	(0.60)
Other Income	13.12	10.98	33.10	9.77	(1.97)	4.61
Unrealized gain/(loss) on remeasurement of investments classified at fair value through profit & loss	(10.65)	(2.86)	75.40	7.74	10.79	(6.20)
Impairment loss on re-measurement of investment in listed securities classified as available for sale	-	-	-	-	-	-
Share of profit from associates	3.03	1.17	9.48	1.09	1.94	0.22
Modaraba Company's management fee	(0.83)	(0.06)	-	(5.78)	(3.66)	(5.47)
Income tax expenses	-	-	(2.73)	(0.12)	(0.48)	(2.30)
Provision for workers welfare fund	(0.16)	(0.01)	-	(1.04)	(0.65)	(0.97)
Profit for the year (in %age)	7.69	0.49	(228.31)	50.86	31.80	45.95



KEY FINANCIAL DATA SIX YEARS` AT A GLANCE

KEY FINANCIAL DATA	2017	2016	2015	2014	2013	2012
Total Assets	351.46	300.69	359.03	376.09	359.48	354.30
Fixed Assets (owned)	5.21	2.95	2.75	4.24	6.23	32.90
Fixed Assets (ijarah)	142.21	144.22	116.88	93.04	70.29	32.91
Other Non Current Assets	78.09	46.18	35.44	19.21	13.26	23.87
Current Assets	125.96	107.33	203.97	259.60	269.69	264.61
Total Liabilities	58.93	64.71	53.50	42.69	35.93	25.64
Current Liabilities	24.95	33.34	23.34	20.60	20.57	17.73
Non Current Liabilities	33.98	31.37	30.16	22.09	15.36	7.91
Total Equity	297.78	292.23	305.54	333.40	322.66	328.66
Reserves	98.09	97.48	107.96	107.46	103.18	100.98
Certificate Holders' Equity	210.00	210.00	210.00	210.00	210.00	210.00
Unappropriated	(10.31)	(15.25)	(12.42)	15.94	9.48	17.68
Gross Revenue	44.53	26.01	8.47	46.19	33.90	41.48
Net Revenue	3.03	0.11	(14.53)	21.40	11.00	18.22
Earning per Certificate - Rs. 10/- each	0.14	0.01	(0.69)	1.02	0.52	0.87
Cash dividend (%)	1.20	0.00	5.00	7.50	5.00	8.00

STAKEHOLDER INFORMATION	2017	2016	2015	2014	2013	2012
Profit after tax ratio (%)	36.24	0.01	(23.19)	29.48	18.24	45.95
Return on equity / capital employed	4.78	0.03	(4.53)	6.52	3.37	5.56
Assets Turnover Ratio (%)	0.11	37.37	76.33	96.14	35.54	43.24
Current ratio	5.05	3.22	8.74	12.60	13.11	14.94
Market Value per certificate (year end)						
High	5.45	4.23	4.30	6.00	5.99	4.99
Low	4.14	4.23	4.30	6.00	5.00	4.25
Closing	4.14	4.23	4.36	6.00	5.01	4.90
EPC (Earning per certificate)	0.68	0.01	(0.69)	1.02	0.52	0.87
Net assets / breakup value per certificate	86.84	13.92	14.55	15.88	15.41	15.65
Earning asset to total assets ratio (%)	87.03	85.48	83.63	87.21	88.61	85.75
Price earning ratio	4.14	423.00	(6.21)	5.89	9.57	5.65
Dividend Yield Ratio (%)	2.90	-	11.63	12.50	9.98	16.33
Cash Dividend per certificate (in Rs.)	0.12	-	0.50	0.75	0.50	0.80



TWENTY FIFTH REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2017

I, on behalf of Board of Directors of Al-Noor Modaraba Management (Private) Limited, the "mudarib/management company" of First Al-Noor Modaraba (FAM), pleased to present the Twenty Fifth Annual Report together with the Audited Financial Statements of the Modaraba for the year ended June 30, 2017.

FINANCIAL RESULTS

	For the year ended June 30, 2017 Rupees	June 30, 2016 Rupees
Profit after Taxation	3,028,310	117,799
Shares of associate's incremental depreciation on account of revaluation of fixed assets	16,130	32,660
Unappropriated profit/(loss) brought forward	(12,758,742)	(12,885,641)
	(9,714,302)	(12,735,182))
APPROPRIATIONS		
Profit distribution @ 1.20% (2016 @ 0.00%)	(2,520,000)	-
Statutory Reserve @ 20.00% (2016 @ 20.00%)	(605,662)	(23,560)
General Reserve	250,000	-
	(2,875,662)	(23,560)
Unappropriated profit / (loss) carried forward	(12,589,964)	(12,758,742)

Review of Operations

The modaraba's performance in the past financial year remained exceedingly satisfactory i.e. achieved profitability of Rs. 14.053 million. Nonetheless, the modaraba deemed it expedient to make a provisioning of Rs. 12.50 million for a court case instituted against Quetta Textile Mills Limited. Although the said case is still subjudice in the Banking Court, yet the modaraba exercised prudence and strictly acted in accordance with the prudential regulations for modarabas hence, the profitability dropped to Rs. 3.028 million for the year ended June 30, 2017.

Financial and Economic Review

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

- the asymmetrical inflation and saving rates.
- continuing fiscal slippages.
- unresolved power sector issue.
- high level of government borrowings
- Political and operational inconsistency
- New and stringent taxation measures
- falling international and domestic commodity pricing.

Future Outlook of the Modaraba

The modaraba would continue concentrating more on Ijarah, Diminishing Musharika and trading activities, as these have yielded beneficial results. However, the modaraba is hopeful that the business climate may improve in the short to medium term, whereafter a new business strategy may be devised.



TWENTY FIFTH REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2017

Compliance with Code of Corporate Governance

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

- (a) The financial statements prepared by the management of the Modaraba present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- (b) Proper books of account of the Modaraba have been maintained.
- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- (d) International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and departure therefrom has been adequately disclosed and explained, if any.
- (e) The system of internal control is sound and has been effectively implemented and monitored.
- (f) The Modaraba is financially sound and there is no reason whatsoever to doubt its ability to continue as a going concern.
- (g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulation of the Stock Exchange(s) and;
- (h) During the year under review, four meetings of the Board of Directors were held. Attendance by each director was as follows:

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

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

Pattern of Certificate Holding

A statement reflecting the pattern of holding of certificates as on June 30, 2017 is attached to the Annual Report.

Key Operating & Financial Data

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

Auditors

The present auditors, Messrs. RSM Avais Hyder Liaquat Nauman & Company, Chartered Accountants have offered themselves for appointment as the auditor of the Modaraba for the financial year ending June 30, 2018 subject to approval of Registrar Modaraba companies & Modaraba.

On behalf of the Board

Sd/-
Jalaluddin Ahmed
Chief Executive

Dated : September 09, 2017
Place : Karachi

پچیسویں ڈائریکٹر رپورٹ بابت ۳۰ جون ۲۰۱۷ء برائے مضاربہ کمپنی

کارپوریٹ گورننس کی بہترین پالیسیوں کی پاسداری سے متعلق ایک بیان سالانہ رپورٹ کے ساتھ منسلک ہے۔

ترتیب برائے سرٹیفیکیٹ ہولڈنگ

ترتیب برائے سرٹیفیکیٹ ہولڈنگ بابت ۳۰ جون ۲۰۱۷ء سالانہ رپورٹ کے ساتھ منسلک ہے۔

آپریشنز اور مالیات سے متعلق اہم معلومات

آپریشنز اور مالیات سے متعلق اہم معلومات پر مبنی بیان سالانہ رپورٹ کے ساتھ منسلک ہے۔

آڈیٹرز

موجودہ آڈیٹر میسرز اویس حیدر لیاقت نعمان اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے برائے سال ۳۰ جون ۲۰۱۸ء اپنی خدمات بطور قانونی آڈیٹر پیش کی ہیں، جنکی خدمات بعد از رجسٹرڈ مضاربہ کمپنیز اور مضاربہ کی جانب سے منظوری کے بعد عمل پیرا ہوگی۔

منجانب بورڈ

Sd/-

جلال الدین

چیف ایگزیکٹو

مورخہ ۹ ستمبر ۲۰۱۷ء
بمقام کراچی

پچیسویں ڈائریکٹر رپورٹ بابت ۳۰ جون ۲۰۱۷ء مزار بہ کمپنی

وٹیکس سے متعلق نئے اور مشروط اقدامات
ذمہ داری و عالمی سطح پر اشیاء کی قیمتوں میں کمی کا رجحان

مزار بہ کے مستقبل پر نظر

مزار بہ اپنا رجحان مسلسل اجارہ، ڈمپنگ مشارکہ اور تجارت پر مرکوز رکھے گی کیونکہ یہ مناسب منافع کا سبب ہیں۔ مزار بہ کو امید ہے کہ کاروباری حالات قلیل سے درمیان مدتی وقت میں بہتر ہوں گے جس کے بعد نئی کاروباری حکمت عملی طے کی جاسکتی ہے۔

کوڈ آف کارپوریٹ گورننس کی پاسداری

کوڈ آف کارپوریٹ گورننس کی پاسداری سے متعلق آپکے ڈائریکٹر انتہائی مسرت کے ساتھ اس رپورٹ پیش کرتے ہیں کہ:
الف۔ مینجمنٹ کی جانب سے تیار شدہ مالیاتی دستاویزات مزار بہ کے تمام امور، آپریشنز کے نتائج، ترسیل نقد رقوم اور حصص میں رد و بدل سے متعلق معاملات کی صحیح ترجمانی کرتی ہیں۔

ب۔ مزار بہ سے متعلق ریکارڈ کو باقاعدہ کھاتوں میں درج کیا گیا ہے۔

ج۔ تمام تر مالیاتی دستاویزات کی تیاری کے سلسلے میں مناسب محاسبی پالیسیوں پر عمل کیا گیا ہے، نیز تمام تر مالیاتی تخمینے معقول اور قرین قیاس ہیں۔
د۔ مالیاتی دستاویزات کی تیاری کے سلسلے میں پاکستان میں مستعمل بین الاقوامی محاسبی معیارات کی مکمل پاسداری کی گئی ہے۔
ه۔ اندرونی طور پر کنٹرول کا نظام انتہائی منظم اور جامع ہے اور اسے مؤثر انداز سے نافذ کیا گیا ہے اور اس پر مکمل نظر رکھی جاتی ہے۔
و۔ مزار بہ مالیاتی طور پر مضبوط بنیادوں پر استوار ہے اور ایسی کوئی وجہ نظر نہیں آتی جس کی بنیاد پر مزار بہ کو ختم کرنے سے متعلق کوئی سوال پیدا ہوتا ہو۔
ز۔ اسٹاک ایکسچینجر کے لسٹنگ قواعد میں مذکور کارپوریٹ گورننس کی بہترین پالیسیوں سے کوئی ایسا انحراف نہیں کیا گیا جو کہ قابل غور ہو۔
ح۔ سال رواں کے دوران بورڈ آف ڈائریکٹرز کی چار میٹنگز ہوئی ہیں۔ ان میٹنگز میں ڈائریکٹروں کی شرکت سے متعلق تفصیلات درج ذیل ہیں:

ڈائریکٹروں کے نام	مطلوبہ میٹنگز	میٹنگز میں شرکت
جناب اسماعیل ایچ ذکریا، چیئرمین	۴	۴
جناب جلال الدین احمد، چیف ایگزیکٹو	۴	۴
جناب یوسف ایوب، ڈائریکٹر	۴	۴
جناب سلیمان ایوب، ڈائریکٹر	۴	۴
جناب اے عزیز ایوب، ڈائریکٹر	۴	۴
جناب منصور عالم، ڈائریکٹر	۴	۲
جناب ضیاء آئی ذکریا	۴	۴
جناب زین الدین ایوب، ڈائریکٹر	۴	۴

پچیسویں ڈائریکٹر رپورٹ بابت ۳۰ جون ۲۰۱۷ء مزار بہ کمپنی

بورڈ آف ڈائریکٹرز النور مزار بہ بینجمنٹ (پرائیویٹ) لمیٹڈ "مزار بہ بینجمنٹ کمپنی برائے فرسٹ النور مزار بہ (ایف اے ایم) کی جانب سے میں انتہائی مسرت کے ساتھ مزار بہ کی پچیسویں سالانہ رپورٹ بابت ۳۰ جون ۲۰۱۷ء بمعہ آڈٹ شدہ مالیاتی دستاویز پیش کر رہا ہوں۔

مالیاتی نتائج

برائے سال	برائے سال	
۳۰ جون ۲۰۱۶	۳۰ جون ۲۰۱۷	
رقم پاکستانی روپوں میں		
۱۱۷,۷۹۹	۳,۰۲۸,۳۱۰	منافع بعد از ٹیکس
۳۲,۶۶۰	۱۶,۱۳۰	ایسوسی ایٹس کے حصص کی فرسودگی اضافی بابت قدر نو برائے مستقل اثاثے
(۱۲,۸۸۵,۶۴۱)	(۱۲,۷۵۸,۷۴۲)	غیر تقسیم شدہ منافع / (نقصان) گزشتہ
(۱۲,۷۳۵,۱۸۲)	(۹,۷۱۲,۳۰۲)	
		تقسیم رقوم / منافع
-	(۲,۵۲۰,۰۰۰)	منافع کی تقسیم بلحاظ فیصد ۱.۲۰ (۲۰۱۶: بلحاظ فیصد ۰.۰۰)
(۲۳,۵۶۰)	(۶۰۵,۶۶۲)	زرمحفوظ برائے قانونی تقاضے فیصد ۲۰ (۲۰۱۶: بلحاظ فیصد ۲۰)
-	۲۵۰,۰۰۰	عمومی زرمحفوظ
(۲۳,۵۶۰)	(۲,۸۷۵,۶۶۲)	
(۱۲,۷۵۸,۷۴۲)	(۱۲,۵۸۹,۹۶۲)	غیر تقسیم شدہ منافع / (نقصان) گزشتہ

نظر ثانی برائے آپریشنز

مزار بہ کی مالی کارکردگی پچھلے مالی سال میں انتہائی اطمینان بخش رہی یعنی کہ ۳.۰۵۳ ملین نفع حاصل کیا۔ اس کے باوجود مزار بہ نے یہ بہتر سمجھا کے ایک کورٹ کیس جو کہ کوئٹہ ٹیکسٹائل ملز لمیٹڈ کے خلاف دائر کیا گیا ہے جس کے لیے ۱۲.۵۰ ملین کی مزار بہ پروڈیونشل ریگولیشن کے تحت provisioning رکھا رکھی۔ اسی لئے مزار بہ کا منافع ۳۰ جون ۲۰۱۷ء کو گر کر ۳۰۲۸ ملین رہ گیا۔

نظر ثانی برائے مالیاتی و معاشی حالات

پاکستان کی معیشت کی مستقل بحالی کے راہ میں بننے والی رکاوٹیں عمومی طور پر درج ذیل عناصر پر مشتمل ہیں:

الف۔ غیر یکساں شرح افراط زر و شرح بچت

ب۔ مستقل مالیاتی انحطاط

ج۔ انرجی سے متعلق حل طلب مسائل

د۔ حکومت کی جانب سے بڑے پیمانے پر قرضوں کی وصولی اور اس کے نتیجے میں نجی سیکٹر کو بینکوں سے ملنے والے قرضوں میں کمی

ه۔ سیاسی و آپریشنل غیر مستقل صورتحال

**SHARIAH ADVISOR'S REPORT**

بسم الله الرحمن الرحيم

الحمد لله رب العالمين، والعاقبة للمتقين، والصلوة والسلام على رسول الله الكريم وعلى آله وصحبه أجمعين - أما بعد

I have conducted the *Shari'ah* review of First Al Noor Modaraba managed by Al Noor Modaraba Management (Private) Limited for the year ended **June 30, 2017** in accordance with the requirements of the **Shariah Compliance and Shariah Audit Mechanism for Modarabas**. Based on my review I report that in my opinion:

SHARIAH COMPLIANCE:

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

REVIEW OF OPERATIONS:

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

BANK ACCOUNTS:

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

FRESH DISBURSEMENTS:

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

INVESTMENTS IN EQUITY SHARES:

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

DIVIDEND PURIFICATION:

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

TAKAFUL:

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

TRADE OF COMMODITIES:

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

CONCLUSION:

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

MUFTI IRAHIM ESSA

Shari'ah Advisor

Dated: August 23, 2017



شرعی مشیر کی رپورٹ

بسم الله الرحمن الرحيم
الحمد لله رب العالمين، والعاقبة للمتقين، والصلوة والسلام على رسولہ
الکريم وعلى آله واصحابه اجمعين۔ اما بعد

میں نے النور مضاربہ مینیجمنٹ (پرائیوٹ) لمیٹڈ کے زیر انتظام چلنے والی فرسٹ النور مضاربہ کا جون ۲۰۱۷ء کو ختم ہونے والے سال کا شریعہ کپیلائنس اور شریعہ آڈٹ مکینیزم کے تحت جائزہ لیا۔ میرے اس جائزے کے مطابق میری رائے ہے:

شرعی تعمیل

مضاربہ نے ایسا طریقہ اختیار کیا ہے جو شریعت کی روح اور مزاج کے مطابق ہے۔ اختیار کردہ نظام، طریقہ کار اور قواعد تمام کے تمام شرعی قواعد کے مطابق ہیں۔

کاروائی کا جائزہ

میرے جائزے کے مطابق دوران سال درج ذیل اہم شرعی سرگرمیاں اور پیش رفت کی گئیں:

بینک اکاؤنٹ

مضاربہ کا کسی سودی بینک میں سیونگ اکاؤنٹ نہیں ہے، سوائے کرنٹ اکاؤنٹ کے۔ کاروباری مقاصد کے لیے اس کے سیونگ اکاؤنٹس صرف اسلامی بینکوں اور / یا بینکوں کے اسلامی ونڈوز میں کھولے گئے ہیں۔

نئی ادائیگیاں

اثاثہ جات کے کھاتے میں، مضاربہ کمپنی نے اپنے گاہکوں کو اجارہ، شرکت متناقصہ (سٹکیٹ) وغیرہ کی بنیادوں پر ادائیگیاں کیں۔ میں اس کی توثیق کرتا ہوں کہ مضاربہ کمپنی کے اختیار کردہ یہ معاہدے شریعت کے مطابق ہیں اور یہ معاہدے شرعی بورڈ کے منظور کردہ ترتیب کے مطابق ہیں اور تمام متعلقہ شرائط کی تعمیل کی گئی ہے۔

ایکویٹی شیئرز میں سرمایہ کاری

مضاربہ کمپنی کی ایکویٹی شیئرز میں سرمایہ کاری منظور و ترمیم شدہ NBFی اور مضاربہ ایسوسی ایشن آف پاکستان، پاکستان سٹاک ایکسچینج کے آل شیئرز اسلامک انڈیکس اور سرکولر ۸، ۲۰۱۲ء کے تحت کیں۔ علاوہ ازیں بوقت ضرورت، SECP کے رہنما اصولوں کے تحت اور شرعی مشیر کی مشاورت کے ساتھ مضاربہ، شیئرز کی درمیان مدتی اسکریننگ بھی کرتا ہے۔

ڈیویڈنڈ میں غیر شرعی حصہ کا صدقہ

مضاربہ کمپنی نے اکویٹی کے ڈیویڈنڈ کے غیر شرعی حصہ کا صدقہ شرعی رہنما اصولوں کے مطابق کیا اور خیرات کے لیے مختص رقم خیراتی فنڈ میں خیراتی مقصد کے لیے جمع کرادی گئی۔

کفائل

نقصان کے خطرات کو کم کرنے کے لیے مضاربہ کمپنی نے کفائل کمپنیوں سے تحفظ حاصل کیا ہے اور اسی کا تسلسل جاری ہے۔ مضاربہ نے کسی بھی روایتی انشورنس کمپنی کی انشورنس پالیسی حاصل نہیں کی ہے۔

تجارتی سامان کی تجارت

مضاربہ نے چاول کی تجارت کی ہے۔ میں توثیق کرتا ہوں کہ چاول اور اس تجارت میں مضاربہ شرعی اصولوں کی پابندی کرتی ہے۔

خلاصہ

الحمد لله SECP کی طرف سے شریعہ کپیلائنس اور آڈٹ مکینیزم برائے مضاربہ کے اجراء کے بعد فرسٹ النور مضاربہ نے شرعی قواعد کی حقیقی روح کے مطابق شرعی تعمیل کے سلسلے میں اپنی سنجیدگی کا بھرپور مظاہرہ کیا ہے۔ لہذا میں اپنی معلومات کی حد تک اس امر کا اظہار کرتا ہوں کہ فرسٹ النور مضاربہ کے تمام تجارتی معاملات شریعت کے مطابق ہیں۔



مفتی ابراہیم عیسیٰ
شرعی مشیر

تاریخ: ۲۳ اگست، ۲۰۱۷



THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

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

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

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

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

The Committee shall be responsible for :

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



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19.24 of listing regulations of PSX Rule for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The company 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. Mansoor Alam
Executive Director	Mr. Jalaluddin Ahmed
Non-Executive Director	1) Mr. Ismail H. Zakaria 2) Mr. Yusuf Ayoob 3) Mr. Suleman Ayoob 4) Mr. A. Aziz Ayoob 5) Mr. Zia I. Zakaria 6) Mr. Zainuddin Ayoob

The independent directors meets the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. 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/shareholders.
8. 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.



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

9. The board has approved appointment of Head of Internal Audit, including his remuneration and terms and conditions of employment.
10. 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.
11. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
12. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
13. The company has complied with all the corporate and financial reporting requirements of the CCG.
14. The board has formed an Audit Committee. It comprises 3 (three) members, of whom 2 (two) are non-executive directors and the chairman of the committee is an independent director.
15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The board has formed an HR and Remuneration Committee. It comprises 3(three) members, of whom one is non-executive directors and the chairman of the committee is a non-executive director. The appointment of another non executive director will be processed in due course.
17. The board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
22. We confirm that all other material principles enriched in the CCG have been complied with except for:
 - a) Board's evaluation mechanism that will be placed before the Board for approval in subsequent Board of Directors' meeting(s).
 - b) Materiality level as recommended by Audit Committee will be placed before the Board for approval in subsequent Board of Directors' meeting(s).

For and on behalf of the Board

Sd/-
Jalaluddin Ahmed
Chief Executive

Date : August 21, 2017



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE 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 Al-Noor Modaraba Management (Pvt.) Limited (the Management Company) for the year ended June 30, 2017 to comply with the requirements of clause 5.19 of chapter 5 of Pakistan Stock Exchange Rule Book issue by Pakistan 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 provision 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 Management Company's personnel and review of various documents prepared by the Management Company 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 system 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 risk and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company 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 Management Company's compliance, in all materials respects, which the best practices contained in the Code as applicable to the Modaraba, for the year ended June 30, 2017.

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

S#	Paragraph reference	Description
I.	22 (a)	The board has not approved annual evaluation mechanism for board's own performance. It will be placed before Board for approval in subsequent Board of Directors' meeting.
II.	22 (b)	The board has not approved the level of materiality recommended by the Audit Committee. It will be placed before the Board for approval in subsequent Board of Directors' meeting.

Karachi
Date: September 09, 2017

Sd/-
Chartered Accountants
Engagement Partner: **Adnan Zaman**



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

We have audited the annexed balance sheet of FIRST AL-NOOR MODARABA (The Modaraba) as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) In our opinion, proper books of accounts have been kept by the Modaraba Company in respect of 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;
- (b) In our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- (c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2017 and the profit, its cash flows, its total comprehensive income and changes in equity for the year then ended; and
- (d) In our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Sd/-

Chartered Accountants
Engagement Partner: Adnan Zaman

Karachi

Date: September 09, 2017



STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2017

	Note	June 30 2017 Rupees	June 30 2016 Rupees
Cash and bank balances	4	11,482,750	24,206,892
Short term investments	5.1	37,127,346	22,948,587
Musawamah facility - secured	6	12,500,000	25,000,000
Profit receivable	7	1,184,304	1,169,330
Ijarah rental receivable	8	3,127,045	1,024,220
Trade Debtors - considered good and unsecured		8,546,082	9,305,000
Stock in trade	9	-	-
Current portion of investment in sukuk certificates	10	1,428,566	1,428,572
Current portion of investment in diminishing musharakah (Syndicate)	14	15,000,000	3,750,000
Current portion of investment in diminishing musharakah	15	3,080,843	-
Advances, deposits, prepayments and other receivables	11	28,802,204	15,747,368
Taxation	12	3,684,382	2,750,970
TOTAL CURRENT ASSETS		125,963,522	107,330,939
NON-CURRENT ASSETS			
Long term deposits	13	3,846,989	3,846,989
Long term portion of investment in sukuk certificates	10	1,785,722	2,499,999
Long term portion of investment diminishing musharakah (syndicate)	14	41,250,000	56,250,000
Long term portion of investment diminishing musharakah	15	666,667	-
Long term investments	5.2	30,535,814	39,834,157
Ijarah assets	16	142,207,110	144,224,464
Fixed assets in own use	17	5,205,149	2,951,897
TOTAL NON-CURRENT ASSETS		225,497,451	249,607,506
TOTAL ASSETS		351,460,973	356,938,445
LIABILITIES			
CURRENT LIABILITIES			
Current maturity of security deposits	18	8,645,050	11,772,251
Creditors, accrued and other liabilities	19	12,764,514	16,691,997
Provision for custom duty & surcharge	20	11,423,199	4,398,842
Profit payable	21	482,030	474,587
TOTAL CURRENT LIABILITIES		24,949,121	33,337,677
NON CURRENT LIABILITIES			
Security deposits	18	27,752,950	24,609,050
Deferred liability - staff gratuity	22	6,223,540	6,764,935
TOTAL NON-CURRENT LIABILITIES		33,976,490	31,373,985
TOTAL LIABILITIES		58,925,611	64,711,662
NET ASSETS		292,535,362	292,226,783
REPRESENTED BY:			
CAPITAL AND RESERVES			
Certificate Capital		400,000,000	400,000,000
40,000,000 (2016: 40,000,000) certificates of Rs 10/- each			
Issued, subscribed & paid capital	23	210,000,000	210,000,000
Reserves	24	98,085,635	97,479,973
Unappropriated profit		(10,319,964)	(12,758,742)
Unrealised diminution on remeasurement of investment classified as available for sale- net		(5,230,309)	(2,494,448)
Total capital and reserves		292,535,362	292,226,783
CONTINGENCIES AND COMMITMENTS	25	-	-

The annexed notes 1 to 47 form an integral part of these financial statements.

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

Sd/-
Chief Executive

Sd/-
Director

Sd/-
Director



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30 2017 Rupees	June 30 2016 Rupees
Profit / (Loss) from trading operations	26	1,181,000	(3,216,428)
Income on musawamah facility		-	661,371
Income on Diminishing Musharakah (Syndicate)		5,271,457	1,047,123
Income on Diminishing Musharakah		57,390	-
Income from Ijarah	27	16,786,648	18,311,151
Income from investments	28	16,069,966	6,634,160
		39,366,461	23,437,377
Administrative and operating expenses	29	25,575,436	25,473,175
Provision against Non-performing assets		12,500,000	-
Financial and other charges	30	36,510	7,700
		38,111,946	25,480,875
Operating profit/(loss)		1,256,515	(2,043,498)
Other income	31	5,163,160	2,573,672
		6,417,675	530,174
Unrealised(loss) / gain on re-measurement of investments at fair value through profit or loss	5.1.2	(4,190,582)	(670,474)
Share of profit from associates	5.2.1	1,191,525	273,859
		3,418,618	133,559
Management company's remuneration	32	(328,506)	(13,356)
		3,090,112	120,203
Workers welfare fund	33	(61,802)	(2,404)
		3,028,310	117,799
Profit / (loss) before taxation		3,028,310	117,799
Income tax expense	34	-	-
		3,028,310	117,799
Profit / (loss) for the year		3,028,310	117,799
Earnings per certificate - Basic and Diluted	35	0.14	0.01

The annexed notes 1 to 47 form an integral part of these financial statements.

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

**Sd/-
Chief Executive**

**Sd/-
Director**

**Sd/-
Director**



STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30 2017 Rupees	June 30 2016 Rupees
Profit / (loss) for the year		3,028,310	117,799
Others comprehensive income			
Unrealized (loss) / gain on re-measurement of available for sale investment	5.3	(2,184,857)	(2,260,386)
Remeasurement of net defined benefit liability - loss	21.5	(551,004)	(723,017)
Shares of other comprehensive income of associate	5.2.1	-	21,502
		(2,735,861)	(2,961,901)
Other comprehensive income			
Total comprehensive income/(loss) for the year - after tax		292,449	(2,844,102)

The annexed notes 1 to 47 form an integral part of these financial statements.

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

Sd/-
Chief Executive

Sd/-
Director

Sd/-
Director



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

	Issued subscribed & paid capital	Capital *Statutory Reserve	Reserve			Total
	Certificate Capital		Revenue reserve	Unappropriated profit	Other comprehensive income	
	Rupees					
Balance as at June 30, 2015	210,000,000	96,956,413	11,000,000	(12,885,641)	467,453	305,538,225
Share of associate's incremental depreciation on account of revaluation of fixed assets	-	-	-	32,660	-	32,660
Total Comprehensive income for the year	-	-	-	117,799	(2,961,901)	(2,844,102)
Profit distribution in cash	-	-	-	(10,500,000)	-	(10,500,000)
Transfer to general reserve	-	-	(10,500,000)	10,500,000	-	-
Transfer to statutory reserve	-	23,560	-	(23,560)	-	-
Balance as at June 30, 2016	210,000,000	96,979,973	500,000	(12,758,742)	(2,494,448)	292,226,783
Share of associate's incremental depreciation on account of revaluation of fixed assets	-	-	-	16,130	-	16,130
Total Comprehensive income for the year	-	-	-	3,028,310	(2,735,861)	292,449
Profit distribution in cash	-	-	-	-	-	-
Transfer to / from general reserve	-	-	-	-	-	-
Transfer statutory reserve	-	605,662	-	(605,662)	-	-
Balance as at June 30, 2017	210,000,000	97,585,635	500,000	(10,319,964)	(5,230,309)	292,535,362

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

The annexed notes 1 to 47 form integral part of these financial statements.

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

Sd/-
Chief Executive

Sd/-
Director

Sd/-
Director



STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30 2017 Rupees	June 30 2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash from operations after working capital changes	36	37,272,623	113,153,142
Increase in long-term security deposits		16,699	6,512,390
Income on musawamah facility		-	661,371
Income on Diminishing Musharakah (Syndicate)		5,294,828	
Income on Diminishing Musharakah		25,652	
Income tax paid		(933,412)	(1,332,568)
Gratuity paid		(2,129,800)	(2,013,000)
Net cash generated from operating activities		39,546,590	116,981,335
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets			
- Own		(4,709,605)	(1,925,299)
- Ijarah		(70,511,692)	(89,410,501)
Sale proceeds on disposal of fixed assets			
- Own		500,000	674,432
- Ijarah		12,433,343	4,108,960
Dividend received		4,146,744	3,764,497
Profit on bank deposit		765,579	1,746,178
Redemption of Installment of Sukuk Certificates		714,283	714,286
Investment in diminishing musharakah		(4,000,000)	(60,000,000)
Repayment of diminishing musharakah		3,750,000	-
Purchase of investments in mutual funds		(4,612,156)	(192,765)
Proceeds from sale of mutual funds units		4,233,623	10,046,200
Purchase of investments in listed securities		(130,674,024)	(72,044,008)
Proceeds from sale of investments in listed securities		135,729,683	77,932,107
Net cash (used in) investing activities		(52,234,222)	(124,585,913)
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit paid to the certificate holders		-	(10,500,000)
Financial charges paid		(36,510)	(7,700)
Net cash (used in) financing activities		(36,510)	(10,507,700)
Net (decrease) in cash and cash equivalents		(12,724,142)	(18,112,278)
Cash and cash equivalents at beginning of the year		24,206,892	42,319,170
Cash and cash equivalents at end of the year	37	11,482,750	24,206,892

The annexed notes 1 to 47 form an integral part of these financial statements.

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

Sd/-
Chief Executive

Sd/-
Director

Sd/-
Director



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

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

The Modaraba is a multipurpose perpetual modaraba and is primarily engaged in ijarah financing, musharikah, murabaha, musawamah, modaraba, equity investment, ijarah and trading activities. The Modaraba is listed on the Pakistan Stock Exchange (Previously on the Karachi and Lahore Stock Exchanges).

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

2.2.1 Standards or interpretations that are effective in current year but not relevant to the Modaraba.

The following new standards have been issued by the International Accounting Standards Board (IASB) which have been adopted locally by the Securities and Exchange Commission of Pakistan vide SRO 633(I)/2014 dated July 10, 2014 with effect from following dates. The Modaraba has adopted these accounting standards which do not have significant on the Modaraba's financial statements other than certain disclosure requirements about fair value of financial instruments as per IFRS 13 "Fair Value Measurement" which have been disclosed in note # 5.

Accounting standards and interpretations:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 27 Separate Financial Statements (Revised 2011)
- IAS 28 Investments in Associates and Joint Ventures (Revised 2011)

2.2.2 Amendment no yet effective

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Accounting standards and interpretations:	Effective date (Annual period beginning on or after)
IFRS 2 Share-based Payments - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 9 Financial Instruments - Amendments for incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	January 01, 2018
IFRS 15 Revenue from Contracts with Customers (Superseded IAS 11), To recognize revenue for the transfer of promised goods or services to the customer under the contract	January 01, 2018
IFRS 16 Leases (Superseding IAS 17), To report all lease assets and lease liabilities on the balance sheet, initially measured at the present value of future lease payments as it eliminated classification of leases as Operating or Finance Leases for lessee	January 01, 2019
IAS 7 Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12 Income Taxes - Amendment regarding the recognition of deferred tax assets for unrealized losses	January 01, 2017

2.2.3 Standards or interpretation not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases

The effects IFRS - 15 Revenue from Contract with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have significant effect on the Modaraba's future financial statements.

The management anticipates that the adoption of the above standards and amendments in future periods will no material impact on the Modaraba's financial statements.

2.3 Applicability of International Accounting Standard 17 'Leases'

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

2.4 Islamic Financial Accounting Standard - 1

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

2.5 Islamic Financial Accounting Standard - 2

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

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

2.6 Accounting convention

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

2.7 Functional and presentation currency

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

2.8 Critical accounting estimates and judgments

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

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

3.2 Financial assets

3.2.1 Classification

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

a) At fair value through profit or loss

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

b) Loans and receivables

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

c) Held to maturity

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

d) Available for sale financial assets

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

e) Investment in associates

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

The Modaraba accounts for its investment in associate using the equity method. Under this method investment is initially recognized at cost, being the fair value of consideration given includes acquisition charges associated with such investments. Subsequently the investors' share in profit / loss of the Investee is recognized in profit and loss. Distributions received from the investee reduce the carrying amount of the investment. Adjustment to the carrying amount will also be made for changes in the investor's proportionate interest in the investee arising from changes in the investee's over comprehensive income.

Where Modaraba's share of loss of an associates equal or exceeds its interest in the associates, the Modaraba discontinue to recognize its shares of further losses except to the extent that Modaraba has incurred legal or constructive obligation or made payment on behalf of the associates. If the associates subsequently reports profits, the Company resumes recognizing its share of those profit only after its share of the profit equals the share of losses not recognized.

3.2.2 Initial recognition and measurement

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

3.2.3 Subsequent measurement

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

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

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

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

Net gains and losses arising from the excess of value determined in accordance with the above mentioned criteria over the carrying amount in respect of 'available for sale' financial

assets are recognised in other comprehensive income until the 'available for sale' investment is derecognised. At this time, the cumulative gain or loss previously recognised in other comprehensive income is transferred to the profit and loss account.

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

b) Loans and receivables' & 'held to maturity

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

3.2.4 Regular way contracts

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

3.2.5 Impairment

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

a) Financial assets classified as "held to maturity"

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

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

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit and loss account.

b) Financial assets classified as 'available for sale'

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

c) Financial assets classified under Islamic Financial Accounting Standards

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

3.2.6 Derecognition

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

3.2.7 Offsetting of financial assets and liabilities

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

3.2.8 Financial liabilities

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

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

3.2.9 Receivable from terminated / matured contracts

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

3.2.10 Ijarah rentals , Musawamah finance and Modaraba finance

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

3.3 Fixed assets - Tangible

3.3.1 Owned assets

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

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

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

3.3.2 Ijarah assets

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

3.3.3 Gain or loss on disposal

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

3.3.4 Impairment

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

3.3.5 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that the future economic benefits associated with the asset will flow to the Modaraba and the cost of item can be measured reliably. Amortization is charged to income using the straight line method in accordance with the rates specified in note 1 3.1 to these financial statements after taking into account residual value, if any. The residual values, useful lives and amortization method are reviewed and adjusted, as appropriate, at each balance sheet date. Amortization is charged from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceding the month of disposal.

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

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

3.4 Loans, advances and other receivables

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

3.5 Taxation

3.5.1 Current

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

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

3.5.2 Deferred

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

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

3.6 Creditors, accrued and other liabilities

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

3.6.1 Provisions

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

3.6.2 Staff retirement benefits

Unfunded gratuity scheme

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

3.7 Stock In trade

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

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

Packing materials are recorded at average cost.

3.8 Revenue recognition

3.8.1 Ijarah

Income on Ijarah is recognised on an accrual basis.

3.8.2 Non-performing ijarah lease

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

3.8.3 Musharakah Finance

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

3.8.4 Musawamah Finance

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

3.8.5 Dividend Income

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

3.8.6 Return on deposit with bank

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

3.8.7 Segment reporting

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

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

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

- Trading
- Financing
- Investments
- ijarah
- Diminishing Musharakah

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
4. CASH AND BANK BALANCES			
With Cash in Hand		-	-
With banks in current accounts			
- Islamic Banks /Islamic Window operations		375,747	166,029
- Conventional Banks		750,612	948,438
With banks in PLS accounts			
- Islamic Banks /Islamic Window operations	4.1	10,356,391	23,092,425
- Conventional Banks		-	-
		<u>11,482,750</u>	<u>24,206,892</u>

4.1 These deposits accounts carry profit at rates ranging from 2.05% to 4.48% (2016:2.05% to 4.48%).

5. INVESTMENTS

5.1 SHORT TERM INVESTMENTS

At fair value through profit and loss

Shariah compliant

- Equity securities - listed	5.1.1	30,252,407	15,837,640
- Mutual funds - listed	5.1.2	6,874,939	7,110,947

Non - Shariah compliant

- Equity securities - listed	5.1.3	-	-
- Mutual funds - listed		-	-
		<u>37,127,346</u>	<u>22,948,587</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

5.1.1 At the fair value through Profit & Loss Equity Securities-Listed

Name of investee company	Number of shares					Balance as at June 30, 2017		
	As at July 1, 2016	Purchases during the year	Bonus / right issue	Sales /write-offs during the year	As at June 30, 2017	Carrying cost	Market value	Appreciation/ (diminution)
Construction and Materials								
Dewan Cement Limited	-	9,000	-	9,000	-	-	-	-
Fauji Cement Company Limited	5,000	10,000	-	5,000	10,000	466,497	410,300	(56,197)
D.G. Khan Cement Limited	-	5,000	-	5,000	-	-	-	-
Lucky Cement Limited	-	4,900	-	1,500	3,400	3,068,347	2,843,284	(225,063)
Maple Leaf Cement Factory Ltd	-	11,000	-	1,000	10,000	1,298,213	1,113,600	(184,613)
Power Cement Limited	-	92,000	-	92,000	-	-	-	-
Best Way Cement Ltd	-	500	-	-	500	159,256	109,560	(49,696)
Safe Mix Concrete Ltd	-	6,500	-	2,000	4,500	72,357	57,690	(14,667)
AKZO Nobel Pakistan Limited	-	3,000	-	2,500	500	126,856	120,000	(6,856)
Kohat Cement Company Limited	2,000	-	-	500	1,500	384,451	343,890	(40,561)
Sub total	7,000	141,900	-	118,500	30,400	5,575,977	4,998,324	(577,653)
Oil & Gas Producers								
Attock Petroleum Limited	-	2,000	-	2,000	-	-	-	-
Pakistan State Oil Company Limited	-	4,500	-	4,500	-	-	-	-
Pakistan Refinery Limited	12,000	31,000	-	43,000	-	-	-	-
Attock Refinery Limited	-	10,000	-	-	10,000	4,743,019	3,825,800	(917,219)
National Refinery Limited	-	37,100	-	35,100	2,000	1,561,805	1,451,980	(109,825)
Oil & Gas Development Co. Ltd	-	1,000	-	1,000	-	-	-	-
Hascol Petroleum Ltd.	-	32,000	-	31,100	900	318,900	306,990	(11,910)
Pakistan Petroleum Limited	13,300	-	-	13,300	-	-	-	-
Sub total	25,300	117,600	-	130,000	12,900	6,623,724	5,584,770	(1,038,954)
Gas Water & Multiutilities								
Sui Southern Gas Company Limited	-	62,500	-	51,500	11,000	420,921	400,510	(20,411)
TPL Traker Ltd.	-	55,000	-	-	55,000	833,758	543,400	(290,358)
Sui Northern Gas Pipeline Limited	-	17,500	-	12,500	5,000	727,728	744,600	16,872
Sub total	-	135,000	-	64,000	71,000	1,982,407	1,688,510	(293,897)
General Industries								
Thal Limited	2,000	5,100	-	5,600	1,500	828,195	909,045	80,850
Pakistan Paper Products Limited	-	2,000	-	-	2,000	333,418	229,960	(103,458)
Packages Limited	-	3,000	-	500	2,500	2,169,516	1,738,950	(430,566)
Sub total	2,000	10,100	-	6,100	6,000	3,331,129	2,877,955	(453,174)
Power Generation & Distribution								
K-Electric Limited	-	167,000	-	12,000	155,000	1,452,668	1,069,500	(383,168)
Kot Addu Power Company Limited	-	13,000	-	-	13,000	1,106,161	936,260	(169,901)
Sub total	-	180,000	-	12,000	168,000	2,558,828	2,005,760	(553,068)



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Name of investee company	Number of shares				Balance as at June 30, 2017			
	As at July 1, 2016	Purchases during the year	Bonus / right issue	Sales /write-offs during the year	As at June 30, 2017	Carrying cost	Market value	Appreciation/ (diminution)
Automobile and Parts								
Honda Atlas Car (Pakistan) Limited	-	2,300	-	2,300	-	-	-	-
Ghandhara Nissan Limited	-	3,000	-	3,000	-	-	-	-
Pak Suzuki Motors Co. Ltd	-	1000	-	-	1000	860,221	780,360	(79,861)
Millat Tractors Limited	-	6,100	-	5,300	800	1,120,061	1,099,552	(20,509)
General Tyre & Rubber Co. of Pakistan Ltd.	-	14,000	-	10,500	3,500	963,183	1,062,250	99,067
Al-Ghazi Tractors	-	2,000	-	2,000	-	-	-	-
Exide Pakistan Ltd	-	220	-	100	120	115,648	112,620	(3,028)
Atlas Battery Limited	-	600	-	400	200	183,378	180,000	(3,378)
Sub total	-	29,220	-	23,600	5,620	3,242,491	3,234,782	(7,709)
Fixed Line Telecommunication								
Pakistan Telecommunication Company Limited	50,000	36,000	-	86,000	-	-	-	-
Sub total	50,000	36,000	-	86,000	-	-	-	-
Cable and Electrical Goods								
Pak Elektron Limited	7,500	2,000	-	8,500	1,000	101,915	110,320	8,405
Sub total	7,500	2,000	-	8,500	1,000	101,915	110,320	8,405
Engineering								
Amerli Steels Limited	-	4,000	-	4,000	-	-	-	-
Aisha Steels Limited	-	4,000	-	4,000	-	-	-	-
Crescent Steels & Allied Product Limited.	-	5,000	-	5,000	-	-	-	-
International Steels Limited	-	12,500	-	9,500	3,000	415,821	383,670	(32,151)
Mughal Iron & Steel Industries Ltd.	2,500	500	-	2,500	500	37,504	40,365	2,861
Sub total	2,500	26,000	-	25,000	3,500	453,325	424,035	(29,290)
Chemicals								
Lotte Chemicals Pakistan Ltd.	41,500	50,000	-	76,500	15,000	162,466	147,750	(14,716)
Engro Corporation Ltd.	-	27,600	-	22,100	5,500	2,100,877	1,792,505	(308,372)
Engro Fertilizer Limited	43,500	38,000	-	45,000	36,500	2,279,940	2,016,260	(263,680)
Agritech Limited	-	2,500	-	2,500	-	-	-	-
I.C.I Pakistan Limited	-	2,600	-	2,400	200	211,917	218,910	6,993
Bawany Air Products	-	35,500	-	21,500	14,000	191,355	160,020	(31,335)
Linde Pakistan Ltd	-	2,200	-	1,500	700	212,229	168,714	(43,515)
Ittehad Chemicals Ltd	-	9,500	1,753	-	11,253	501,821	351,994	(149,827)
Dawood Hercules Corporation Limited	-	20,000	-	8,000	12,000	1,708,917	1,636,320	(71,264)
Sub total	85,000	187,900	1,753	179,500	95,153	7,368,189	1,707,584	(875,716)
Pharma and Bio Tech								
The Searle Company Limited	100	1,972	28	600	1,500	849,082	767,970	(81,112)
Glaxo Smithkline Pakistan Ltd.	-	9,500	-	4,800	4,700	1,004,955	925,524	(79,431)
Sub total	100	11,472	28	5,400	6,200	1,854,037	1,693,494	(160,543)



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Name of investee company	Number of shares					Balance as at June 30, 2017		
	As at July 1, 2016	Purchases during the year	Bonus / right issue	Sales /write-offs during the year	As at June 30, 2017	Carrying cost	Market value	Appreciation/ (diminution)
Food Industries								
Fauji Foods Limited	-	24,500	-	20,500	4,000	415,934	301,120	(114,814)
Al-Shaheer Corporaiton Ltd.	-	12,500	750	1,500	11,750	597,598	471,293	(126,305)
Sub total	-	37,000	750	22,000	15,750	1,013,532	772,413	(241,119)
Personal Goods(Textiles)								
Nishat Mills Limited	500	2,000	-	500	2,000	340,034	317,360	(22,674)
Treet Corporaiton Limited	-	4,500	-	4,500	-	-	-	-
Shabbir Tiles & Ceramics Limited	-	22,500	-	22,500	-	-	-	-
Tariq Glass Industries Limited	-	5,000	-	5,000	-	-	-	-
Artistic Denim Mills Limited	5,000	-	-	5,000	-	-	-	-
Sub total	5,500	34,000	-	37,500	2,000	340,034	317,360	(22,674)
Miscellaneous								
Synthtic Products Enterprises Limited	-	14,050	142	13,500	692	36,214	52,211	15,998
Sub total	-	14,050	142	13,500	692	36,214	52,211	15,998
	184,900	962,242	2,673	731,600	418,215	34,481,801	30,252,407	(4,229,394)
5.1.2 Mutual funds - listed								
Units of Mutual Funds								
Meezan Islamic Fund - Growth Units	1,834	107	-	-	1,941	50,427	148,342	(97,915)
Meezan Balance Fund	-	-	-	-	-	-	-	-
Al-Ameen Islamic Active Allocation Plan-1	9,394	3,413	-	12,807	-	-	-	-
First Habib Islamic Balanced Fund	57,712	6,861	-	-	64,573	5,387,515	6,726,597	(1,339,082)
Sub total	68,940	10,382	-	12,807	66,515	5,437,941	6,874,939	(1,436,997)
5.1.3 Non - Shariah compliant								
Chemicals								
Fauji Fertilizer Company Limited	62,000	2,000	-	64,000	-	-	-	-
Engro Polymer & Chemicals Ltd	-	50,000	-	50,000	-	-	-	-
Sub total	62,000	52,000	-	114,000	-	-	-	-
Oil & Gas Producers								
BYCO Petroleum Pakistan Ltd.	-	57,500	-	57,500	-	-	-	-
Sub total	-	57,500	-	57,500	-	-	-	-
	62,000	109,500	-	171,500	-	-	-	-
Total Listed securities								
- At Fair value through Profit & Loss	315,840	1,082,124	2,673	915,907	484,730	39,919,743	37,127,346	(5,666,392)

5.1.4 Unrealised gain / (loss) on re-measurement of investmens at fair value through profit or loss

	June 30, 2017 Rupees	June 30, 2016 Rupees
Market Value as at	37,127,346	22,948,587
Cost of investment	39,919,743	22,348,899
Unrealised gain on investment as at year ended	(2,792,397)	599,689
Unrealised gain on investment at the beginning of the year	599,689	6,100,888
Loss realised on disposal during the year	798,496	(4,830,726)
Unrealised gain on investment for the year ended	(4,190,582)	(670,474)



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
5.2 Long-term investments			
Investment in Associates	5.2.1	8,297,869	8,256,651
Available for Sale			
Equity securities - listed AFS			
Shariah compliant			
- Equity securities - listed	5.2.2	13,950,634	27,585,291
- Mutual funds - listed	5.2.3	6,179,991	3,992,215
Non - shariah compliant			
- Equity securities - listed	5.2.4	2,107,320	-
- Mutual funds - listed		-	-
		<u>30,535,814</u>	<u>39,834,157</u>

5.2.1 Investment in Associate

Opening balance	8,256,651	8,328,828
Share of incremental depreciation	16,130	32,660
Share of comprehensive income	-	21,502
Share of profit/loss of associate	1,191,525	273,859
	1,207,655	328,021
Reversal of sale of shares	(711,377)	-
Dividend income	(455,100)	(400,198)
	<u>8,297,869</u>	<u>8,256,651</u>

Name of Associate

Al-Noor Sugar Mills Limited

Basis of significant influence

Common directorship

Summarized financial statements of associates:

Share capital - ordinary shares of Rs. 10 each
Total assets
Total liabilities
Net assets

Revenue
Profit for the year - after tax

Number of shares held
Cost of investment
Ownership interest
Market value of shares
Net book value
Financial results based on the information available as on
Financial year ended of the companies

June 30 2017	June 30 2016
Al-Noor Sugar Mills Ltd	Al-Noor Sugar Mills Ltd
Rupees in '000	Rupees in '000
204,737	204,737
11,937,939	10,333,313
9,155,654	7,702,193
2,782,285	2,631,120
3,177,000	3,315,849
127,534	76,614
Rupees	Rupees
110,775	121,275
1,482,481	1,623,000
0.54%	0.59%
5,085,000	5,688,000
1,474,395	1,617,312
31-Mar-17	31-Mar-16
30-Sep	30-Sep

5.2.2 Available for sale

Equity securities - listed

Name of investee company	Number of shares				Balance as at June 30, 2017			
	As at July 1, 2016	Purchases during the year	Bonus / right issue	Sales /write-offs during the year	As at June 30, 2017	Carrying cost	Market value	Appreciation/ (diminution)

Fully paid ordinary shares of Rs 10 each unless stated otherwise

Equity Investment Instruments

First Habib Modaraba	4,500	-	-	-	4,500	36,646	49,275	12,629
First Imrooz Modaraba	1,500	1,500	-	-	3,000	479,843	691,500	211,657
Allied Rental Modaraba	9,967	33	-	-	10,000	287,653	248,700	(38,953)
Orix Modaraba	-	11,000	-	-	11,000	283,258	256,630	(26,628)
Sub total	15,967	12,533	-	-	28,500	1,087,400	1,246,105	158,705



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

5.2.2 Available for sale Equity securities - listed

Name of investee company	Number of shares					Balance as at June 30, 2017		
	As at July 1, 2016	Purchases during the year	Bonus / right issue	Sales /write-offs during the year	As at June 30, 2017	Carrying cost	Market value	Appreciation/ (diminution)
Construction and Materials								
Fauji Cement Company Limited	107,000	-	-	107,000	-	-	-	-
Power Cement Limited	25,000	44,000	5,676	69,000	5,676	70,950	75,945	4,995
Sub total	136,500	44,000	5,676	176,000	5,676	70,950	75,945	4,995
Automobile and Parts								
Al-Ghazi Tractors Limited	2,800	6,200	-	9,000	-	-	-	-
Ghandhara Nissan Limited	-	1,800	-	-	1,800	477,727	405,144	(72,583)
Ghandhara Industries Limited	-	500	-	-	500	418,917	325,055	(93,862)
Millat Tractors Limited	-	750	-	-	750	978,732	1,030,830	52,098
Sazgar Engineering Works Limited	-	1,000	-	500	500	113,156	136,965	23,809
Hinopak Motors Limited	150	100	-	160	90	91,845	117,900	26,055
Sub total	2,950	10,350	-	9,660	3,640	2,080,377	2,015,894	(64,483)
Food Industries								
Fauji Foods Limited	2,000	2,000	-	4,000	-	-	-	-
Sub total	2,000	2,000	-	4,000	-	-	-	-
General Industries								
Cherat Packaging Limited	4,100	8,100	-	6,900	5,300	1,940,803	1,260,234	(680,569)
Sub total	4,100	8,100	-	6,900	5,300	1,940,803	1,260,234	(680,569)
Pharma and Bio Tech								
The Searle Company Limited	-	1,000	-	-	1,000	610,286	511,980	(98,306)
Sub total	-	1,000	-	-	1,000	610,286	511,980	(98,306)
Engineering								
Crescent Steel & Allied Products	5,000	5,500	-	10,300	200	38,894	47,714	8,820
International Steels Limited	-	5,000	-	-	5,000	807,581	639,450	(168,131)
Sub total	5,000	10,500	-	10,300	5,200	846,475	687,164	(159,311)
Chemicals								
Engro Fertilizer Company Limited	6,000	5,500	-	-	11,500	782,583	635,260	(147,323)
Engro Corporation Limited	15,000	1,000	-	8,900	7,100	2,421,697	2,313,961	(107,736)
Lotte Chemical Pakistan Ltd	-	3,000	-	-	3,000	74,007	73,875	(132)
Sub total	21,000	9,500	-	8,900	21,600	3,278,288	3,023,096	(255,192)
Oil & Gas Producers								
Pakistan Petroleum Limited	12,000	11,600	-	1,000	22,600	4,196,634	3,347,964	(848,670)
Pakistan Oilfield Limited	13,000	4,500	-	16,600	900	348,944	412,335	63,391
Oil & Gas Development Co. Ltd	-	3,000	-	-	3,000	489,679	492,415	2,736
Attock Petroleum Limited	1,000	800	-	1,300	500	302,193	313,215	11,022
Mari Petroleum Company Ltd	-	120	-	-	120	192,107	189,077	(3,030)
Hascol Petroleum Limited	2,500	2,000	-	3,400	1,100	338,139	375,210	37,071
Sub total	28,500	22,520	-	22,300	28,220	5,867,696	5,130,216	(737,481)
Sub total	216,017	124,003	5,676	238,060	103,136	15,782,275	13,950,634	(1,831,641)
5.2.3 Mutual funds - listed								
Units of Mutual Funds								
UBL Al-Ameen Islamic Allocation Plan Plan -VII Class B Preservation Fund -B	-	29,680	-	-	29,680	3,061,111	3,131,724	70,613
UBL Al-Ameen Islamic Allocation Plan -IX	-	29,016	-	-	29,016	3,000,000	2,901,635	(98,365)
Al-Ameen Islamic Principal Preservation Fund-IV Class A	25,579	-	-	25,579	-	-	-	-
Meezan Balance Fund	8,200	451	-	-	8,651	118,136	146,632	28,496
UBL AL-Ameen Islamic Active Allocation Plan - 1	10,177	3,698	-	13,874	-	-	-	-
Sub total	43,956	62,845	-	39,454	67,347	6,179,248	6,179,991	743
5.2.4 Non - Shariah compliant								
Chemicals								
Fauji Fertilizer Bin Qasim Limited	47,000	-	-	47,000	-	-	-	-
Fauji Fertilizer Company Limited	38,000	-	-	12,500	25,500	2,918,417	2,107,320	(811,097)
Sub total	85,000	-	-	59,500	25,500	2,918,417	2,107,320	(811,097)
Sub total	85,000	-	-	59,500	25,500	2,918,417	2,107,320	(811,097)
Total Listed securities - AFS	344,973	186,848	5,676	337,014	195,983	24,879,940	22,237,945	(2,641,995)

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

	June 30, 2017 Rupees	June 30, 2016 Rupees
Market Value as at	22,237,945	31,577,506
Cost of investment	24,879,940	31,746,215
Unrealised gain / (loss) on investment as at year ended	(2,641,995)	(168,709)
Unrealised loss on investment at the beginning of the year	(168,709)	2,045,174
Gain realised on disposal during the year	(288,429)	46,503
Unrealised gain/(loss) on investment for the year ended	(2,184,857)	(2,260,386)



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

6. MUSAWAMAH RECEIVABLE - Secured		Note	June 30, 2017 Rupees	June 30, 2016 Rupees
Musawamah facility - secured considered doubtful			25,000,000	25,000,000
Less: provision against potential losses			(12,500,000)	-
			<u>12,500,000</u>	<u>25,000,000</u>
6.1	Musawamah facility (Classified portfolio)	June 30, 2017 Balance outstanding	June 30, 2016 Balance outstanding	Provision held
	OAEM	-	25,000,000	-
	Substandard	-	-	-
	Doubtful	12,500,000	-	-
	Loss	-	-	-
		<u>12,500,000</u>	<u>25,000,000</u>	<u>-</u>
6.2	This represents musawamah principal amount overdue by more than one year carried profit rate of 10% (June 2016: 10%) per annum secured against hypothecation of current assets, demand promissory notes, personal guarantee of directors and pledge of stocks(raw cotton). M/s Quetta Textile Mills Limited has defaulted in payment at its maturity therefore the Modaraba has filed a suit for recovery of principal and profit in Hon'ble Banking Court No. II. The legal advisor of the Modaraba is of the opinion that Modaraba has reasonable chances of recovery of the defaulted amounts. However, in compliance to prudential regulations # 5 for modarabas, modaraba has provided the provision against the said default. Further, Modaraba has also filed for registration of criminal complaint against M/s Quetta Textile Mills Ltd.			
7	PROFIT RECEIVABLE			
	Musawamah facility	6.2 & 7.1	-	-
	Diminishing Musharakah		1,055,490	1,047,123
	Sukuk		60,058	53,348
	PLS bank account		68,757	68,859
			<u>1,184,304</u>	<u>1,169,330</u>
7.1	Provision against potential losses			
	Musawamah facility		678,083	678,083
	Less: Income suspended		(678,083)	(678,083)
			<u>-</u>	<u>-</u>
8	IJARAH RENTALS RECEIVABLES			
	Ijarah rentals receivable - considered good		3,127,045	1,024,220
	Less: allowance for potential ijarah losses		-	-
			<u>3,127,045</u>	<u>1,024,220</u>
8.1	Future minimum ijarah rentals receivable			
			2017	
		Total	Not Later than on year	Later than one year but not later than five
	Machinery	-	-	-
	Vehicles	123,493,850	68,120,770	55,373,080
	Others	5,885,220	2,059,827	3,825,393
		<u>129,379,070</u>	<u>70,180,597</u>	<u>59,198,473</u>
			2016	
	Machinery	153,322	153,322	-
	Vehicles	148,758,091	71,252,339	77,505,752
	Others	11,533,576	5,648,356	5,885,220
		<u>160,444,989</u>	<u>77,054,017</u>	<u>83,390,972</u>
8.1.1	The assets under ijarah arrangements carries profit from 8.00% to 27.46% (2016:14.50 % to 38.47 %)			



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
9 STOCK IN TRADE			
Finished goods		-	
In transit		267,790	267,790
less: Provision for slow moving stock		(267,790)	(267,790)
		<u>-</u>	<u>-</u>
10 INVESTMENT IN SUKUK CERTIFICATES - Held to Maturity			
Investment in Sukuk Certificates	10.1	3,928,571	4,642,857
Less: Principal Repaid		(714,283)	(714,286)
Less: Current portion of Investment in Sukuk Certificates		(1,428,566)	(1,428,572)
		<u>1,785,722</u>	<u>2,499,999</u>
10.1	This represent sukuk certificates of Albaraka Bank (Pakistan) Limited carrying profit similar to base rate of six months of KIBOR + 1.25% (June 2016: KIBOR + 1.25%) receivable in 14 equal installments till September, 2021.		
11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good			
- Suppliers		13,880,500	500,000
- Employees		366,220	647,000
Prepayments		6,167,923	4,690,541
Others		7,371,221	8,420,703
Dividend receivable		30,096	242,552
Sales tax receivable	18.1	986,244	1,246,572
		<u>28,862,204</u>	<u>15,747,368</u>
12 TAXATION			
12.1	The income of the Modaraba, not being trading income, is exempt from tax subject to the condition that not less than ninety per cent of its total profits in the year as reduced by the amount transferred to a mandatory reserve, required under the provisions of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed amongst the shareholders.		
No provision for current taxation has been made in these financial statements as the Modaraba intends to distribute at least 90 percent of its total income for the year after transfer to mandatory reserve, Income tax expense during the year amounting to Rs. Nil (2016: Nil) are the tax deducted as final on the remittance received from the import / export of goods.			
12.1.2 Income tax refundable		2,750,970	1,065,719
Income tax adjusted / deducted at source		933,412	1,685,251
		<u>3,684,382</u>	<u>2,750,970</u>
13 LONG TERM DEPOSITS			
National Commodities Exchange Limited		2,500,000	2,500,000
Security Deposit-N.C.E.L.-Office Space		850,000	850,000
Guarantee Margin - MCB		440,000	440,000
Mobile Phone - Pakistan Mobile Comm.		12,489	12,489
Mobile Phone - Warid Telecom		7,000	7,000
Security Deposit- CDC Pakistan Ltd.		37,500	37,500
		<u>3,846,989</u>	<u>3,846,989</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

14	LONG TERM PORTION OF INVESTMENT IN DIMINISHING MUSHARAKAH (Syndicate)	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
	Diminishing Musharakah	14.1	56,250,000	60,000,000
	Less: Current portion of investment in diminishing musharakah		(15,000,000)	(3,750,000)
	Long term portion of investment in diminishing musharakah		41,250,000	56,250,000
14.1	This represents Syndicate diminishing musharakah facility to Spud Energy PTY Limited through Albaraka Bank (Pakistan) Limited being the lead arranger, advisor and participant during the year carrying profit equal to the rate of three months KIBOR + 1.25% (June 2016: nil) receivable in 16 quarterly equal installments from April 2017 to till January, 2021. with one year grace period			
15	LONG TERM PORTION OF INVESTMENT IN DIMINISHING MUSHARAKAH			
	Diminishing Musharakah		5,000,000	-
	Less: Principal Repaid		(1,252,490)	-
	Less: Current portion of investment in diminishing musharakah		(3,080,893)	-
	Long term portion of investment in diminishing musharakah		666,667	-
16	IJARAH ASSETS			
	Machinery		-	269,562
	Vehicles		136,156,560	131,744,489
	Others		6,050,550	12,210,413
		16.1	142,207,110	144,224,464

16.1 The following is a statement of ijarah assets:

-----Year ended June 30, 2017-----				
Ijarah Assets				
	Machinery & Equipments	Motor Vehicles	Others	Total
At July 01, 2016				
Cost	1,558,800	194,967,400	30,040,000	226,566,200
Accumulated depreciation	(1,289,238)	(63,222,911)	(17,829,587)	(82,341,736)
Net book value	269,562	131,744,489	12,210,413	144,224,464
Additions	-	70,511,692	-	70,511,692
Disposals				
Cost	(1,558,800)	(54,297,216)	(17,500,000)	(73,356,016)
Depreciation	1,402,920	43,941,419	15,750,000	61,094,339
	(155,880)	(10,335,797)	(1,750,000)	(12,261,677)
Depreciation / amortisation charge for the year	(113,682)	(55,743,824)	(4,409,863)	(60,267,369)
Closing net book value	-	136,156,560	6,050,550	142,207,110
At June 30, 2017				
Cost	-	211,181,876	12,540,000	223,721,876
Accumulated depreciation	-	(75,025,316)	(6,489,450)	(81,514,766)
Net book value	-	136,156,560	6,050,550	142,207,110



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

-----Year ended June 30, 2016-----				
Ijarah Assets				
Machinery & Equipments	Motor Vehicles	Others	Total	
At July 01, 2015				
Cost	7,233,400	138,481,900	30,040,000	175,755,300
Accumulated depreciation	(4,877,969)	(42,929,387)	(11,070,587)	(58,877,943)
Net book value	2,355,431	95,552,513	18,969,413	116,877,357
Additions	-	93,646,500	-	93,646,500
Disposals				
Cost	(5,674,600)	(37,161,000)	-	(42,835,600)
Depreciation	5,088,324	30,618,358	-	35,706,682
	(586,276)	(6,542,642)	-	(7,128,918)
Depreciation / amortisation charge for the year	(1,499,593)	(50,911,882)	(6,759,000)	(59,170,475)
Closing net book value	269,562	131,744,489	12,210,413	144,224,464
At June 30, 2016				
Cost	1,558,800	194,967,400	30,040,000	226,566,200
Accumulated depreciation	(1,289,238)	(63,222,911)	(17,829,587)	(82,341,736)
Net book value	269,562	131,744,489	12,210,413	144,224,464

17	FIXED ASSETS IN OWN USE	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
	Tangible Assets		5,205,147	2,951,895
	Intangible Assets		2	2
			<u>5,205,149</u>	<u>2,951,897</u>

-----Year ended June 30, 2017-----							
Tangible assets					Total Tangible Assets	Intangible	Total fixed Assets in use
Computer equipment	Office equipment and appliances	Furniture and Fixtures	Motor Vehicles	Computer software			
-----Rupees-----							
At July 01, 2016							
Cost	1,096,880	541,673	721,604	4,658,526	7,018,683	253,000	7,271,683
Accumulated depreciation / amortisation	(948,099)	(229,469)	(100,833)	(2,788,387)	(4,066,788)	(252,998)	(4,319,786)
Net book value	148,781	312,204	620,771	1,870,139	2,951,895	2	2,951,897
Additions	28,500	39,700	34,220	4,607,185	4,709,605	-	4,709,605
Disposals							
Cost	(307,657)	(43,500)		(4,084,222)	(4,435,379)	-	(4,435,379)
Depreciation	307,639	43,499	-	3,352,851	3,703,991	-	3,703,989
	(18)	(1)	-	(731,371)	(731,388)	-	
Depreciation / amortisation charge for the year	(64,476)	(143,098)	(66,236)	(1,451,153)	(1,724,965)	-	(1,724,963)
Closing net book value	112,787	208,805	588,755	4,294,800	5,205,147	2	5,936,537
At June 30, 2017							
Cost	817,723	537,873	755,824	5,181,489	7,292,909	253,000	7,545,909
Accumulated depreciation / amortisation	(704,936)	(329,068)	(167,069)	(886,689)	(2,087,762)	(252,998)	(2,340,760)
Net book value	112,787	208,805	588,755	4,294,800	5,205,147	2	5,205,149
Depreciation rate % per annum	30	30	10	20		30	



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

----- Year ended June 30, 2016 -----							
	----- Tangible assets -----				Total Tangible Assets	Intangible	Total fixed Assets in use
	Computer equipment	Office equipment and appliances	Furniture and Fixtures	Motor Vehicles		Computer software	
----- Rupees -----							
At July 01, 2015							
Cost	937,560	365,615	93,494	4,788,415	6,185,084	253,000	6,438,084
Accumulated depreciation / amortisation	(898,516)	(180,917)	(66,451)	(2,293,662)	(3,439,546)	(247,572)	(3,687,118)
Net book value	39,044	184,698	27,043	2,494,753	2,745,538	5,428	2,750,966
Additions	159,320	273,458	628,110	864,411	1,925,299	-	1,925,299
Disposals							
Cost	-	(97,400)	-	(994,300)	(1,091,700)	-	(1,091,700)
Depreciation	-	83,346	-	761,744	845,090	-	845,090
	-	(14,054)	-	232,556	(246,010)	-	(246,610)
Depreciation / amortisation charge for the year	(49,583)	(131,898)	(34,382)	(1,256,469)	(1,472,332)	(5,426)	(1,477,758)
Closing net book value	148,718	312,204	620,771	1,870,139	2,951,895	2	2,951,897
At June 30, 2015							
Cost	1,096,880	541,673	721,604	4,658,526	7,018,683	253,000	7,271,683
Accumulated depreciation / amortisation	(948,099)	(229,469)	(100,833)	(2,788,387)	(4,066,788)	(252,998)	(4,319,786)
Net book value	148,781	312,204	620,771	1,870,139	2,951,895	2	2,951,897
Depreciation rate % per annum	30	30	10	20		30	

17.1 Disposals of Fixed Assets

The following assets were disposed of during the year:

	Cost	Accumulated depreciation	Net book value	Sale Proceeds	Gain / Loss on disposal	Mode of Disposal	Particulars of Buyers
	----- (Rupees) -----						
Toyota Corolla AXX-568	1,895,125	1,858,938	36,187	1,405,000	1,368,813	Negotiation	Mr. Salman Saleem
Honda City- AYY-085	1,689,100	1,493,915	195,185	1,275,000	1,079,815	Negotiation	Mr. Imran ul Haq
Suzuki Mehran BBF-213	500,000	-	500,000	500,000	-	Negotiation	Mr. Muhammad Umair
June 30, 2017	3,584,225	3,352,853	231,372	2,680,000	2,448,628		
June 30, 2016	1,091,700	845,090	246,610	674,432	427,822		

* Items having carrying value Rs. 321,238 were written off during the year.

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
18 SECURITY DEPOSITS			
Security deposits		36,398,000	36,381,301
Less: Repayable / adjustable after one year		(27,752,950)	(24,609,050)
Current maturity of security deposits		8,645,050	11,772,251
19 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Creditors		-	4,394,227
Accrued expenses		1,292,593	1,772,691
Payable to management company	19.1	371,212	15,092
Clearing and forwarding charges		-	458,900
Takaful / Insurance		57,750	451,260
Advances from customers		3,964,178	3,636,524
Provision for Worker's Welfare Fund	19.2	455,573	393,771
Advance Ijarah rentals		4,145,079	4,431,380
Unclaimed profit distributions		1,136,814	1,138,152
		11,423,199	16,691,997



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

- 19.1** "This includes Sindh sales tax on management company's remuneration payable amounting to Rs.42,705/- (2016: Rs. 1,736) as per the provisions of Sindh Sales Tax on Services Act, 2011. The said Act has been published as an Act of the Legislature of Sindh vide notification dated June 10, 2011. As per the advice obtained from the Tax consultant, the levy is effective from the date of amendment made in the Second Schedule through the Amendment Ordinance dated November 1, 2011. Due to the enforceability of the Act, the payable to the Modaraba Management Company has come under the ambit of the Act."

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

- 19.2** The Finance Act 2008, introduced an amendment to the Worker's Welfare Fund Ordinance, 1971 (WWF Ordinance). Through these amendments Workers Welfare Fund (WWF) was payable @ 2% of the profit before taxation or taxable income whichever is higher. The legality of the above amendments were challenged in Sindh, Lahore and Peshawar High Courts. Due to variable judgments from the aforesaid Courts, the matter was forwarded to the Honorable Supreme Court of Pakistan. The Honorable Supreme Court has decided the matter on November 10, 2016, and Para 21 of its judgment states that the levy of WWF is in the nature of fee and the law could not be amended by a money bill and as such the amendments made in the year 2006 and 2008 are unlawful and ultravires to the Constitution. In terms of judgment by the Honorable Supreme Court of Pakistan, WWF under WWF Ordinance, is no more payable by the Modaraba and provision made against WWF up till June 30, 2014 is reversed during the period.

Subsequently the Sindh Assembly passed a bill on May 4, 2015 and notified Sindh Worker's Welfare Act 2014 on June 4, 2015. As per the said Act the applicability of the Sindh Workers Welfare Fund is effective from the financial year of the entities ended on or after December 31, 2013. Accordingly, provision has been made at the rate of 2% of profit before taxation or taxable income, whichever is higher, effective after June 30, 2014.

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
20 PROVISION FOR CUSTOM DUTY & SURCHARGE			
Custom duty / surcharges	20.1	<u>4,398,842</u>	<u>4,398,842</u>
20.1	In a suit filed with the Honorable High Court of Sindh in the year 1994 - 95, Modaraba has disputed the amount of duty and surcharge levied by the Collector of Customs on import of 1,901.472 metric tons of edible oil imported from Singapore. The Honorable High Court rejected the appeal and ordered to deposit amount for the disputed amount of duty. The Modaraba has filed an appeal in the Honorable Supreme Court against the decision of the Honorable High Court. The Honorable Supreme Court in its interim order allowed the Modaraba to get release of goods for which Modaraba has provided bank guarantee of Rs. 4.4 million against 10% cash margin and hypothecation charge on current assets until the matter is decided. The Modaraba, however, has fully provided for the duty and surcharge of Rs. 4,398,842, as claimed by the Collector of Customs.		
21 PROFIT PAYABLE			
Late payment & cheques return	21.1	<u>267,268</u>	<u>267,268</u>
Shares Dividend	21.2	<u>214,762</u>	<u>207,319</u>
		<u>482,030</u>	<u>474,587</u>
21.1	This represents surcharge applied to customers due to late payment and cheques returned during the year. The management is required to donate the same for charitable purposes.		
21.2	This represents non shariah shares dividend Income during the year. The management has to donate the same for charitable purposes as per circular 8 of 2012 of the Securities and Exchange Commission of Pakistan.		



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

22 DEFERRED LIABILITY - STAFF GRATUITY

22.1 Staff Gratuity Scheme

As disclosed in note 22.8, the Modaraba operates an unfunded gratuity scheme for its permanent employees. The latest actuarial valuation was carried out as at June 30, 2017, using the Projected Unit Credit Method.

		June 30, 2017	June 30, 2016				
		Rupees	Rupees				
22.2	Liability recognised in the balance sheet:						
	Present value of the defined benefit obligation	6,223,540	6,764,935				
	Less: fair value of planned assets	-	-				
	Defined benefit liability recognized in the accounts	6,223,540	6,764,935				
22.3	Changes in present value of defined benefit obligation:						
	Obligation as at 1 July	6,764,935	6,729,031				
	Current service cost	624,150	581,958				
	Interest cost	413,252	743,929				
	Actuarial loss for the year	(59,459)	(91,134)				
	Experience adjustments	610,458	814,151				
	Benefits paid	(2,129,800)	(2,013,000)				
	Obligation as at 30 June	6,223,540	6,764,935				
22.4	Amounts recognized in profit and loss account						
	Current service cost	624,150	581,958				
	Interest cost	413,252	743,929				
	Expense recognized in P&L	1,037,402	1,325,887				
22.5	Total remeasurements chargeable in other comprehensive income						
	Actuarial loss for the year	(59,454)	(91,134)				
	Experience adjustments	610,458	814,151				
	Total remeasurement chargeable in other comprehensive income	551,004	723,017				
22.6	Recognized Liability						
	Balance as on 1 July	6,764,935	6,729,031				
	Expense recognized	1,037,402	1,325,887				
	Remeasurement chargeable in other comprehensive income	551,004	723,017				
	Payments during the year	(2,129,800)	(2,013,000)				
	Balance payable transferred to short term liability	-	-				
	Company's liability at 30 June	6,223,540	6,764,935				
22.7	Five years comparison	June 30.....					
		2017	2016	2015	2014	2013	
	Present value of defined benefit obligation	6,223,540	6,764,935	6,729,031	5,423,164	3,980,581	
		For the year ended June 30.....					
		2017	2016	2015	2014	2013	
	Experience Adjustments arising on plan liabilities (gain) / losses	551,004	723,017	-	672,041	229,131	
22.8	Contributions under the scheme are made to this fund on the basis of actuarial recommendation at per annum of basic salary and are charged to profit and loss account. The latest actuarial valuation for the scheme was carried out as at June 30, 2017. The amount recognized in balance sheet represents the present value of the defined benefit obligation using the Projected Unit Credit Method.						



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Following are the key assumptions of the actuarial valuation scheme:

-Discount rate	: 7.75% per annum (2016: 7.25 % per annum)
-Expected increase in eligible pay	: 6.75% per annum (2016: 6.25 % per annum)
-Average expected remaining working life time of employees	: 09 years (2016: 09 years)
-Number of employees	: 10 employees (2016: 10 employees)
-Expected mortality rates	: SLIC 2001 - 2005 Setback 1 year (2016: SLIC 2005 Setback 1 year)

Sensitivity analysis of key assumptions

	Impact on obligation of change in assumptions		
	Change in assumption	Increase in obligation	Decrease in obligation
Discount rate	1%	3,120,290	1,628,754
Salary increase rate	1%	3,120,290	1,616,785

22.9 Following risks are associated with unfunded gratuity scheme

Final salary risk (Linked to inflation risk) : The risk that final salary at the time of cessation of service is greater than what Modaraba assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomics factors), the benefit amount increases as salary increase.

Demographic risks

Mortality Risk : The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in scheme where the age and service distribution is on the higher side.

Withdrawal Risk : The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

23. CERTIFICATE CAPITAL

Authorised certificate capital			June 30, 2017	June 30, 2016
2017	2016			
No. of Certificates			Rupees	Rupees
<u>40,000,000</u>	<u>40,000,000</u>	Modaraba certificate of Rs. 10 each	<u>400,000,000</u>	<u>400,000,000</u>
Issued, subscribed & paid-up capital				
		"Modaraba certificates of Rupees 10 each		
<u>20,000,000</u>	<u>20,000,000</u>	fully paid-up in cash"	<u>200,000,000</u>	<u>200,000,000</u>
<u>1,000,000</u>	<u>1,000,000</u>	"Modaraba certificates of Rs.10 each	<u>10,000,000</u>	<u>10,000,000</u>
<u>21,000,000</u>	<u>21,000,000</u>	issued as fully paid bonus certificates	<u>210,000,000</u>	<u>210,000,000</u>

23.1 As at June 30, 2017, First Al-Noor Modaraba Management (Private) Limited (the Management Company) held 4,200,000 certificates (June 2016: 4,200,000 certificates), as required under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

24 RESERVES

Statutory reserve

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

During the current period the Modaraba has transferred an amount of Rs. 605,662/- (2016: Rs 23,560).

25 CONTINGENCIES AND COMMITMENTS

There are no known contingencies at the balance sheet date.

26	PROFIT/(LOSS) FROM TRADING OPERATIONS	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
	Sales	26.1	21,181,000	47,958,677
	Cost of Sales	26.2	20,000,000	51,175,105
	Profit/(Loss)		<u>1,181,000</u>	<u>(3,216,428)</u>
26.1	Sales			
	Local		21,181,000	47,958,677
	Export		-	-
	Sales		<u>21,181,000</u>	<u>47,958,677</u>
26.2	Cost of Sales			
	Opening stock		267,790	25,061,235
	Purchases		20,000,000	26,381,660
			<u>20,267,790</u>	<u>51,442,895</u>
	Export expenses		-	-
			<u>20,267,790</u>	<u>51,442,895</u>
	Less: closing stock		(267,790)	(267,790)
	Cost of sales		<u>20,000,000</u>	<u>51,175,105</u>
27	INCOME FROM IJARAH			
	Ijarah income		77,054,017	77,481,626
	Less: Depreciation of ijarah assets		<u>(60,267,369)</u>	<u>(59,170,475)</u>
			<u>16,786,648</u>	<u>18,311,151</u>
28	INCOME FROM INVESTMENTS			
	Gain on sale of marketable securities - net		11,864,036	2,763,375
	Dividend income	28.1	3,934,288	3,572,266
	Gain on Sukuk Certificates		271,642	298,519
			<u>16,069,966</u>	<u>6,634,160</u>
28.1	Dividend income			
	Shariah compliant			
	Dividend income - Equity securities listed	28.1.1	2,486,592	3,258,974
	Dividend income - Mutual Fund	28.1.2	1,447,695	313,293
			<u>3,934,287</u>	<u>3,572,267</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
28.1.1 Dividend income - Equity securities listed			
Engro Fertilizer Limited		194,989	37,175
Pakistan Refinery Limited		3,565	-
Fauji Cement Compay Limited		19,890	69,435
Fauji Fertilizer Limited		363,900	1,090,208
Attock Petroleum Limited		34,846	-
Maple Leaf Cement Factory Limited		20,000	-
Kot Addu Power Limited		72,400	11,875
Kohat Cement Company Limited		21,775	12,274
Attock Cement Limited		-	51,324
Pioneer Cement Co. Limited		-	88,344
Millat Tractors Limited		43,750	-
Pakistan Oilfield Limited		265,376	392,850
Oil & Gas Development Limited		500	3,000
Nishat Mills Limited		-	66,278
Artistic Denim Mills Limited		2,000	20,000
Faran Sugar Mills Limited		-	67,357
P.T.C.L		13,706	97,660
Engro Corporation Limited		575,306	-
F.F.B.Qasim Limited		-	696,679
Pakistan Petroleum Limited		123,501	194,107
Hascol Petroleum Limited		45,450	43,566
Al-Ghazi Tractors		111,311	24,053
Hinopak Motors Limited		6,047	13,413
Engro Corpration Limited		-	34,559
Dawood Hercules Corp. Limited		183,297	92,163
Thal Limited		14,462	21,276
Pak - Electron Limited		16,375	6,246
First Habib Bank Modaraba		4,479	4,980
Bawany Air Products Limited		1,500	-
ICI Pakistan Limited		17,198	-
Linde Pakistan Limited		2,450	-
Searle Pakistan Limited		1,499	-
Charat Packaging Limited		47,472	-
Packages Limited		74,903	-
Glaxo SmithKline Pakistan		17,696	-
Orix Modaraba		34,000	38,115
Treet Corporaton Limited		1,977	-
Amreil steels Limited		4,999	-
Internatinal Steels Limited		19,998	-
Mughal Iran & Steels Industries Limited		999	-
Pakistan Paper Products Limited		1,750	-
Synthetic Products Limited		4,308	-
Best Way Cement Co Limited		1,500	-
Pakistan State Oil Limited		3,750	-
Akzo Nobel Pakistan Limited		6,436	-
First Imroz Modaraba		19,200	4,500
Allied Rental Modaraba		10,000	7,200
Crescent Steel & Allied Product Limited		4,947	750
National Refinery Limited		79,496	69,587
		2,486,592	3,258,972
28.1.2 Dividend income - Mutual Fund			
Meezan Balance Fund		10,250	4,784
Meezan Islamic fund Growth Limited		9,171	5,202
UBL Al Ameen Islamic Principal Preservation Fund IV		69,841	80,975
UBL Al Ameen Islamic Active Allocation Plan		756,009	28,997
First Habib Islamic Balanced Fund		602,424	193,335
		1,447,695	313,293



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

29	ADMINISTRATIVE AND OPERATING EXPENSES	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
	Salaries and other staff benefits	29.1	11,920,089	11,135,600
	Rent, rates and taxes		101,050	761,814
	Postage and telephone		312,668	265,649
	Printing and stationery		288,084	365,592
	Fee and subscription		880,846	1,066,847
	Legal and professional charges		839,777	1,267,135
	Traveling and conveyance		147,230	48,445
	Entertainment		232,903	201,323
	Repair and maintenance		2,712,828	2,130,625
	Electricity and other utility charges		-	600,000
	Depreciation		1,724,963	1,477,758
	Auditor's remuneration	29.3	470,100	507,200
	Advertisement and publicity		108,400	182,963
	Zakat		625	3,000
	Storage and transportation charges		-	78,501
	Takaful	29.2	5,366,018	4,984,137
	Commission		227,678	195,407
	Others expenses		242,177	201,179
			<u>25,575,436</u>	<u>25,473,175</u>

29.1 This includes Rs.1,037,402/- (2016: Rs. 1,325,887) in respect of staff retirement benefits.

29.2 This includes Rs.5,090,719/- (2016: Rs. 4,689,246/-) in respect Takaful for Ijarah assets

29.3 Auditors remuneration

Audit fee	297,000	320,500
Half yearly review	108,000	132,250
Out-of-pocket expenses	65,100	54,450
	<u>470,100</u>	<u>507,200</u>

29.1.2 REMUNERATION OF OFFICERS AND EMPLOYEES

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

	2017			2016		
	Officers	Employees	Total	Officers	Employees	Total
Salary	6,108,149	2,229,000	8,337,149	5,398,476	1,735,170	7,133,646
Benefit	387,305	491,700	879,005	150,800	34,200	185,000
Gratuity	738,882	298,520	1,037,402	859,840	466,047	1,325,887
EOBI	26,980	47,220	74,200	30,680	46,020	76,700
Group insurance	263,735	128,598	392,333	859,840	466,047	1,325,887
General services	-	1,200,000	1,200,000	-	1,088,480	1,088,480
Contract staff	-	-	-	-	-	-
	<u>7,525,051</u>	<u>4,395,038</u>	<u>11,920,089</u>	<u>7,299,636</u>	<u>3,835,964</u>	<u>11,135,600</u>
No. of persons	4	6	10	4	6	10

The Officers has been provided with the modaraba maintained car and also entitled for the reimbursement of fuel expenses.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
30 FINANCIAL AND OTHER CHARGES			
Bank charges		18,910	7,700
Guarantee commission		17,600	-
		<u>36,510</u>	<u>7,700</u>
31 OTHER INCOME			
Profit on bank deposits	31.1	765,477	1,746,178
Profit on disposal of fixed asset-Ijarah		333,000	-
Profit on disposal of fixed asset-Own	17.1	2,448,628	427,822
Takaful / Insurance Claim			198,416
Documentation charges		163,712	110,264
Termination charges			25,385
Miscellaneous income		1,752,344	65,607
		<u>5,163,160</u>	<u>2,573,672</u>
31.1	This represents profit from PLS accounts, maintained with Islamic banks at the rates ranging from 2.05% to 4.48% (2016: 2.05% to 4.48%).		
32 MANAGEMENT COMPANY'S REMUNERATION			
In accordance with the Modaraba Companies and Modaraba Rules, 1981 management company's remuneration at the rate of 10% of annual profits is payable to the Management Company. Moreover, management company's remuneration charged for the financial year ended June 30, 2016 for Rs.13,356 has also been adjusted in compliance of circular # 15 of 2011. dated November 30, 2011.			
33 WORKERS WELFARE FUND			
"The Finance Act 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. Through these amendments Workers' Welfare Fund (WWF) is payable @ 2% on the higher of the profit before taxation as per the financial statements or return of income. During the current year, the management has made a provision of Rs.61,802(2016: Rs. 2,404) in respect of this liability."			
34 INCOME TAX EXPENSES			
Current tax	12.1	-	-
34.1 Relation between tax expenses and accounting profit			
Accounting profit for the current year		3,028,310	117,799
Tax on income @ 25% (2016: 25%)		757,078	29,450
Tax effect off - exempt income		(3,028,310)	(177,048)
		<u>-</u>	<u>-</u>
35 EARNING PER CERTIFICATE - Basic and Diluted			
Profit for the year		(3,028,310)	117,799
		<u>Numbers</u>	<u>Numbers</u>
Weighted average number of certificates		21,000,000	21,000,000
		<u>0.14</u>	<u>0.01</u>

There is no dilutive effect on the basic earnings per share of the Modaraba, since there are no convertible instruments in issue as at June 30, 2016 and June 30, 2017 which would have any effect on the earnings per share if the option to convert is exercised.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
36 CASH FROM OPERATIONS AFTER WORKING CAPITAL CHANGES			
Profit / (loss) before taxation		3,028,310	117,799
Adjustments for:			
Gain on sale of investment in listed securities	28	(11,864,036)	(2,763,374)
Dividend income	28	(3,934,288)	(3,572,267)
Income on musawamah facility		-	(661,371)
Income on diminishing musharakah		(5,328,847)	(1,047,123)
Gain on sukuk certificates	28	(271,642)	(298,519)
(Profit) on disposal of fixed assets	31	(2,481,628)	(427,822)
Assets written off		-	-
Profit on bank deposits	30.1	(765,477)	(1,746,178)
Financial charges		36,510	7,700
Depreciation - owned assets	16.1	1,724,963	1,472,332
Depreciation - Ijarah assets	15.1	60,267,369	59,170,475
Amortization of intangible assets	16.1	12,500,000	5,426
Provision for gratuity		1,037,402	1,325,887
Share of profit from Associate	5.3.1	(1,191,525)	(273,859)
Unrealized loss/(gain) on re measurement of investments in listed securities	5.1.2	4,190,582	670,474
		53,919,389	51,861,781
Operating profit before working capital changes		56,847,684	51,979,580
(Increase)/Decrease in current assets			
Stock in trade	9	-	24,793,445
Profit receivable	7	(14,974)	(643,945)
Ijarah Rental receivable		(2,102,825)	(1,024,220)
Trade Debtors - considered good and unsecured		758,918	34,505,383
Advances, deposits, prepayments and other receivables	11	(13,054,836)	(1,124,902)
		(14,413,717)	56,505,761
Increase/(Decrease) in current liabilities			
Creditors, accrued and other liabilities	18	(5,268,798)	4,420,740
Profit payable	20	7,443	247,061
		(5,261,355)	4,667,801
Cash flow from operating activities		37,272,623	113,153,142
37 CASH AND CASH EQUIVALENTS			
Cash and bank balances	4	11,482,750	24,206,892
		11,482,750	24,206,892
38 FINANCIAL INSTRUMENTS BY CATEGORY			

----- As at June 30, 2017 -----					
	Loans and receivables	Assets at fair value through profit & loss	Available for sale	Held to maturity	Total
FINANCIAL ASSETS					
Cash and cash equivalent	11,482,750	-	-	-	11,482,750
Investments	-	37,127,346	30,535,814	-	67,663,160
Long term deposits	3,846,989	-	-	-	3,846,989
Musawamah facility	12,500,000	-	-	-	12,500,000
Profit receivable	1,184,304	-	-	-	1,184,304
Ijarah rental receivable	3,127,045	-	-	-	3,127,045
Trade debtors	8,546,082	-	-	-	8,546,082
Sukuk certificates	-	-	-	3,214,288	3,214,288
Diminishing Musharakah (syndicate)	56,250,000	-	-	-	56,250,000
Diminishing Musharakah	3,747,510	-	-	-	3,747,510
Advances, deposits, prepayments & other receivables	21,648,037	-	-	-	21,648,037
	122,332,717	37,127,346	30,535,814	3,214,288	193,210,165



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	June 30, 2017
	----Rupees----
FINANCIAL LIABILITIES	
Security deposits	36,398,000
Creditors, accrued and other liabilities	10,967,626
Profit payable	482,030
Deferred liabilities - staff gratuity	6,223,540
	<u>54,071,196</u>

	As at June 30, 2016			
	Loans and receivables	Assets at fair value through profit & loss	Available for sale	Held to maturity
FINANCIAL ASSETS				
Cash and cash equivalent	24,206,892	-	-	-
Investments	-	22,948,587	39,834,157	-
Long term deposits	3,846,989	-	-	-
Musawamah facility	25,000,000	-	-	-
Profit receivable	1,169,330	-	-	-
Ijarah rental receivable	1,024,220	-	-	-
Trade debtors	9,305,000	-	-	-
Sukuk certificates	-	-	-	3,928,571
Diminishing Musharakah (syndicate)	60,000,000	-	-	-
Diminishing Musharakah	-	-	-	-
Advances, deposits, prepayments & other receivables	9,810,256	-	-	-
	<u>134,362,687</u>	<u>22,948,587</u>	<u>39,834,157</u>	<u>3,928,571</u>
				<u>201,074,002</u>

	June 30, 2016
	----Rupees----
FINANCIAL LIABILITIES	
Security deposits	36,381,301
Creditors, accrued and other liabilities	16,298,226
Profit payable	474,587
Deferred liabilities - staff gratuity	6,764,935
	<u>59,919,049</u>

39 FINANCIAL RISK MANAGEMENT

The Modaraba financed its operations entirely through equity during the year ended June 30, 2017. The Modaraba utilizes funds in ijarah financing, modaraba financing and musawamah financing and equity securities of listed entities. These activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk.

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

39.1 Market Risk

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

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

39.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Modaraba is not exposed to currency risk at the balance sheet date as there is no receivable balance in foreign currency (2016: Rs. Nil).



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

39.3 Profit at risk

Profit at risk		2017					Not exposed to yield / profit risk
		Effective yield / profit rate	Total	Up to one month	Up to one month to 3 months	Over three months to one year	
		%	(Rupees)				
Assets							
Bank balances	2.05% to 4.48%	11,482,750	11,107,003	-	-	-	375,747
Investments		60,714,151	-	-	-	-	60,714,151
Musawamah receivables - secured		12,500,000	-	-	-	-	12,500,000
Diminishing Musharaka (Syndicate)		56,250,000	3,750,000	-	11,250,000	41,250,000	-
Investment in Sukuk certificates		3,214,288	-	357,140	357,140	2,500,008	-
Profit receivable	2.05% to 10.00%	1,184,304	1,124,247	60,058	-	-	-
Investment in Ijarah finance	8.00% - 27.46%	142,207,110	732,645	1,067,998	22,935,800	117,470,667	-
Ijarah rental receivable		3,127,045	3,127,045	-	-	-	-
Advances, deposits, prepayments and other receivables		28,686,084	-	-	-	-	28,686,084
Long-term Deposit		3,846,989	-	-	-	-	3,846,989
Total Financial Assets as at June 30, 2017		329,275,866	32,340,939	1,485,196	34,542,940	161,220,675	106,313,161
Liabilities							
Security deposits		36,398,000	-	-	-	-	36,398,000
Creditors, accrued and other liabilities		15,822,041	-	-	-	-	15,822,041
Profit payable		482,030	-	-	-	-	482,030
Deferred Liabilities - staff gratuity		6,223,540	-	-	-	-	6,223,540
Total Financial Liabilities as at June 30, 2017		58,925,611	-	-	-	-	59,941,961
Total yield / profit risk sensitivity gap			19,804,939	1,485,196	34,542,940	161,220,675	
Cumulative yield / profit risk sensitivity gap			19,804,939	21,326,135	55,869,076	217,089,751	

		2016					
	Effective yield / profit rate	Total	Up to one month	Up to one month to 3 months	Over three months to one year	Over one year to five years	Not exposed to yield / profit risk
	%	(Rupees)					
Assets							
Bank balances	2.05% to 4.48%	23,258,454	23,092,425	-	-	-	166,029
Investments		55,671,797	-	-	-	-	55,671,797
Musawamah receivables - secured	10.00%	25,000,000	25,000,000	-	-	-	-
Diminishing Musharaka (Syndicate)		60,000,000	-	-	3,750,000	56,250,000	
Investment in Sukuk certificates		-	-	-	-	-	
Profit receivable	2.05% to 10.00%	1,169,330	68,859	53,348	1,047,123	-	-
Investment in Ijarah finance	14.5 % - 38.47 %	144,224,464	4,623,645	742,617	20,601,597	118,256,605	-
Ijarah rental receivable		1,024,220	1,024,220	-	-	-	-
Advances, deposits, prepayments and other receivables		15,747,368	-	-	-	-	15,747,368
Long-term Deposit		3,846,989	-	-	-	-	3,846,989
Total Financial Assets as at June 30, 2016		329,942,622	53,809,149	795,965	25,398,720	174,506,605	75,432,183
Liabilities							
Security deposits		36,381,301	-	-	-	-	36,381,301
Creditors, accrued and other liabilities		16,691,997	-	-	-	-	16,691,997
Profit payable		474,587	-	-	-	-	474,587
Deferred Liabilities - staff gratuity		6,764,935	-	-	-	-	6,764,935
Total Financial Liabilities as at June 30, 2016		60,312,820	-	-	-	-	60,312,820
Total yield / profit risk sensitivity gap			53,809,149	795,965	25,398,720	174,306,605	
Cumulative yield / profit risk sensitivity gap			53,809,149	54,605,114	80,003,835	254,510,440	

Sensitivity analysis for financial instruments

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

39.4 Price Risk

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

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

In case of 5% increase / decrease in KSE 100 index on June 30, 2017, other comprehensive income for the year would be affected by Rs.697,532 (2016: Rs 1,578,875) as a result of gains / losses on equity securities classified as 'available and profit and loss for the year would be affected by Rs. 1,512,620/- (2016: 1,147,429) as a result of gains / losses on equity securities classified as 'At fair value through profit and loss.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Modaraba's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Modaraba's investment portfolio and the correlation thereof to the KSE 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2016 is not necessarily indicative of the effect on the Modaraba's net assets of future movements in the level of the KSE 100 Index.

39.5 Credit risk

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

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

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

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

Out of the total financial assets of Rs. 193,210,165 (2016: Rs 354,643,129) the financial assets which are subject to credit risk amounted to Rs. 88,569,229 (2016: Rs 155,631,297). The management believes that the Modaraba is not exposed to major concentration of credit risk.

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

	June 30,2017 Rupees	June 30,216 Rupees
Bank balances		
A	5,688,343	-
AA	3,245,087	20,590,089
AA+	741,442	522,914
AAA	1,807,878	3,093,889



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

	30 June 2017		30 June 2016	
	outstanding	overdue	outstanding	over due
Ijarah rental receivable	3,127,045	-	1,024,220	-
Trade debtors - unsecured	8,546,082	-	9,305,000	-

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

	As at 30 June 2017				
	OAEM	Substandard	Doubtful	Loss	Total
Musawamah receivable	-	-	12,500,000	-	12,500,000

	As at 30 June 2016				
	OAEM	Substandard	Doubtful	Loss	Total
Musawamah receivable	25,000,000	-	-	-	25,000,000

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

39.5.5 Concentration of credit risk

	2017		2016	
	Rupees	%	Rupees	%
Textile composite	12,817,360	15.79%	25,000,000	16.53%
Fuel and energy	70,585,186	44.02%	66,109,049	43.72%
Chemical and pharmaceutical	11,209,063	6.99%	22,452,645	14.85%
Food and allied industries	772,413	0.48%	210,120	0.14%
Others miscellaneous	52,476,428	32.72%	37,431,400	24.76%
	147,860,499	100%	151,203,214	100%

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

	June 30, 2017	June 30, 2016
	Rupees	Rupees
Musawamah facility - secured	1,250,000	25,000,000
Diminishing Musharakah - (Syndicate)	41,250,000	56,250,000
Profit receivable	287,934	-
Ijarah rental receivable	1,184,304	1,169,330
	3,127,045	1,024,220
	58,728,016	83,443,550

39.6 Liquidity risk

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

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

	As at 30 June 2017		
	Total	Upto three months	More than three months & upto one year
	----- Rupees -----		
Current liabilities			
Current maturity of security deposits	8,645,050	1,170,750	11,905,229
Creditors, accrued and other liabilities	16,304,071	13,246,544	4,398,842
Total Current liabilities	24,949,121	13,075,979	11,873,142



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	Total	Upto three months	More than three months and upto one year	More than one year
	----- Rupees-----			
Non-Current liabilities				
Security deposits	27,752,950	-	-	27,752,950
Deferred liabilities - staff gratuity	6,223,540	-	-	6,223,540
Total Non-Current liabilities	33,976,490	-	-	33,976,490
	58,925,611	13,075,979	11,873,142	33,976,490

	As at 30 June 2016			
	Total	Upto three months	More than three months & upto one year	
	----- Rupees-----			
Current liabilities				
Current maturity of security deposits	11,772,251	-	11,772,251	
Creditors, accrued and other liabilities	16,691,997	8,067,904	8,624,093	
Total Current liabilities	28,464,248	8,067,904	20,396,344	

	Total	Upto three months	More than three months and upto one year	More than one year
	----- Rupees-----			
Non-Current liabilities				
Security deposits	24,609,050	-	-	24,609,050
Deferred liabilities - staff gratuity	6,764,935	-	-	6,764,935
Total Non-Current liabilities	31,373,985	-	-	31,373,985
	59,838,233	8,067,904	20,396,344	31,373,985

39.7 Fair value of financial assets and liabilities

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

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

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

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

40 CAPITAL RISK MANAGEMENT

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

41 RELATED PARTIES TRANSACTIONS

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

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
41.1 Balance outstanding at year end			
Modaraba Management Company			
- Management Company's Remuneration	19.1	<u>371,212</u>	<u>15,092</u>
Associated undertakings			
- Sharing of common expense charged during the year with Al-Noor Sugar Mills Ltd.		<u>300,000</u>	<u>300,000</u>
Other related parties (other than key management personnel)			
- Contribution to staff gratuity fund	22.2	<u>6,223,540</u>	<u>6,764,935</u>
41.2 Transactions during the year			
Modaraba Management Company			
- Management Company's Remuneration	32	<u>341,862</u>	<u>13,356</u>
Associated undertakings			
- Sharing of common expense charged during the year with Al-Noor Sugar Mills Ltd.		<u>-</u>	<u>600,000</u>
Other related parties (other than key management personnel)			
- Contribution to staff gratuity fund	22	<u>1,037,402</u>	<u>1,305,867</u>
Associated undertakings		No. of shares	
- Bonus shares of Al-Noor Sugar Mills Limited		<u>-</u>	<u>-</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

42 INFORMATION ABOUT BUSINESS SEGMENTS

	2017				
	Trading	Financing	Investment	Ijarah	Total
Segment revenue	20,000,000	5,328,847	16,069,966	77,054,017	118,452,830
Segment results	1,181,000	5,328,847	11,879,384	16,786,648	35,175,879
Unallocated corporate expenses					(38,111,946)
Other income					5,163,160
Share of profit from associate					1,191,525
Modaraba company's remuneration fee					328,506
Provision for worker's welfare fund					(61,802)
Income taxes	-				-
Profit for the year					3,028,310
OTHER INFORMATION					
Capital expenditure	-	-	-	70,511,692	70,511,692
Depreciation and amortization	-	-	-	(60,771,595)	(60,771,595)
ASSETS AND LIABILITIES					
Segment assets		72,029,537	67,589,090	145,334,155	284,952,782
Unallocated corporate assets					66,696,734
Consolidated total assets					351,460,973
Segment liabilities	-	-	-	44,507,257	44,507,257
Unallocated corporate liabilities					14,418,354
Consolidated total liabilities					58,925,611

	2016				
	Trading	Financing	Investment	Ijarah	Total
Segment revenue	47,958,677	1,708,494	6,634,160	77,481,626	133,782,957
Segment results	(3,216,428)	1,708,494	5,963,686	18,311,151	22,766,903
Unallocated corporate expenses					(25,480,875)
Other income					2,573,672
Share of profit from associate					273,859
Modaraba company's management fee					(13,356)
Provision for worker's welfare fund					(2,404)
Income taxes	-				-
Profit for the year					117,800
OTHER INFORMATION					
Capital expenditure	-	-	-	93,646,500	93,646,500
Depreciation and amortization	-	-	-	(59,170,475)	(59,170,475)
ASSETS AND LIABILITIES					
Segment assets		82,419,330	62,782,744	145,248,684	290,450,758
Unallocated corporate assets					66,487,687
Consolidated total assets					356,938,445
Segment liabilities	4,394,227	-	-	44,449,205	48,843,432
Unallocated corporate liabilities					15,868,230
Consolidated total liabilities					64,711,662

The above mentioned segments do not necessary match with the organization structure the Modaraba



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

43 ACCOUNTING ESTIMATES AND JUDGMENTS

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

	Note
i) Musawamah finance	3.8.4 & 6
ii) Modaraba finance	3.8.3
iii) Determination and measurement of useful life and residual value of fixed assets and ijarah assets	3.3, 14 & 16

44 DISCLOSURE REQUIREMENTS FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with reference to circular No.14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index."

Description

- i) Loans and advances
- ii) Long term deposits
- iii) Segment revenue
- iv) Relationship with banks

Explanation

Non-interest bearing
Non-interest bearing
Product wise revenue disclosed
note no 41 Modaraba maintains
profit based banking relationships
with Islamic Banks/Bank Islamic
window operations.

- v) Bank balances

All profit yielding bank accounts
are maintained with Islamic Banks
/Bank Islamic window operations
whereas few of the current
accounts are also maintained with
conventional banking system
(note # 4)

- vi) Profit on bank deposits

This represents Profit, only from
Islamic Banks/Bank Islamic
window operations.

- vii) Breakup of dividend income-Company wise

Disclosed in note 28.1 & 28.2

- viii) All sources of their income

Disclosed in note 31

- ix) Exchange gain

Not applicable

- x) Gain/loss, regardless of realized or unrealized,
from investments in shares/mutual funds.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

45 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on September 09, 2017 have approved distribution at the rate of Re.0.12 (2016 : NIL) per certificate of Rs. 10 each.

46 DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Management Company in their meeting held on September 09, 2017 .

47 GENERAL

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

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

Sd/-
Chief Executive

Sd/-
Director

Sd/-
Director



PATTERN OF HOLDINGS OF THE CERTIFICATES HELD BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2017

Number of Certificate Holders	Certificate Holding		Total Certificates Held
	From	To	
118	1	100	4,234
91	101	500	35,885
127	501	1,000	98,178
160	1,001	5,000	419,964
41	5,001	10,000	306,699
14	10,001	15,000	175,093
9	15,001	20,000	169,600
14	20,001	25,000	318,603
6	25,001	30,000	175,000
4	30,001	35,000	126,250
2	40,001	45,000	89,631
8	45,001	50,000	393,000
1	50,001	55,001	52,000
2	55,001	60,000	118,500
2	60,001	65,000	130,000
2	75,001	80,000	158,180
2	80,001	85,000	163,000
1	90,001	95,000	94,573
3	95,001	100,000	300,000
1	100,001	105,000	105,000
2	125,001	130,000	255,000
1	185,001	190,000	190,000
1	195,001	200,000	200,000
1	270,001	275,000	274,300
1	275,001	280,000	277,500
1	285,001	290,000	286,500
1	295,001	300,000	300,000
1	325,001	330,000	325,500
1	335,001	340,000	335,500
1	385,001	390,000	386,600
1	395,001	400,000	400,000
1	510,001	515,000	513,798
2	520,001	525,000	1,041,262
1	605,001	610,000	608,440
1	615,001	620,000	617,000
1	880,001	885,000	883,000
1	995,001	1,000,000	1,000,000
1	1,580,001	1,585,000	1,580,380
1	1,885,001	1,890,000	1,886,000
1	2,005,001	2,010,000	2,005,830
1	4,195,001	4,200,000	4,200,000
631			21,000,000



CATEGORIES OF CERTIFICATE HOLDING AS AT JUNE 30, 2017

Categories of Certificate Holders	Certificate Held	Percentage %
BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS.		
NATIONAL DEVELOP. FINANCE CORP. INVESTAR	2,400	
NATIONAL BANK OF PAKISTAN	580	
BANKERS EQUITY LTD. (U/L)	2,005,830	
Sub-Totals :	<u>2,008,810</u>	9.57
INSURANCE COMPANIES		
STATE LIFE INSURANCE CORP. OF PAKISTAN	386,600	
THE PREMIER INSURANCE COMPANY OF PAK LTD	500	
EFU GENERAL INSURANCE LIMITED	130	
Sub-Totals :	<u>387,230</u>	1.84
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES.		
RELIANCE INSURANCE COMPANY LTD.	521,220	
AL-NOOR MODARABA MANAGEMENT (PRIVATE) LI	4,200,000	
Sub-Totals :	<u>4,721,220</u>	22.48
MODARABAS AND MUTUAL FUNDS.		
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT)	608,440	
Sub-Totals :	<u>608,440</u>	2.90
NIT AND ICP		
INVESTMENT CORP. OF PAKISTAN	500	
Sub-Totals :	<u>500</u>	0.00
FOREIGN INVESTORS		
SYED MUNIR AKBAR	1,025	
Sub-Totals :	<u>1,025</u>	0.00
OTHERS		
PAK KUWAIT INVESTMENT CO.(PVT) LTD	100	
SAUDI PAK INDUSTRIAL AND AGRICULTURAL	2,500	
O.A.MANAGEMENTS	500	
O.A. INDUSTRIES	500	
R.A.MANAGEMENTS	500	
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOY	94,573	
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BE	3,319	
SALIM SOZER SECURITIES (PVT.) LTD.	81,000	
MAPLE LEAF CAPITAL LIMITED	1	
DARSON SECURITIES (PVT) LIMITED	5,000	
YASIR MAHMOOD SECURITIES (PVT) LTD.	25,000	
EBRAHIM GARMENT	500	
TAURUS SECURITIES LIMITED	500	
TRUST SECURITIES & BROKERAGE LTD.	100	
ROGASA HOLDING	500	
PAKISTAN SERVICES	500	
NCC - PRE SETTLEMENT DELIVERY ACCOUNT	500	
SARFRAZ MAHMOOD (PRIVATE) LTD	605	
TRUSTEES RESOURCE DEVELOPMENT FOUNDATION	10,000	
PYRAMID INVESTMENTS (PVT) LTD.	525	
Sub-Totals :	<u>226,723</u>	1.08
Individual		
Local - Individuals	13,046,052	
Sub-Totals :	<u>13,046,052</u>	62.12
G-Totals :	21,000,000	100.00



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