

ANNUAL REPORT 2020



**FIRST AL-NOOR
MODARABA**

(An Islamic Financial Institution)



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non Executive Directors

Chairman

Mr. Zia I. Zakaria

Directors

Mr. Aziz Ayooob

Mr. Abdul Rahim Suriya, Independent

Mr. Noor Muhammad Zakaria

Mr. Tauseef Ilyas, Independent

Dr. Irum Saba, Independent

Executive Directors

Chief Executive

Mr. Zainuddin Ayob

Chief Financial Officer

Mr. Muhammad Arshad Khan Durrani

Company Secretary

Mr. Roofi Abdul Razzak

Board Audit Committee - Chairman

Mr. Abdul Rahim Suriya - Chairman

Mr. Tauseef Ilyas - Member

Mr. Zia I. Zakaria - Member

HR & Remuneration Committee

Mr. Zainuddin Ayooob - Chairman

Mr. A. Aziz Ayooob - Member

Mr. Tauseef Ilyas - Member

Bankers

Al-Baraka Bank (Pakistan) Limited.

Askari Bank Limited, Islamic Banking

Faysal Bank Limited, Barkat Islamic Banking

Habib Bank Limited, Islamic Banking

MIB Bank Limited, Islamic Banking

Meezan Bank Limited

National Bank of Pakistan

Auditors

RSM Avais Hyder Liaquat Nauman

Chartered Accountants

Shariah Advisor

Al Hamd Shariah Advisory Services (Pvt.) Ltd.

Legal Advisor

Mr. Sufyan Zaman

Advocate High Court

Share Registrar (Share Registration Office)

M / s FAMCO Associates (Private) Limited

8-F, Near Hotel Faran, Nursery, Block-6

P.E.C.H.S, Shakra-e-Faisal, Karachi

Tel: +92 21 3438 0103-5, 3438 4621-3

Fax: 3438 0106

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



CHAIRMAN'S REVIEW

Dear Certificate Holders

It gives me great pleasure to present the accounts of your Modaraba for financial year ended June 30, 2020. Your Modaraba's performance during this financial year has greatly improved. Our Loss of Rs. 14.117 million in the preceding year has come down to Rs. 0.197 million in the current year. This was a great improvement.

The Modaraba was on its growth trajectory which was evident in its quarter reports for the financial year 2020. Our focus remained on maintaining the momentum to achieve sustainability. Later during the year from March, 2020, the economic slowdown due to the pandemic hindered the performance of almost all sectors of the economy that led companies to face huge losses and erosions. Your Modaraba by the grace of Almighty, inspite of all difficulties has been able to sustain these economic jolts.

The Pandemic, by the grace of Almighty is losing its strength and the economy is gradually gaining its momentum. This is certainly a blessing for all and we hope your Modaraba will In Sha Allah perform much better in the future.

On behalf of the board, I take this opportunity to thank all our customers, investors, regulators and other stakeholders for placing their trust in the Modaraba.

Zia I. Zakaria
Chairman

September 25, 2020

چیسر مین کا جائزہ

مجھے 30 جون، 2020 کو ختم ہونے والے مالی سال میں مضاربہ کے اکاؤنٹس پیش کرنے سے بڑی مسرت ہوئی ہے۔ اس مالی سال کے دوران آپ کے مضاربہ کی کارکردگی میں بہت بہتری آئی ہے۔ ہمارے پچھلے مالی سال کے نقصان 14.117 ملین روپے سے کم ہو کر اس مالی سال میں 0.197 ملین رہ گیا ہے اور یہ زبردست بہتری رہی۔

مضاربہ ترقی کی رفتار پر گامزن تھی جو مالی سال 2020 کی سہ ماہی رپورٹس سے واضح تھی۔ ہماری توجہ استحکام کے حصول کے لئے رفتار کو برقرار رکھنے پر مرکوز رہی۔ تاہم وبائی مرض COVID-19 کی وجہ سے ہونے والی معاشی سست روی نے معیشت کے تقریباً تمام شعبوں کی کارکردگی میں رکاوٹ ڈالی جس کی وجہ سے کمپنیوں کو بھاری نقصان ہوا اور تنزلی کا سامنا کرنا پڑا۔ خدا تعالیٰ کے فضل و کرم سے آپ کا مضاربہ ان معاشی مشکلات کا سامنا کرنے میں کامیاب رہا ہے۔

خدا تعالیٰ کے فضل و کرم سے وبائی مرض اپنی طاقت کھورہا ہے اور معیشت آہستہ آہستہ اپنی رفتار پکڑتی جا رہی ہے۔ یہ یقینی طور پر مضاربہ کے لئے انشاء اللہ مستقبل کے لئے بہتر ہے گا۔

بورڈ کی جانب سے، میں اپنے تمام صارفوں، سرمایہ کاروں، ریگولیٹرز اور دیگر اسٹیک ہولڈرز کا مضاربہ پر بھروسہ کرنے پر ان کا شکریہ ادا کرتا ہوں۔

ضیاء آئی زکریا

چیسر مین

ستمبر 25 2020



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.

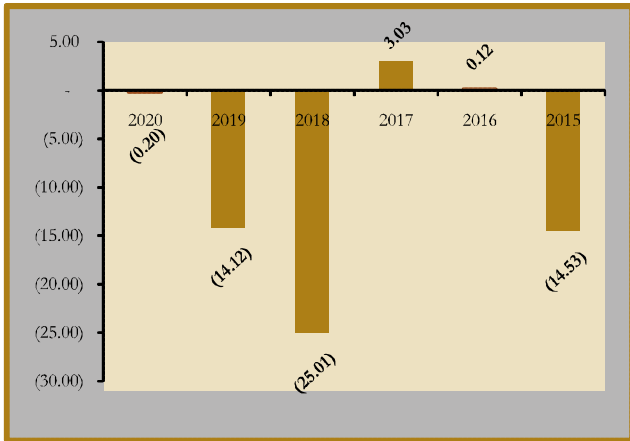
OUR MISSION

- ▶ 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.

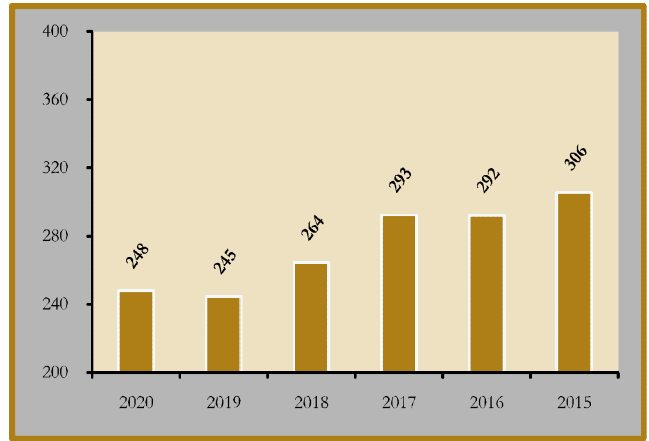


SIX YEARS FINANCIAL SUMMARY

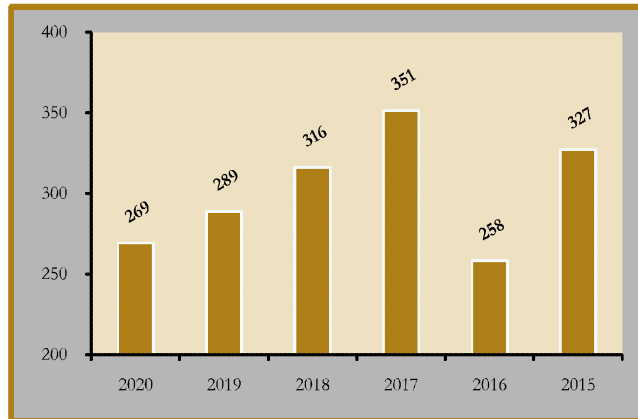
Profit after tax figure in millions



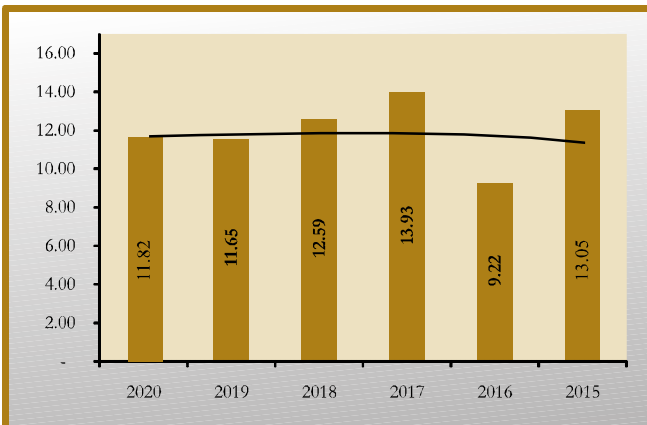
Equity Growth figure in millions



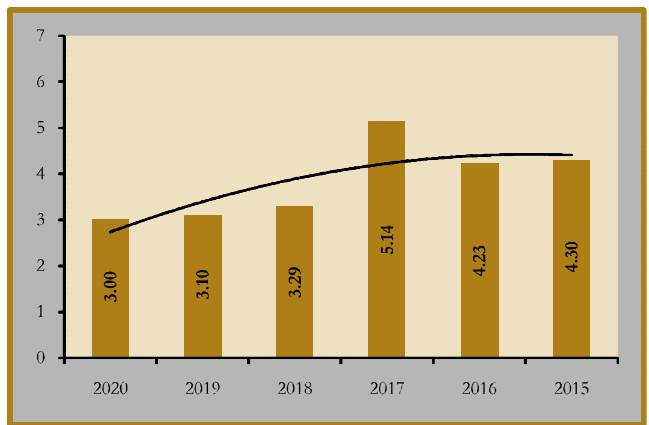
Assets Growth Rs. in millions



Assets / Certificate



Market Price/Certificate



**HORIZONTAL ANALYSIS****BALANCE SHEET (%)**

| ASSETS | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|----------------|---------------|----------------|---------------|---------------|----------------|
| NON-CURRENT ASSETS | | | | | | |
| Fixed Assets - tangible | | | | | | |
| Long term deposits | (0.00) | - | - | - | - | 0.18 |
| Long Term portion of investment in Sukuk Certificates | (11.76) | (10.53) | 280.00 | (28.57) | (36.36) | 100.00 |
| Long Term Portion of investment diminishing musharakah (syndicate) | (9.54) | 5.74 | (3.35) | (25.48) | 100.00 | - |
| Long Term Investments | (10.08) | (8.61) | (11.05) | (23.34) | 44.00 | 79.98 |
| Ijarah Assets | (85.81) | (55.38) | (31.36) | (1.40) | 23.40 | 25.63 |
| Fixed Assets in own use | (21.14) | (22.36) | 13.79 | 76.33 | 7.30 | (35.18) |
| CURRENT ASSETS | | | | | | |
| Bank Balances | (72.89) | 39.40 | 111.46 | - | - | - |
| Short Term investments | 908.84 | (53.01) | (30.81) | (52.56) | (42.80) | 91.05 |
| Current Portion of investment diminishing musharakah (syndicate) | (100.00) | - | - | 61.78 | (54.61) | 17.43 |
| Musawamah receivables - secured | - | - | (100.00) | 300.00 | 100.00 | - |
| Modaraba receivables - secured | - | - | - | (50.00) | - | - |
| Ijarah rental receivable | (66.01) | (32.11) | (16.51) | - | - | - |
| Trade Receivables | 6.31 | (10.49) | - | 205.31 | - | - |
| Bills Receivable | (100.00) | (71.37) | 51.64 | (8.16) | (78.76) | 38.65 |
| Stock in trade | - | - | - | 0% | - | (100.00) |
| Advances, Deposits, Prepayments & Other Receivables | (100.00) | - | - | 0% | (100.00) | (80.06) |
| Current portion of investment in Sukuk Certificates | (48.93) | 91.47 | (70.80) | 82.90 | 11.09 | 63.89 |
| Income tax refundable/paid in advance | 0.00 | - | (50.00) | (0.00) | 100.00 | 100.00 |
| Profit Receivable | 22.59 | 0.11 | 0.15 | 0.34 | 32.68 | (10.42) |
| TOTAL ASSETS | (42.92) | 11.22 | (14.37) | 1.28 | 122.57 | (24.87) |
| | (6.80) | (8.67) | (9.98) | (1.53) | (0.58) | (4.53) |
| EQUITY & LIABILITIES | | | | | | |
| CAPITAL & RESERVES | | | | | | |
| Issued, subscribed and paid up capital | - | - | - | - | - | - |
| Reserves | - | - | (0.25) | 0.62 | (9.70) | 0.47 |
| Unappropriated profit | (2.59) | 49.03 | 262.74 | (19.11) | (0.98) | (173.35) |
| Unrealised loss on OCI Component reflected in equity | - | (100.00) | 27.52 | 11.29 | (597.53) | (128.75) |
| TOTAL CAPITAL AND RESERVES | 0.57 | (5.64) | (9.51) | 0.95 | (4.30) | (8.36) |
| Unrealised diminution on remeasurement of investment classified as 'available for sale'- net | (27.51) | 175.69 | 1.73 | 1,466.01 | - | - |
| NON-CURRENT LIABILITIES | | | | | | |
| Security Deposits | (80.30) | (89.38) | (23.55) | 12.78 | 5.05 | 40.55 |
| Deferred liability - staff gratuity | (24.03) | 29.91 | 21.55 | (8.00) | 0.53 | 24.08 |
| CURRENT LIABILITIES | | | | | | |
| Current maturity of security deposits | - | 92.96 | 4.73 | (26.56) | 82.74 | 123.30 |
| Creditors, accrued and other liabilities | (84.48) | 6.79 | (19.56) | (31.56) | 36.03 | (5.41) |
| Provision for custom duty/surcharge | (37.73) | - | - | - | - | - |
| Profit payable | - | 2.64 | 12.57 | 1.57 | 108.59 | (33.36) |
| TOTAL EQUITIES & LIABILITIES | (90.56) | (8.67) | (9.98) | (1.53) | (0.58) | (4.53) |
| | (6.80) | | | | | |
| PROFIT & LOSS ACCOUNT (%) | | | | | | |
| Profit on trading operations | 9.89 | 73.76 | (5.83) | (136.72) | (83.65) | (199.98) |
| Income on Diminshing Musharakah (Syndicate) | (48.83) | (8.20) | (19.59) | 403.42 | 100.00% | - |
| Income on musawamah receivables | - | - | 100.00 | (100.00) | (79.03) | (22.89) |
| Income on Diminshing Musharakah | 90.14 | 1,029.94 | 795.55 | 100.00 | - | - |
| Income from Ijarah | (34.72) | (24.45) | (13.63) | (8.33) | 16.83 | 48.54 |
| Income from investments | 171.03 | (33.15) | (72.10) | 142.23 | (7.92) | (7.21) |
| Operating Expenses | 7.32 | (3.37) | 14.99 | 0.39 | (9.36) | 10.50 |
| (Provision)/Reversal of provision on non-performing assets | - | (100.00) | - | 100.00 | - | - |
| Impairment loss on trade debtors and other receivables | (19.53) | 100.00 | - | - | - | - |
| Financial and other charges | (5.54) | (14.37) | (13.74) | 374.16 | (93.98) | (12.91) |
| Other Income | 272.72 | 49.28 | (78.86) | 100.61 | 22.14 | (48.73) |
| Unrealized gain/(loss) on remeasurement of investments classified at fair value through profit & loss | (48.09) | (5.48) | 97.29 | - | - | - |
| Impairment loss on re-measurement of investment in listed securities classified as available for sale | - | - | - | 525.02 | (113.97) | 47.37 |
| Share of profit from associates | 195.18 | 36.94 | (168.42) | 335.09 | (54.64) | 31.73 |
| Modaraba Company's management fee | - | - | (100.00) | 2,359.61 | 100.00 | (100.00) |
| Income tax expenses | - | - | - | - | (100.00) | 240.70 |
| Provision for workers welfare fund | - | - | (100.00) | 2,470.80 | 100.00 | (100.00) |
| Profit / (Loss) for the year | 98.61 | (43.56) | (925.89) | 2,537.92 | (100.79) | (167.91) |



VERTICAL ANALYSIS

BALANCE SHEET (IN %AGE)

| ASSETS | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| NON-CURRENT ASSETS | | | | | | |
| Long term deposits | 1.43 | 1.33 | 1.22 | 1.09 | 1.08 | 1.07 |
| Long Term portion of investment in Sukuk Certificates | 1.99 | 1.92 | 2.14 | 0.51 | 0.70 | 1.09 |
| Long Term Portion of investment diminishing musharakah (syndicate) | 14.39 | 14.82 | 12.80 | 11.93 | 15.76 | - |
| Long Term Investments | 8.29 | 8.59 | 8.59 | 8.69 | 11.16 | 7.70 |
| Ijarah Assets | 2.30 | 15.07 | 30.85 | 40.46 | 40.41 | 32.55 |
| Fixed Assets in own use | 1.35 | 1.59 | 1.87 | 1.48 | 0.83 | 0.77 |
| CURRENT ASSETS | | | | | | |
| Bank Balances | 3.41 | 11.71 | 7.67 | 3.27 | 6.78 | 11.79 |
| Short Term investments | 45.22 | 4.18 | 8.12 | 10.56 | 6.43 | 14.08 |
| Musharikah receivables - secured | - | - | - | - | - | - |
| Murabaha receivables - secured | - | - | - | - | - | - |
| Musawamah receivables - secured | - | - | - | 3.56 | 7.00 | 6.96 |
| Modaraba receivables - secured | - | - | - | - | - | - |
| Ijarah rental receivable | 0.22 | 0.61 | 0.83 | 0.89 | 0.29 | - |
| Diminishing Musharika Receivable | 0.42 | - | - | - | - | - |
| Trade Receivables | - | 1.28 | 4.10 | 2.43 | 2.61 | 12.20 |
| Bills Receivable | - | - | - | - | - | - |
| Stock in trade | - | 18.68 | 9.85 | - | - | 6.91 |
| Current portion of investment in Sukuk Certificates | 0.27 | - | - | - | - | - |
| Advances, Deposits, Prepayments & Other Receivables | 3.05 | 5.57 | 2.66 | 8.19 | 4.41 | 3.95 |
| Current Portion of investment diminishing musharakah (syndicate) | - | 5.19 | 4.74 | 4.27 | 1.05 | - |
| Current portion of investment in diminishing musharakah | 15.28 | - | - | - | - | - |
| Income tax refundable/paid in advance | 2.15 | 1.63 | 1.34 | 1.05 | 0.77 | 0.58 |
| Profit Receivable | 0.24 | 0.39 | 0.32 | 0.34 | 0.33 | 0.15 |
| TOTAL ASSETS | 100.00 | 92.59 | 97.10 | 98.72 | 99.60 | 99.80 |
| EQUITY & LIABILITIES | | | | | | |
| CAPITAL & RESERVES | | | | | | |
| Issued, subscribed and paid up capital | 77.98 | 72.67 | 66.38 | 59.75 | 58.83 | 58.49 |
| Reserves | 36.33 | 33.86 | 30.92 | 27.91 | 27.31 | 30.07 |
| Unappropriated profit | (20.18) | (19.31) | (11.83) | (2.94) | (3.57) | (3.59) |
| Unrealised loss on OCI Component reflected in equity | - | - | (1.04) | (0.74) | (0.65) | 0.13 |
| TOTAL CAPITAL AND RESERVES | 94.13 | 87.23 | 84.42 | 83.99 | 81.92 | 85.10 |
| Unrealised diminution on remeasurement of investment classified as 'available for sale'- net | (1.99) | (2.56) | (0.85) | (0.75) | (0.05) | - |
| NON-CURRENT LIABILITIES | | | | | | |
| Security Deposits | 0.16 | 0.78 | 6.71 | 7.90 | 6.89 | 6.52 |
| Deferred liability - staff gratuity | 2.77 | 3.40 | 2.39 | 1.77 | 1.90 | 1.87 |
| CURRENT LIABILITIES | | | | | | |
| Current maturity of security deposits | 1.01 | 6.05 | 2.86 | 2.46 | 3.30 | 1.79 |
| Creditors, accrued and other liabilities | 2.27 | 3.40 | 2.90 | 3.25 | 4.68 | 3.42 |
| Provision for custom duty/surcharge | 1.63 | 1.52 | 1.39 | 1.25 | 1.23 | 1.23 |
| Profit payable | 0.02 | 0.19 | 0.17 | 0.14 | 0.13 | 0.06 |
| TOTAL EQUITIES & LIABILITIES | 194.13 | 187.23 | 184.42 | 183.99 | 181.92 | 185.10 |

| PROFIT & LOSS ACCOUNT ITEMS | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------------|----------------|-----------------|---------------|---------------|-----------------|
| Profit on trading operations | 6.98 | 7.55 | 4.46 | 3.00 | (13.72) | (308.96) |
| Income on Musharakah receivables | - | - | - | - | - | - |
| Income on Diminishing Musharakah (Syndicate) | 6.54 | 15.21 | 17.01 | 13.39 | 4.47 | - |
| Income on Musawamah receivables | - | - | 0.30 | - | 2.82 | 49.55 |
| Income on Diminishing Musharakah | 36.29 | 22.70 | 2.06 | 0.15 | - | - |
| Income from Ijarah | 23.50 | 42.82 | 58.18 | 42.64 | 78.13 | 246.22 |
| Income from Investments | 26.69 | 11.71 | 17.99 | 40.82 | 28.31 | 113.19 |
| Gross Revenue | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Operating Expenses | (100.23) | (111.09) | (118.01) | (64.97) | (108.70) | (441.57) |
| Provision / Reversal of provision on non-performing assets | - | - | (50.16) | (31.75) | - | - |
| Impairment loss on trade debtors and other receivables | (10.45) | (15.45) | - | - | - | - |
| Financial and other charges | (0.08) | (0.11) | (0.13) | (0.09) | (0.03) | (2.01) |
| Other Income | 19.95 | 6.37 | 4.38 | 13.12 | 10.98 | 33.10 |
| Unrealized gain/(loss) on remeasurement of investments classified at fair value through profit & loss | (13.33) | (30.55) | (33.18) | (10.65) | (2.86) | 75.40 |
| Impairment loss on re-measurement of investment in listed securities classified as available for sale | - | - | - | - | - | - |
| Share of profit from associates | 3.49 | (4.36) | (3.27) | 3.03 | 1.17 | 9.48 |
| Modaraba Company's management fee | - | - | - | (0.83) | (0.06) | - |
| Income tax expenses | - | - | - | - | - | (2.73) |
| Provision for workers welfare fund | - | - | - | (0.16) | (0.01) | - |
| Profit for the year (in %age) | (0.65) | (55.18) | (100.36) | 7.69 | 0.49 | (228.31) |



KEY FINANCIAL DATA SIX YEARS` AT A GLANCE

| KEY FINANCIAL DATA | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------------|----------------|----------------|---------------|---------------|----------------|
| Total Assets | 269.31 | 288.96 | 275.87 | 309.54 | 300.69 | 359.03 |
| Fixed Assets (owned) | 3.63 | 4.60 | 5.92 | 5.21 | 2.95 | 2.75 |
| Fixed Assets (ijarah) | 6.18 | 43.56 | 97.61 | 142.21 | 144.22 | 116.88 |
| Other Non Current Assets | 70.27 | 77.58 | 37.79 | 36.17 | 46.18 | 35.44 |
| Current Assets | 189.23 | 163.22 | 134.54 | 125.96 | 107.33 | 203.97 |
| Total Liabilities | 21.18 | 44.32 | 51.97 | 58.93 | 64.71 | 53.50 |
| Current Liabilities | 13.27 | 32.24 | 23.18 | 24.95 | 33.34 | 23.34 |
| Non Current Liabilities | 7.91 | 12.08 | 28.78 | 33.98 | 31.37 | 30.16 |
| Total Equity | 253.49 | 252.05 | 267.10 | 295.18 | 292.40 | 305.54 |
| Reserves | 97.84 | 97.84 | 97.84 | 98.09 | 97.48 | 107.96 |
| Certificate Holders' Equity | 210.00 | 210.00 | 210.00 | 210.00 | 210.00 | 210.00 |
| Unappropriated | (54.34) | (55.79) | (40.73) | (12.91) | (15.08) | (12.42) |
| Gross Revenue | 36.50 | 27.21 | 26.01 | 44.53 | 26.01 | 8.47 |
| Net Revenue | (0.20) | (14.12) | (25.01) | 3.03 | 0.11 | (14.53) |
| Earning per Certificate - Rs. 10/- each | (0.01) | (0.67) | (1.19) | 0.14 | 0.01 | (0.69) |
| Cash dividend (%) | 0.00% | 0.00% | 0.00% | 1.20% | 0.00% | 5.00% |

| STAKEHOLDER INFORMATION | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------|---------|---------|-------|--------|---------|
| Profit after tax ratio (%) | (0.36) | (21.39) | (28.10) | 3.04 | 0.14 | (23.19) |
| Return on equity / capital employed | (0.08) | (5.55) | (8.98) | 1.04 | 0.04 | (4.55) |
| Assets Turnover Ratio (%) | 60.61 | 46.03 | 40.68 | 69.28 | 51.78 | 83.70 |
| Current ratio | 14.26 | 5.06 | 5.80 | 5.05 | 3.22 | 8.74 |
| Market Value per certificate (year end) | | | | | | |
| High | 3.00 | 3.10 | 3.00 | 5.45 | 4.23 | 4.30 |
| Low | 3.00 | 3.10 | 3.00 | 4.14 | 4.23 | 4.30 |
| Closing | 3.00 | 3.10 | 3.00 | 4.14 | 4.23 | 4.30 |
| EPC (Earning per certificate) | (0.01) | (0.67) | (1.19) | 0.14 | 0.01 | (0.69) |
| Net assets / breakup value per certificate | - | 11.65 | 12.59 | 13.93 | 9.22 | 13.05 |
| Earning asset to total assets ratio (%) | 91.14 | 87.21 | 87.29 | 84.52 | 89.69 | 81.29 |
| Price earning ratio | (320.51) | (4.63) | (2.52) | 28.71 | 754.08 | (6.21) |
| Dividend Yield Ratio (%) | - | - | - | 2.90 | - | 11.63 |
| Cash Dividend per certificate (in Rs.) | - | - | - | 0.12 | - | 0.50 |



TWENTY EIGHTH REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2020

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 Eight Annual Report together with the Audited Financial Statements of the Modaraba for the year ended June 30, 2020.

FINANCIAL RESULTS

| | For the year ended | |
|--|---------------------|---------------------|
| | June 30, 2020 | June 30, 2019 |
| | Rupees | Rupees |
| (Loss)/Profit after Taxation | (196,562) | (14,116,685) |
| Components of Other comprehensive income | 1,641,110 | (935,019) |
| Unappropriated profit/(loss) brought forward | (55,786,673) | (40,734,969) |
| | <u>(54,342,125)</u> | <u>(55,786,673)</u> |
| APPROPRIATIONS | | |
| Profit distribution @ 0.00% (2019 @ 0.00%) | - | - |
| Statutory Reserve @ 0.00% (2019 @ 0.00%) | - | - |
| General Reserve | - | - |
| Unappropriated profit / (loss) carried forward | <u>(54,342,125)</u> | <u>(55,786,673)</u> |

Review of Operations

Your Modaraba's performance during the year under review improved greatly in comparison to last year's financial results. This was due to the management's timely decision of moving away from volatile trading portfolio to maintain stable returns on our Islamic Financial products. This decision mitigated in bringing your Modaraba towards positive trajectory.

The impact of COVID-19 on our economy from the start of the pandemic was quite intense. The economy contracted by 0.38% in FY2020 as declared by Pakistan's Economic Survey. All sectors business were affected during the lock down. By the blessings of Almighty, the pandemic has now subsided with few number of cases reported every day. Business have now started to open up gradually and once the travel restrictions are removed, Pakistan's economy will get back on track.

Financial and Economic Review

The continuing factors during the year that were constraint the Pakistan's economy to flourish speedily before the pandemic included:

- (a) rupee depreciation
- (b) debt servicing
- (c) economic slowdown due to pandemic
- (d) FATF

Compliance with Code of Corporate Governance

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



TWENTY EIGHTH REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2020

- (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 board has set up an effective internal audit function
- (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, the dates and attendance of meetings of the Board of Directors were as follows:

| Name of Director | Number of Meetings attended | 26-Sep-19 | 28-Oct-19 | 26-Feb-20 | 20-Apr-20 |
|--|-----------------------------|-----------|-----------|-----------|-----------|
| Mr. Ismail H. Zakaria, Chairman ¹ | 2/4 | A | P | P | A |
| Mr. Jalaluddin Ahmed, C.E. ² | 2/2 | P | P | N/A | N/A |
| Mr. A. Aziz Ayoob | 4/4 | P | P | P | P |
| Mr. Zia I. Zakaria | 3/4 | P | A | P | A |
| Mr. Noor Muhammad Zakaria ³ | 0/0 | N/A | N/A | N/A | N/A |
| Mr. Zainuddin Ayoob ⁴ | 4/4 | P | P | P | P |
| Mr. Abdul Rahim Suriya | 4/4 | P | P | P | P |
| Mr. Tausif Ilyas | 4/4 | P | P | P | P |
| Dr. Irum Saba ⁵ | 2/2 | N/A | N/A | P | P |

Note:1) The Group Chairman passed away on May 26, 2020

2) Resigned and left the Modaraba on February 28, 2020

3) Appointed effective from August 17, 2020

4) Appointed effective from February 18, 2020 as Chief Executive/Director

5) Appointed effective from January 13, 2020

- (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, 2020 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

In compliance of the regulations, Messrs. Grant Thornton Anjum Asim Rahman, Chartered Accountants have offered themselves for appointment as the auditor of the Modaraba for the financial year ending June 30, 2021 in place of the retiring auditors, Messrs. RSM Avais Hyder Liaquat Nauman & Company, Chartered Accountants subject to the approval of Registrar of Modaraba companies & Modaraba.

On behalf of the Board

Sd/-
Zainuddin Ayoob
Chief Executive

Dated : September 25, 2020

Place : Karachi



اٹھائیسویں ڈائریکٹر رپورٹ بابت 30 جون 2020 برائے مضاربہ کمپنی

خ- کارپوریٹ گورننس کے بہترین طریقہ کار کی تعمیل کی حیثیت کا ایک بیان سالانہ رپورٹ کے ساتھ منسلک ہے۔

پیٹرن آف شیئر ہولڈنگ

رپورٹ میں کمپنی کے شیئر ہولڈرز کا پیٹرن اور اضافی معلومات برطابق 30 جون 2020 کو ظاہر کرنے والا ایک بیان رپورٹ میں شامل کیا گیا ہے۔

کی آپریٹنگ اور مالیاتی ڈیٹا

پچھلے چھ سالوں سے اہم آپریٹنگ اور مالی اعداد و شمار کا خلاصہ کرنے والا بیان سالانہ رپورٹ کے ساتھ منسلک ہے

آڈیٹرز:

ضابطوں کی تعمیل میں، میسرز گرانٹ تھورنٹن انجم عاصم رحمن چارٹرڈ اکاؤنٹنٹس نے ریٹائر ہونے والے آڈیٹر میسرز آر ایس ایم اویس حیدر لیاقت نعمان اینڈ کمپنی کے چارٹرڈ اکاؤنٹنٹس کی جگہ 30 جون 2021 کو ختم ہونے والے مالی سال کے لئے مضاربہ کے آڈیٹر کی حیثیت سے تقرری کے لئے خود کو پیش کیا ہے جو کہ رجسٹرڈ مضاربہ کی منظوری سے مشروط ہے۔

منجانب بورڈ

زین الدین ایوب

چیف ایگزیکٹو

مورخہ 25 ستمبر 2020

بہتھام کراچی

اٹھائیسویں ڈائریکٹر رپورٹ بابت 30 جون 2020 برائے مضاربہ کمپنی

ج- وبائی وجہ سے معاشی سست روی

د- ایف اے ٹی ایف

کوڈ آف کارپوریٹ گورننس کی پاسداری:

کوڈ آف کارپوریٹ گورننس کی پاسداری سے متعلق آپ کے ڈائریکٹر انتہائی مسرت کے ساتھ اس رپورٹ کو پیش کرتے ہیں کہ:

الف- مینجمنٹ کی جانب سے تیار شدہ مالیاتی دستاویزات مضاربہ کے تمام امور، آپریشنز کے نتائج، ترسیل نقد رقوم اور حصص میں ردوبدل سے متعلق معاملات کی صحیح ترجمانی کرتی ہیں۔

ب- مضاربہ سے متعلق ریکارڈ کو باقاعدہ کھاتوں میں درج کیا گیا ہے۔

ج- تمام ترامالیاتی دستاویزات کی تیاری کے سلسلے میں مناسب محاسبی پالیسیوں پر عمل کیا گیا ہے، نیز تمام ترامالیاتی تخمینے معقول اور قرین قیاس ہیں۔

د- مالیاتی دستاویزات کی تیاری کے سلسلے میں پاکستان میں مشتمل بین الاقوامی محاسبی معیارات کی مکمل پاسداری کی گئی ہے۔

ه- اندرونی طور پر کنٹرول کا نظام منظم اور جامع ہے۔

و- مضاربہ مالیاتی طور پر مضبوط بنیادوں پر استوار ہے اور ایسی کوئی وجہ نظر نہیں آتی جس کی بنیاد پر مضاربہ کو ختم کرنے سے متعلق کوئی سوال پیدا ہوتا ہو۔

ز- اسٹاک ایکسچینج کے لسٹنگ قواعد میں مزکور 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 میٹنگز ہوئیں جن میں تاریخیں اور حاضری سے متعلق تفصیلات درج ذیل ہیں:

| ڈائریکٹروں کے نام | مطلوبہ میٹنگز | 2019 ستمبر 26 | 2019 اکتوبر 28 | 2020 فروری 26 | 2020 اپریل 22 |
|-------------------------------------|---------------|---------------|----------------|---------------|---------------|
| جناب اسماعیل ایچ زکریا ¹ | 2/4 | غیر حاضر | حاضر | حاضر | غیر حاضر |
| جناب جلال الدین احمد ² | 2/2 | حاضر | حاضر | - | - |
| جناب عبدالعزیز ایوب | 4/4 | حاضر | حاضر | حاضر | حاضر |
| جناب ضیاء آئی زکریا | 3/4 | حاضر | غیر حاضر | حاضر | غیر حاضر |
| جناب نور محمد زکریا ³ | 0/0 | - | - | - | - |
| جناب زین الدین ایوب ⁴ | 4/4 | حاضر | حاضر | حاضر | حاضر |
| جناب عبدالرحیم سورہ | 4/4 | حاضر | حاضر | حاضر | حاضر |
| جناب توصیف الیاس | 4/4 | حاضر | حاضر | حاضر | حاضر |
| ڈاکٹر ارم صبا ⁵ | 2/2 | - | - | حاضر | حاضر |

نوٹ :-

1- گروپ چیئرمین کا انتقال 26 مئی 2020 کو ہو گیا

2- 28 فروری 2020 کو استعفاء دیا اور مضاربہ چھوڑ کر چلے گئے

3- 17 اگست 2020 سے مقرر ہوئے

4- 18 فروری 2020 سے چیف ایگزیکٹو / ڈائریکٹر مقرر ہوئے

5- 13 جنوری 2020 سے مقرر ہوئے

اٹھائیسویں سالانہ رپورٹ بابت 30 جون 2020 برائے مزاربہ کمپنی

بورڈ آف ڈائریکٹرز انور مزاربہ مینجمنٹ (پرائیوٹ) لمیٹڈ "مزاربہ" / مینجمنٹ کمپنی برائے فرسٹ انور مزاربہ (ایف اے ایم) کی جانب سے میں انتہائی مسرت کے ساتھ مزاربہ کی اٹھائیسویں سالانہ رپورٹ بابت 30 جون 2020 بحمد آڈٹ شدہ مالیاتی دستاویز پیش کر رہا ہوں :

مالیاتی نتائج

| برائے سال | برائے سال |
|--------------|-----------------------|
| 30 جون 2019 | 30 جون 2020 |
| | رقم پاکستان روپوں میں |
| (14,112,285) | (196,562) |
| (935,019) | 1,641,110 |
| (40,734,969) | (55,786,673) |
| (55,786,673) | (54,342,125) |

خسارہ

دیگر آمدنی کے اجزاء

غیر تقسیم شدہ منافع / نقصان گزشتہ

تقسیم رقوم / منافع

منافع کی تقسیم بالحاظ فیصد 0.00 (2019 : بالحاظ فیصد 0.00)

زر محفوظ بنائے قانونی تقاضے فیصد 0.00 (2019 : بالحاظ فیصد 0.00)

عمومی زر محفوظ

غیر تقسیم شدہ منافع / نقصان

| | |
|--------------|--------------|
| - | - |
| - | - |
| - | - |
| (55,786,673) | (54,342,125) |

نظر ثانی برائے آپریٹرز:

آپ کے مزاربہ کی کارکردگی پچھلے مالیاتی سال کے مقابلے میں کافی بہتر ہوئی ہے۔ یہ مینجمنٹ کے صحیح وقتی فیصلوں جن میں مسلسل بدلتی تجارتی سرگرمیوں سے ہٹ کر مستقل مزاجی کے مالیاتی سہولتوں کی طرف جانا ہے۔ ان فیصلوں نے مزاربہ کو مثبت رفتار کی طرف گامزن کیا۔

(COVID-19) کی وبائے ہمارے ملکی معاشی حالات کو کافی اثر انداز کیا۔ ہماری معیشت کی مالیاتی سال 2020 میں 0 (اعشاریہ 37) فیصد سے کمی واقع ہوئی جو کہ پاکستان کی اکنامک سروے میں بنایا گیا۔ سارے کاروباری حلقے لاک ڈاؤن کے دوران کافی اثر انداز ہوئے۔ خدا تعالیٰ کے فضل و کرم سے یہ دہا پاکستان میں آہستہ آہستہ خاتمے کی طرف گامزن ہے۔ جس میں روزانہ کی بنیاد پر کچھ ہی کیسیس رپورٹ ہو رہے ہیں کاروبار آہستہ آہستہ کھلنا شروع ہو گئے ہیں اور جیسے ہی معاشرتی اور سفری پابندیوں کا خاتمہ ہو گا، یہ امید کی جاسکتی ہے کہ پاکستانی معیشت اپنی ترقی کی راہ پر واپس آجائے گی۔

نظر ثانی برائے مالیاتی و معاشی حالات :

پاکستانی معیشت کی تیز بحالی کی راہ میں بننے والی رکاوٹیں عمومی طور پر درج ذیل عناصر پر مشتمل ہیں:

الف۔ روپے کی قدر میں کمی

ب۔ قرض کی واپسی



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين، والعاقبة للمتقين، والصلوة والسلام على رسولنا الكريم وعلى آله واصحابه اجمعين۔ اما بعد

Annual Shariah Advisor's Report

For the year ended June 2020

We have conducted the Shariah review of First Al Noor Modaraba managed by Al Noor Modaraba Management (Private) Limited for the year ended **June 30, 2020** in accordance with the requirements of the **Shariah Compliance and Shariah Audit Mechanism for Modarabas**. Based on our review, we report in our opinion that:

REVIEW OF OPERATIONS:

Based on our review, following were the major activities / developments in respect of Shariah 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 Diminishing Musharakah Facilities to different clients. We 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 in compliance of circular 8 of 2012.

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 maintained Takaful coverage(s) with Takaful companies and did not obtain any coverage(s) from conventional insurance companies.

Address: Flat 503, 8th Floor Ibrahim Residency, C.P & Berar Society, Karachi.

+92 322 2671867 | www.alhamdshariahadvisory.com | info@alhamdshariahadvisory.com



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

TRADE OF COMMODITIES:

Modaraba engages in the business of rice. We confirm that Modaraba follows Shariah principles in its trade of rice.

CONCLUSION:

Alhamdulillah, after introduction of Shariah Compliance and Shariah 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, we are of the view that the business operations of First Al Noor Modaraba are Shariah compliant up to the best of our knowledge.

MUFTI UBAID UR RAHMAN ZUBAIRI

For & on behalf of
Alhamd Shariah Advisory Services Private Limited
Dated: September 11, 2020

MUFTI UZAIR BILWANI

For & on behalf of
Alhamd Shariah Advisory Services Private Limited



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ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

الحمد للرب العالمین، والعاقبة للمتقین، والصلوة والسلام علی رسولہ الکریم وعلی الہ واصحابہ اجمعین۔ اما بعد

سالانہ شریعہ ایڈوائزر رپورٹ

جون ۲۰۲۰

فرسٹ النور مضاربہ کے پاس، شریعت کی دی گئی ہدایات پر مؤثر طریقہ سے عمل کرنے کا ایک میکنزم موجود ہے، جس کی وجہ سے فرسٹ النور مضاربہ کا نظام، طریقہ کار اور پالیسیاں شریعت کی دی گئی ہدایات کے مطابق ہیں۔ ہم نے فرسٹ النور مضاربہ کا Shariah Compliance اور Shariah Audit Mechanism for Modarabas کے مطابق سال جون 2020 کا شرعی تجزیہ کیا، جس کے نتیجے میں درج ذیل چیزیں سامنے آئیں:

بینک اکاؤنٹس: اس پورے مالی سال میں فرسٹ النور مضاربہ نے کسی بھی کنونشنل بینک کے سیونگ اکاؤنٹ کو استعمال نہیں کیا، اپنی تجارتی ضرورتوں کو پورا کرنے کے لیے فل فلیج یا ونڈو اسلامی بینکوں کے سیونگ اکاؤنٹس یا کنونشنل بینکوں کے کرنٹ اکاؤنٹس استعمال کیے گئے۔

ایسٹ سائڈ: ایسٹ سائڈ (Asset Side) پر فرسٹ النور مضاربہ نے اپنے کلائنٹس کے ساتھ شرکت متناقصہ کے مختلف معاملات انجام دیے، ہم اس بات کی تصدیق کرتے ہیں کہ فرسٹ النور مضاربہ کی طرف سے عملدرآمد ہونے والے شرکت متناقصہ کے معاملات، شریعت کے مطابق ہیں اور قانونی معاہدے بھی انہی خطوط کے مطابق ہیں جن کی Religious Board کی طرف سے منظوری دی گئی تھی، اس کے علاوہ بھی تمام متعلقہ شرائط پوری کی گئی ہیں۔

ایکویٹی شیئرز میں سرمایہ کاری: مضاربہ کی مکمل ایکویٹی سرمایہ کاری شریعت کے مطابق منظور شدہ اسکرپٹس میں ہی کی گئی تھی، جو ایس ای سی پی کے 2012 کے سرکلر 8 کے مطابق تھی۔

ڈیویڈنڈ کی چیریٹی: فرسٹ النور مضاربہ نے شریعت کے تقاضوں کو سامنے رکھتے ہوئے Dividend کی جو رقم چیریٹی کے لیے لازم کی گئی تھی، وہ خیراتی کاموں کے لیے، چیریٹی اکاؤنٹ میں ٹرانسفر کر دی۔

بیمائش: فرسٹ النور مضاربہ نے خطرات کو کم کرنے کے لیے بیکافل کمپنیز سے COVERAGE حاصل کیا، اس موقع پر کسی بھی کنونشنل انشورنس کمپنی سے کسی قسم کا کوئی COVERAGE حاصل نہیں کیا گیا۔

Address: Flat 503, 8th Floor Ibrahim Residency, C.P & Berar Society, Karachi.

+92 322 2671867 | www.alhamdshariahadvisory.com | info@alhamdshariahadvisory.com

**ALHAMD SHARIAH ADVISORY SERVICES****(PVT) LIMITED**

اشیائے خورد و نوش کی تجارت: فرسٹ انور مضاربہ نے چاول میں بھی تجارت کی ہے، تصدیق کی جاتی ہے کہ ان معاملات میں بھی فرسٹ انور مضاربہ نے شریعت کے اصولوں کو مد نظر رکھتے ہوئے تجارت کی ہے۔

خلاصہ: الحمد للہ، جب سے ایس ای سی پی نے Shariah Compliance اور Shariah Audit Mechanism for Modarabas متعارف کرا دیا ہے، فرسٹ انور مضاربہ کی مینیجمنٹ اپنی تمام تر توجہ اور اخلاص کے ساتھ اس پر عمل کرنے میں کوشاں ہے اور اپنی مصنوعات کی ترقی اور اصلاح پر مخلصانہ کام کر رہی ہے۔ ان ساری چیزوں کو مد نظر رکھتے ہوئے، ہم اپنی معلومات کے مطابق، فرسٹ انور مضاربہ کے بزنس کو شریعت کے مطابق قرار دیتے ہیں۔ واللہ اعلم بالصواب

مفتی عزیز بلوانی

الحمد شریعہ ایڈوائزرز سروسز (پرائیوٹ) لمیٹڈ

مفتی عبید الرحمن زبیری

الحمد شریعہ ایڈوائزرز سروسز (پرائیوٹ) لمیٹڈ

۱۱، ستمبر ۲۰۲۰



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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, 2020

The company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 in the following manner:

1. The total number of directors are 7 (seven) as per the following:
 - a. Male 6
 - b. Female 1
2. The composition of board is as follows :

| Category | Names |
|------------------------|--|
| Independent Director | 1) Mr. Abdul Rahim Suriya 2) Mr. Tausif Ilyas 3) Dr. Irum Saba |
| Executive Director | 1) Mr. Zainuddin Ayoob |
| Non-Executive Director | 1) Mr. A. Aziz Ayoob 2) Mr. Noor Muhammad Zakaria* 3) Mr. Zia I. Zakaria |

* Appointed subsequently effective from August 17, 2020

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies;
4. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with the their dates of approval or updating is maintained by the company;
5. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board as empowered by the relevant provisions of the Ordinance/Act and these Regulations.
6. 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
7. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
8. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
9. Chief Financial Officer and Chief Executive duly endorsed the financial statements before approval of the board;
10. The board has formed committees comprising of members given below:

a) Audit Committee

| S.No. | Name | Designation |
|--------------|------------------------|--------------------|
| 1. | Mr. Abdul Rahim Suriya | Chairman |
| 2. | Mr. Tausif Ilyas | Member |
| 3. | Mr. Zia Zakaria | Member |

b) HR and Remuneration Committee

| S.No. | Name | Designation |
|--------------|---------------------|--------------------|
| 1. | Mr. Tausif Ilyas | Chairman |
| 2. | Mr. Aziz Ayoob | Member |
| 3. | Mr. Zainuddin Ayoob | Member |



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2020

11. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
12. The frequency of meetings of the committee were as per following:
 - a) Audit Committee - Quarterly
 - b) HR and Remuneration Committee - Yearly
13. The board has set up an effective internal audit function.
14. 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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (FAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and on dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company;
15. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
17. We confirm that all other requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

For and on behalf of the Board

Sd/-
Zainuddin Ayoob
Chief Executive

Date : September 25, 2020



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE CERTIFICATE HOLDERS OF FIRST AL-NOOR MODARABA

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Al-Noor Modaraba Management (Pvt.) Limited, the Modaraba Management Company of First AL Noor Modaraba (the Modaraba) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Modaraba Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Modaraba's personnel and review of various documents prepared by the Modaraba Management Company to comply with the Regulations.

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

The Regulations require the Modaraba 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. 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.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflects the Modaraba Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2020.

Further, we highlight below instances of non-compliance with the requirement(s) of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

| S# | Paragraph reference | Description |
|-----|---------------------|--|
| I. | 18(a) | Risk Management Committee has not been formed |
| II. | 18(b) | The term of reference of Risk Management Committee has not been formed |

Karachi
Date: September 25, 2020

Sd/-
Chartered Accountants
Engagement Partner: Adnan Zaman



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

We have audited the annexed statement of financial position of **FIRST ALNOOR MODARABA (The Modaraba)** as at June 30, 2020 and the related statement of profit or loss account, statement of other comprehensive income, statement of cash flows 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 Management 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 statement of Financial Position, statement of profit or loss account and statement of other comprehensive income 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 statement of financial position, statement of profit or loss account, statement of other comprehensive income, statement of cash flows 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, 2020 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushar Ordinance, 1980 (XVIII of 1980)

Karachi
Date: September 25, 2020

Sd/-
Chartered Accountants
Engagement Partner: Adnan Zaman



STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

| | Note | June 30 2020 Rupees | June 30 2019 Rupees |
|--|------|---------------------------|---------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and bank balances | 5 | 9,174,848 | 33,848,731 |
| Short term investments | 6.1 | 121,791,096 | 12,072,439 |
| Musawamah facility - secured | 7 | - | - |
| Profit receivable | 8 | 643,828 | 1,127,893 |
| Ijarah rental receivable | 9 | 602,434 | 1,772,553 |
| Diminishing musharakah receivable | 9.2 | 1,138,854 | 1,071,257 |
| Trade Debtors - considered good and unsecured | 9A | - | 3,710,823 |
| Stock in trade | 10 | - | 53,984,600 |
| Current portion of investment in sukuk certificates | 11 | 714,290 | 714,283 |
| Current portion of investment in diminishing musharakah (Syndicate) | 15 | - | 15,000,000 |
| Current portion of investment in diminishing musharakah | 16 | 41,159,664 | 19,105,977 |
| Advances, deposits, prepayments and other receivables | 12 | 8,222,876 | 16,101,954 |
| Taxation | 13 | 5,778,678 | 4,713,859 |
| | | 189,226,567 | 163,224,369 |
| NON-CURRENT ASSETS | | | |
| Long term deposits | 14 | 3,839,989 | 3,846,989 |
| Long term portion of investment in sukuk certificates | 11 | 5,357,128 | 6,071,425 |
| Long term portion of investment diminishing musharakah (syndicate) | 15 | - | 11,250,000 |
| Long term portion of investment diminishing musharakah | 16 | 38,750,998 | 31,586,607 |
| Long term investments | 6.2 | 22,322,758 | 24,823,945 |
| Ijarah assets | 17 | 6,181,881 | 43,557,154 |
| Fixed assets in own use | 18 | 3,626,533 | 4,598,418 |
| | | 80,079,287 | 125,734,538 |
| | | 269,305,854 | 288,958,907 |
| TOTAL ASSETS | | | |
| LIABILITIES AND EQUITY | | | |
| CURRENT LIABILITIES | | | |
| Current maturity of security deposits | 19 | 2,711,600 | 17,470,250 |
| Creditors, accrued and other liabilities | 20 | 6,110,835 | 9,813,079 |
| Provision for custom duty & surcharge | 21 | 4,398,842 | 4,398,842 |
| Charity Payable | 22 | 52,587 | 556,898 |
| | | 13,273,864 | 32,239,069 |
| NON CURRENT LIABILITIES | | | |
| Security deposits | 19 | 443,700 | 2,252,550 |
| Deferred liability - staff gratuity | 23 | 7,465,837 | 9,827,789 |
| | | 7,909,537 | 12,080,339 |
| TOTAL LIABILITIES | | 21,183,401 | 44,319,408 |
| CERTIFICATE HOLDER'S EQUITY | | | |
| 40,000,000 (2019: 40,000,000) certificates of Rs 10/- each | | 400,000,000 | 400,000,000 |
| Issued, subscribed & paid up capital | 24 | 210,000,000 | 210,000,000 |
| Reserves | 25 | 97,835,635 | 97,835,635 |
| Unappropriated loss | | (54,342,126) | (55,786,673) |
| Total capital and reserves | | 253,493,509 | 252,048,962 |
| Unrealised diminution on remeasurement of investment classified as fairvalue through OCI'- net | 26 | (5,371,057) | (7,409,463) |
| TOTAL LIABILITIES AND EQUITY | | 269,305,854 | 288,958,907 |
| CONTINGENCIES AND COMMITMENTS | 27 | - | - |

The annexed notes 1 to 48 form an integral part of these financial statements.

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

Sd/-
Chief Executive

Sd/-
Chief Financial Officer

Sd/-
Chairman

Sd/-
Director



STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2020

| | Note | June 30 2020 Rupees | June 30 2019 Rupees |
|---|-----------|---------------------------|---------------------------|
| Income from trading operations | 28 | 2,123,686 | 1,932,472 |
| Income on musawamah facility | | - | - |
| Income on Diminishing Musharakah (Syndicate) | | 1,990,861 | 3,891,000 |
| Income on Diminishing Musharakah | | 11,042,452 | 5,807,409 |
| Income from Ijarah | 29 | 7,150,977 | 10,954,323 |
| Income from investments | 30 | 8,122,178 | 2,996,758 |
| | | 30,430,154 | 25,581,962 |
| Administrative and operating expenses | 31 | 30,499,117 | 28,417,961 |
| Impairment loss on trade debtors and other receivables | 9A.1 & 12 | 3,179,673 | 3,951,567 |
| Financial and other charges | 32 | 25,473 | 26,968 |
| | | 33,704,263 | 32,396,496 |
| Operating loss | | (3,274,109) | (6,814,534) |
| Other income | 33 | 6,072,080 | 1,629,133 |
| | | 2,797,971 | (5,185,402) |
| Unrealised loss on re-measurement of investments at fair value through profit or loss | | (4,057,067) | (7,814,904) |
| Share of profit / (loss) from associates | 6.2.1 | 1,062,534 | (1,116,380) |
| | | (196,563) | (14,116,685) |
| Management company's remuneration | 34 | - | - |
| | | (196,563) | (14,116,685) |
| Workers welfare fund | 35 | - | - |
| Loss before taxation | | (196,563) | (14,116,685) |
| Income tax expense | 36 | - | - |
| Loss for the year | | (196,563) | (14,116,685) |
| Loss per certificate - Basic and Diluted | 37 | (0.01) | (0.67) |

The annexed notes 1 to 48 form an integral part of these financial statements.

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

Sd/-
Chief Executive

Sd/-
Chief Financial Officer

Sd/-
Chairman

Sd/-
Director



STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020

| | Note | June 30 2020 Rupees | June 30 2019 Rupees |
|---|-------|---------------------------|---------------------------|
| Loss for the year | | (196,563) | (14,116,685) |
| Components of other comprehensive income reflected in equity | | | |
| Items that will not be reclassified subsequently profit or loss account | | | |
| Remeasurement of net defined benefit liability - Profit / (loss) | 23.5 | 1,051,512 | (1,528,601) |
| Share of others comprehensive income of associate - incremental depreciation | 6.2.1 | 75,620 | 304,770 |
| Equity investments at FVOCI - realised portion directly transferred into equity | 26 | 513,978 | 288,812 |
| Total comprehensive income / (loss) for the year transferred to equity | | 1,641,110 | (935,019) |
| Total comprehensive loss for the year transferred to equity | | 1,444,547 | (15,051,704) |
| Components of other comprehensive income reflected below equity* | | | |
| Items that will not be reclassified subsequently profit or loss account | | | |
| Equity investments at FVOCI - change in fair value | 26 | 1,524,428 | (5,010,698) |
| Items that will be reclassified subsequently into profit or loss account | | | |
| Reversal of realised on disposal during the year | 26 | - | - |
| Available-for-sale financial assets - net change in fair value | | - | - |
| | | - | - |
| Total Comprehensive Income / (Loss) | | 2,968,975 | (20,062,402) |

*Deficit on re-measurement of available for sale investment & gain realised on disposal of investments is presented separately below equity as 'Surplus on revaluation of investments' been shown in order to comply with the amended "Prudential Regulations for Modarabas" issued by SECP vide SC/M/PRDD/PRs Circular no. 259 of 2017 on December 11, 2017.

The annexed notes 1 to 48 form an integral part of these financial statements.

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

Sd/-
Chief Executive

Sd/-
Chief Financial Officer

Sd/-
Chairman

Sd/-
Director



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

| | Issued subscribed & paid capital | Reserves | | | Total |
|---|-------------------------------------|-----------------------|-----------------------|--------------------------|--------------------|
| | | Capital Reserve | ----- Revenue Reserve | | |
| | Certificate Capital | *Statutory Reserve | General reserve | Unappropriated profit | |
| Rupees | | | | | |
| Balance as at June 30, 2018 | 210,000,000 | 97,585,635 | 250,000 | (40,734,969) | 267,100,666 |
| Total comprehensive loss for the year | - | - | - | (15,051,704) | (15,051,704) |
| Profit distribution in cash | - | - | - | - | - |
| Transfer from general reserve | - | - | - | - | - |
| Transfer to statutory reserve | - | - | - | - | - |
| Balance as at June 30, 2019 | 210,000,000 | 97,585,635 | 250,000 | (55,786,673) | 252,048,962 |
| Total Comprehensive income for the year | - | - | - | 1,444,547 | 1,444,547 |
| Profit distribution in cash | - | - | - | - | - |
| Transfer to general reserve | - | - | - | - | - |
| Transfer to statutory reserve | - | - | - | - | - |
| Balance as at June 30, 2020 | 210,000,000 | 97,585,635 | 250,000 | (54,342,126) | 253,493,509 |

* 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 48 form integral part of these financial statements.

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

Sd/-
Chief Executive

Sd/-
Chief Financial Officer

Sd/-
Chairman

Sd/-
Director



STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2020

| | Note | June 30 2020 Rupees | June 30 2019 Rupees |
|---|------|---------------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash from operations after working capital changes | 38 | 63,156,846 | 4,484,786 |
| Increase in long-term security deposits | | (16,567,500) | (10,549,050) |
| Income on Investment in islamic Certificates | | 2,356,910 | - |
| Income on Diminishing Musharakah (Syndicate) | | 1,923,264 | 4,016,549 |
| Income on Diminishing Musharakah | | 11,042,452 | 5,817,876 |
| Income tax paid | | (1,064,820) | (473,000) |
| Gratuity paid | | (3,130,000) | (650,000) |
| Net cash generated from operating activities | | 57,717,151 | 2,647,161 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Additions to fixed assets | | | |
| - Own | | (2,160,230) | (406,826) |
| - Ijarah | | - | - |
| Sale proceeds on disposal of fixed assets | | | |
| - Own | | 4,610,000 | 10,000 |
| - Ijarah | | 16,974,818 | 13,181,410 |
| Dividend received | | 1,351,380 | 1,760,147 |
| Profit on bank deposit | | 2,878,140 | 1,151,405 |
| Redemption of Installment of Sukuk Certificates | | 714,290 | 714,290 |
| Investment in islamic Certificates | | (302,000,000) | - |
| Maturity of Investment in islamic Certificates | | 202,000,000 | - |
| Investment in diminishing musharakah | | (73,622,500) | (43,582,000) |
| Repayment of diminishing musharakah | | 71,592,350 | 29,414,547 |
| Purchase of investments in mutual funds | | (291,742) | (5,000,000) |
| Proceeds from sale of mutual funds units | | 2,827,617 | 5,686,935 |
| Purchase of investments in listed securities | | (59,813,159) | (11,333,062) |
| Proceeds from sale of investments in listed securities | | 52,555,876 | 15,332,897 |
| Net cash (used in) investing activities | | (82,383,161) | 6,929,743 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Profit paid to the certificate holders | | - | - |
| Financial charges paid | | (7,873) | (9,368) |
| Net cash (used in) financing activities | | (7,873) | (9,368) |
| Net increase / (decrease) in cash and cash equivalents | | (24,673,383) | 9,567,536 |
| Cash and cash equivalents at beginning of the year | | 33,848,731 | 24,281,195 |
| Cash and cash equivalents at end of the year | 39 | 9,174,848 | 33,848,731 |

The annexed notes 1 to 48 form an integral part of these financial statements.

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

Sd/-
Chief Executive

Sd/-
Chief Financial Officer

Sd/-
Chairman

Sd/-
Director



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, diminishing musharkah, murabaha, musawamah, modaraba, equity investment, ijarah and trading activities. The Modaraba is listed on the Pakistan Stock Exchange.

1.1 Impact of COVID – 19 on the Financial Statements

Since the novel coronavirus (COVID-19) emerged, the condition has continued to deteriorate. On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organisation declared the outbreak “Public Health Emergency of International Concern”. Many countries including Pakistan have enacted protection measures against COVID-19 with countrywide lockdown in March, 2020, that had a significant impact on economic activities. The Securities And Exchange Commission Of Pakistan (SECP) issued Circular No.15 dated April 24, 2020 to facilitate the lending Modarabas in rescheduling of financing facilities extended to the customers. As per para 1 of the circular, upon specific request of the customer, modaraba may defer the repayment of principal loan/ facility amount by one year and profit shall continue be paid as per agreed terms and conditions. Due to this, Modaraba has assessed the accounting implications of these developments on these financial statements, however, according to management’s assessment, there is no significant accounting impact of the effects of COVID 19 on these financial statements as 30 June 2020.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Boards (IASB) as notified under the Companies Act 2017;
- Provisions and directions issued under the Companies Act 2017;
- Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas ; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017.

Wherever provisions and directives issued under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and IFAS differ from IFRS Standards, the provision and directives issued under the Companies Act, 2017 the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and the Modaraba Rules, 1981, Prudential Regulations for Modaraba and IFAS have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as stated otherwise in these financial statements.

3 INITIAL APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE EXISTING STANDARDS



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

New standards, amendments to the existing accounting and reporting standards and interpretations effective during the year

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17: Leases. As the distinction between operating and finance lease is eliminated, it has resulted in leases being recognised on the statement of financial position except for short-term and low-value leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised.

However, the application of IFRS 16 does not have any material impact on the Modaraba's books of account.

There are certain other amendments to accounting and reporting standards and interpretations that became applicable during the year but are considered not to be relevant or did not have any significant effect on the Company's financial reporting and operations and, therefore, have not been disclosed in these financial statements.

3.1 New standards, amendments to the accounting and reporting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and it contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A Modaraba shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Modaraba.

- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Modaraba's financial statements.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above improvements to standards are not likely to have material / significant impact on Modaraba's financial statements.

3.2 Functional and presentation currency

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

3.3 Critical accounting estimates and judgments

In preparing these financial statements management has made judgements, estimates and assumptions that affect the application of the Modaraba's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements and information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next year are included in the following notes:

- i) Classification of financial instruments (note 4.2).
- ii) Provision for impairment (note 4.4)
- iii) Provision for taxation (note 4.9 and 36).
- v) Musawamah finance (note 7)



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

- vi) Determination and measurement of useful life and residual value of fixed assets and ijarah assets (note 4.7 and 18).

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 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 in 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 Modaraba resumes recognizing its share of those profit only after its share of the profit equals the share of losses not recognized.

4.2 Financial Instruments

Initial measurement of financial asset

The Modaraba classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

| | |
|------------------------------------|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in income statement. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement. |
| Debt investments at FVOCI | These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement. |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

Derecognition of Financial Assets

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred

Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Modaraba becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes advisory fee receivable, diminishing musharika finance, musharika finance, modarabah term deposits, investment in repurchase agreement, long term loans, accruals, prepayments, advances and other receivables and cash and cash equivalent. The Modaraba derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

4.3 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.

4.4 Impairment

4.4.1 Financial assets

The Modaraba recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost, except in the case of calculation of impairment provision on financial assets where the requirements of the Prudential Regulations for Modaraba prevails.

The Modaraba measures loss allowances at an amount equal to lifetime ECLs, except for other securities and bank balances which are measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances.

4.4.2 Non-financial assets

The carrying amounts of the Modaraba's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

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.

"Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

statements only when the Modaraba has a legally enforceable right to offset and the Modaraba intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statements only when permitted by the accounting and reporting standards as applicable in Pakistan."

Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Modaraba becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Modaraba derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method."

4.5 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.

4.6 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.

4.7 Fixed assets - Tangible

4.7.1 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.

4.7.2 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 prorata depreciation is charged in the month of maturity / termination on accrual basis.

4.7.3 Gain or loss on disposal

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

4.7.4 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.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

4.7.5 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 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.

4.8 Loans, advances and other receivables

The Modaraba's receivables comprise of Receivable against Debtors, Musharika finance, Diminishing Musharika finance, deposits, other receivables and cash and cash equivalents with fixed or determinable payments that are not quoted in an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective profit rate method.

4.9 Taxation

4.9.1 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

4.9.2 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.

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.

4.10 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.

4.10.1 Provisions

Provisions are recognised when the Modaraba has a present legal or constructive obligation as



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

4.10.2 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.

4.11 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.

4.12 Revenue recognition

4.12.1 Trading operations

Sales from trading operations is recognized when the modaraba satisfies performance obligations by transferring goods to customer. Goods are transferred when the customer obtains their control, i.e. on dispatch of goods to customers. Sales is measured at fair value of the consideration received or receivable.

4.12.2 Ijarah

Income on Ijarah is recognised on an accrual basis.

4.12.3 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

4.12.4 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.

4.12.5 Musawamah Finance

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

4.12.6 Dividend Income

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

4.12.7 Return on deposit with bank

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

4.13 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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

4.14 Earnings / (loss) per share

The Modaraba presents basic and diluted earnings / (loss) per share data for its ordinary shares. Basic earnings / (loss) per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings / (loss) per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

| | Note | June 30, 2020 Rupees | June 30, 2019 Rupees |
|--|--|----------------------------|----------------------------|
| 5. CASH AND BANK BALANCES | | | |
| With banks in current accounts | | | |
| - Islamic Banks /Islamic Window operations | | 472,270 | 504,404 |
| - Conventional Banks | | 818,851 | 2,455,658 |
| With banks in PLS accounts | | | |
| - Islamic Banks /Islamic Window operations | 5.1 | 7,883,727 | 30,888,670 |
| | | <u>9,174,848</u> | <u>33,848,731</u> |
| 5.1 | These deposits accounts carry profit at rates ranging from 2.88% % to 5.75 % (2019: 2.88% to 5.75%). | | |
| 6. INVESTMENTS | | | |
| 6.1 SHORT TERM INVESTMENTS | | | |
| At fair value through profit and loss | | | |
| Shariah compliant | | | |
| - Equity securities - listed | 6.1.1 | 20,405,213 | 11,333,638 |
| - Mutual funds - listed | 6.1.2 | 90,753 | 93,051 |
| Non - Shariah compliant | | | |
| - Equity securities - listed | 6.1.3 | 1,295,130 | 645,750 |
| Investment in Islamic Certificates | 6.1.4 | 100,000,000 | - |
| | | <u>121,791,096</u> | <u>12,072,439</u> |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

| Name of Investee | Balance as at June 30 2020 | Balance as at June 30 2019 |
|---|----------------------------|----------------------------|
| 6.1.1 At the fair value through Profit & Loss Equity Securities-Listed | | |
| Construction and Materials | | |
| Fauji Cement Company Limited | 295,400 | 70,785 |
| D.G. Khan Cement Limited | 42,665 | 141,350 |
| Lucky Cement Company Limited | - | 1,255,551 |
| Maple Leaf Cement Limited | 5,170 | 47,780 |
| Best Way Cement Co. Limited | - | 51,535 |
| Power Cement Limited | 310,000 | 70,730 |
| AKZO Nobel Pakistan Limited | - | 50,025 |
| Dewan Cement Limited | 233,400 | - |
| Kohat Cement Company Limited | - | 278,409 |
| | 886,635 | 1,966,165 |
| Oil & Gas Producers | | |
| National Refinery Limited | - | 226,940 |
| Oil & Gas Development Co. Limited | 1,308,000 | 65,745 |
| Hi-Tech Lubricants | 363,360 | - |
| Pakistan Petroleum | 1,362,446 | - |
| Hascol Petroleum Limited. | 479,835 | 252,865 |
| | 3,513,641 | 545,550 |
| Gas Water & Multiutilities | | |
| Sui Southern Gas Limited | 466,900 | 620,400 |
| TPL Corporation Limited | - | 97,600 |
| Sui Northern Gas Pipeline Limited | 2,215,200 | 799,135 |
| | 2,682,100 | 1,517,135 |
| General Industries | | |
| Thal Limited | - | 364,060 |
| Pakistan Paper Products | 98,605 | 146,900 |
| Packages Limited | 3,472,100 | 1,502,800 |
| | 3,570,705 | 2,013,760 |
| Power Generation & Distribution | | |
| K-Electric Limited | 526,750 | 790,200 |
| | 526,750 | 790,200 |
| Automobile and Parts | | |
| Ghandhara Industrials Limited | - | 87,370 |
| Pak Suzuki Motors Co. Limited | - | 228,960 |
| Millat Tractors Limited | 22,597 | 577,795 |
| Exide Battery Limited | - | 16,620 |
| | 22,597 | 910,745 |
| Cable and Electrical Goods | | |
| Waves Singer Pakistan Limited | 212,200 | - |
| Pak Elektron Limited | 1,295,545 | 464,464 |
| Waves Singer Pakistan Limited. | - | - |
| | 1,507,745 | 464,464 |
| Engineering | | |
| Amerli Steels Limited | - | 172,620 |
| International Steels Limited | - | 79,420 |
| Mughal Iran & Steel Industries Limited. | - | 176,120 |
| | - | 428,160 |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

| Name of Investee | Balance as at June 30 2020 | Balance as at June 30 2019 |
|---|----------------------------------|----------------------------------|
| 6.1.1 At the fair value through Profit & Loss Equity Securities-Listed | | |
| Chemicals | | |
| Lotte Pakistan PTA Limited | 1,393,000 | 221,125 |
| Siddiq Son Tin Plate Limited | 138,300 | - |
| Engro Polymer & Chemical Limited | 761,890 | - |
| Engro Corporation Limited. | 1,408,945 | 584,320 |
| Engro Fertilizer Limited | 1,265,880 | 543,745 |
| ICI Pakistan Limited | - | 117,143 |
| Sitara Peroxide Limited | - | 38,360 |
| Ittehad Chemicals Limited | 2,635 | 29,656 |
| | 4,970,650 | 1,534,349 |
| Pharma and Bio Tech | | |
| The Searle Company Limited | - | 321,846 |
| Glaxo Smithkline Pakistan Limited. | - | 428,985 |
| | - | 750,831 |
| Food Industries | | |
| Unity Foods Limited | 501,750 | - |
| Al-Shaher Corporaiton | - | 220,500 |
| | 501,750 | 220,500 |
| Banks | | |
| BankIslamic Pakistan Limited | 2,222,640 | - |
| | 2,222,640 | - |
| Personal Goods(Textiles) | | |
| Nishat Mills Limited | - | 140,010 |
| Kohinoor Textile Mills Limited | - | - |
| | - | 140,010 |
| Miscellaneous | | |
| Synthetic Products Limited | - | 15,533 |
| | - | 15,533 |
| Total | 20,405,213 | 11,297,258 |
| 6.1.2 Units of Mutual Funds | | |
| Meezan Islamic Fund - Growth Units | 90,753 | 93,051 |
| | 90,753 | 93,051 |
| 6.1.3 Non - Shariah compliant | | |
| Food Industries | | |
| Fauji Foods Limited | - | 79,140 |
| | - | 79,140 |
| Automobile and Parts | | |
| General Tyre & Rubber Co. of Pakistan Limited. | - | 566,610 |
| | - | 566,610 |
| Transport | | |
| Pakistan Int' Bulk Terminal Limited | 132,000 | - |
| | 132,000 | 645,750 |
| Power Generation & Distribution | | |
| The Hub Power Company Limited | 1,051,250 | - |
| Kot Addu Power Company Limited | 20,150 | - |
| | 1,071,400 | - |
| Engineering | | |
| International Industreis Limited | 91,730 | - |
| | 91,730 | - |
| Total Listed securities - At Fair value through Profit & Loss | 21,791,096 | 12,036,059 |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

6.1.4 This represent investment in Islamic Certificates having maturity of 1-3 months carry profit at rates ranging from 6.25% to 12.00 % (2019: Nil).

| | | June 30, 2020 Rupees | June 30, 2019 Rupees |
|---|-------|-------------------------|-------------------------|
| 6.2 LONG TERM INVESTMENTS | | | |
| Investment in Associates | 6.2.1 | 7,476,930 | 6,671,102 |
| FVTOCI | | | |
| Equity securities - listed FVTOCI | | | |
| Shariah compliant | | | |
| - Equity securities - listed | 6.2.2 | 2,710,089 | 5,034,862 |
| - Mutual funds - listed | 6.2.3 | 8,607,167 | 10,271,679 |
| Non - shariah compliant | | | |
| - Equity securities - listed | 6.2.4 | <u>3,528,572</u> | <u>2,846,302</u> |
| | | <u>22,322,758</u> | <u>24,823,945</u> |
| 6.2.1 Investment in Associates | | | |
| Opening balance | | 6,671,102 | 7,648,874 |
| Share of incremental depreciation - OCI Component | | 75,620 | 304,770 |
| Share of (loss) / profit of associate | | <u>1,062,534</u> | <u>(1,116,380)</u> |
| | | 1,138,154 | (811,610) |
| Dividend income | | <u>(332,325)</u> | <u>(166,163)</u> |
| | | <u>7,476,930</u> | <u>6,671,102</u> |

Name of Associate

Al-Noor Sugar Mills Limited

Basis of significant influence

Common directorship

| | June 30 2020 | June 30 2019 |
|--|-------------------------|-------------------------|
| | Al-Noor Sugar Mills Ltd | Al-Noor Sugar Mills Ltd |
| | Rupees in '000 | Rupees in '000 |
| Share capital - ordinary shares of Rs. 10 each | 204,737 | 204,737 |
| Total assets | 11,988,688 | 11,962,429 |
| Total liabilities | 8,972,591 | 9,042,789 |
| Net assets | 3,016,097 | 2,919,640 |
| Revenue | 4,660,984 | 3,949,817 |
| Profit for the year - after tax | (100,392) | (51,315) |
| | Rupees | Rupees |
| Number of shares held | 110,775 | 110,775 |
| Cost of investment | 1,482,481 | 1,482,481 |
| Ownership interest | 0.54% | 0.54% |
| Market value of shares | 5,431,298 | 5,389,204 |
| Net book value | (3,948,817) | (3,906,723) |
| Financial results based on the information available as on | 31-Mar-20 | 31-Mar-19 |
| Financial year ended of the companies | 30-Sep | 30-Sep |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

| | | Balance as at June 30 2020 | Balance as at June 30 2019 |
|--------------|---|----------------------------------|----------------------------------|
| 6.2.2 | Name of Investee | | |
| | Fair Value through OCI Shariah compliant | | |
| | Equity securities - listed | | |
| | Fully paid ordinary shares of Rs 10 each unless stated otherwise | | |
| | Equity Investment Instruments | | |
| | First Habib Modaraba (Habib Modaraba Management (Private) Limited) | 44,775 | 42,345 |
| | First Imrooz Modaraba (AR Management Services (Private) Limited) | 249,390 | 466,770 |
| | Habib Metro Modaraba (Habib Metropolitan Modaraba Management Company (Private) Limited) | 4,000 | 5,000 |
| | Allied Rental Modaraba (Allied Engineering Management Company (Private) Limited) | 182,325 | 214,500 |
| | Orix Modaraba (Orix Services Pakistan (Private) Limited) | 198,000 | 170,500 |
| | | 678,490 | 899,115 |
| | Construction and Materials | | |
| | Power Cement Company Limited | 37,200 | 38,580 |
| | | 37,200 | 38,580 |
| | Automobile and Parts | | |
| | Ghandhara Nissan Limited | 206,636 | 172,652 |
| | Ghandhara Industries Limited | 508,200 | 366,954 |
| | Millat Tractors Limited | 444,881 | 543,299 |
| | Hinopak Motors Limited | - | 3,220 |
| | | 1,159,717 | 1,086,125 |
| | Pharma and Bio Tech | | |
| | Searle Company Limited | 278,524 | 204,891 |
| | | 278,524 | 204,891 |
| | Engineering | | |
| | Crescent Steel & Allied Products | 236,600 | 196,456 |
| | International Steels Limited | 258,250 | 198,550 |
| | | 494,850 | 395,006 |
| | Chemicals | | |
| | Engro Corporation Limited | - | 2,074,336 |
| | | - | 2,074,336 |
| | Oil & Gas Producers | | |
| | Attock Petroleum Limited | 36,624 | 34,621 |
| | Mari Petroleum Ltd | - | 177,642 |
| | Hascol Petroleum Limited | 24,684 | 124,545 |
| | | 61,308 | 336,808 |
| | Total | 2,710,089 | 5,034,862 |
| 6.2.3 | Mutual funds - listed | | |
| | Units of Mutual Funds | | |
| | UBL Al Ameen Islamic Allocation Plan Plan -VI Class B Preservation Fund -B | - | 2,591,420 |
| | UBL Al Ameen Islamic Allocation Plan -IX | 2,969,886 | 2,597,787 |
| | Meezan Balance Fund | 118,646 | 116,432 |
| | HBL-IFPF-Islamic Capital Preservation Plan | 5,518,636 | 4,966,040 |
| | | 8,607,167 | 10,271,679 |
| 6.2.3 | Non - Shariah compliant | | |
| | Chemicals | | |
| | Fauji Fertilizer Company Limited | 2,529,770 | 2,223,600 |
| | | 2,529,770 | 2,223,600 |
| | General Industries | | |
| | Cherat Packages Limited | 995,072 | 622,702 |
| | | 995,072 | 622,702 |
| | Automobile and Parts | | |
| | Hinopak Motors Limited | 3,730 | - |
| | | 3,730 | - |
| | Total Investment in Non- Shariah Compliant | 3,528,572 | 2,846,302 |
| | Total Listed securities - FVTOCI | 14,845,828 | 18,152,843 |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

| | | June 30, 2020 | | June 30, 2019 | |
|--|--|----------------------------|-----------------------|----------------------------|-----------------------|
| | | Rupees | | Rupees | |
| 7. MUSAWAMAH RECEIVABLE - Secured | | | | | |
| | Musawamah facility - secured considered doubtful | | 25,000,000 | | 25,000,000 |
| | Less: provision against potential losses | | (25,000,000) | | (25,000,000) |
| | | | - | | - |
| 7.1 | Musawamah facility (Classified portfolio) | June 30, 2020 | June 30, 2020 | June 30, 2019 | June 30, 2019 |
| | | Balance outstanding | Provision held | Balance outstanding | Provision held |
| | OAEM | - | - | - | - |
| | Substandard | - | - | - | - |
| | Doubtful | - | - | - | - |
| | Loss | 25,000,000 | (25,000,000) | 25,000,000 | (25,000,000) |
| | | <u>25,000,000</u> | <u>(25,000,000)</u> | <u>25,000,000</u> | <u>(25,000,000)</u> |

- 7.2 "This represents musawamah principal amount overdue by more than one year carried profit rate of 10% (June 2019: 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 Honorable 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 regulation # 5 for modarabas, the 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 Limited."

M/s Quetta Textile has filed a suit against Modaraba for the recovery of Rs. 76,898,349/- along with damages, rendition of accounts, reconciliation of documents, cancellation of documents and other reliefs under section 9 of the Financial Institutions (Recovery of Finances) Ordinance 2001. The notice against said suit was served in July 2017. In the given facts and circumstances of the case , the outcome of the matter cannot be predicted with any degree of certainty. However, in the opinion of Modaraba's legal advisor , the Modaraba has reasonable chance to prevail.

| | | June 30, 2020 | | June 30, 2019 | |
|----------|------------------------------------|---------------|-----------------------|---------------|------------------|
| | | Rupees | | Rupees | |
| 8 | PROFIT RECEIVABLE | | | | |
| | Diminishing Musharakah (Syndicate) | | - | | 717,682 |
| | Sukuk | | 261,758 | | 217,281 |
| | islamic Certificates | | 246,917 | | - |
| | PLS bank account | | 135,153 | | 192,930 |
| | | | <u>643,828</u> | | <u>1,127,893</u> |
| 9 | IJARAH RENTALS RECEIVABLES | | <u>602,434</u> | | <u>1,772,553</u> |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

9.1 Future minimum ijarah rentals receivable

| | 2020 | | | |
|----------|-------------------|-------------------------|---|-----------------------|
| | Total | Not Later than one year | Later than one year but not later than five | Later than five years |
| Vehicles | 3,339,424 | 2,721,686 | 617,738 | - |
| | <u>3,339,424</u> | <u>2,721,686</u> | <u>617,738</u> | <u>-</u> |
| | 2019 | | | |
| Vehicles | 24,400,698 | 22,036,253 | 2,364,445 | - |
| | <u>24,400,698</u> | <u>22,036,253</u> | <u>2,364,445</u> | <u>-</u> |

The assets under ijarah arrangements carries profit from 8.00% to 27.46% (2019:8.00% to 27.46%).

| | Note | June 30, 2020 Rupees | June 30, 2019 Rupees |
|---|------|-------------------------|-------------------------|
| 9.2 Diminishing musharakah receivable | | | |
| Diminishing musharakah receivable - considered good | | 1,138,854 | 1,071,257 |
| Less: allowance for potential Diminishing musharakah losses | | - | - |
| | | <u>1,138,854</u> | <u>1,071,257</u> |
| 9A Trade Debtors | | | |
| Considered good - unsecured | | 6,890,496 | 7,421,646 |
| Less: provision for doubtful | 9A.1 | (6,890,496) | (3,710,823) |
| | | <u>-</u> | <u>3,710,823</u> |
| 9A.1 Reconciliation of provisions against trade debtors | | | |
| Opening balance | | 3,710,823 | - |
| Provision for the year | | 3,179,673 | 3,710,823 |
| Closing balance | | <u>6,890,496</u> | <u>3,710,823</u> |
| 10 STOCK IN TRADE | | | |
| Finished goods | | - | 53,984,600 |
| In transit | | 267,790 | 267,790 |
| less: Provision for slow moving stock | | (267,790) | (267,790) |
| | | <u>-</u> | <u>53,984,600</u> |
| 11 INVESTMENT IN SUKUK CERTIFICATES - Amortised Cost | | | |
| Investment in Sukuk Certificates | 11.1 | 6,785,708 | 7,499,998 |
| Less: Principal Repaid | | (714,290) | (714,290) |
| | | <u>6,071,418</u> | <u>6,785,708</u> |
| Less: Current portion of Investment in Sukuk Certificates | | (714,290) | (714,283) |
| Long term portion of investment in sukuk certificates | | <u>5,357,128</u> | <u>6,071,425</u> |
| 11.1 | | | |
| Two separate Sukuk investment were made in Tier II Albaraka Bank (Pakistan Ltd., this represent sukuk I certificates carrying profit to base rate of six months of KIBOR + 1.25% & terms of principal repayment bi-annual receivable in 14 equal installments till September, 2021.(June 2019: KIBOR + 1.25%) and II sukuk certificates carrying profit to base rate of six months of KIBOR + 0.75% & terms of repayment principal on maturity August 21, 2024 (June 2019: KIBOR + 0.75%. | | | |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

| | Note | June 30, 2020 Rupees | June 30, 2019 Rupees |
|--|---|-------------------------|-------------------------|
| 12 | | | |
| ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES | | | |
| Advances - considered good | | | |
| - Suppliers | | 755,000 | 8,726,462 |
| - Employees | 12.1 | 437,500 | 815,110 |
| Prepayments | | 5,284,350 | 5,502,130 |
| Receivable From Brokers | | 617,407 | - |
| EFU General - Takaful Window | | 147,493 | 1,938 |
| Dividend receivable | | - | 70,070 |
| Sales tax receivable | | 981,125 | 986,244 |
| | | 8,222,876 | 16,101,954 |
| Others | | 125,823 | 240,744 |
| Less: Provision during the year | 12.2 | (125,823) | (240,744) |
| | | - | - |
| | | 8,222,876 | 16,101,954 |
| 12.1 | "The balance on current account with the officers and employees of the modaraba, the maximum amounts held by any of them at any time for Rs. 437,500/- (2019: Rs.815,110/-)" | | |
| 12.2 | Provision | | |
| opening | | 240,744 | - |
| provision during the year | | - | 240,744 |
| write off during the year | | (114,921) | - |
| | | 125,823 | 240,744 |
| 13 | TAXATION | | |
| 13.1 | 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 (2019: Nil) are the tax deducted as final on the remittance received from the import / export of goods. | | |
| 13.2 | Income tax refundable | 4,713,859 | 4,240,860 |
| Income tax adjusted / deducted at source | | 1,064,819 | 472,999 |
| | | 5,778,678 | 4,713,859 |
| 14 | LONG TERM DEPOSITS | | |
| National Commodities Exchange Limited | | 2,500,000 | 2,500,000 |
| Security Deposit-National Commodities Exchange Limited.-Office Space | | 850,000 | 850,000 |
| Guarantee Margin - MCB | | 440,000 | 440,000 |
| Mobile Phone - Pakistan Mobile Communications | | 12,489 | 12,489 |
| Mobile Phone - Warid Telecom | | - | 7,000 |
| Security Deposit- CDC Pakistan Limited. | | 37,500 | 37,500 |
| | | 3,839,989 | 3,846,989 |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

| | Note | June 30, 2020 Rupees | June 30, 2019 Rupees |
|---|------|-------------------------|-------------------------|
| 15 LONG TERM PORTION OF INVESTMENT IN DINIMISHING MUSHARAKAH (Syndicate) | | | |
| Diminishing Musharakah | 15.1 | - | 26,250,000 |
| Less: Current portion of investment in diminishing musharakah | | - | (15,000,000) |
| Long term portion of investment in diminishing musharakah | | <u>-</u> | <u>11,250,000</u> |

15.1 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 + 2.75% (June 2019: KIBOR + 2.75%) receivable in 16 quarterly equal installments from April 2017 to till January, 2021. with one year grace period . However the asset was early matured with mutual agreement between the parties involved in the agreement on 30 Jan 2020.

| | | | |
|---|--|--------------------------|-------------------|
| 16 LONG TERM PORTION OF INVESTMENT IN DINIMISHING MUSHARAKAH | | | |
| Diminishing Musharakah | | 144,816,468 | 73,021,000 |
| Less: Principal Repaid | | (64,905,806) | (22,328,416) |
| Less: Current portion of investment in diminishing musharakah | | (41,159,664) | (19,105,977) |
| Long term portion of investment in diminishing musharakah | | <u>38,750,998</u> | <u>31,586,607</u> |

These carry profit rate ranging from 11.00% to 15.49% (2019:8.52% to 14.00%) per annum and are repayable on monthly basis over a maximum period of three years. The financing is secured by way of personal guarantees of the parties.

| | | | |
|-------------------------|------|-------------------------|-------------------|
| 17 IJARAH ASSETS | | | |
| | 17.1 | <u>6,181,881</u> | <u>43,557,154</u> |

17.1 The following is a statement of ijarah assets:

| | -----Year ended June 30, 2020----- | | |
|---|------------------------------------|--------|-------------------|
| | Ijarah Assets | | |
| | Motor Vehicles | Others | Total |
| At July 01, 2019 | | | |
| Cost | 120,882,000 | - | 120,882,000 |
| Accumulated depreciation | (77,324,846) | - | (77,324,846) |
| Net book value | <u>43,557,154</u> | - | <u>43,557,154</u> |
| Additions | - | - | - |
| Disposals | | | |
| Cost | (92,290,500) | - | (92,290,500) |
| Depreciation | 76,008,955 | - | 76,008,955 |
| | (16,281,545) | - | (16,281,545) |
| Depreciation / amortisation charge for the year | (21,093,728) | - | (21,093,728) |
| Closing net book value | <u>6,181,881</u> | - | <u>6,181,881</u> |
| At June 30, 2020 | | | |
| Cost | 28,591,500 | - | 28,591,500 |
| Accumulated depreciation | (22,409,619) | - | (22,409,619) |
| Net book value | <u>6,181,881</u> | - | <u>6,181,881</u> |

Rate of Ijarah Asset are in accordance with the agreement with the Customers.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

| | -----Year ended June 30, 2019----- | | |
|---|------------------------------------|--------------------|---------------------|
| | Ijarah Assets | | |
| | Motor Vehicles | Others | Total |
| At July 01, 2018 | | | |
| Cost | 189,374,376 | 12,540,000 | 201,914,376 |
| Accumulated depreciation | (94,995,202) | (9,310,950) | (104,306,152) |
| Net book value | 94,379,174 | 3,229,050 | 97,608,224 |
| Additions | - | - | - |
| Disposals | | | |
| Cost | (68,492,376) | (12,540,000) | (81,032,376) |
| Depreciation | 56,121,323 | 11,286,000 | 67,407,323 |
| | (12,371,053) | (1,254,000) | (13,625,053) |
| Depreciation / amortisation charge for the year | | | |
| Closing net book value | (38,450,967) | (1,975,050) | (40,426,017) |
| | 43,557,154 | - | 43,557,154 |
| At June 30, 2019 | | | |
| Cost | 120,882,000 | - | 120,882,000 |
| Accumulated depreciation | (77,324,846) | - | (77,324,846) |
| Net book value | 43,557,154 | - | 43,557,154 |

Rate of Ijarah Asset are in accordance with the agreement with the Customers.

| | Note | June 30, 2020 Rupees | June 30, 2019 Rupees |
|-----------------------------------|------|-------------------------|-------------------------|
| 18 FIXED ASSETS IN OWN USE | | | |
| Tangible assets | | 3,598,031 | 4,551,919 |
| Intangible assets | | 28,502 | 46,502 |
| | | 3,626,533 | 4,598,421 |

| | -----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, 2019 | | | | | | | |
| Cost | 643,534 | 655,476 | 831,330 | 8,660,066 | 10,790,407 | 313,000 | 11,103,407 |
| Accumulated depreciation / amortisation | (531,920) | (449,210) | (266,228) | (4,991,131) | (6,238,489) | (266,498) | (6,504,987) |
| Net book value | 111,614 | 206,266 | 565,102 | 3,668,935 | 4,551,918 | 46,502 | 4,598,420 |
| Additions | 230,160 | - | 26,620 | 1,903,450 | 2,160,230 | - | 2,160,230 |
| Disposals | | | | | | | |
| Cost | - | (72,000) | - | (4,452,755) | (4,524,755) | - | (4,524,755) |
| Depreciation | - | 61,243 | - | 2,898,634 | 2,959,877 | - | 2,959,877 |
| | - | (10,757) | - | (1,554,121) | (1,564,878) | - | (1,564,878) |
| Depreciation / amortisation charge for the year | (72,606) | (86,047) | (83,280) | (1,307,303) | (1,549,239) | (18,000) | (1,567,239) |
| Closing net book value | 269,169 | 109,461 | 508,443 | 2,710,961 | 3,598,031 | 28,502 | 3,626,533 |
| At June 30, 2020 | | | | | | | |
| Cost | 873,697 | 583,476 | 857,950 | 6,110,761 | 8,425,884 | 313,000 | 8,738,884 |
| Accumulated depreciation / amortisation | (604,528) | (474,015) | (349,507) | (3,399,800) | (4,827,853) | (284,498) | (5,112,351) |
| Net book value | 269,169 | 109,461 | 508,443 | 2,710,961 | 3,598,031 | 28,502 | 3,626,533 |
| Depreciation rate % per annum | 30 | 30 | 10 | 20 | | 30 | |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

| | ----- 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, 2018 | | | | | | | |
| Cost | 546,034 | 590,308 | 766,830 | 8,700,866 | 10,604,038 | 253,000 | 10,857,038 |
| Adjustment | - | (886) | 890 | (4) | - | - | - |
| Accumulated depreciation / amortisation | (459,545) | (453,454) | (190,423) | (3,577,906) | (4,681,238) | - | (4,934,326) |
| Net book value | 86,489 | 135,968 | 577,297 | 5,122,956 | 5,922,710 | 2 | 5,922,712 |
| Additions | 97,500 | 184,826 | 64,500 | - | 346,826 | 60,000 | 406,826 |
| Disposals | | | | | | | |
| Cost | - | (119,658) | - | (40,800) | (160,458) | - | (160,458) |
| Depreciation | - | 119,657 | - | 40,799 | 160,456 | - | 160,456 |
| | - | (1) | - | (1) | (2) | - | (2) |
| Depreciation / amortisation charge for the year | (72,373) | (114,527) | (76,695) | (1,454,020) | (1,717,615) | (13,500) | (1,731,115) |
| Closing net book value | 111,616 | 206,265 | 565,103 | 3,668,935 | 4,551,919 | 46,502 | 4,598,418 |
| At June 30, 2019 | | | | | | | |
| Cost | 643,534 | 655,476 | 831,330 | 8,660,066 | 10,790,407 | 313,000 | 9,902,073 |
| Accumulated depreciation / amortisation | (531,918) | (449,210) | (266,228) | (4,991,131) | (6,238,489) | (266,498) | (5,303,655) |
| Net book value | 111,616 | 206,266 | 565,102 | 3,668,935 | 4,551,919 | 46,502 | 4,598,418 |
| Depreciation rate % per annum | 30 | 30 | 10 | 20 | | 30 | |

18.1 Disposal of Fixed Assets

| | Cost | Accumulated depreciation | Net Book Value | Sale proceed | Gain or loss on disposal | Mode of Disposal | Particular of buyers |
|------------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|----------------------|
| ----- Rupees ----- | | | | | | | |
| Suzuki Pickup KM-0246 | 345,570 | (345,569) | 1 | 40,000 | 39,999 | Negotiation | Muhammad Bashir |
| Toyota Corolla BGU-861 | 2,051,950 | (1,422,794) | 629,156 | 2,350,000 | 1,720,844 | Negotiation | Quality Motors |
| Toyota Corolla BJT-876 | 2,055,235 | (1,130,270) | 924,965 | 2,220,000 | 1,295,035 | Negotiation | Mr. Saqib Ghulam |
| 30-Jun-2020 | 4,452,755 | (2,898,633) | 1,554,122 | 4,610,000 | 3,055,878 | | |
| 30-Jun-2019 | 40,800 | (40,799) | 1 | 10,000 | 9,999 | | |

| | Note | June 30, 2020 Rupees | June 30, 2019 Rupees |
|---|------|-------------------------|-------------------------|
| 19 SECURITY DEPOSITS | | | |
| Security deposits | | 3,155,300 | 19,722,800 |
| Less: Repayable / adjustable after one year | | (443,700) | (2,252,550) |
| Current maturity of security deposits | | 2,711,600 | 17,470,250 |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

| | Note | June 30, 2020 Rupees | June 30, 2019 Rupees |
|---|---|-------------------------|-------------------------|
| 20 CREDITORS, ACCRUED AND OTHER LIABILITIES | | | |
| Accrued expenses | | 967,362 | 1,472,860 |
| Takaful / Insurance | | 123,784 | - |
| Advances from customers | | 2,990,546 | 5,135,517 |
| Provision for Worker's Welfare Fund | | 382,612 | 455,573 |
| Advance Ijarah rentals | | 537,385 | 1,639,982 |
| Unclaimed profit distributions | | 1,109,146 | 1,109,146 |
| | | <u>6,110,835</u> | <u>9,813,079</u> |
| 21 PROVISION FOR CUSTOM DUTY & SURCHARGE | | | |
| Custom duty / surcharges | 21.1 | <u>4,398,842</u> | <u>4,398,842</u> |
| 21.1 | 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. | | |
| 22 CHARITY PAYABLE | | | |
| Late payment & cheques return | 22.1 | 38,905 | 267,268 |
| Shares Dividend | 22.2 | 13,683 | 253,787 |
| Others | | - | 35,843 |
| | | <u>52,587</u> | <u>556,898</u> |
| 22.1 | 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. | | |
| 22.2 | 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, 2020

23 DEFERRED LIABILITY - STAFF GRATUITY

23.1 Staff Gratuity Scheme

As disclosed in note 4.11.2, the Modaraba operates an unfunded gratuity scheme for its permanent employees. The latest actuarial valuation was carried out as at June 30, 2019, using the Projected Unit Credit Method.

| | Note | June 30, 2020 Rupees | June 30, 2019 Rupees |
|---|------|-------------------------|-------------------------|
| 23.2 Liability recognised in the balance sheet: | | | |
| Present value of the defined benefit obligation | | 7,465,837 | 9,827,789 |
| Less: fair value of planned assets | | - | - |
| Defined benefit liability recognized in the accounts | | <u>7,465,837</u> | <u>9,827,789</u> |
| 23.3 Changes in present value of defined benefit obligation: | | | |
| Obligation as at 1 July | | 9,827,789 | 7,564,856 |
| Current service cost | | 642,255 | 823,243 |
| Past service cost (Credit) | | - | - |
| Interest cost of defined benefit obligation | | 1,177,305 | 561,089 |
| benefit due but not paid (payables) | | - | - |
| Benefits paid | | (3,130,000) | (650,000) |
| Remeasurments | | | |
| Actuarial (gain)/loss from changes in demographic assumptions | | - | - |
| Actuarial (gain)/loss from changes in financial assumptions | | 52,963 | 52,963 |
| Experience adjustments | | (1,104,475) | 1,475,638 |
| Obligation as at 30 June | | <u>7,465,837</u> | <u>9,827,789</u> |
| 23.4 Amounts recognized in profit and loss account | | | |
| Current service cost | | 642,255 | 823,243 |
| Past service cost (Credit) | | - | - |
| Gains and losses arising on plan settlements | | - | - |
| Interest cost of defined benefit obligation | | 1,177,305 | 561,089 |
| Expense recognized in P&L | | <u>1,819,560</u> | <u>1,384,332</u> |
| 23.5 Total remeasurement chargeable in other comprehensive income | | | |
| Remeasurement of plan obligation | | | |
| Actuarial (gain)/loss from changes in demographic assumptions | | - | - |
| Actuarial (gain)/loss from changes in financial assumptions | | 52,963 | 52,963 |
| Experience adjustments | | (1,104,475) | 1,475,638 |
| Total remeasurement chargeable in other comprehensive income | | <u>(1,051,512)</u> | <u>1,528,601</u> |
| 23.6 Changes in Net liability | | | |
| Balance Sheet Liability /(Assets) | | 9,827,789 | 7,564,856 |
| Expense chargeable to P& L | 23.4 | 1,819,560 | 1,384,332 |
| Remeasurement chargeable in other comprehensive income | 23.5 | (1,051,512) | 1,528,601 |
| Benefit paid | 23.3 | (3,130,000) | (650,000) |
| Benefit pabalbe transferred to short term liability | | - | - |
| Company's liability at 30 June | | <u>7,465,837</u> | <u>9,827,789</u> |
| 23.7 | | | |
| 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, 2020. 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, 2020

Following are the key assumptions of the actuarial valuation scheme:

- Discount rate : 9.25% per annum (2019: 14.25 % per annum)
- Expected increase in eligible pay : 8.25% per annum (2019: 13.25 % per annum)
- Average expected remaining working life time of employees : 08 years (2019: 09 years)
- Number of employees : 10 employees (2019: 11 employees)
- Expected mortality rates : SLIC 2001 - 2005 Setback 1 year (2019: SLIC 2005- 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% | 918,827 | (795,956) |
| Salary increase rate | 1% | 1,019,818 | (900,047) |

23.8 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.

24. CERTIFICATE CAPITAL

Authorised certificate capital

| June 30, 2020 | June 30, 2019 | | June 30, 2020 | June 30, 2019 |
|--------------------------------------|-------------------|---|--------------------|--------------------|
| <u>40,000,000</u> | <u>40,000,000</u> | No. of Certificates | <u>400,000,000</u> | <u>400,000,000</u> |
| | | Modaraba certificate of Rs. 10 each | | |
| Issued, subscribed & paid-up capital | | | | |
| <u>20,000,000</u> | <u>20,000,000</u> | "Modaraba certificates of Rupees 10 each 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 issued as fully paid bonus certificates" | <u>10,000,000</u> | <u>10,000,000</u> |
| <u>21,000,000</u> | <u>21,000,000</u> | | <u>210,000,000</u> | <u>210,000,000</u> |

24.1 As at June 30, 2020, First Al-Noor Modaraba Management (Private) Limited (the Management Company) held 4,200,000 certificates (June 2019: 4,200,000 certificates), as required under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

25 RESERVES

Statutory reserve

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

During the current period the Modaraba has transferred an amount of Rs. Nil (2019: Rs Nil) .

| | Note | June 30, 2020 Rupees | June 30, 2019 Rupees |
|--|------|-------------------------|-------------------------|
| 26 Unrealised diminution on remeasurement of investment classified as 'fairvalue through OCI' | | | |
| Market value of investments | | 14,845,828 | 18,152,843 |
| Less: cost of investments | | (19,840,177) | (25,851,120) |
| | | (4,994,349) | (7,698,277) |
| (Deficit) on revaluatuon at the beginning of the year | | (7,409,463) | (2,687,577) |
| Gain / (loss) realised on disposal and tranferred to profit loss account | | - | - |
| Gain realised on disposal and transferred into equity directly | | 513,978 | 288,812 |
| Deficit on revaluation during the year | | 1,524,428 | (5,010,698) |
| | | 2,038,406 | (4,721,886) |
| Surplus / (Deficit) / Surplus on revaluatuon at the ending of the year | | (5,371,057) | (7,409,463) |
| 27 CONTINGENCIES AND COMMITMENTS | | | |
| There are no known contingencies and commitments at the balance sheet date. | | | |
| 28 INCOME FROM TRADING OPERATIONS | | | |
| Sales | 28.1 | 62,403,427 | 48,851,102 |
| Cost of Sales | 28.2 | (60,279,741) | (46,918,630) |
| Profit | | 2,123,686 | 1,932,472 |
| 28.1 Sales | | | |
| Local | | 62,403,427 | 48,851,102 |
| 28.2 Cost of sales | | | |
| Opening stock | | 53,984,600 | 31,164,138 |
| Purchases | | 6,295,141 | 69,739,092 |
| | | 60,279,741 | 100,903,230 |
| Less: closing stock | | - | (53,984,600) |
| Cost of sales | | 60,279,741 | 46,918,630 |
| INCOME ON DIMINISHING MUSHARAKA (Syndicate) | | | |
| Income on Diminishing Musharaka | | 1,990,861 | 3,891,000 |
| INCOME ON DIMINISHING MUSHARAKA | | | |
| Income on Diminishing Musharaka | | 11,042,452 | 5,807,409 |
| 29 INCOME FROM IJARAH - NET | | | |
| Ijarah income | | 27,595,939 | 51,362,826 |
| Less: Depreciation of ijarah assets | | (20,444,963) | (40,408,504) |
| | | 7,150,977 | 10,954,323 |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

| | Note | June 30, 2020 Rupees | June 30, 2019 Rupees | | | |
|---|---|-------------------------|-------------------------|------------------|------------------|-------------------|
| 30 INCOME FROM INVESTMENTS | | | | | | |
| Gain on sale of marketable securities - net | | 3,312,919 | 919,344 | | | |
| Dividend income | 30.1 & 31.4 | 1,281,310 | 1,429,650 | | | |
| Gain on Sukuk Certificates | | 924,122 | 647,765 | | | |
| Profit on investment in Islamic certificates | | 2,603,827 | - | | | |
| | | 8,122,178 | 2,996,758 | | | |
| 30.1 Dividend income | | | | | | |
| FVTOCI (shares held at reporting date) | | 156,785 | 437,079 | | | |
| FVTOCI (shares disposed during the period) | | 132,085 | 59,689 | | | |
| FVTPL | | 992,440 | 932,882 | | | |
| | | 1,281,310 | 1,429,650 | | | |
| 31 ADMINISTRATIVE AND OPERATING EXPENSES | | | | | | |
| Salaries and other staff benefits | 31.1 & 31.4 | 16,572,154 | 14,065,678 | | | |
| Rent, rates and taxes | | 903,289 | 1,182,231 | | | |
| Postage and telephone | | 354,928 | 381,057 | | | |
| Printing and stationery | | 454,287 | 463,220 | | | |
| Fee and subscription | | 1,304,907 | 1,025,312 | | | |
| Legal and professional charges | | 2,197,890 | 1,510,923 | | | |
| Traveling and conveyance | | 131,745 | 206,435 | | | |
| Entertainment | | 138,828 | 170,737 | | | |
| Repair and maintenance | | 2,224,385 | 2,193,732 | | | |
| Depreciation | | 1,567,236 | 1,731,114 | | | |
| Auditor's remuneration | 31.3 | 520,080 | 548,605 | | | |
| Advertisement and publicity | | 19,800 | 61,000 | | | |
| Storage and transportation charges | | 123,240 | 306,086 | | | |
| Takaful | 31.2 | 3,638,761 | 4,338,325 | | | |
| Commission | | 208,609 | 69,792 | | | |
| Others expenses | | 138,980 | 163,717 | | | |
| | | 30,499,117 | 28,417,961 | | | |
| 31.1 | This includes Rs.1,189,702/- (2019: Rs. 1,384,332) in respect of staff retirement benefits. | | | | | |
| 31.2 | This includes Rs.3,269,039/- (2019: Rs. 3,888,730) in respect Takaful for Ijarah & Diminishing Musharika assets | | | | | |
| 31.3 | Auditors remuneration | | | | | |
| Audit fee | | 324,000 | 345,600 | | | |
| Half yearly review | | 119,680 | 129,600 | | | |
| Out-of-pocket expenses | | 76,400 | 73,405 | | | |
| | | 520,080 | 548,605 | | | |
| 31.4 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: | | | | | | |
| | 2020 | | | 2019 | | |
| | Officers | Employees | Total | Officers | Employees | Total |
| Salary | 7,559,100 | 3,093,900 | 10,653,000 | 7,659,720 | 2,277,000 | 9,936,720 |
| Benefit | 1,444,233 | 628,547 | 2,072,780 | 773,000 | 343,000 | 1,116,000 |
| Gratuity | 1,399,771 | 419,931 | 1,819,702 | 1,079,022 | 305,310 | 1,384,332 |
| EOBI | 40,950 | 36,300 | 77,250 | 40,950 | 36,300 | 77,250 |
| Group insurance | 319,193 | 116,895 | 436,088 | 344,193 | 103,288 | 447,481 |
| General services | - | 733,334 | 733,334 | - | 800,695 | 800,695 |
| Contract staff | 540,000 | 240,000 | 780,000 | - | 303,200 | 303,200 |
| | 11,541,738 | 5,340,454 | 16,572,154 | 9,896,885 | 4,168,973 | 14,065,678 |
| No. of persons | 5 | 5 | 10 | 5 | 6 | 11 |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

| | Note | June 30, 2020 Rupees | June 30, 2019 Rupees |
|---|--|-------------------------|-------------------------|
| 32 FINANCIAL AND OTHER CHARGES | | | |
| Bank charges | | 7,873 | 9,368 |
| Guarantee commission | | 17,600 | 17,600 |
| | | <u>25,473</u> | <u>26,968</u> |
| 33 OTHER INCOME | | | |
| Profit on bank deposits | 33.1 | 2,820,362 | 1,252,492 |
| Profit on disposal of fixed asset- Own | 17.1 | 3,055,878 | 9,999 |
| Documentation charges | | 151,332 | 46,681 |
| Miscellaneous income | | 44,508 | 319,961 |
| | | <u>6,072,080</u> | <u>1,629,133</u> |
| 33.1 | These deposits accounts carry profit at rates ranging from 2.88% % to 5.75 % (2019: 2.88% to 5.75%). | | |
| 34 MODARABA MANAGEMENT COMPANY REMUNERATION | In accordance with the Modaraba Companies and Modaraba Rules, 1981 management company remuneration at the rate of 10% of annual profits is payable to the Management Company. | | |
| 35 WORKERS'S 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. | | |
| 36 INCOME TAX EXPENSES | | | |
| Current tax | 12.1 | - | - |
| 36.1 Relation between tax expenses and accounting profit | | | |
| Accounting loss for the current year | | <u>(196,563)</u> | <u>(14,116,685)</u> |
| Tax on income @ 25% (2019: 25%) | | <u>(49,141)</u> | <u>(3,529,171)</u> |
| Tax effect off - exempt income | | <u>196,563</u> | <u>14,116,685</u> |
| | | <u>-</u> | <u>-</u> |
| 37 LOSS PER CERTIFICATE - BASIC AND DILUTED | | | |
| Loss for the year | | <u>(196,563)</u> | <u>(14,116,685)</u> |
| | | Numbers | Numbers |
| Weighted average number of certificates | | <u>21,000,000</u> | <u>21,000,000</u> |
| Earning per certificate - basic and diluted | | <u>(0.01)</u> | <u>(0.67)</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, 2020 and June 30, 2019 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, 2020

| | Note | June 30, 2020 Rupees | June 30, 2019 Rupees |
|---|-------|-------------------------|-------------------------|
| 38 CASH FROM OPERATIONS AFTER WORKING CAPITAL CHANGES | | | |
| Loss before taxation | | (196,563) | (14,116,685) |
| Adjustments for: | | | |
| Gain on sale of investment in listed securities | 30 | (3,312,919) | (919,343) |
| Dividend income | 30 | (1,281,310) | (1,429,650) |
| Income on Investment in Islamic Certificates | | (2,603,827) | - |
| Income on diminishing musharakah | | (13,033,313) | (9,698,409) |
| Gain on sukuk certificates | 30 | (924,122) | (647,765) |
| Profit on disposal of fixed assets | 33 | (3,055,878) | (9,999) |
| Profit on bank deposits | 33 | (2,820,362) | (1,252,492) |
| Financial charges | | 25,473 | 26,968 |
| Depreciation - owned assets | 18.1 | 1,549,236 | 1,717,614 |
| Depreciation - Ijarah assets | 17.1 | 21,093,728 | 40,426,017 |
| Amortization of intangible assets | 18.1 | 18,000 | 13,500 |
| Provision for non-performing assets | 7 | - | - |
| Provision for gratuity | | 1,819,702 | 1,384,332 |
| Share of loss from Associate | 6.2.1 | (1,062,534) | 1,116,380 |
| Unrealized loss on re measurement of investments in listed securities | 6.1.4 | 4,057,067 | 7,814,904 |
| | | <u>468,942</u> | <u>38,542,057</u> |
| Operating profit before working capital changes | | 272,380 | 24,425,372 |
| (Increase)/Decrease in current assets | | | |
| Stock in trade | 10 | 53,984,600 | (22,820,462) |
| Profit receivable | 8 | 484,065 | (113,794) |
| Ijarah Rental receivable | | 1,170,119 | 838,224 |
| Diminishing musharakah receivable | | (67,597) | 125,549 |
| Trade Debtors - considered good and unsecured | | 3,710,823 | 9,248,345 |
| Advances, deposits, prepayments and other receivables | 12 | 7,809,009 | (7,856,810) |
| | | <u>67,091,019</u> | <u>(20,578,948)</u> |
| Increase/(Decrease) in current liabilities | | | |
| Creditors, accrued and other liabilities | 20 | (3,702,243) | 624,061 |
| Profit payable | 22 | (504,310) | 14,299 |
| | | <u>(4,206,553)</u> | <u>638,360</u> |
| Cash flow from operating activities | | 63,156,846 | 4,484,786 |
| 39 CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | 5 | <u>9,174,848</u> | <u>33,848,731</u> |

40 FINANCIAL INSTRUMENTS BY CATEGORY

| | ----- As at June 30, 2020 ----- | | | |
|---|---------------------------------|--------------------|-------------------|-----------------------------|
| | At Amortised Cost | FVTPL | FTOCI | Other Financial Liabilities |
| FINANCIAL ASSETS | | | | |
| Cash and cash equivalent | 9,174,848 | - | - | - |
| Investments | - | - | 22,322,758 | - |
| Long term deposits | 489,989 | 121,791,096 | - | - |
| Musawamah facility | - | - | - | - |
| Profit receivable | 643,828 | - | - | - |
| Ijarah rental receivable | 602,434 | - | - | - |
| Diminishing musharakah receivable | 1,138,854 | - | - | - |
| Trade debtors | - | - | - | - |
| Sukuk certificates | 6,071,418 | - | - | - |
| Diminishing Musharakah (syndicate) | - | - | - | - |
| Diminishing Musharakah | 79,910,662 | - | - | - |
| Advances, deposits, prepayments & other receivables | 1,957,400 | - | - | - |
| Total Financial Assets | <u>99,989,433</u> | <u>121,791,096</u> | <u>22,322,758</u> | <u>-</u> |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

| FINANCIAL LIABILITIES | ----- As at June 30, 2020 ----- | | | |
|--|---------------------------------|----------|----------|-----------------------------|
| | At Amortised Cost | FVTPL | FTOCI | Other Financial Liabilities |
| Security deposits | - | - | - | 3,155,300 |
| Creditors, accrued and other liabilities | - | - | - | 8,248,360 |
| Profit payable | - | - | - | 52,587 |
| Total Financial Liabilities | - | - | - | 11,456,248 |

| FINANCIAL ASSETS | ----- As at June 30, 2019 ----- | | | |
|---|---------------------------------|-------------------|-------------------|-----------------------------|
| | At Amortised Cost | FVTPL | FTOCI | Other Financial Liabilities |
| Cash and cash equivalent | 33,848,731 | - | - | - |
| Investments | - | 12,072,439 | 24,823,945 | - |
| Long term deposits | 496,989 | - | - | - |
| Musawamah facility | - | - | - | - |
| Profit receivable | - | - | - | - |
| Ijarah rental receivable | 1,127,893 | - | - | - |
| Diminishing musharakah receivable | 1,772,553 | - | - | - |
| Trade debtors | 1,071,257 | - | - | - |
| Sukuk certificates | 3,710,823 | - | - | - |
| Diminishing Musharakah (syndicate) | 6,785,708 | - | - | - |
| Diminishing Musharakah | 26,250,000 | - | - | - |
| Advances, deposits, prepayments & other receivables | 50,692,584 | - | - | - |
| | 9,613,580 | - | - | - |
| Total Financial Assets | 135,370,118 | 12,072,439 | 24,823,945 | - |

| FINANCIAL LIABILITIES | ----- As at June 30, 2019 ----- | | | |
|--|---------------------------------|----------|----------|-----------------------------|
| | At Amortised Cost | FVTPL | FTOCI | Other Financial Liabilities |
| Security deposits | - | - | - | 19,722,800 |
| Creditors, accrued and other liabilities | - | - | - | 7,624,298 |
| Profit payable | - | - | - | 556,898 |
| Total Financial Liabilities | - | - | - | 27,903,996 |

41 FINANCIAL RISK MANAGEMENT

The Modaraba financed its operations entirely through equity during the year ended on June 30, 2020. The Modaraba utilizes funds in ijarah financing, modaraba financing, diminishing musharika 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.

41.1 Market Risk

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

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

41.2 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 (2019: Rs.Nil).

41.3 Profit at risk

| 2020 | | | | | | |
|--|--------------------|--------------------|-----------------------------|-------------------------------|-----------------------------|------------------------------------|
| 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 | 9,174,848 | 7,883,727 | - | - | - | 1,291,121 |
| Investments | 144,113,854 | 100,000,000 | - | - | - | 44,113,854 |
| Musawamah receivables - secured | - | - | - | - | - | - |
| Diminishing musharakah (Syndicate) | - | - | - | - | 38,750,998 | - |
| Diminishing musharakah | 79,910,662 | 3,429,972 | 6,859,944 | 30,869,748 | 38,750,998 | - |
| Investment in Sukuk certificates | 6,071,418 | - | 357,140 | 357,140 | 5,357,138 | - |
| Profit receivable | 5,958,837 | 643,828 | 1,872,211 | 1,579,462 | 1,863,336 | - |
| Investment in Ijarah finance | 6,181,881 | 866,872 | 1,872,211 | 1,579,462 | 1,863,336 | - |
| Ijarah rental receivable | 602,434 | 602,434 | - | - | - | - |
| Diminishing musharakah receivable | 1,138,854 | 1,138,854 | - | - | - | - |
| Advances, deposits, prepayments and other receivables | 8,222,876 | - | - | - | - | 8,222,876 |
| Long-term Deposit | 3,839,989 | - | - | - | - | 3,839,989 |
| Total Financial Assets as at June 30, 2020 | 265,215,653 | 114,565,687 | 10,961,506 | 34,385,811 | 86,585,806 | 57,467,840 |
| Liabilities | | | | | | |
| Security deposits | 3,155,300 | - | - | - | - | 3,155,300 |
| Creditors, accrued and other liabilities | 10,509,677 | - | - | - | - | 10,509,677 |
| Profit payable | 52,587 | - | - | - | - | 52,587 |
| Deferred Liabilities - staff gratuity | 7,465,837 | - | - | - | - | 7,465,837 |
| Total Financial Liabilities as at June 30, 2020 | 21,183,401 | - | - | - | - | 21,183,401 |
| Total yield / profit risk sensitivity gap | | 114,565,687 | 10,961,506 | 34,385,811 | 86,585,806 | |
| Cumulative yield / profit risk sensitivity gap | | 114,565,687 | 125,527,193 | 159,913,006 | 246,498,812 | |
| 2019 | | | | | | |
| 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 | 31,393,074 | 30,888,670 | - | - | - | 504,404 |
| Investments | 52,850,677 | - | - | - | - | 52,850,677 |
| Musawamah receivables - secured | - | - | - | - | - | - |
| Diminishing musharakah (Syndicate) | 26,250,000 | 3,750,000 | - | 11,250,000 | 11,250,000 | - |
| Diminishing musharakah | 50,692,585 | 1,592,165 | 4,776,494 | 12,737,318 | 31,586,607 | - |
| Investment in Sukuk certificates | 6,785,708 | - | 357,140 | 357,140 | 6,071,428 | - |
| Profit receivable | 1,127,893 | 910,612 | 217,281 | - | - | - |
| Investment in Ijarah finance | 43,557,154 | 1,278,318 | 3,727,578 | 24,132,514 | 14,418,744 | - |
| Ijarah rental receivable | 1,772,553 | 1,772,553 | - | - | - | - |
| Diminishing musharakah receivable | 1,071,257 | 1,071,257 | - | - | - | - |
| Advances, deposits, prepayments and other receivables | 16,101,954 | - | - | - | - | 16,101,954 |
| Long-term Deposit | 3,846,989 | - | - | - | - | 3,846,989 |
| Total Financial Assets as at June 30, 2018 | 235,449,844 | 41,263,575 | 9,078,493 | 48,476,972 | 63,326,779 | 73,304,024 |
| Liabilities | | | | | | |
| Security deposits | 19,722,800 | - | - | - | - | 19,722,800 |
| Creditors, accrued and other liabilities | 14,211,921 | - | - | - | - | 14,211,921 |
| Profit payable | 556,898 | - | - | - | - | 556,898 |
| Deferred Liabilities - staff gratuity | 9,827,789 | - | - | - | - | 9,827,789 |
| Total Financial Liabilities as at June 30, 2019 | 44,319,408 | - | - | - | - | 44,319,408 |
| Total yield / profit risk sensitivity gap | | 41,263,575 | 9,078,493 | 48,476,972 | 63,326,779 | |
| Cumulative yield / profit risk sensitivity gap | | 41,263,575 | 50,342,068 | 98,819,042 | 162,145,821 | |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 investment in Sukuk Certificate. The Investments in Sukuk Certificate is linked with KIBOR rate as a bench mark. The Modaraba reviews KIBOR on six monthly basis.

| | Note | June 30, 2020 | June 30, 2019 |
|---|------|-------------------|-------------------|
| | | Rupees | Rupees |
| Variable rate instruments Assets | | | |
| investments on Sukuk bonds | | 5,357,128 | 6,071,425 |
| Bank deposits | | 7,883,727 | 30,888,670 |
| | | <u>13,240,855</u> | <u>36,960,095</u> |

Fair value sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates would have increased / decreased the profit and loss by the amounts shown below. Reduction in interest rates by 100 basis points would have a vice versa impact. This analysis assumes that all variables remain constant. The analysis is performed on the same basis for the comparative period.

| Asset class (Having variable interest rates) | (Increase / Decrease) (+/-) | Change in profit / (loss) | |
|--|-----------------------------|---------------------------|---------|
| investments on Sukuk bonds | 100 basis points | 78,837 | 308,887 |
| Bank deposits | 100 basis points | 132,409 | 369,601 |

Above sensitivities are calculated on the assumption that all factors remain constant except interest rates and resulting variation in fair values of the subjugated investmetns and impact on the profit and loss.

41.4 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 'FVTOCI' and "FVTPL". To manage its price risk arising from investments in equity securities, the Modaraba diversifies its portfolio.

In case of 10% increase / decrease in equity shares investment held on June 30, 2019, other comprehensive income for the year would be affected by Rs. 1,052,451 /- (2019: Rs (1,815,284) as a result of gains / losses on equity securities classified as at FVTOCI and investment classified as FVTPL would be affected by Rs.405,272/- (2019: 1,207,344) as a result of gains / losses on equity securities classified as at FVTPL

The analysis is based on the assumption that the equity index had increased / decreased by 10% 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 PSX 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 PSX 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the effect on the Modaraba's net assets of future movements in the level of the PSX 100 Index.

41.5 Credit risk

41.5.1 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, diminishing musharakah, ijarah, musawamah, modaraba and term deposit modarabas.

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.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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. 182,276,512 (2019: Rs 172,266,502) the financial assets which are subject to credit risk amounted to Rs. 139,870,118 (2019: Rs. 113,982,092). The management believes that the Modaraba is not exposed to major concentration of credit risk.

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

| | Rating Agency | June 30,2020 Rupees | June 30,2019 Rupees |
|---------------|---------------|------------------------|------------------------|
| Bank balances | | | |
| A | PACRA | 3,454,845 | 4,243,614 |
| AA | PACRA | 4,337,460 | 26,707,806 |
| AA+ | PACRA | 301,742 | 135,878 |
| AAA | PACRA | 1,080,801 | 2,761,433 |

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

| | 30 June 2020 | | 30 June 2019 | |
|---------------------------|--------------|---------|--------------|----------|
| | outstanding | overdue | outstanding | over due |
| Ijarah rental receivable | 602,434 | - | 1,772,553 | - |
| Trade debtors - unsecured | - | - | 3,710,823 | - |

41.5.4 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 2020 | | | | |
|----------------------|--------------------|-------------|----------|------------|------------|
| | OAEM | Substandard | Doubtful | Loss | Total |
| Musawamah receivable | - | - | - | 25,000,000 | 25,000,000 |

| | As at 30 June 2019 | | | | |
|----------------------|--------------------|-------------|----------|------------|------------|
| | 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.

41.5.5 Concentration of credit risk

| | 2020 | | 2019 | |
|-----------------------------|-------------|--------|-------------|--------|
| | Rupees | % | Rupees | % |
| Textile composite | 140,010 | 0.06% | 140,010 | 0.12% |
| Fuel and energy | 3,226,074 | 1.42% | 29,476,074 | 24.45% |
| Chemical and pharmaceutical | 4,564,407 | 2.01% | 4,564,407 | 3.79% |
| Food and allied industries | 220,500 | 0.10% | 220,500 | 0.18% |
| Others miscellaneous | 219,021,291 | 96.41% | 86,163,853 | 71.47% |
| | 227,172,281 | 100% | 120,564,843 | 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:

| | 2020 Rupees | 2019 Rupees |
|--------------------------------------|----------------|----------------|
| Musawamah facility - secured | - | - |
| Diminishing Musharakah - (Syndicate) | - | 26,250,000 |
| Diminishing musharakah | 79,910,662 | 50,692,584 |
| Profit receivable | 643,828 | 1,127,893 |
| Ijarah rental receivable | 602,434 | 1,772,553 |
| | 81,156,924 | 79,843,030 |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

41.6 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 2020 | | | |
|--|-------------------|--|-------------------|
| Total | Upto three months | More than three months & upto one year | |
| ----- Rupees----- | | | |
| Current liabilities | | | |
| Current maturity of security deposits | 2,711,600 | 1,849,350 | 862,250 |
| Creditors, accrued and other liabilities | 10,562,264 | 6,163,422 | 4,398,842 |
| Total Current liabilities | 13,273,864 | 8,012,772 | 5,261,092 |
| Non-Current liabilities | | | |
| Security deposits | 443,700 | - | 443,700 |
| Deferred liabilities - staff gratuity | 7,465,837 | - | 7,465,837 |
| Total Non-Current liabilities | 7,909,537 | - | 7,909,537 |
| | 21,183,401 | 8,012,772 | 5,261,092 |
| ----- Rupees----- | | | |
| As at 30 June 2019 | | | |
| Total | Upto three months | More than three months & upto one year | |
| ----- Rupees----- | | | |
| Current liabilities | | | |
| Current maturity of security deposits | 17,470,250 | 990,500 | 16,479,750 |
| Creditors, accrued and other liabilities | 14,768,819 | 10,369,977 | 4,398,842 |
| Total Current liabilities | 32,239,069 | 11,360,477 | 20,878,592 |
| Non-Current liabilities | | | |
| Security deposits | 2,252,550 | - | 2,252,550 |
| Deferred liabilities - staff gratuity | 9,827,789 | - | 9,827,789 |
| Total Non-Current liabilities | 12,080,339 | - | 12,080,339 |
| | 44,319,408 | 11,360,477 | 20,878,592 |
| ----- Rupees----- | | | |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

41.7 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Fair values are categorized two different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: 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 3: Inputs for the assets or liability that are not based on observable market data (that is, unobservable input)

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

42 CAPITAL RISK MANAGEMENT

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

Consistent with others in the industry, the Modaraba monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total Certificate of 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.

43 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, 2020 Rupees | June 30, 2019 Rupees |
|---|------|-------------------------|-------------------------|
| 43.1 Balance outstanding at year end | | | |
| Modaraba Management Company | | | |
| - Management Remuneration | 34 | - | - |
| Associated undertakings | | | |
| - Sharing of common expense charged during the year with Al-Noor Sugar Mills Ltd. | | - | - |
| Other related parties (other than key management personnel) | | | |
| - Contribution to staff gratuity fund | 23.2 | 7,465,837 | 9,827,789 |
| 43.2 Transactions during the year | | | |
| Modaraba Management Company | | | |
| - Management Remuneration | 34 | - | - |
| Associated undertakings | | | |
| - Sharing of common expense charged during the year with Al-Noor Sugar Mills Ltd. | | - | - |
| Other related parties (other than key management personnel) | | | |
| - Contribution to staff gratuity fund | 31.1 | 1,189,702 | 1,384,322 |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

44 INFORMATION ABOUT BUSINESS SEGMENTS

| | 2020 | | | | |
|-------------------------------------|------------|------------|-------------|--------------|--------------|
| | Trading | Financing | Investment | Ijarah | Total |
| Segment revenue | 62,403,427 | 13,033,313 | 8,122,178 | 27,595,939 | 111,154,857 |
| Segment results | 2,123,686 | 13,033,313 | 4,065,111 | 7,150,977 | 26,373,087 |
| Unallocated corporate expenses | - | - | - | - | (33,704,263) |
| Other income | - | - | - | - | 6,072,080 |
| Share of profit from associate | - | - | - | - | 1,062,534 |
| Modaraba company's management fee | - | - | - | - | - |
| Provision for worker's welfare fund | - | - | - | - | - |
| Income taxes | - | - | - | - | - |
| Profit for the year | | | | | (196,563) |
| OTHER INFORMATION | | | | | |
| Capital expenditure | - | - | - | - | - |
| Depreciation and amortization | - | - | - | (21,093,728) | (21,093,728) |
| ASSETS AND LIABILITIES | | | | | |
| Segment assets | - | 82,407,634 | 144,113,854 | 6,784,315 | 233,305,803 |
| Unallocated corporate assets | - | - | - | - | 36,000,051 |
| Consolidated total assets | | | | | 269,305,854 |
| Segment liabilities | - | 593,852 | - | 6,089,379 | 6,683,231 |
| Unallocated corporate liabilities | - | - | - | - | 14,500,170 |
| Consolidated total liabilities | | | | | 21,183,401 |

| | 2019 | | | | |
|---------------------------------------|------------|------------|-------------|--------------|--------------|
| | Trading | Financing | Investment | Ijarah | Total |
| Segment revenue | 48,851,102 | 9,698,409 | 2,996,758 | 51,362,826 | 112,909,095 |
| Segment results | 1,932,472 | 9,698,409 | (4,818,146) | 10,954,323 | 17,767,059 |
| Unallocated corporate expenses | - | - | - | - | (32,396,496) |
| Other income | - | - | - | - | 1,629,133 |
| Share of profit from associate | - | - | - | - | (1,116,380) |
| Modaraba company's management fee | - | - | - | - | - |
| Provision for worker's welfare fund | - | - | - | - | - |
| Income taxes | - | - | - | - | - |
| Profit for the year | | | | | (14,116,685) |
| OTHER INFORMATION | | | | | |
| Capital expenditure | - | - | - | - | - |
| Depreciation and amortization | - | - | - | (40,426,017) | (40,426,017) |
| ASSETS AND LIABILITIES | | | | | |
| Segment assets | - | 79,856,017 | 36,896,384 | 45,329,707 | 162,082,108 |
| Unallocated corporate assets | - | - | - | - | 126,876,799 |
| Consolidated total assets | | | | | 288,958,907 |
| Segment liabilities | - | 2,429,297 | - | 24,069,002 | 26,498,299 |
| Unallocated corporate liabilities | - | - | - | - | 17,821,109 |
| Consolidated total liabilities | | | | | 44,319,408 |

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

45 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 | Explanation |
|---|---|
| i) Loan and advances | Non-interest bearing |
| ii) Long term deposits | Non-interest bearing |
| iii) Segment revenue | Non-interest bearing |
| iv) Relationship with banks | Modaraba maintains profit based banking relationships with Islamic Banks/ Bank Islamic window operations |
| v) Banks 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 systems |
| 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 No. 30.1 |
| viii) All Sources of their income | Disclosed in note No. 33 |
| ix) Exchange gain | Not applicable |

46 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on September 25, 2020 have approved distribution at the rate of 0% percent (2019 : nil %) per certificate of Rs. 10 each.

47 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 25, 2020 .

48 GENERAL

Figures in these financial statements have been rounded off to the nearest Rupee.Figures have been rearranged, regrouped or reclassified for better presentation of financial statements. However no major rearrangement regrouping or reclassification is document in the current Year.

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

Sd/-
Chief Executive

Sd/-
Chief Financial Officer

Sd/-
Chairman

Sd/-
Director



PATTERN OF HOLDINGS OF THE CERTIFICATES HELD BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2020

| Number of Certificate Holders | Certificate Holding | | Total Certificates Held |
|-------------------------------|---------------------|-----------|-------------------------|
| | From | To | |
| 112 | 1 | 100 | 4,117 |
| 89 | 101 | 500 | 34,899 |
| 124 | 501 | 1,000 | 95,208 |
| 144 | 1,001 | 5,000 | 361,839 |
| 36 | 5,001 | 10,000 | 267,074 |
| 14 | 10,001 | 15,000 | 172,093 |
| 6 | 15,001 | 20,000 | 111,100 |
| 10 | 20,001 | 25,000 | 219,577 |
| 7 | 25,001 | 30,000 | 209,000 |
| 5 | 30,001 | 35,000 | 158,626 |
| 2 | 40,001 | 45,000 | 89,631 |
| 7 | 45,001 | 50,000 | 348,500 |
| 1 | 50,001 | 55,000 | 52,000 |
| 2 | 55,001 | 60,000 | 119,000 |
| 2 | 60,001 | 65,000 | 130,000 |
| 2 | 75,001 | 80,000 | 154,180 |
| 1 | 80,001 | 85,000 | 82,000 |
| 1 | 85,001 | 90,000 | 90,000 |
| 1 | 90,001 | 95,000 | 94,573 |
| 3 | 95,001 | 100,000 | 297,000 |
| 1 | 105,001 | 110,000 | 110,000 |
| 2 | 125,001 | 130,000 | 255,000 |
| 1 | 185,001 | 190,000 | 190,000 |
| 1 | 250,001 | 255,000 | 253,500 |
| 1 | 275,001 | 280,000 | 277,500 |
| 1 | 315,001 | 320,000 | 315,049 |
| 1 | 325,001 | 330,000 | 325,500 |
| 1 | 370,001 | 375,000 | 374,266 |
| 1 | 385,001 | 390,000 | 386,600 |
| 1 | 520,001 | 525,000 | 521,220 |
| 1 | 530,001 | 535,000 | 531,500 |
| 1 | 605,001 | 610,000 | 608,440 |
| 1 | 745,001 | 750,000 | 750,000 |
| 1 | 935,001 | 940,000 | 937,380 |
| 1 | 1,155,001 | 1,160,000 | 1,156,500 |
| 1 | 1,265,001 | 1,270,000 | 1,268,500 |
| 1 | 1,555,001 | 1,560,000 | 1,556,798 |
| 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 |
| 590 | | | 21,000,000 |



CATEGORIES OF CERTIFICATE HOLDING AS AT JUNE 30, 2020

Information as required under Code of Corporate Governance

| Shareholder's category | Number of Shareholders | Number of shares held |
|--|------------------------|-----------------------|
| Associated Companies, Undertaking and Related Parties (name wise details) | | |
| AL-NOOR MODARABA MANAGEMENT (PRIVATE) LIMITED | 1 | 4,200,000 |
| RELIANCE INSURANCE COMPANY LTD. | 1 | 521,220 |
| ZAIN TRADING CORPORATION (PRIVATE) LIMITED | 1 | 750,000 |
| TOTAL >> | 3 | 5,471,220 |
| Mutual Funds (name wise details) | | |
| CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST | 1 | 608,440 |
| TOTAL >> | 1 | 608,440 |
| Directors and their spouse (to be confirmed by company) | | |
| TOTAL >> | - | - |
| Executives (To be filled by company) | | |
| TOTAL >> | - | - |
| Public Sector Companies and Corporations | | |
| TOTAL >> | 1 | 386,600 |
| Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds | | |
| TOTAL >> | 8 | 2,104,613 |
| Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details) | | |
| AL-NOOR MODARABA MANAGEMENT (PRIVATE) LIMITED | 1 | 4,200,000 |
| ATIQA BEGUM | 1 | 1,268,500 |
| BANKERS EQUITY LTD. (U/L) | 1 | 2,005,830 |
| DINAZ CASSIM | 1 | 1,556,798 |
| MASOOD AHMED | 1 | 1,156,500 |
| MASOOD AHMED | 1 | 1,886,000 |
| TOTAL >> | 6 | 12,073,628 |

FIRST AL-NOOR MODARABA CATEGORIES OF SHAREHOLDING AS AT JUNE 30, 2020

| SNO. | Shareholders Category | No. of Shareholders | No. of Shares | Percentage |
|--|--|---------------------|-------------------|---------------|
| 1 | Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company) | - | - | - |
| 2 | Associated Companies, Undertakings and related Parties (to be confirm by Company) | 3 | 5,471,220 | 26.05 |
| 3 | NIT and ICP | 1 | 500 | 0.00 |
| 4 | Banks, Development Financial Institutions, Non Banking Financial Institutions | 4 | 2,008,910 | 9.57 |
| 5 | Insurance Companies | 3 | 387,230 | 1.84 |
| 6 | Modarabas and Mutual Funds | 1 | 608,440 | 2.90 |
| 7 | Share holders holding 10% | 1 | 4,200,000 | 20.00 |
| 8 | General Public : | | | |
| | a. local | 562 | 12,318,577 | 58.66 |
| | b .Foreign | | | |
| 9 | Others | 16 | 205,123 | 0.98 |
| Total (excluding : share holders holding 10%) | | 590 | 21,000,000 | 100.00 |



NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given to the certificate holders that Twenty First (21st) Annual Review Meeting of First Al-Noor Modaraba will be held on Saturday, October 24, 2020 at 12:00 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 25, 2020

Notes:

1. The Share Transfer Book of the Modaraba will remain closed from Saturday, October 21, 2020 to Friday, November 3, 2020 (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 FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shakra-e-Faisal, Karachi by the close of business on October 24, 2020 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. In light of the threat by the evolving coronavirus (COVID-19) situation, the Securities & Exchange Commission of Pakistan vide Circular No. 5 dated March 17, 2020 has advised the Companies to modify their usual planning for Annual Review Meeting in order to protect the well-being of the certificate holders.

The certificate holders who are interested to attend the ARM through Video Conference, are hereby requested to get themselves registered with the Company Secretary office by providing the following detail at the earliest but not later than 24 hours before the time of ARM (i.e. before 12:00 p.m. on October 23, 2020) through following means:

Mobile/Whatsapp: 0321-8213492

E-mail: Company.Secretary@fanm.co

Certificate holders are advised to mention Name, CNIC Number, Folio/CDC Account Number, Cell Number and valid email ID for identification.

Upon receipt of the above information from the interested certificate holders, the Modaraba will send the login credentials at their e-mail address. On the date of ARM, certificate holders will be able to login and participate in the ARM proceedings through their smartphones/computer devices.

In view of the above, the Certificate holders can also provide their comments/suggestions for the proposed agenda items of the ARM by using the aforesaid means.

2. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its certificate holders only through electronic mode directly into bank account designated by the entitled certificate holders.

In order to receive dividends directly into their bank account, certificate holders are requested to fill in Electronic Credit Mandate Form available on Modaraba's website and send it duly signed along with a copy of CNIC to the Shares Registrar of the Company M/s FAMCO Associates (Private) Limited, in case of physical certificates.

In case, certificates are held in CDC then Electronic Credit Mandate Form must be submitted directly to certificate holder's broker/participant/CDC account services. No further action is required if IBAN has already been incorporated/updated in the CDC



account or physical folio of the certificate holder.

3. 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>.
4. 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 30.00% 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%

5. 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 in the above mentioned category and wish to avail exemption, must provide Valid Tax Exemption Certificate to our Share Registrars before book closure otherwise tax will be deducted on dividend as per applicable tax rates.
6. 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.
7. 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.
8. (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.

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) نے بذریعہ نوٹس ایس آر 787 (1) / 2014 مؤرخہ 8 ستمبر 2014 کمپنیوں کو اس بات کی اجازت دی ہے کہ کمپنیاں اپنے ممبران کو آڈٹ شدہ مالیاتی رپورٹیں بمعدہ نوٹس برائے سالانہ نظر ثانی اجلاس بذریعہ ای میل بھیج سکتی ہیں۔ اسی اعتبار سے بذریعہ بذاتنام ممبران سے التماس ہے کہ اس سلسلے میں اپنی رضامندی کے ساتھ اپنے ای میل کے پتے کمپنی کو بھیجیں تاکہ انھیں آڈٹ شدہ مالیاتی رپورٹیں اور نوٹس بذریعہ ای میل بھیجوائی جاسکیں۔ اس سہولت سے فائدہ اٹھانے کیلئے مضاربہ کے ویب سائٹ www.fanm.co پر ایک معیاری فارم دستیاب ہے۔

انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت انکم ٹیکس گوشواروں کے فائلرز اور نان فائلرز کے جاری ٹیکس ریٹ کے حساب سے ہوں گے ایف بی آر کے وہ ہولڈنگ مطابق ٹیکس جن مشترکہ ہولڈرز کی شرکت کا تناسب نہیں معلوم ہو گا ان کا ٹیکس برابری کی شرکت اور جملہ فائلرز اور نان فائلرز کے ٹیکس ریٹ کے حساب سے ہو گا۔ وہ ممبر جو مشترکہ ہولڈنگ رکھتے ہیں ان سے درخواست ہے کہ وہ اپنی ہولڈنگ کی تفصیلات کمپنی کے شیئر رجسٹرار کو مندرجہ ذیل طریقے کار سے بھیجیں۔ تفصیلات نہ ملنے کی صورت میں یہ تصور کیا جائے گا کہ سرٹیفیکٹ کی شرکت برابری کی بنیاد پر ہیں۔

| Name | Account # | Shares | CNIC # | | (No of shares) | |
|------|-----------|--------|--------|--|----------------|--|
| | | | | | | |
| | | | | | | |
| | | | | | | |

اگر سرٹیفیکٹ ہولڈر چاہتے ہیں کہ کمپنی منافع کی تقسیم پر فائلرز کے ٹیکس ریٹ پر کٹوتی کرے تو سرٹیفیکٹ ہولڈر سے درخواست ہے کہ وہ اپنا نام ایف بی آر کی Active Tax Payer List میں شامل کروائیں ورنہ ان کی کٹوتی نان فائلرز کے ٹیکس ریٹ کے حساب سے کی جائیگی۔

ایف بی آر کے سرکر نمبر (29) SHT / 2006 بتاریخ 30 جون 2010 اور (43) DG (WHT) 2008 والیم R2- 66417 بتاریخ 12 مئی 2015 کے مطابق جہاں قانونی استثناء شیڈول دو نم پارت 4 کی دفعہ 47 کی تحت حاصل ہے، وہاں درست سرٹیفیکٹ برائے استثناء وہ ہولڈنگ ٹیکس کی چھوٹ کے دعویٰ کے لیے لازمی ہے۔ وہ سرٹیفیکٹ یافتگان جو درج بالا زمرہ میں استثناء حاصل کرنا چاہتے ہیں وہ اپنا قابل قبول سرٹیفیکٹ برائے استثناء ہمارے شیئر رجسٹرار کو کتابوں کی بندش سے پہلے ضرور مہیا فرمائیں ورنہ ان کا لاگو شرح کے حساب سے تقسیم شدہ منافع (ڈیویڈنڈ) پر وہ ہولڈنگ ٹیکس منہا کر لیا جائے گا۔

ایسے سرٹیفیکٹ یافتگان جو غیر مقیم پاکستانی ہوں ان سے درخواست کی جاتی ہے وہ اپنی متعلقہ تفصیل بشمول اقامت نامہ اور شہریت نائیکو پ (N.I.C.O.P) کی نقل کاپی کے ساتھ ہمارے شیئر رجسٹرار کو کتابوں کی بندش سے پہلے ضرور مہیا فرمائیں یا درج پتے پر ای میل کر دیں corporate@fanm.co۔ مزکورہ معلومات کی عدم دستیابی کی صورت میں متعلقہ شرح کے حساب سے وہ ہولڈنگ ٹیکس لاگو ہو گا۔

سرٹیفیکٹ ہولڈر (فزیکل) سے درخواست ہے کہ وہ جلد از جلد اپنے پتے میں ہونے والی کسی بھی تبدیلی سے آگاہ کریں اور ضرورت ہو تو اپنے ذمہ ڈیکلریشن فارم کمپنی رجسٹرار کو بھیجیں۔

فرد واحد کے اکاؤنٹ ہولڈر کے حامل یا زبلی اکاؤنٹ ہولڈر یا / اور ایسا کوئی فرد جس کی سیکیورٹیز مشترکہ صورت میں موجود ہو اسے اجلاس میں شرکت کیلئے اپنا اصل قومی شناختی یا پاسپورٹ ظاہر کرنا لازمی ہو گا۔

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

اطلاع برائے سالانہ جائزہ اجلاس

بذریعہ ہذا حصص یافتگان کو اطلاع دی جاتی ہے فرسٹ النور مضاربہ کا ایکسواں (21) سالانہ جائزہ اجلاس بروز ہفتہ بتاریخ 24 اکتوبر 2020 کو دن کے 12:00 بجے مضاربہ کے رجسٹرڈ دفتر 96 - اے سندھی مسلم کو آپریٹو ہاؤسنگ سوسائٹی میں منعقد کیا جائے گا۔

بحکم بورڈ

رونی عبدالرزاق

کمپنی سیکرٹری

کراچی: 25 ستمبر 2020

نوٹ:

مضاربہ کی ٹرانسفر بکس مورخہ 21 اکتوبر 2020 بروز جمعہ سے 03 نومبر 2020 بروز بدھ (بشمول دونوں دن) تک بند رہیں گی اور درج بالا دونوں میں کوئی منتقلی قبول نہیں کی جائے گی سالانہ اجلاس میں شرکت کے سلسلے میں ہمارے شیئرز رجسٹرار، میسرز فیکو ایسوسی ایشن پرائیویٹ لمیٹڈ، 8-ف نزد فاران ہوٹل، نرسری، بلاک 6، پی ای سی ایچ ایس، کراچی کو مورخہ 23 اکتوبر 2020 کو دفتری اوقات ختم ہونے تک موصول ہونے پر ٹرانسفر بروقت اور سالانہ جائزہ اجلاس میں شرکت کے اہل تصور کیے جائیں گے۔

COVID-19 کی وبا کے پیش نظر سیکیورٹیز اینڈ ایکسچینج کمیشن نے اپنے سرکل نمبر 5 بتاریخ 17 مارچ 2020 کے تحت کمپنیوں کو باور کروایا ہے کہ وہ تمام منصوبہ بندی سے ہٹ کر بنائیں تاکہ سرٹیفکیٹ ہولڈرز کی خیریت کو طوطا رکھا جاسکے۔

سرٹیفکیٹ ہولڈرز جو سالانہ رپو میٹنگ میں وڈیو کانفرنس کے تحت شامل ہونا چاہتے ہیں ان سے درخواست ہے کہ وہ کمپنی سیکرٹری آفس میں اپنے آپ کو مندرجہ ذیل تفصیلات کے ساتھ اجلاس سے 24 گھنٹے پہلے (یعنی 22 اکتوبر 2020 کو 3:00 بجے دوپہر سے پہلے) رجسٹر کروائیں:-

: موبائل / واٹس ایپ : 0321-8213492

: ای میل : company.secretary@fanm.co

سرٹیفکیٹ ہولڈرز کو یہ باور کروایا جاتا ہے وہ اپنا نام، شناختی کارڈ نمبر، فوٹیو سی ڈی سی اکاؤنٹ نمبر، موبائل نمبر اور Valid ای میل آئی ڈی بھی شناخت کے لئے بھجوائیں۔

- کمپنیز ایکٹ 2017 کے سیکشن نمبر 242 کے تحت، یہ ضروری ہے کہ لسٹڈ کمپنیاں صرف الیکٹرونک ذریعے سے ہی سرٹیفکیٹ ہولڈرز کو ڈیویڈنڈ ان کے بینک کے کھاتوں میں ادا کرے۔ ڈیویڈنڈ کو اپنے بینک کے کھاتوں میں حاصل کرنے کے لیے، سرٹیفکیٹ ہولڈرز سے درخواست ہے کہ وہ الیکٹرونک کریڈٹ مینڈیٹ فارم جو کہ مضاربہ کی ویب سائٹ پر موجود ہے، کو اپنے دستخط اور شناختی کارڈ کی نقل کے ساتھ ہمارے شیئرز رجسٹرار، corporate@fanm.co کو بھجویں (صرف فزیکل سرٹیفکیٹ ہولڈرز کے لیے)۔

اگر سرٹیفکیٹ ہولڈرز سی ڈی سے منسلک ہیں، تو وہ الیکٹرونک کریڈٹ مینڈیٹ فارم ضرور اپنے بروکر / پارٹنرس / سی ڈی سی کھاتے داروں کو بھجویں مزید یہ کہ اگر ان کا آئی بی اے این پہلے سے موجود ہے تو ان کو مزید کسی طرح کی زحمت کی ضرورت نہیں۔



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