



First IBL Modaraba

Half Yearly Report
December 2020

www.jamapunji.pk



Key features:

- Licensed Entities Verification
- Scam motor*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

 jamapunji.pk

 @jamapunji_pk

*Mobile apps are also available for download for android and ios devices

Corporate Information

Modaraba Management Company	IBL Modaraba Management (Pvt.) Limited	
Board of Directors	Arslan Khan Khakwani Ibrahim Hassan Murad Naveed Amin	Chairman/ Director Director Director
Company Secretary	Hassan Fareed	
Chief Financial Officer	Zeeshan Ahmed	
Audit Committee	Naveed Amin Arslan Khan Khakwani Ibrahim Hassan Murad	Chairman Member Member
Sharia'ah Advisor	Dr. Salman Ahmed Khan	
Legal Advisor	M/s. Holscott International [Legal services]	
Bankers	Habib Bank Limited – Islamic Banking Meezan Bank Limited MCB Islamic Bank Limited The Bank of Punjab - Taqwa	
Registrar	Corp Tec Associates (Pvt.) Limited 503 E, Johar Town, Lahore.	
Registered/ Principal Office	Office No.412, 4 th Floor, 89/B-3, Al Hafeez Business Center, Gulberg 3, Lahore.	

MISSION STATEMENT

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

VISION STATEMENT

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

CORPORATE STRATEGY

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

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

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

Directors' Report

The Board of Directors of M/s. IBL Modaraba Management (Private) Limited [IBLMM], the Management Company of First IBL Modaraba [FIBLM], is pleased to present the Half Yearly Reviewed(un-audited) results of the First IBL Modaraba for the period ended December 31, 2020 along with Directors' Report to its certificate holders.

Competition with giant financial institutions, commercial banks, second wave of COVID and ongoing economic situation affected the performance of your Modaraba due to which Modaraba earned net profit of Rs.120,233/- during the period under review as compared to Rs.2,641,287/- in the corresponding period.

During the period under review your modaraba recovered major part of unverifiable receivables amounting to Rs.0.719 million. Amount reported in financial period June 30, 2020 as unverifiable receivables was Rs.0.845 million.

Total assets during the period under review were stood at Rs.209.788 million as compared to Rs.229.059 million in corresponding period. Whereas total liabilities were decrease by 47.06% amounting to Rs.19.444 million as compared to Rs.36.735 million.

During the quarter your modarabas showed noticeable performance and booked profit of Rs.1.266 million as compared to loss of Rs.1.146 million reported in the first quarter ended September 30, 2020.

In the competitive and tough business environment of the country the management is focused and committed to enhance the profitability and is putting its best efforts through working on improved/new business ideas based on modern technological business methodologies. The management is hopeful for further growth in business in coming quarter.

The Board remains thankful to Securities & Exchange Commission of Pakistan, Registrar Modaraba, State Bank of Pakistan, and NBFII & Modaraba Association of Pakistan for providing us their usual support and guidance.

The Board appreciates and pays gratitude to the certificate holders and customers for entrusting their confidence on us and we assure them to maintain adequate internal controls, providing personalized services and also an ideal environment of good corporate governance in all areas of the activities.

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

For & On behalf of the Board.

Director

February 25, 2020

ڈائریکٹرز رپورٹ

میں، بورڈ آف ڈائریکٹرز کی طرف سے آئی بی ایل مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ جو کہ فرسٹ آئی بی ایل مضاربہ کی مینجمنٹ کمپنی ہے 31 دسمبر 2020 کو اختتام پذیر ہونیوالی ششماہی کے غیر آڈٹ شدہ نظر ثانی شدہ مالیاتی گوشوارے مع ڈائریکٹرز رپورٹ اپنے سرٹیفیکیٹ ہولڈرز کو پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

بڑے مالیاتی اداروں کمرشل بینکوں کے ساتھ مقابلے، کووڈ کی دوسری لہر اور حالیہ معاشی صورتحال نے مضاربہ کی کارکردگی کو متاثر کیا جسکی وجہ سے مضاربہ نے پچھلے سال اسی مدت کے 2,641,287 روپے کے مقابلے میں 120,233 روپے کا خالص منافع کمایا۔

زیر جائزہ مدت کے دوران مضاربہ نے 0.719 ملین روپے کی ناقابل تصدیق وصولیاں کیں۔ مالی سال جون 2020 میں ناقابل تصدیق وصولیوں کی رقم 0.845 ملین روپے تھی۔

پہلی ششماہی کے دوران مضاربہ کے اثاثہ جات پچھلے سال کے 229.059 ملین روپے کے مقابلے میں 209.788 ملین روپے رہے جبکہ مالیاتی ذمہ داریوں میں 47.06 فیصد کمی ہوئی جو پچھلے سال کے 36.735 ملین روپے کے مقابلے میں 19.444 ملین روپے رہیں۔

حالیہ سہ ماہی مدت کے دوران مضاربہ نے قابل ذکر کارکردگی دکھائی اور پچھلی سہ ماہی کے 1.146 ملین روپے کے نقصان کے مقابلے میں 1.266 ملین روپے کا خالص منافع کمایا۔

مسابقتی اور سخت ملکی کاروباری حالات میں انتظامیہ کا منشور منافع میں اضافہ ہے اور اسکے لئے نئے بہتر اور جدید کاروباری طریقہ کار پر کام جاری ہے۔ انتظامیہ پر امید ہے کہ اگلی سہ ماہی میں کاروبار میں مزید بہتری آئے گی۔

آئی بی ایل مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ کا بورڈ، سیکورٹی اینڈ ایگزیکٹو کمیشن آف پاکستان، رجسٹرڈ مضاربہ، اسٹیٹ بینک آف پاکستان اور این بی ایف آئی اینڈ مضاربہ ایسوسی ایشن آف پاکستان کا، انکی ہمیشہ کی طرح حمایت اور رہنمائی کیلئے شکر گزار ہے۔

بورڈ اپنے سرٹیفیکیٹ ہولڈرز اور کاروباری پارٹنرز کا نہایت مشکور ہے۔ جنہوں نے ہم پر بھروسہ کیا، بورڈ ان کو اندرونی نظام پر ذاتی توجہ اور کارپوریٹ گورننس کے تمام شعبوں میں مثالی ماحول کو برقرار رکھنے کی یقین دہانی کرواتا ہے۔

بورڈ، مضاربہ کی مینجمنٹ اور اپنے ملازمین کی سخت محنت اور لگن کو جو انہوں نے مضاربہ کے ہر شعبے میں ترقی کیلئے کی ہے، کو سراہتا ہے۔

منتظم فرسٹ آئی بی ایل مضاربہ

ڈائریکٹر

25 فروری 2021

First IBL Modaraba Half Yearly Report 2020

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE CERTIFICATE HOLDERS OF FIRST IBL MODARABA ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **First IBL Modaraba** ("the Modaraba") as at December 31, 2020 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity, and notes to the financial statements for the six-month period then ended (here-in-after referred to as "the interim financial statements"). The Modaraba Management Company [IBL Modaraba Management (Private) Limited] is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures included in the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for half year ended December 31, 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The condensed interim financial statements for the half year ended December 31, 2019 and the annual financial statements for the year ended June 30, 2020 of the Modaraba were reviewed and audited, by another firm of chartered accountants who expressed a modified conclusion and opinion thereon vide their reports dated February 26, 2020 and September 28, 2020, respectively. The reason for modified conclusion and opinion was inability of the auditors to verify receivable balances aggregating Rs. 0.845 million.

The engagement partner on the review resulting in this independent auditor's review report is Amin Ali.

First IBL Modaraba Half Yearly Report 2020

SHARI'AH ADVISOR'S REPORT FOR THE YEAR ENDED December 31, 2020

I have conducted the Shari'ah review of First IBL Modaraba managed by IBL Modaraba Management (Pvt.) Ltd. for the half year ended December 31, 2020 in accordance with requirement of the Shari'a Compliance and Shari'ah Audit Mechanism for Modaraba.

I acknowledge and certify that as Sharia Advisor of the Modaraba, the financial arrangements, contracts and transactions entered into by the company with its customers, stake holders and participants are in compliance with the requirements of Sharia rules and principles.

During the review I have verified the following in compliance with Shariah mechanism:

- The transactions of Musharakah were reviewed on random selection basis.
- Sharia Compliance Checklists (SCC) of transactions was also reviewed on random basis.
- During the period, credit approvals, customer-specific transaction process flows, text of documents and security documents were reviewed to ensure Shariah compliance while offering financing products to the customers.
- Other related documents and procedures followed by different functional areas were found proper.
- During the period onsite training has been given to the staff.
- There is no receipt of charity during the financial year accordingly no amount was credited into charity account.

Conclusion

In this context of detailed Shari'ah review carried by the undersigned for the half year ended December 31, 2020, transactions during the period executed by FIBLM were found satisfactory as required by Shari'ah Audit Mechanism.

Dr. Mufti Salman Ahmad Khan
Shari'ah Advisor

February 25, 2021

First IBL Modaraba Half Yearly Report 2020

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2020

		December 31, 2020	June 30, 2020
	Note	(Un-audited) Rupees	(Audited) Rupees
ASSETS			
Current Assets			
Cash and bank balances		26,178,150	44,158,744
Ijarah rentals receivable	5	79,040	1,236,779
Advances, prepayments and other receivables		7,104,942	8,361,685
Short term investments	6	4,193,097	3,355,166
Short term musharakah receivables		8,000,000	8,000,000
Current portion of long term musharaka receivables		41,354,421	27,239,348
Total Current Assets		86,909,650	92,351,722
Non-Current Assets			
Long term musharakah receivables		49,532,056	42,627,904
Long term advances and deposits		2,619,260	2,619,260
Investment property	7	59,583,592	62,083,606
Fixed assets under ijarah arrangements	8	9,220,948	26,969,167
Fixed assets under own use	9	1,923,189	2,407,796
Total Non-Current Assets		122,879,045	136,707,733
Total Assets		209,788,695	229,059,455
LIABILITIES			
Current Liabilities			
Creditors, accrued and other liabilities		166,926	1,373,540
Musharakah profit payable		-	1,430,192
Musharaka finances		700,000	700,000
Current portion of long term security deposits		7,689,500	18,889,980
Unpresented profit warrants		10,888,413	10,670,220
Total Current Liabilities		19,444,839	33,063,932
Non-Current Liabilities			
Long term security deposits		-	3,672,000
Total Liabilities		19,444,839	36,735,932
NET ASSETS		190,343,856	192,323,523
REPRESENTED BY:			
CAPITAL AND RESERVES			
Certificate capital		216,875,000	216,875,000
Reserves		48,738,144	47,930,997
Accumulated loss		(75,269,288)	(72,482,474)
		190,343,856	192,323,523
Contingencies and Commitments	10	-	-

The annexed notes from 1 to 16 form an integral part of this condensed interim financial statements (un-audited).

Chief Executive

Director

Director

First IBL Modaraba Half Yearly Report 2020

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020

	Note	Half Year Ended December 31,		Quarter Ended December 31,	
		2020	2019	2020	2019
		Rupees	Rupees	Rupees	Rupees
INCOME FROM OPERATIONS					
Income from ijarah		2,710,785	4,639,010	1,521,940	1,712,113
Profit on musharaka investments		5,353,001	5,073,896	2,954,207	3,229,304
Income from investment property		3,747,720	3,747,720	1,873,860	1,873,860
Profit on deposits		664,912	490,237	646,725	99,214
Income from short term investments		54,831	40,929	54,831	49,289
		12,531,249	13,991,792	7,051,563	6,963,780
OTHER INCOME					
Other income		163,030	563,190	121,558	109,270
TOTAL INCOME		12,694,279	14,554,982	7,173,121	7,073,050
EXPENSES					
Operating expenses		(8,645,294)	(8,123,785)	(4,952,276)	(4,143,230)
Depreciation on assets under ijarah		(2,080,558)	(3,749,435)	(829,417)	(1,710,123)
Other operating expenses		(762,300)	(40,475)	(108,449)	-
Finance cost	11	(1,069,808)	-	-	-
		(12,557,960)	(11,913,695)	(5,890,142)	(5,853,353)
Operating Profit		136,319	2,641,287	1,282,979	1,219,697
Charge of Modaraba Management Company's fee		(13,632)	-	(13,632)	-
Worker's Welfare Fund		(2,454)	-	(2,454)	-
Net Profit for the Period		120,233	2,641,287	1,266,893	1,219,697
Earnings per Certificate - Basic and Diluted		0.01	0.12	0.06	0.06

The annexed notes from 1 to 16 form an integral part of this condensed interim financial statements (un-audited).

Chief Executive

Director

Director

First IBL Modaraba Half Yearly Report 2020

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2020

	Half Year Ended December 31,		Quarter Ended December 31,	
	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees
Net Profit for the Period	120,233	2,641,287	1,266,893	1,219,697
<i>Other comprehensive income</i>				
<i>Items that may be reclassified subsequently to profit or loss account</i>	-	-	-	-
<i>Items that will not be reclassified subsequently to profit or loss account</i>				
Net unrealized gain / (loss) on available for sale investments	783,100	660,614	(110,887)	791,235
Total Comprehensive Income for the Period	903,333	3,301,901	1,156,006	2,010,932

The annexed notes from 1 to 16 form an integral part of this condensed interim financial statements (un-audited).

Chief Executive

Director

Director

First IBL Modaraba Half Yearly Report 2020

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Half Year Ended December 31,	
	2020	2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	120,233	2,641,287
Adjustments for:		
- Depreciation of fixed assets under own use	484,607	489,066
- Depreciation of investment properties	2,500,014	2,500,014
- Depreciation of fixed assets under ijarah arrangements	2,080,558	3,749,435
- Provision in respect of profit on musharaka facilities	600,000	-
- Suspension made against ijarah rentals	679,400	-
- Reversal of suspension on ijarah rentals	(812,340)	-
- Revaluation gain on investment at fair value through profit or loss	(54,831)	(40,929)
- Worker's Welfare Fund	2,454	-
- Gain on disposal of fixed assets under use	-	2,200
- Finance cost	1,069,808	-
- Gain on termination of ijarah arrangements	(70,563)	174,179
- Profit on bank deposits	(664,912)	(490,237)
	<u>5,814,195</u>	<u>6,383,728</u>
Operating profit before working capital changes	5,934,428	9,025,014
Decrease / (increase) in current assets:		
- Advances, prepayments and other receivables	1,395,693	4,218,415
- Ijarah rentals receivable	1,290,679	(341,091)
- Short term musharakah receivables	-	(11,089,886)
Decrease in current liabilities:		
- Musharakah profit payable	(1,430,192)	-
- Creditors, accrued and other liabilities	(1,209,068)	(1,249,270)
	<u>47,112</u>	<u>(8,461,831)</u>
Net cash Generated from / (Used in) changes in working capital	5,981,540	563,183
Cash Generated from Operations		
<i>Increase in non-current assets:</i>		
Long term musharakah receivables	(21,619,225)	(3,104,122)
<i>Decrease in non-current liabilities:</i>		
Long term security deposits - ijarah	-	(1,821,590)
Income taxes paid	(138,950)	(93,891)
Financial charges paid	(1,069,808)	-
Profit received on bank deposits	664,912	490,237
	<u>(16,181,531)</u>	<u>(3,966,182)</u>
Net Cash Used in Operating Activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets under own use	-	(27,500)
Proceeds from disposal of assets on termination / completion of ijarahs	966,514	4,866,461
Receipt of customers' security deposits	2,530	-
Purchase of ijarah assets	(103,300)	-
Short term investments - net	-	(12,701,552)
	<u>865,744</u>	<u>(7,862,591)</u>
Net Cash Generated From / (Used in) Investing Activities		
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(2,664,807)	(3,470,000)
	<u>(2,664,807)</u>	<u>(3,470,000)</u>
Net Cash used in Financing Activities		
Net Decrease in Cash and Cash Equivalents	(17,980,594)	(15,298,773)
Cash and cash equivalents at the beginning of the period	44,158,744	32,047,734
Cash and Cash Equivalents at the end of the Period	<u>26,178,150</u>	<u>16,748,961</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial statements (un-audited).

Chief Executive

Director

Director

First IBL Modaraba Half Yearly Report 2020

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

Particulars	Certificate Capital	Reserves			Accumulated Loss	Total Equity
		Statutory reserve	Unrealized gain on revaluation of available for sale investments	Sub Total		
Rupees						
Balance as at June 30, 2019	216,875,000	44,010,129	2,295,381	46,305,510	(72,214,749)	190,965,761
Net profit for the period ended December 31, 2019	-	-	-	-	2,641,287	2,641,287
Other comprehensive income for the six months period ended December 31, 2019	-	-	660,614	660,614	-	660,614
Total comprehensive income for the period	-	-	660,614	660,614	2,641,287	3,301,901
Profit distribution for the year ended June 30, 2019	-	-	-	-	(3,470,000)	(3,470,000)
Balance as at December 31, 2019	216,875,000	44,010,129	2,955,995	46,966,124	(73,043,462)	190,797,662
Balance as at June 30, 2020	216,875,000	44,810,698	3,120,299	47,930,997	(72,482,474)	192,323,523
Net profit for the period ended December 31, 2020	-	-	-	-	120,233	120,233
Other comprehensive income for the six months period ended December 31, 2020	-	-	783,100	783,100	-	783,100
Total comprehensive income for the period	-	-	783,100	783,100	120,233	903,333
Transfer to statutory reserve at 20% of the profit for the period	-	24,047	-	24,047	(24,047)	-
Profit distribution for the year ended June 30, 2020	-	-	-	-	(2,883,000)	(2,883,000)
Balance as at December 31, 2020	216,875,000	44,834,745	3,903,399	48,738,144	(75,269,288)	190,343,856

The annexed notes from 1 to 16 form an integral part of this condensed interim financial statements (un-audited).

Chief Executive

Director

Director

First IBL Modaraba Half Yearly Report 2020

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

Note 1

Legal Status and Nature of Business

First IBL Modaraba ("the Modaraba") is a multi purpose, perpetual and multi dimensional Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and rules framed thereunder, having its registered office at Office No. 412, 4th Floor, Al-Hafeez Buiness Center, 89-B/3, Gulberg 3, Lahore. The Modaraba is managed by IBL Modaraba Management (Private) Limited (Modaraba Management Company) incorporated in Pakistan under the Companies Ordinance, 1984 and registered with the Registrar of Modaraba Companies. The Modaraba is domiciled in Pakistan and its certificates are listed on Pakistan Stock Exchange Limited (PSX). The Modaraba commenced its operations on October 19, 1989 and is currently engaged in various Islamic modes of financing and operations including Ijarah, Musharaka and Murabaha arrangements.

Note 2

Basis of Preparation

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.
- Provisions of and directives issued under the Companies Act, 2017, Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (hereinafter referred to as the relevant laws).

Where the provisions of relevant laws differ with the requirements of IAS 34 and IFASs, the provisions of and directives of relevant laws have been followed.

- 2.2** These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2020. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2020 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative cash flows statement and comparative statement of changes in equity are extracted from unaudited interim financial statements for the half year ended December 31, 2019.
- 2.3** These financial statements have been prepared under the historical cost convention, except for investments that are measured at fair value.
- 2.4** These condensed interim financial statements are unaudited; however, a limited scope review has been performed by the external auditors as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019.

First IBL Modaraba Half Yearly Report 2020

2.5 The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2020.

2.6 These condensed interim un-audited financial statements are presented in Pak Rupees, which is the Modaraba's functional and presentational currency. All the figures have been rounded off to the nearest rupees, unless otherwise stated.

Note 3

Significant Accounting Policies

The Modaraba's accounting and financial risk management policies and methods of computation adopted in the preparation of these condensed interim financial statements (un-audited) are the same as those applied in the preparation of preceding annual published financial statements of the Modaraba for the year ended June 30, 2020.

Note 4

Taxation

Under the current tax law, the income of non-trading modarabas is exempt from tax provided that they distribute ninety (90) percent of their profits as cash dividend to the certificate holders out of current period's total profit after appropriating statutory reserves. Where such profits are not distributed, provision for tax is made on taxable income at the current tax rates applicable to Modaraba after taking into account the available tax exemptions and tax credits, if any. As the management is intending to follow the aforesaid policy for profit distribution for the current year, no provision with respect to current and deferred taxation has been made in these condensed interim financial statements (un-audited).

Note 5

Ijarah Rentals Receivable

		December 31, 2020	June 30, 2020
	Note	(Un-audited) Rupees	(Audited) Rupees
Considered good		79,040	1,236,779
Considered doubtful		9,567,630	9,700,570
		<u>9,646,670</u>	<u>10,937,349</u>
Provision against doubtful ijarah rentals	5.2	<u>(9,567,630)</u>	<u>(9,700,570)</u>
		<u>79,040</u>	<u>1,236,779</u>

5.1 These represent rentals receivable against assets leased out under ijarah arrangements.

5.2 Movement in provision against doubtful ijarah rentals are as follows:

Opening balance	9,700,570	9,876,185
Recognized during the period / year	679,400	435,145
Reversed during the period / year	(812,340)	(610,760)
	<u>(132,940)</u>	<u>(175,615)</u>
Closing balance	<u>9,567,630</u>	<u>9,700,570</u>

First IBL Modaraba Half Yearly Report 2020

Note 6

Short Term Investments

		December 31, 2020	June 30, 2020
	Note	(Un-audited) Rupees	(Audited) Rupees
Investments in listed equity securities are classified as:			
- Available for sale	6.1	3,903,441	3,120,341
- At fair value through profit or loss	6.2	289,656	234,825
		<u>4,193,097</u>	<u>3,355,166</u>

6.1 Available for sale

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

Number of shares/Certificates		Name of investee	Market Value	
December 31, 2020	June 30, 2020		December 31, 2020	June 30, 2020
(Un-audited)	(Audited)		(Un-audited) Rupees	(Audited) Rupees
15,662	15,662	The Searle Company Limited	3,903,441	3,120,341

6.2 At fair value through profit or loss

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

Number of shares/Certificates		Name of investee	Market Value	
December 31, 2020	June 30, 2020		December 31, 2020	June 30, 2020
(Un-audited)	(Audited)		(Un-audited) Rupees	(Audited) Rupees
219	219	IBL HealthCare Limited	25,246	16,961
200	200	Attock Refinery Limited	36,410	17,864
100,000	100,000	First Punjab Modaraba	228,000	200,000
<u>100,419</u>	<u>100,419</u>		<u>289,656</u>	<u>234,825</u>

First IBL Modaraba Half Yearly Report 2020

Note 7

Investment Property		December 31, 2020	June 30, 2020
	Note	(Un-audited) Rupees	(Audited) Rupees
Cost			
Opening balance		100,000,465	100,000,465
Additions during the period / year		-	-
Closing balance		100,000,465	100,000,465
Accumulated Depreciation			
Opening balance		(37,916,859)	(32,916,831)
Charged during the period / year	7.1	(2,500,014)	(5,000,028)
Closing balance		(40,416,873)	(37,916,859)
		<u>59,583,592</u>	<u>62,083,606</u>

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

Note 8

Fixed Assets Under Ijarah Arrangements		December 31, 2020	June 30, 2020
		(Un-audited) Rupees	(Audited) Rupees
Opening balance		26,969,167	36,846,759
Additions at cost		103,300	-
Less: Written down value of assets disposed off		(15,770,961)	(3,467,039)
		11,301,506	33,379,720
Less: Depreciation charged during the period / year		(2,080,558)	(6,410,553)
		<u>9,220,948</u>	<u>26,969,167</u>

Note 9

Fixed Assets Under Own Use		December 31, 2020	June 30, 2020
		(Un-audited) Rupees	(Audited) Rupees
Opening balance		2,407,796	3,348,799
Additions at cost		-	27,500
Less: Written down value of assets disposed off		-	(20,000)
		2,407,796	3,356,299
Less: Depreciation charged during the period / year		(484,607)	(948,503)
		<u>1,923,189</u>	<u>2,407,796</u>

First IBL Modaraba Half Yearly Report 2020

Note 10

Contingencies and Commitments

There are no material contingencies and commitments of the Modaraba as of the reporting date (June 30, 2020: Nil).

Note 11

Finance Cost

This represents charges paid by the Modaraba to UDL Modaraba on account of settlement of musharakah profit payable.

Note 12

Balances and Transactions with Related Parties

12.1 The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba. The Modaraba records the management fee payable on the basis of annual profits in its financial statements.

12.2 Related parties comprise the Management Company, associated undertakings having common directorship, directors and key management personnel of the Management Company and their close family members and entities with common directors or under common management.

12.3 Details of transactions with related parties and balances with them as at the period end are as follows:

			December 31, 2020	December 31, 2019
			(Un-audited)	(Un-audited)
			Rupees	Rupees
Transactions during the period				
Related party	Relation	Nature of Transaction		
IBL Modaraba Management (Private) Limited	Management Company	Management fee paid during the period	444,760	223,131
		Management fee accrued during the period	13,632	-
University of Management and Technology	Common Directorship	Rent of library building during the period	3,747,720	3,747,720
Outstanding Balances as at,			December 31, 2020	June 30, 2020
			(Un-audited)	(Audited)
			-----Rupees-----	
IBL Modaraba Management (Private) Limited		Payable against management fee and others	13,632	444,760

Note 13

Segment Reporting

13.1 A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined the operating segments based on the information that is presented to the Chief Executive Officer (Chief Operating Decision Maker) for allocation of resources and assessments of performance. Based on internal management reporting structure, the Modaraba is organized into following operating segments:

Types of segments	Nature of business
- Ijarah finances	Giving right to the benefit of using an asset for a consideration
- Musharakah finances	Joint enterprise formed for conducting some business
- Investments	Investments made in equity instruments of other companies and other investments

No operating segment has been aggregated to or from the above reportable operating segments.

The Chief Operating Decision Maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit, profit from operations, reduction in operating cost and free cash flows.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. There were no transfers during the period (June 30, 2020: Nil).

13.2 Segment analysis

The segment information for the reportable segments for the period / year is as follows:

	December 31, 2020		December 31, 2019		Total	Total
	Musharakah Finances	Investments	Ijarah Finances	Musharakah Finances		
Segment revenues / profits						
Revenues	2,710,785	3,747,720	4,639,010	5,073,896	3,747,720	13,460,626
Gain on termination of ijarahs	70,563	-	174,179	-	-	174,179
Depreciation	(2,080,558)	-	(3,749,435)	-	-	(3,749,435)
Unrealized gain on revaluation of investments	-	54,831	-	-	40,929	40,929
Reportable segment profit	700,790	3,802,551	1,063,754	5,073,896	3,788,649	9,926,299
	December 31, 2020		June 30, 2020			
Reportable segment assets	9,299,988	63,776,689	28,205,946	79,952,695	65,438,772	173,597,413
Reportable segment liabilities	7,689,500	-	22,561,980	-	-	22,561,980
Additions to non-current assets	103,300	-	-	-	-	-

Rupees
(Un-Audited)

First IBL Modaraba Half Yearly Report 2020

Reconciliation of reportable segments revenues, profit or loss, assets and liabilities is as follows:

	December 31, 2020	December 31, 2019
	----- (Un-Audited) -----	
	----- Rupees -----	
Revenues		
Total revenues for reportable segments	11,936,900	13,675,734
Other revenues:		
Other income	92,467	389,011
Profit on deposits	664,912	490,237
	757,379	879,248
Modaraba's revenues	<u>12,694,279</u>	<u>14,554,982</u>
Profit		
Total profit for reportable segments	9,856,342	9,926,299
Other components:		
Profit on deposits	664,912	490,237
Other income	92,467	389,011
Operating expenses	(8,645,294)	(8,123,785)
Other operating expenses	(762,300)	(40,475)
Finance cost	(1,069,808)	-
Charge of Modaraba Management Company's fee	(13,632)	-
Worker's Welfare Fund	(2,454)	-
	(9,736,109)	(7,285,012)
	<u>120,233</u>	<u>2,641,287</u>

First IBL Modaraba Half Yearly Report 2020

	December 31, 2020	June 30, 2020
	(Un-Audited)	(Audited)
	----- Rupees -----	
Assets		
Total assets for reportable segments	173,660,874	173,597,413
Corporate assets unallocated:		
Advances, prepayments and other receivables	5,407,222	6,276,242
Long term advances and deposits	2,619,260	2,619,260
Fixed assets under own use	1,923,189	2,407,796
	9,949,671	11,303,298
Cash and bank balances	26,178,150	44,158,744
Total assets as per the balance sheet	<u>209,788,695</u>	<u>229,059,455</u>
Liabilities		
Total liabilities for reportable segments	7,689,500	22,561,980
Corporate liabilities unallocated:		
Creditors, accrued and other liabilities	166,926	1,373,540
Musharakah profit payable	-	1,430,192
Musharaka finances	700,000	700,000
Unpresented profit warrants	10,888,413	10,670,220
Total liabilities as per the balance sheet	<u>19,444,839</u>	<u>36,735,932</u>

First IBL Modaraba Half Yearly Report 2020

Certain liabilities, assets, other income and other operating charges of the Modaraba cannot be allocated to a specific segment. Accordingly, these amounts have been classified as unallocated.

There are no differences between the measurements of the reportable segments' profits or losses, assets and liabilities with the Modaraba's profits or losses, assets and liabilities.

There are no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

There are no asymmetrical allocations to reportable segments.

13.3 Geographical segments

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

Note 14

Financial Risk Management

14.1 Financial risk factors

The Modaraba's activities expose it to a variety of financial risks: market risk (including currency risk, fair value risk, profit rate risk and price risk), credit risk and liquidity risk.

These condensed interim financial statements (un-audited) do not include all financial risk management information and disclosures required in the annual financial statements; and should be read in conjunction with the Modaraba's annual financial statements for the year ended June 30, 2020. There have been no changes in any risk management policies since the year end.

14.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

First IBL Modaraba Half Yearly Report 2020

The following table presents the Modaraba's assets and liabilities that are measured at fair value as at December 31, 2020 (Un-audited):

	Level 1	Level 2	Level 3	Total
	Rupees			
Assets				
- Available for sale investments	3,903,441	-	-	3,903,441
- Investments at fair value through profit or loss	289,656	-	-	289,656
	<u>4,193,097</u>	<u>-</u>	<u>-</u>	<u>4,193,097</u>

The following table presents the Modaraba's assets and liabilities that are measured at fair value as at June 30, 2020:

	Level 1	Level 2	Level 3	Total
	Rupees			
Assets				
- Available for sale investments	3,120,341	-	-	3,120,341
- Investments at fair value through profit or loss	234,825	-	-	234,825
	<u>3,355,166</u>	<u>-</u>	<u>-</u>	<u>3,355,166</u>

During the half year ended December 31, 2020, there were no significant changes in the business or economic circumstances that affect the fair value of the Modaraba's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets and there were no changes in valuation techniques during the period.

Note 15

General

No significant re-arrangements have been made in comparative condensed interim financial statements (un-audited).

Note 16

Date of Authorization for Issue

These condensed interim financial statements (un-audited) have been approved by the Board of Directors of IBL Modaraba Management (Private) Limited and authorized for issuance on February 25, 2021.

Chief Executive

Director

Director