



# **First IBL Modaraba**

**QUARTERLY REPORT SEPTEMBER 2018**

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# CORPORATE INFORMATION

## Modaraba Management Company

### Board of Directors

### Chief Executive Officer

### Company Secretary

### Chief Financial Officer

### Internal Auditor

### Audit Committee

### Sharia'ah Advisor

### Legal Advisor

### Bankers

### Registrar

### Registered Office

### Principal Office

## IBL Modaraba Management (Pvt.) Limited

Arslan Khan Khakwani  
Naveed Amin  
Shiraz Butt

Chairman/Director  
Director  
Director

Shiraz Butt

Hassan Fareed

Zeeshan Ahmed

Hasnain Shafqat

Naveed Amin  
Arslan Khan Khakwani  
Muhammed Ilyas

Chairman  
Member  
Secretary

Dr. Salman Ahmed Khan

M/s. Holscott International [Legal Services]

Habib Bank Limited – Islamic Banking  
Meezan Bank Limited  
MCB Islamic Bank Limited

Corp Tec Associates (Pvt.) Limited  
503 E, Johar Town, Lahore.

Room #1, 87 Aurangzeb Block,  
New Garden Town, Lahore.

87 Aurangzeb Block, New Garden Town, Lahore.

# **Directors' Report**

On behalf of Board of Directors of IBL Modaraba Management (Pvt.) Ltd, the management company of First IBL Modaraba (FBLM), I am pleased to present Quarterly report with un-audited financial statements of FIBLM for the 1<sup>st</sup> quarter ended September 30, 2018.

Pakistan's economy is facing testing times. Although exports and inflows from remittance increased during the first quarter. High oil process is pressuring the current account deficit. Moreover, foreign exchange reserves hit multiyear low at the close of quarter ended September 2018. Tough competition with giant financial institution in the financial market and political unrest in the country, were also the major factors due to which sustainability was little tough. Despite of all this modaraba booked operating income of Rs. 5.431 million as compared to Rs. 9.538 million in the preceding period. Whereas modaraba booked other income of Rs. 0.739 million as compared to Rs. 0.051 million in September 2017.

During the reporting period major income generating segments were Ijarah (40.75%), Musharikhah (24.47%) and investment property (34.5%) and it is expected that income from the referred segments will improve in future.

Despite of inflationary effect and increase in overhead cost nationwide, modaraba managed to reduce its expenses by 7.77%. Total expenses were booked amounting to Rs. 8.209 million as compared to Rs. 8.901 million in the corresponding period.

During the 1<sup>st</sup> quarter under review, total assets of Modaraba were stood at Rs. 223.448 million with total liabilities at 36.576 million.

Working on new business ideas and implementing modern business methodologies to improve profitability is main objective of the management. The management of Modaraba is putting its best efforts for sustainability of Modaraba and to increase in profitability for its certificate holders.

Recovery of non-performing assets and reinvestment of the same in to income generating segments is on top priority of modaraba.

I would like to express my gratitude to the Securities & Exchange Commission of Pakistan, Registrar Modarabas, State Bank of Pakistan and NBFI & 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 maintenance of adequate internal controls, providing personalize services and also to maintain an ideal environment of good corporate governance in all areas of the activities.

Finally the board appreciates the dedication and hard work put in by the team of First IBL Modaraba.

for & on behalf of the Board,



**Shiraz Butt**

Chief Executive Officer  
October 26, 2018

## 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 30 ستمبر 2018 کو اختتام پذیر ہونیوالی پہلی سہ ماہی کے، غیر تصدیق شدہ مالیاتی دستاویزات مع ڈائریکٹرز رپورٹ، اپنے سرٹیفکیٹ ہولڈر کو پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

پاکستان کی اکانومی مشکل وقت سے گزر رہی ہے۔ اگرچہ موجودہ مالی سال کی پہلی سہ ماہی میں برآمدات اور ترسیل زر میں اضافہ ہوا لیکن تیل کی بڑھتی ہوئی قیمت کرنٹ اکاؤنٹ میں خسارے کی بڑی وجہ ہے۔ ستمبر 2018 کے اختتام پر غیر ملکی زرمبادلہ گزشتہ سالوں کی نسبت کم ترین سطح پر ہیں۔ بڑے مالیاتی اداروں کے ساتھ مقابلے اور ملک میں غیر یقینی سیاسی صورتحال کی وجہ سے استحکام مشکل تھا اسکے باوجود مضاربہ نے گزشتہ مدت کے 9.538 ملین روپے کے مقابلے میں 5.431 ملین روپے آ پریٹنگ آمدن دیکھائی۔ جبکہ دیگر آمدنی ستمبر 2017 کے 0.051 ملین روپے کے مقابلے میں 0.739 ملین روپے رہی۔

زیر غور مدت کے دوران زیادہ آمدنی اجارہ (40.75%)، مشارکہ (24.47%)، جائیداد میں سرمایہ کاری (34.5%) سے ہوئی۔ مستقبل میں اس میں مزید بہتری کی امید ہے۔

ملک میں بڑھتی ہوئی افراط زر کی شرح میں اور آپریشنل اخراجات میں اضافے کے باوجود، مضاربہ کے اخراجات میں 7.77% کمی ہوئی۔ کل اخراجات پچھلے سال کے 8.901 ملین روپے کے مقابلے میں 8.209 ملین روپے رہے۔

پہلی سہ ماہی کے دوران مضاربہ کے اثاثہ جات 223.448 ملین جبکہ مالیاتی ذمہ داریاں 36.576 ملین روپے رہیں۔ آمدن میں اضافے کے لیے نئے کاروباری منصوبے، جدید کاروباری طریقہ کار کی عمل درآمدگی مضاربہ کا بنیادی مقصد رہی۔ انتظامیہ مضاربہ کے استحکام اور سرٹیفکیٹ ہولڈرز کے لیے منافع میں اضافے کے سلسلے میں اپنی بھرپور کاوشیں بروئے کار لا رہی ہے۔ ریکوری ٹیم غیر مصدقہ قابل وصول رقوم کی وصولی کیلئے ترجیحی بنیادوں پر کاوشیں کر رہی ہے۔

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

بورڈ اپنے سرٹیفکیٹ ہولڈرز اور گاہکوں کا نہایت مشکور ہے۔ جنہوں نے ہم پر بھروسہ کیا اور ان کو اندرونی نظام و ذاتی توجہ اور کارپوریٹ گورننس کے تمام شعبوں میں مثالی ماحول کو برقرار رکھنے کی یقین دہانی کروا تا ہے۔

بورڈ، مضاربہ کی مینجمنٹ اور کارکنان 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



شیراز بٹ

چیف ایگزیکٹو آفیسر

26 اکتوبر 2018

# BALANCE SHEET

## FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Note	September 30, 2018 Rupees	June 30, 2018 Rupees
<b>ASSETS</b>			
<b>Current Assets</b>			
Bank balances		57,127,752	23,503,774
Ijarah rentals receivable		1,176,086	439,111
Advances, prepayments and other receivables	3	9,107,582	9,212,560
Short term investments	4	5,526,300	5,927,880
Short term musharikah receivables		20,607,139	53,857,958
Current portion of long term musharikah receivables		8,641,533	11,204,478
Murabaha receivables		500,000	500,000
		102,686,391	104,645,761
<b>Non-Current Assets</b>			
Long term musharikah receivables		1,166,361	1,891,061
Long term advances and deposits		2,619,260	2,619,260
Investment property		70,833,655	72,083,662
Fixed assets under ijarah arrangements		42,531,931	40,132,004
Fixed assets under own use		3,610,768	2,850,284
		120,761,975	119,576,271
<b>Total Assets</b>		<b>223,448,366</b>	<b>224,222,032</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Creditors, accrued and other liabilities	5	1,169,123	1,044,156
Short term borrowing		-	-
Musharaka profit payable		1,430,192	1,430,192
Musharaka finances		700,000	700,000
Current portion of non-current liabilities		11,114,320	11,114,320
Deferred murabah income		2,967	17,600
Unpresented profit warrants		10,480,706	10,480,807
		24,897,308	24,787,075
<b>Non-Current Liabilities</b>			
Long term security deposits		11,679,250	10,155,550
		11,679,250	10,155,550
<b>Total Liabilities</b>		<b>36,576,558</b>	<b>34,942,625</b>
<b>NET ASSETS</b>		<b>186,871,808</b>	<b>189,279,407</b>
<b>REPRESENTED BY:</b>			
Certificate capital		216,875,000	216,875,000
Reserves		48,016,547	48,385,700
Accumulated loss		(78,019,739)	(75,981,293)
Contingencies and commitments		-	-
		186,871,808	189,279,407

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

S/D  
CHIEF EXECUTIVE

S/D  
DIRECTOR

S/D  
DIRECTOR

## PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	September 30, 2018	Septemehr 30, 2017
	Rupees	Rupees
<b>INCOME FROM OPERATION</b>		
Income from ijarah	2,213,593	5,407,486
Profit on murabaha investment	14,633	11,666
Profit on musharaka investments	1,329,320	2,245,141
Income from investment property	1,873,860	1,873,860
Profit on modaraba certificate, term deposit receipts and bank deposits	86	562
	5,431,492	9,538,715
<b>OTHER INCOME</b>		
Reversal of provision against non-performing musharaka profit receivables - net	-	13,524
Other income	739,333	38,417
	739,333	51,941
<b>TOTAL INCOME</b>	<u>6,170,825</u>	<u>9,590,656</u>
<b>EXPENSES</b>		
Operating expenses	(4,524,832)	(5,756,202)
Depreciation on assets under ijarah	(3,459,891)	(2,939,773)
Other operating expenses	(224,540)	(205,298)
	<u>(8,209,263)</u>	<u>(8,901,273)</u>
Profit before Modaraba Company's management fee	(2,038,439)	689,383
<b>Net loss/prophit for the period</b>	<u>(2,038,439)</u>	<u>689,383</u>
<b>Earnings per Modaraba Certificate - Basic &amp; Diluted</b>	<u>(0.09)</u>	<u>0.03</u>

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

S/D  
CHIEF EXECUTIVE

S/D  
DIRECTOR

S/D  
DIRECTOR



# STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	September 30, 2018	Septemebr 30, 2017
	Rupees	Rupees
<b>Net Loss/Profit Profit for the period</b>	(2,038,439)	689,383
<b><i>Other comprehensive income</i></b>		
<b>Items that may be reclassified subsequently to profit and loss</b>		
Unrealized loss in value of available for sale investments	(369,153)	(1,422,286)
Other comprehensive loss for the period	(369,153)	(1,422,286)
<b>Total Comprehensive loss for the period</b>	<u>(2,407,592)</u>	<u>(732,903)</u>

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

S/D  
CHIEF EXECUTIVE

S/D  
DIRECTOR

S/D  
DIRECTOR

# CASH FLOW STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2018

		September 30, 2018	Septemebr 30, 2017
<b>Loss/Profit for the period</b>	Note	Rupees (2,038,439)	Rupees 689,383
Adjustment for:			
- Depreciation on fixed assets under own use		209,006	157,030
- Depreciation on investment property		1,250,007	1,250,007
- Depreciation on fixed assets under ijarah arrangements		3,459,891	2,939,773
- Provision/ (Reversal) of musharaka profit held in suspense account		181,313	(13,524)
- Ijarah rental held in suspense account		179,695	47,483
- Revaluation gain on investment at fair value through profit or loss		32,427	193,598
- Gain on termination of ijarah arrangements		(171,948)	-
- Profit on term deposit receipts and bank deposits		(86)	(562)
		<u>5,140,305</u>	<u>4,573,805</u>
<b>Operating profit before working capital changes</b>		3,101,867	5,263,188
Decrease / (Increase) in operating assets:			
- Advances, prepayments and other receivables		139,560	(750,267)
- Ijarah rentals receivable		(736,975)	10,080
- Musharaka receivables		36,538,464	13,522,276
- Long term murabaha receivable		-	(500,000)
Increase/ (Decrease) in operating liabilities:			
- Long term security deposits		1,523,700	292,800
- Creditors, accrued and other liabilities		124,967	202,573
<b>Net changes in working capital</b>		37,589,716	12,777,462
<b>Cash generated from operations</b>		<u>40,691,582</u>	<u>18,040,650</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>		40,691,582	18,040,650
Income taxes paid		(34,581)	(7,429)
Profit on term deposit receipts and bank deposits		86	562
<b>Net Cash generated from Operating Activities</b>		40,657,087	18,033,783
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets under ijarah arrangements		(5,246,000)	(732,000)
Purchase of fixed assets under own use		(1,002,190)	-
Capital work in progress		(2,060,000)	-
Proceeds from disposal of assets on terminating ijarahs		1,275,080	-
<b>Net Cash (used in) / generated from Investing Activities</b>		(7,033,110)	(732,000)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividends paid		-	(1,036)
<b>Net Cash used in Financing Activities</b>		-	(1,036)
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>		33,623,977	17,300,747
Cash and cash equivalents at the beginning of the period		23,503,774	13,917,457
<b>Cash and Cash Equivalents at the End of the period</b>		<u>57,127,752</u>	<u>31,218,204</u>

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

S/D  
CHIEF EXECUTIVE

S/D  
DIRECTOR

S/D  
DIRECTOR

**STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

Particulars	Certificate Capital	Reserves			Total Equity
		Capital	Revenue		
		Statutory reserve	Unrealized gain on revaluation of available for sale investments	Accumulated loss	
	Rupees				
Balance as at June 30, 2017	201,875,000	43,059,884	6,738,639	(68,808,789)	182,864,734
Comprehensive income for the year					
Net profit for the year	-	-	-	43,043	43,043
Other comprehensive loss for the year	-	-	(1,421,432)	-	(1,421,432)
Total comprehensive income for the year	-	-	(1,421,432)	43,043	(1,378,389)
Issuance of certificate capital	15,000,000				15,000,000
Transferred to statutory reserve	-	8,609	-	(8,609)	-
Transactions with owners					
Profit distributed for the year ended June 30, 2017	-	-	-	(7,206,938)	(7,206,938)
Balance as at June 30, 2018	216,875,000	43,068,493	5,317,207	(75,981,293)	189,279,407
Comprehensive income for the period					
Net profit for the period	-	-	-	(2,038,439)	(2,038,439)
Other comprehensive loss for the period	-	-	(369,153)	-	(369,153)
Total comprehensive income for the period	-	-	(369,153)	(2,038,439)	(2,407,592)
Transactions with owners					
Balance as at September 30, 2018	216,875,000	43,068,493	4,948,054	(78,019,736)	186,871,808

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

S/D  
CHIEF EXECUTIVE

S/D  
DIRECTOR

S/D  
DIRECTOR

## Notes to the account (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

### Note 1

The accounting policies adopted for the preparation of these financial statements are consistent with those applied for the preparation of preceding annual publishing accounts.

### Note 2

These unaudited financial statements have been prepared and circulated under the directives of Securities and Exchange Commission of Pakistan.

### Note 3

#### Advances, Prepayments and Other Receivables

	September 30, 2018	June 30, 2018
	"Rupees"	
Advance income tax	1,156,038	1,121,457
Advance to employees (Unsecured - Considered good)	610,678	597,651
Prepayments	701,025	440,066
	2,467,741	2,159,174
Accrued profit:		
- Profit receivable on musharaka receivables	11,070,647	11,209,724
- Less: Profit held in suspense account	(10,781,699)	(10,600,386)
	288,948	609,338
Accrued profit on murabaha receivable	26,299	11,666
Other receivables:		
- Others	6,324,593	6,432,382
	6,324,593	6,432,382
	<b>9,107,582</b>	<b>9,212,560</b>

### Note 4

#### Short Term Investments

Investments in listed equity securities are classified as:

- Available for sale
- At fair value through profit or loss

Note

4.1	4,948,096	5,317,249
4.2	578,204	610,632
	<b>5,526,300</b>	<b>5,927,881</b>

#### 4.1 Available for sale

September 2018      June 2018      Name of entity

#### No. of shares/ Certificates

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

15,662	15,662	The Searle Company Limited	4,948,096	5,317,249
15,662	15,662		4,948,096	5,317,249

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

Name of entity

#### No. of shares/ Certificates

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

200	200	Attock Refinery Limited	30,274	43,062
219	219	IBL Healthcare Limited	14,930	17,570
100,000	100,000	First Punjab Modaraba	533,000	550,000
100,400	100,400		578,204	610,632

4.3 This represent investment in term deposit receipts and carried profit at the average profit rate of 5% to 6% per annum.

### Note 5

#### Creditors, accrued and other liabilities

Accrued Expenses	312,365	279,448
Payable to the Modaraba Management Company	4,783	4,783
Other liabilities	851,976	759,925
	<b>1,169,123</b>	<b>1,044,156</b>

### Note 6

#### Related Party Transactions

6.1 Related parties comprise Management Company, major certificate holders of the Modaraba and their close family members, directors of the management company and their close family members, key management personnel of the management company and their close family members and entities with common directors or under common management.

6.2 Details of transactions with related parties and balances outstanding with them at the quarter ended are as follows:

**Transactions during the year**

			<b>September 30, 2018</b> Rupees	<b>June 30, 2018</b> Rupees
<b>Related party</b>	<b>Relationship</b>	<b>Nature of Transaction</b>		
IBL Modaraba Management (Private) Limited	Management Company	Management fee accrued during the year/ quarter	-	217,805
		Management fee paid during the year/ quarter	-	711,964
		Dividend paid during the period	-	725,033
University of Management & Technology	Holds 14.16% of the paid up certificates of Modaraba	Rent of library building	1,873,860	7,495,440
		Dividend paid during the period	-	1,095,990
Dr. Hasan Sohaib Murad	Director	Dividend paid during the period	-	541,148
		Short term borrowing converted to certificate capital	-	15,000,000

**Outstanding Balance at the quarter end**

Payable to the Modaraba Management Company	4,738	4,738
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Transactions with related parties, except the management fee payable to the management company, are carried at an arm's length in the normal course of business.

**Note 7**

**Date of authorization for issue**

The financial statement were authorized for issue on October 26, 2018 by the Board of Directors of IBL Modaraba Management (Pvt.) Limited.

**Note 8**

**General**

Corresponding figures have been rearranged and reclassified wherever necessary for the purpose of comparison.

**S/D**  
**CHIEF EXECUTIVE**

**S/D**  
**DIRECTOR**

**S/D**  
**DIRECTOR**

# Book Post

**To:**

## **First IBL Modaraba**

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

**Registered Office:** Room No. 01, 87 - Aurangzaib Block, New Garden Town, Lahore.

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**Principal Office:** 87 - Aurangzaib Block, New Garden Town, Lahore.

Tel: +92 42 35952148 - 49, Fax: +92 42 35952150,

email: [ibl@firstibl.com](mailto:ibl@firstibl.com), web: [www.firstibl.com](http://www.firstibl.com)

