



FIRST IBL MODARABA QUARTERLY REPORT SEPTEMBER 2019

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CORPORATE INFORMATION

Modaraba Management Company

IBL Modaraba Management (Pvt.) Limited

Board of Directors

Arslan Khan Khakwani	Chairman/ Director
Ibrahim Hassan Murad	Director
Naveed Amin	Director
Shiraz Butt	Director

Chief Executive

Shiraz Butt

Company Secretary

Hassan Fareed

Chief Financial Officer

Zeeshan Ahmed

Internal Auditor

Husnain Shafqat

Audit Committee

Naveed Amin	Chairman
Arslan Khan Khakwani	Member
Ibrahim Hassan Murad	Member

Sharia'ah Advisor

Dr. Salman Ahmed Khan

Legal Advisor

M/s. Holscott International [Legal Services]

Auditors to Modaraba

M/s. RSM Avas Hayder Liaquat Nauman & Co.
Chartered Accountants

Bankers

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

Registrar

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

Registered Office

Office No. 513, 5th Floor, Alhafeez Business
Center, 89-b-III, Gulberg 3, Lahore

Principal Office

Office No. 513, 5th Floor, Alhafeez Business
Center, 89-b-III, Gulberg 3, 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 FBLM for the 1st quarter ended September 30, 2019.

Tough socio economic scenario, high profit rates affected the overall business of financial sector. Customer buying power suffered a lot due to inflation in dollar, recent tax modifications and high inflation rate also affected the modaraba.

Despite of all this modaraba showed growth of 21.38% in total income amounting to Rs.7.49 million as compared to Rs.6.17 million in the corresponding period.

Segment wise contribution of income is as follows:

Segment	Contribution %
Income from ijarah	39.08%
Profit on musharaka investments	24.63%
Income from investment property	25.02%
Profit on deposit	5.22%
Other Income	6.06%

We are pleased to report that despite of inflationary effect and increase in overhead cost nationwide, modaraba managed to reduce its expenses by 26.07%. Total expenses were booked amounting to Rs.6.06 million as compared to Rs.8.20 million in the corresponding period.

During the quarter under review, total assets of Modaraba were stood at Rs.229.34 million as compared to Rs.229.73 million with total liabilities at Rs.37.09 million as compared to Rs.38.76 million in the preceding period.

Although the environment for the business is very tough, even then 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.

I would like to express my gratitude to the Securities & Exchange Commission of Pakistan, Registrar Modarabas, State Bank of Pakistan and NBFIs & 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 personalized 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 management of First IBL Modaraba.

for & on behalf of the Board,



Shiraz Butt

Chief Executive

October 29, 2019

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 2019 کو اختتام پذیر ہونیوالی پہلی سہ ماہی کے، غیر تصدیق شدہ مالیاتی دستاویزات معہ ڈائریکٹرز رپورٹ، اپنے سرٹیفیکیٹ ہولڈر کو پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

مشکل معاشی و معاشرتی حالات اور بڑھی ہوئی شرح سود نے مالیاتی سیکٹر کو مجموعی طور پر متاثر کیا۔ ڈالر کے ریٹ میں بڑھوتی، ٹیکس نظام میں ترامیم اور افراط زر سے لوگوں کی قوت خرید کو متاثر کیا اور انہی عوامل نے مضاربہ کو بھی متاثر کیا۔

اس سب کے باوجود مضاربہ نے 21.38% کی بڑھوتی دیکھائی۔ ٹوٹل آمدن 7.49 ملین روپے رہی جو کہ گزشتہ سال میں 6.17 ملین روپے تھی۔

طبقات کے حساب سے آمدن کی تفصیلات درج ذیل ہیں۔

طبقات	شراکت
اجارہ سے آمدن	39.08%
مشارکہ سے آمدن	24.63%
سرمایہ کاری کی جائیداد سے آمدن	25.02%
ڈپازٹ سے آمدن	5.22%
دیگر آمدن	6.06%

ملک میں بڑھتی ہوئی افراط زر کی شرح میں اور آپریشنل اخراجات میں اضافے کے باوجود، مضاربہ کے اخراجات میں 26.07% کمی ہوئی۔ کل اخراجات پچھلے سال کے 8.20 ملین روپے کے مقابلے میں 6.06 ملین روپے رہے۔

اس سہ ماہی کے دوران مضاربہ کے اثاثہ جات 229.34 ملین روپے جو کہ پچھلے مالی سال میں 229.73 ملین روپے تھے جبکہ مالیاتی ذمہ داریاں 37.09 ملین روپے رہیں جو کہ گزشتہ مالی سال میں 38.76 ملین روپے تھیں۔

سخت کاروباری حالات کے باوجود انتظامیہ نے تمام تر توجہ آمدن میں اضافے پر رکھی اور اس کے لیے نئے کاروباری منصوبے، جدید کاروباری طریقہ کار کی عمل درآمدگی کو مقصد بنایا۔

آئی بی ایل مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ کا بورڈ، سیکورٹی اینڈ ایکسچینج 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 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

29 اکتوبر 2019

BALANCE SHEET (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		September 30, 2019	June 30, 2019
	Note	Rupees	Rupees
ASSETS			
Current Assets			
Bank balances		27,081,350	32,047,734
Ijarah rentals receivable		1,710,765	1,300,470
Advances, prepayments and other receivables	3	12,691,043	13,054,147
Short term investments	4	2,388,706	2,548,212
Short term musharika receivables		26,000,000	-
Current portion of long term musharika receivables		35,233,174	50,705,110
		105,105,038	99,655,673
Non-Current Assets			
Long term musharika receivables		20,179,809	20,179,814
Long term advances and deposits		2,619,260	2,619,260
Investment property		65,833,627	67,083,634
Fixed assets under ijarah arrangements		32,481,669	36,846,759
Fixed assets under own use		3,129,373	3,348,799
		124,243,738	130,078,266
Total Assets		<u>229,348,776</u>	<u>229,733,939</u>
LIABILITIES			
Current Liabilities			
Creditors, accrued and other liabilities	5	1,259,168	1,773,892
Musharaka profit payable		1,430,192	1,430,192
Musharaka finances		700,000	700,000
Current portion of non-current liabilities		14,372,460	14,372,460
Unpresented profit warrants		10,480,713	10,480,524
		28,242,533	28,757,068
Non-Current Liabilities			
Long term security deposits		8,849,520	10,011,110
		8,849,520	10,011,110
Total Liabilities		<u>37,092,053</u>	<u>38,768,178</u>
NET ASSETS		<u>192,256,723</u>	<u>190,965,761</u>
REPRESENTED BY:			
Certificate capital		216,875,000	216,875,000
Reserves		46,174,889	46,305,510
Accumulated loss		(70,793,166)	(72,214,749)
Contingencies and commitments		-	-
		<u>192,256,723</u>	<u>190,965,761</u>

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 (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 30, 2019	September 30, 2018
	Rupees	Rupees
INCOME FROM OPERATION		
Income from ijarah	2,926,897	2,213,593
Profit on murabaha investment	-	14,633
Profit on musharaka investments	1,844,592	1,329,320
Income from investment property	1,873,860	1,873,860
Profit on modaraba certificate, term deposit receipts and bank deposits	391,023	86
	7,036,372	5,431,492
OTHER INCOME		
Other income	453,920	739,333
	453,920	739,333
TOTAL INCOME	7,490,292	6,170,825
EXPENSES		
Operating expenses	(3,980,555)	(4,524,832)
Depreciation on assets under ijarah	(2,039,312)	(3,459,891)
Other operating expenses	(48,835)	(224,540)
	(6,068,702)	(8,209,263)
Profit before Modaraba Company's management fee	1,421,590	(2,038,439)
Net (loss) / Profit for the period	1,421,590	(2,038,439)
Earnings per Modaraba Certificate - Basic and Diluted	0.07	(0.09)

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 (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 30, 2019	September 30, 2018
	Rupees	Rupees
Net (Loss)/ Profit for the period	1,421,590	(2,038,439)
<i>Other comprehensive income</i>		
Items that may be reclassified subsequently to profit and loss		
Unrealized loss in value of available for sale investments	(130,621)	(369,153)
Other comprehensive loss for the period	(130,621)	(369,153)
Total Comprehensive Loss for the period	<u>1,290,969</u>	<u>(2,407,592)</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 (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	September 30, 2019	September 30, 2018
Note	Rupees	Rupees
(Loss)/ Profit for the period	1,421,590	(2,038,439)
Adjustment for:		
- Depreciation on fixed assets under own use	246,927	209,006
- Depreciation on investment property	1,250,007	1,250,007
- Depreciation on fixed assets under ijarah arrangements	2,039,312	3,459,891
- Provision/ (Reversal) of musharaka profit held in suspense account	-	181,313
- Ijarah rental held in suspense account	-	179,695
- Revaluation gain on investment at fair value through profit or loss	28,885	32,427
- Gain on termination of ijarah arrangements	(73,544)	(171,948)
- Profit on term deposit receipts and bank deposits	(391,023)	(86)
	<u>3,100,564</u>	<u>5,140,305</u>
Operating profit before working capital changes	4,522,154	3,101,866
Decrease / (Increase) in operating assets:		
- Advances, prepayments and other receivables	487,335	139,560
- Ijarah rentals receivable	(410,295)	(736,975)
- Musharaka receivables	(10,528,059)	36,538,464
- Long term murabaha receivable	-	-
Increase/ (Decrease) in operating liabilities:		
- Long term security deposits	(1,161,590)	1,523,700
- Creditors, accrued and other liabilities	(514,724)	124,967
Net changes in working capital	(12,127,332)	37,589,716
Cash generated from operations	<u>(7,605,179)</u>	<u>40,691,582</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	(7,605,179)	40,691,582
Income taxes paid	(124,231)	(34,581)
Profit on term deposit receipts and bank deposits	<u>391,023</u>	<u>86</u>
Net Cash generated from Operating Activities	(7,338,387)	40,657,087
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets under ijarah arrangements	-	(5,246,000)
Purchase of fixed assets under own use	(27,500)	(1,002,190)
Capital work in progress	-	(2,060,000)
Proceeds from disposal of assets on own use	2,200	-
Proceeds from disposal of assets on terminating ijarahs	<u>2,397,301</u>	<u>1,275,080</u>
Net Cash (used in) / generated from Investing Activities	2,372,001	(7,033,110)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	-	-
Net Cash used in Financing Activities	-	-
Net (Decrease) / Increase in Cash and Cash Equivalents	(4,966,386)	33,623,977
Cash and cash equivalents at the beginning of the period	32,047,734	23,503,774
Cash and Cash Equivalents at the End of the period	<u><u>27,081,350</u></u>	<u><u>57,127,752</u></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 (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2019

Particulars	Certificate Capital	Reserves			Total Equity
		Capital	Revenue		
			Statutory reserve	Unrealized gain on revaluation of available for sale investments	
	Rupees				
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 year					
Net profit for the year	-	-	-	4,708,180	4,708,180
Other comprehensive loss for the year	-		(3,021,826)	-	(3,021,826)
Total comprehensive income for the year	-	-	(3,021,826)	4,708,180	1,686,354
Issuance of certificate capital	-				-
Transferred to statutory reserve	-	941,636	-	(941,636)	-
Balance as at June 30, 2019	216,875,000	44,010,129	2,295,381	(72,214,749)	190,965,761
Comprehensive income for the period					
Net profit for the period	-	-	-	1,421,590	1,421,590
Other comprehensive loss for the period	-	-	(130,621)	-	(130,621)
Total comprehensive income for the period	-	-	(130,621)	1,421,590	1,290,969
Transactions with owners					
Balance as at September 30, 2019	216,875,000	44,010,129	2,164,760	(70,793,166)	192,256,723

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, 2019

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, 2019	June 30, 2019
	"Rupees"	
Advance income tax	1,335,441	1,211,210
Advance to employees (Unsecured - Considered good)	573,178	572,492
Prepayments	588,476	405,341
	2,497,095	2,189,043
Accrued profit:		
- Profit receivable on musharaka receivables	4,427,097	5,059,164
- Less: Profit held in suspense account	(1,969,089)	(1,969,089)
	2,458,008	3,090,075
Other receivables:		
- Others	7,735,940	7,775,029
	7,735,940	7,775,029
	12,691,043	13,054,147

Note 4

Short Term Investments

Note

Investments in listed equity securities are classified as:

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

4.1	2,164,802	2,295,423
4.2	223,904	252,789
	2,388,706	2,548,212

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	2,164,802	2,295,423
15,662	15,662		2,164,802	2,295,423

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	15,608	15,454
219	219	IBL Healthcare Limited	5,296	7,335
100,000	100,000	First Punjab Modaraba	203,000	230,000
100,419	100,419		223,904	252,789

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

	September 30, 2019	June 30, 2019
Accrued Expenses	440,000	480,875
Payable to the Modaraba Management Company	23,131	223,131
Other liabilities	796,038	1,069,887
	1,259,168	1,773,893

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

			September 30, 2019 Rupees	June 30, 2019 Rupees
Related party	Relationship	Nature of Transaction		
IBL Modaraba Management (Private) Limited	Management Company	Management fee accrued during the year/ quarter	-	523,131
		Management fee paid during the year/ quarter	200,000	304,783
		Dividend paid during the period	-	-
University of Management & Technology	Holds 14.16% of the paid up certificates of Modaraba	Rent of library building		
		Dividend paid during the period	1,873,860	7,495,440
			-	-

Outstanding Balance at the quarter end

Payable to the Modaraba Management Company	23,131	223,131
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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 29, 2019 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