



FIRST IBL MODARABA

**HALF YEARLY REPORT
DECEMBER, 2021**

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Corporate Information

Modaraba Management Company	IBL Modaraba Management (Pvt.) Limited
Board of Directors	Mr. Arslan Khan Khakwani Chairman Mr. Ibrahim Hassan Murad Director Mr. Iftikhar Hameed Khan Director Mr. Aamir Manzoor Chief Executive
Company Secretary	Mr. Hassan Fareed
Chief Financial Officer	Mr. Zeeshan Ahmed
Internal Auditor	Mr. Rana Rizwan Tariq
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	4-L, Main Ferozpur Road, Gulberg III, Lahore.

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 to the Half Yearly Reviewed(un-audited) results of the First IBL Modaraba for the period ended **December 31, 2021** along with Directors' Report to its certificate holders.

Despite of withdrawal of tax exemption by Federal Government, your Modaraba showed growth of 293% in net profit (after incorporation of income tax impact) as compared to the corresponding period. In presence of ongoing economic situation, high fuel prices and high inflation in the country your Modaraba has successfully managed to curtail its expenses by 14.25%.

During the period under review your Modaraba recovered Rs.0.225 million from NPL and no provision expense was booked against Musharakah as compared to Rs.0.60 million in the corresponding period.

Total assets during the reporting period were stood at Rs.212.843 million as compared to Rs.212.069 million in corresponding period. Whereas total liabilities were reported at Rs.19.588 million as compared to Rs.18.283 million.

The management of Modaraba is putting its best efforts to sustain and improve profitability of Modaraba in the competitive and tough economic scenario and focusing on diversified business avenues to generate healthy income for its certificate holders. Moreover the management is utilizing funds of Modaraba to the best of its expertise and is investing them in to high rated income generating segments.

The Board remains thankful to Securities & Exchange Commission of Pakistan, Registrar Modaraba, State Bank of Pakistan, and NBFIs & Modaraba Association of Pakistan for providing 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.

Chief Executive Officer

February 25, 2022

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز آئی بی ایل مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ جو کہ فرسٹ آئی بی ایل مضاربہ کی مینجمنٹ کمپنی ہے، 31 دسمبر 2021 کو اختتام پذیر ہونیوالی ششماہی کے غیر آڈٹ شدہ نظر ثانی شدہ مالیاتی گوشوارے مع ڈائریکٹرز رپورٹ اپنے سرٹیفیکیٹ ہولڈر کو پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

وفاقی حکومت کی طرف سے ٹیکس استثنیٰ واپس لینے کے باوجود مضاربہ نے پچھلے سال کے خالص منافع کے مقابلے میں اکٹم ٹیکس کے اثرات کو شامل کرنے کے بعد 293 فیصد کا اضافہ دیکھایا۔ ملک میں جاری معاشی صورتحال، ایندھن کی بلند ترین قیمتوں اور بلند ترین افراط زر کے باوجود مضاربہ نے کامیابی کے ساتھ اپنے اخراجات کو 14.25 فیصد کم کیا۔

زیر جائزہ مدت کے دوران مضاربہ نے غیر فعال قرضوں میں سے 0.225 ملین روپے کی وصولی کی۔ اسی مدت کے 0.6 ملین کے مشارکہ کے غیر فعال اخراجات کے مقابلے میں کوئی خرچ نہیں دیکھایا۔

پہلی ششماہی کے دوران مضاربہ کے اثاثات پچھلے سال کے 212.069 ملین روپے کے مقابلے میں 212.843 ملین روپے رہے جبکہ مالیاتی ذمہ داریاں پچھلے سال کے 18.283 ملین روپے کے مقابلے میں 19.588 ملین روپے رہیں۔

سخت معاشی حالات کے باوجود مضاربہ کی انتظامیہ اپنی تمام تر کاوشیں بروئے کار لاتے ہوئے مختلف کاروباری مواقع پر توجہ مرکوز کئے ہوئے ہے تاکہ سرٹیفیکیٹ ہولڈر کے لئے بہتر منافع کمایا جاسکے۔ مزید برآں انتظامیہ مضاربہ کے فنڈ کو اپنی بہترین مہارت کے مطابق اچھی آمدنی پیدا کرنے والے طبقات میں سرمایہ کاری کر رہی ہے۔

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

چیف ایگزیکٹو آفیسر

25 فروری 2022

**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, 2021 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, 2020 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for half year ended December 31, 2021.

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.

Basis for Qualified Conclusion

We were unable to verify receivable from employees balances aggregate to Rs. 570,544 (June 2021: 570,544) included in "Advances, prepayments and other receivables" and deposits of Rs. 1,098,760 (June 2021: 1,098,760) included in "Long term advances and deposits" due to non-availability of any records / information / direct confirmations.

Qualified Conclusion

Based on our review, except for the possible effects of matter described in preceding paragraph 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.

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

LAHORE
Dated 28 FEB 2022
UDIN: RR202110051Rt3hD82gT


CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

SHARI'AH ADVISOR'S REPORT FOR THE YEAR ENDED December 31, 2021

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, 2021 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 & Ijarah 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, 2021, 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 17, 2022

FIRST IBL MODARABA

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2021

		December 31, 2021	June 30, 2021
	Note	(Un-audited) Rupees	(Audited) Rupees
ASSETS			
Current Assets			
Cash and bank balances		13,141,979	52,113,573
Short term investments	4	3,654,434	4,737,279
Ijarah rentals receivable	5	26,580	126,560
Short term musharakah receivables		600,000	600,000
Advances, prepayments and other receivables		5,034,046	4,918,627
Advance Income tax		1,177,360	1,693,272
Current portion of long term musharaka receivables		45,812,157	53,241,647
Total Current Assets		69,446,556	117,430,958
Non-Current Assets			
Long term musharakah receivables		57,634,218	26,846,434
Long term advances and deposits		2,619,260	2,619,260
Investment property	6	54,583,566	57,083,578
Fixed assets under ijarah arrangements	7	27,263,173	6,634,853
Fixed assets under own use	8	1,296,241	1,454,397
Total Non-Current Assets		143,396,458	94,638,522
Total Assets		212,843,014	212,069,480
LIABILITIES			
Current Liabilities			
Creditors, accrued and other liabilities		953,048	826,423
Musharaka finances		700,000	700,000
Current portion of long term security deposits		4,467,075	5,834,050
Unclaimed dividend		10,834,600	10,883,905
Total Current Liabilities		16,954,723	18,244,378
Non-Current Liabilities			
Long term security deposits		2,633,480	39,080
Total Liabilities		19,588,203	18,283,458
NET ASSETS		193,254,811	193,786,022
REPRESENTED BY:			
CAPITAL AND RESERVES			
Certificate capital		216,875,000	216,875,000
Statutory reserve		45,488,964	45,394,252
Accumulated loss		(72,474,171)	(72,853,017)
		189,889,793	189,416,235
Unrealized gain on revaluation of investments - Available for sale		3,365,018	4,369,787
		193,254,811	193,786,022
Contingencies and Commitments	9	-	-

The annexed notes from 1 to 15 form an integral part of this condensed interim financial statements (un-audited).

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

FIRST IBL MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Note	Half Year Ended December 31,		Quarter Ended December 31,	
		2021	2020	2021	2020
		Rupees	Rupees	Rupees	Rupees
INCOME FROM OPERATION					
Income from ijarah		1,891,470	2,710,785	1,358,740	1,521,940
Profit on musharaka investments		4,868,751	5,353,001	2,388,154	2,954,207
		6,760,221	8,063,786	3,746,894	4,476,147
OTHER INCOME					
Other income		246,240	163,030	244,708	121,558
Income from investment property		3,747,720	3,747,720	1,873,860	1,873,860
Profit on deposits		1,227,141	664,912	442,113	646,725
Unrealised gain on revaluation of investments		-	54,831	-	54,831
		5,221,101	4,630,493	2,560,681	2,696,974
Reversal of suspension on ijarah income -net		225,860	-	127,770	-
TOTAL INCOME		<u>12,207,182</u>	<u>12,694,279</u>	<u>6,435,345</u>	<u>7,173,121</u>
EXPENSES					
Administrative expenses		(9,045,395)	(8,795,294)	(5,400,903)	(4,952,276)
Depreciation on assets under ijarah		(1,644,024)	(2,080,558)	(1,193,283)	(829,417)
Other operating expenses		-	(612,300)	-	(108,449)
Unrealized loss on re-measurement of investments		(78,076)	-	(76,095)	-
Finance cost		-	(1,069,808)	-	-
		<u>(10,767,495)</u>	<u>(12,557,960)</u>	<u>(6,670,281)</u>	<u>(5,890,142)</u>
Operating Profit		1,439,687	136,319	(234,936)	1,282,979
Charge of Modaraba Management Company's fee		(143,969)	(13,632)	(143,969)	(13,632)
Worker's Welfare Fund		(28,794)	(2,454)	(28,794)	(2,454)
Profit before Taxation		<u>1,266,924</u>	<u>120,233</u>	<u>(407,699)</u>	<u>1,266,893</u>
Taxation	10				
- Prior year		(577,989)	-	(577,989)	-
- Current period		(215,377)	-	(215,377)	-
Profit for the Period		<u>473,558</u>	<u>120,233</u>	<u>(1,201,065)</u>	<u>1,266,893</u>
Earnings per Certificate - Basic and Diluted		<u>0.02</u>	<u>0.01</u>	<u>(0.06)</u>	<u>0.06</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial statements (un-audited).

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

FIRST IBL MODARABA
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2021

	Half Year Ended December 31,		Quarter Ended December 31,	
	2021	2020	2021	2020
	Rupees	Rupees	Rupees	Rupees
Net Profit / (Loss) for the Period	473,558	120,233	(1,201,064)	1,266,893
<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 (loss) / gain on available for sale investments	(1,004,769)	783,100	(264,337)	(110,887)
Total Comprehensive (Loss) / Income for the Period	(531,211)	903,333	(1,465,401)	1,156,006

The annexed notes from 1 to 15 form an integral part of this condensed interim financial statements (un-audited).

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

FIRST IBL MODARABA

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half Year Ended December 31,	
	2021	2020
	Rupees	Rupees
Net profit for the period	473,558	120,233
Adjustments for:		
- Depreciation of fixed assets under own use	470,236	484,607
- Depreciation of investment properties	2,500,012	2,500,014
- Depreciation of fixed assets under ijarah arrangements	1,644,024	2,080,558
- Provision in respect of profit on musharaka facilities	-	600,000
- Suspension made against ijarah rentals	83,980	679,400
- Reversal of suspension on ijarah rentals	(309,750)	(812,340)
- Revaluation loss / gain on investment at fair value through profit or loss	78,076	(54,831)
- Worker's Welfare Fund	28,794	2,454
- Finance cost	-	1,069,808
- Gain on termination of ijarah arrangements	(116,563)	(70,563)
- Profit on bank deposits	(1,227,141)	(664,912)
	3,151,668	5,814,195
Operating profit before working capital changes	3,625,226	5,934,428
Decrease / (increase) in current assets:		
- Advances, prepayments and other receivables	(115,419)	1,395,693
- Ijarah rentals receivable	325,750	1,290,679
Decrease in current liabilities:		
- Musharakah profit receivable	-	(1,430,192)
- Creditors, accrued and other liabilities	97,831	(1,209,068)
	308,162	47,112
Net cash Generated from changes in working capital		
Cash Generated from Operations	3,933,388	5,981,540
<i>Increase in non-current assets:</i>		
Long term musharakah receivables	(23,358,294)	(21,619,225)
<i>Decrease in non-current liabilities:</i>		
Long term security deposits - ijarah	1,227,425	2,530
Income taxes paid	515,912	(138,950)
Financial charges paid	-	(1,069,808)
Profit received on bank deposits	1,227,141	664,912
	(16,454,428)	(16,179,001)
Net Cash Used in Operating Activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets under own use	(312,080)	-
Proceeds from disposal of assets on termination / completion of ijarahs	1,530,519	966,514
Purchase of ijarah assets	(23,686,300)	(103,300)
	(22,467,861)	863,214
Net Cash (Used in) / Generated from Investing Activities		
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(49,305)	(2,664,807)
	(49,305)	(2,664,807)
Net Cash Used in Financing Activities		
Net Decrease in Cash and Cash Equivalents	(38,971,594)	(17,980,594)
Cash and cash equivalents at the beginning of the period	52,113,573	44,158,744
Cash and Cash Equivalents at the end of the Period	13,141,979	26,178,150

The annexed notes from 1 to 15 form an integral part of this condensed interim financial statements (un-audited).

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

FIRST IBL MODARABA

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Particulars	Certificate Capital	Statutory Reserve	Accumulated Loss	Total Equity
	Rupees			
Balance as at June 30, 2020	216,875,000	44,810,698	(72,482,474)	189,203,224
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	-	-	-	-
Total Comprehensive Income for the Year	-	-	120,233	120,233
Transferred to statutory reserve	-	24,047	(24,047)	-
Transactions with owners				
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	(75,269,288)	186,440,457
Balance as at June 30, 2021	216,875,000	45,394,252	(72,853,017)	189,416,235
Comprehensive Income for the Year				
Net profit for the year	-	-	473,558	473,558
Other comprehensive income for the year	-	-	-	-
Total Comprehensive Income for the Year	-	-	473,558	473,558
Transferred to statutory reserve	-	94,712	(94,712)	-
Balance as at December 31, 2021	216,875,000	45,488,964	(72,474,171)	189,889,793

The annexed notes from 1 to 15 form an integral part of this condensed interim financial statements (un-audited).

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

FIRST IBL MODARABA

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

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 4-L, Main Ferozepur Road, Gulberg 3, Lahore. The Modaraba is managed by IBL Modaraba Management (Private) Limited (Modaraba Management Company) incorporated in Pakistan under the Companies Ordinance, 1984 (now the Companies Act, 2017) 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 (un-audited) have been prepared in accordance with the directives issued by the Securities & Exchange Commission of Pakistan (SECP) and are in compliance with the International Accounting Standard - 34 (Interim Financial Reporting) and being submitted to certificate holders as required under law.

2.2 These condensed interim financial statements (un-audited) should be read in conjunction with annual audited financial statements for the year ended June 30, 2021. Comparative balance sheet is extracted from audited financial statements for the year ended June 30, 2021; whereas, comparative profit and loss account, statement of comprehensive income, cash flows statement and statement of changes in equity are extracted from unaudited interim financial statements for the six-month period ended on December 31, 2020.

2.3 These condensed interim financial statements (un-audited) 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.

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, 2021.

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

FIRST IBL MODARABA

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

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, 2021.

Note 4

Short Term Investments

		December 31, 2021	June 30, 2021
	Note	(Un-audited) Rupees	(Audited) Rupees
- Available for sale	4.1	3,365,060	4,369,829
- At fair value through profit or loss	4.2	289,374	367,450
		<u>3,654,434</u>	<u>4,737,279</u>

4.1 Available for sale

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

Number of shares/Certificates		Name of investee	Market Value	
December 31, 2021	June 30, 2021		December 31, 2021	June 30, 2021
(Un-audited)	(Audited)		(Un-audited) Rupees	(Audited) Rupees
23,414	18,011	The Searle Company Limited	3,365,060	4,369,829

4.2 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, 2021	June 30, 2021		December 31, 2021	June 30, 2021
(Un-audited)	(Audited)		(Un-audited) Rupees	(Audited) Rupees
262	219	IBL HealthCare Limited	18,366	24,337
250	250	Attock Refinery Limited	36,008	64,113
100,000	100,000	First Punjab Modaraba	235,000	279,000
<u>100,512</u>	<u>100,469</u>		<u>289,374</u>	<u>367,450</u>

FIRST IBL MODARABA

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

Note 5

Ijarah Rentals Receivable

		December 31, 2021	June 30, 2021
	Note	(Un-audited) Rupees	(Audited) Rupees
Considered good		26,580	126,560
Considered doubtful		9,275,850	9,501,620
		9,302,430	9,628,180
Provision against doubtful ijarah rentals	5.2	(9,275,850)	(9,501,620)
		<u>26,580</u>	<u>126,560</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	9,501,620	9,700,570
Recognized during the period / year	83,980	727,420
Reversed during the period / year	(309,750)	(926,370)
	(225,770)	(198,950)
Closing balance	<u>9,275,850</u>	<u>9,501,620</u>

Note 6

Investment Property

		December 31, 2021	June 30, 2021
	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		(42,916,887)	(37,916,859)
Charged during the period / year	6.1	(2,500,012)	(5,000,028)
Closing balance		<u>(45,416,899)</u>	<u>(42,916,887)</u>
		<u>54,583,566</u>	<u>57,083,578</u>

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

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Note 7

Fixed Assets Under Ijarah Arrangements

	December 31, 2021	June 30, 2021
	(Un-audited) Rupees	(Audited) Rupees
Opening balance	6,634,853	26,969,167
Additions at cost	23,686,300	646,498
Less: Written down value of assets disposed off	<u>(1,413,956)</u>	<u>(17,699,679)</u>
	28,907,197	9,915,986
Less: Depreciation charged during the period / year	<u>(1,644,024)</u>	<u>(3,281,133)</u>
	<u><u>27,263,173</u></u>	<u><u>6,634,853</u></u>

Note 8

Fixed Assets Under Own Use

	December 31, 2021	June 30, 2021
	(Un-audited) Rupees	(Audited) Rupees
Opening balance	1,454,397	2,407,796
Additions at cost	312,080	-
Less: Written down value of assets disposed off	<u>-</u>	<u>-</u>
	1,766,477	2,407,796
Less: Depreciation charged during the period / year	<u>(470,236)</u>	<u>(953,399)</u>
	<u><u>1,296,241</u></u>	<u><u>1,454,397</u></u>

Note 9

Contingencies and Commitments

There are no material contingencies and commitments of the Modaraba as of the reporting date (June 30, 2021: Nil).

Note 10

Taxation

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.

FIRST IBL MODARABA

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

Note 11

Balances and Transactions with Related Parties

- 11.1** 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.
- 11.2** 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.
- 11.3** Details of transactions with related parties and balances with them as at the period end are as follows:

			December 31, 2021	December 31, 2020
			(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
		Management fee accrued during the period	143,969	13,632
University of Management and Technology	Holds 14.16% of the paid up certificates of Modaraba	Rent of library building during the period	3,747,720	3,747,720
			December 31, 2021	June 30, 2021
			(Un-audited)	(Audited)
			-----Rupees-----	
Outstanding Balances as at,				
IBL Modaraba Management (Private) Limited		Payable against management fee and others	483,963	339,994

FIRST IBL MODARABA

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

Note 12

Segment Reporting

12.1 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, 2021: Nil).

12.2 Segment analysis

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

	December 31, 2021				December 31, 2020			
	Ijarah Finances	Musharakah Finances	Investment Property	Total	Ijarah Finances	Musharakah Finances	Investment Property	Total
-----Rupees-----								
----- (Un-Audited) -----								
Segment revenues / profits								
Revenues	1,891,470	4,868,751	3,747,720	10,507,941	2,710,785	5,353,001	3,747,720	11,811,506
Reversal of suspension	225,860	-	-	225,860				
Gain on termination of Ijarahs	116,563	-	-	116,563	70,563	-	-	70,563
Depreciation	(1,644,024)	-	(2,500,014)	(4,144,038)	(2,080,558)	-	-	(2,080,558)
Reportable segment profit	589,869	4,868,751	1,247,706	6,706,326	700,790	5,353,001	3,747,720	9,801,511
	December 31, 2021				June 30, 2021			
	Ijarah Finances	Musharakah Finances	Investment Property	Total	Ijarah Finances	Musharakah Finances	Investment Property	Total
Reportable segment assets	27,289,753	105,672,732	54,583,566	187,546,051	6,761,413	80,688,081	57,083,578	144,533,072
Reportable segment liabilities	7,100,555	700,000	-	7,800,555	5,873,130	700,000	-	6,573,130
Additions to non-current assets	23,686,300	-	-	23,686,300	646,498	(15,781,470)	-	(15,134,972)

FIRST IBL MODARABA

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

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

	December 31, 2021	December 31, 2020
	----- (Un-Audited) -----	
	----- Rupees -----	
Revenues		
Total revenues for reportable segments	10,850,364	11,936,900
Other revenues:		
Other income	129,677	92,467
Profit on deposits	1,227,141	664,912
	1,356,818	757,379
Modaraba's revenues	12,207,182	12,694,279
Profit		
Total profit for reportable segments	6,706,326	9,856,342
Other components:		
Profit on deposits	1,227,141	664,912
Other income	129,677	92,467
Unrealised loss on investments	(78,076)	-
Administrative expenses	(6,545,381)	(8,645,294)
Other operating expenses	-	(762,300)
Finance cost	-	(1,069,808)
Charge of Modaraba Management Company's fee	(143,969)	(13,632)
Worker's Welfare Fund	(28,794)	(2,454)
	(5,439,402)	(9,736,109)
	1,266,924	120,233
Assets		
Total assets for reportable segments	187,546,051	144,533,072
Corporate assets unallocated:		
Advances, prepayments and other receivables	3,407,689	4,918,627
Long term advances and deposits	2,619,260	2,619,260
Advance Income tax	1,177,360	1,693,272
Short term investments	3,654,434	4,737,279
Fixed assets under own use	1,296,241	1,454,397
	12,154,984	15,422,835
Cash and bank balances	13,141,979	52,113,573
Total assets as per the balance sheet	212,843,014	212,069,480
Liabilities		
Total liabilities for reportable segments	7,800,555	6,573,130
Corporate liabilities unallocated:		
Creditors, accrued and other liabilities	953,048	826,423
Unclaimed dividend	10,834,600	10,883,905
Total liabilities as per the balance sheet	19,588,203	18,283,458

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NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

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.

12.3 Geographical segments

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

Note 13

Financial Risk Management

13.1 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, 2021. There have been no changes in any risk management policies since the year end.

13.2 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).

The following table presents the Modaraba's assets and liabilities that are measured at fair value as at December 31, 2021 (Un-audited):

	Level 1	Level 2	Level 3	Total
	Rupees			
Assets				
- Available for sale investments	3,365,060	-	-	3,365,060
- Investments at fair value through profit or loss	289,374	-	-	289,374
	<u>3,654,434</u>	<u>-</u>	<u>-</u>	<u>3,654,434</u>

FIRST IBL MODARABA

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021

The following table presents the Modaraba's assets and liabilities that are measured at fair value as at June 30, 2021:

	Level 1	Level 2	Level 3	Total
	Rupees			
Assets				
- Available for sale investments	4,369,829	-	-	4,369,829
- Investments at fair value through profit or loss	367,450	-	-	367,450
	<u>4,737,279</u>	<u>-</u>	<u>-</u>	<u>4,737,279</u>

During the half year ended December 31, 2021, 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 14

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, 2022

Note 15

General

Comparative figures are re-arranged / re-classified, wherever necessary, to facilitate comparison. No such re-arrangements / re-classifications have been made in these condensed interim financial statements (un-audited).

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR