

# 3rd QUARTERLY REPORT

March 31, 2022

(Un-audited)



**FIRST AL-NOOR MODARABA**

*(An Islamic Financial Institution)*

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## COMPANY INFORMATION

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### **BOARD OF DIRECTORS**

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#### ***Non Executive Directors***

##### **Chairman**

Mr. Zia Zakaria

##### **Directors**

Mr. Abdul Aziz Ayoob

Mr. Noor Zakaria

Mr. Abdul Rahim Suriya, Independent

Mr. Tausif Ilyas, Independent

Dr. Irum Saba, Independent

#### ***Executive Directors***

##### **Chief Executive**

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Mr. Zainuddin Aziz

##### **Chief Financial Officer**

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Mr. Umair Rafiq

##### **Company Secretary**

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Mr. Roofi Abdul Razzak

##### **Board Audit Committee - Chairman**

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Mr. Abdul Rahim Suriya - Chairman

Mr. Tausif Ilyas - Member

Mr. Zia Zakaria - Member

##### **HR & Remuneration Committee**

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Mr. Tausif Ilyas - Chairman

Mr. Zainuddin Aziz - Member

Mr. A. Aziz Ayoob - Member

##### **Bankers**

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Al-Baraka Bank (Pakistan) Limited

Askari Bank Limited, Islamic Banking

Faysal Bank Limited, Barkat Islamic Banking

Habib Bank Limited, Islamic Banking

MIB Bank Limited, Islamic Banking

Meezan Bank Limited

National Bank of Pakistan

##### **Auditors**

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Grant Thornton Anjum Rahman

Chartered Accountants

##### **Shariah Advisor**

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Al Hamd Shariah Advisory Services (Pvt.) Limited

##### **Legal Advisor**

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Mr. Sufyan Zaman

Advocate High Court

##### **Share Registrar (Share Registration Office)**

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M/s FAMCO Associates (Private) Limited

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

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

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

Fax: 3438 0106

##### **Registered Office**

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96-A, Sindhi Muslim Cooperative

Housing Society, Karachi

##### **Contact Details**

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Telephone : 34558268; 34552943; 34553067

Fax : 34553137

Webpage : [www.fanm.co](http://www.fanm.co)

Email : [info@fanm.co](mailto:info@fanm.co)

## REPORT OF THE DIRECTORS OF MODARABA COMPANY For the Nine Months Ended March 31, 2022

On behalf of Board of Directors of Al-Noor Modaraba Management (Private) Limited, the "mudarib/management company" of First Al-Noor Modaraba (FAM), we are pleased to present the Un-Audited Financial Statements of the Modaraba for the nine months ended March 31, 2022:

| Financial Results                                | For nine months ended           |                     |
|--|---------------------------------|---------------------|
|  | March 31,<br>2022               | March 31,<br>2021   |
|  | -----Amount in Pak. Rupees----- |                     |
| (Loss)/Profit before Taxation                    | (6,984,564)                     | 3,344,145           |
| (Loss)/Profit After Taxation                     | (7,710,209)                     | 3,344,145           |
| Components of Other comprehensive income/surplus | (638)                           | (638,012)           |
| Unappropriated profit/(loss) brought forward     | <u>(53,476,994)</u>             | <u>(54,342,126)</u> |
|  | <u>(61,187,841)</u>             | <u>(51,635,993)</u> |
| Earning per certificate - basic and diluted      | <u>(0.37)</u>                   | <u>0.16</u>         |

We have achieved gross revenue of Rs. 19.360 million compared to Rs. 26.807 million in the corresponding period. This includes increase nearly 30% in its Diminishing Musharaka portfolio and addition of profit from trading operations. This after adjustment of non unrealized marked to market valuation by over Rs. 6.747 million against equity investment, led to net loss of Rs. 7.710 million.

On behalf of the Board

sd/-  
**Zainuddin Aziz**  
Chief Executive/Director

Dated : April 19, 2022

Place : Karachi

## ڈائریکٹر رپورٹ

برائے اختتام نوامی مدت مارچ 2022ء تا 31 مارچ (جائزہ شدہ)

بورڈ آف ڈائریکٹر انور مضاربہ مینجمنٹ (پرائیوٹ) لمیٹڈ مضاربہ / انتظامی کمیٹی برائے فرسٹ انور مضاربہ (ایف اے ایم) کی جانب سے انتہائی مسرت کے ساتھ مضاربہ کمپنی کی غیر نظر ثانی رپورٹ بابت مارچ 2022ء تا 31 مارچ 2022ء پیش کر رہا ہوں۔

ختم ہونے والی نوامی  
(ترم پاکستانی روپے میں)

| 31 مارچ 2021        | 31 مارچ 2022        |  |
|---------------------|---------------------|--|
| 3,344,145           | (6,984,564)         | قبل از ٹیکس (نقصان) / نفع                          |
| 3,344,145           | (7,710,209)         | بعد از ٹیکس (نقصان) / نفع                          |
| (638,012)           | (638)               | دیگر جامع آمدنی / (نقصان) کے اجزاء                 |
| (54,342,126)        | (53,476,994)        | پچھلے سالوں کا غیر تصرف شدہ نقصانات                |
| <u>(51,635,993)</u> | <u>(61,187,841)</u> |  |
| <u>0.16</u>         | <u>(0.37)</u>       | (نقصان) / آمدنی فی سر ٹھیکہ کیٹ - بنیادی اور مقررہ |

مینجمنٹ بہت مسرت کے ساتھ موجودہ نوامی مدت کے نتائج پیش کر رہا ہے۔ مینجمنٹ نے مجموعی آمدنی 19.360 ملین پچھلے سال کے اسی عرصے میں 26.807 ملین کے مقابلے میں حاصل کیا۔ مزید 30% اضافہ ڈیویڈنڈ مشاقتہ میں پچھلے سال کے اسی عرصے میں زائد حاصل کیا۔ اسکے علاوہ غیر حقیقی نقصان 6.747 ملین جو کہ خالص نقصان 7.710 ملین کی وجہ بنا۔

بورڈ کی جانب سے

sd/-

زین الدین عزیز

چیف ایگزیکٹو

مورخہ 19 اپریل 2022

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2022

|  |     | (Un-Audited)<br>March 31,<br>2022 | (Audited)<br>June 30,<br>2021 |
|--|-----|-----------------------------------|-------------------------------|
| Note   |     | .... Rupees ....                  |                               |
| <b>ASSETS</b>  |     |                                   |                               |
| <b>Current assets</b>                                    |     |                                   |                               |
| Cash and bank balances                                   | 4   | 17,379,409                        | 59,001,144                    |
| Short term investments                                   | 5   | 44,857,277                        | 29,299,313                    |
| Musawamah Facility                                       | 6   | -                                 | -                             |
| Stock in trade   | 7   | 64,382,537                        | -                             |
| Profit receivable  |     | 788,841                           | 779,923                       |
| Ijarah rental receivable                                 |     | 112,973                           | 77,971                        |
| Taxation   | 8   | 6,282,586                         | 5,924,490                     |
| Current Portion of diminishing musharakah financing      | 9.1 | 45,654,903                        | 46,711,912                    |
| Current portion of investment in sukuk certificates      |     | -                                 | 357,128                       |
| Advances, deposits, prepayments and other receivables    |     | 1,658,428                         | 26,528,262                    |
|  |     | <b>181,116,955</b>                | <b>168,680,143</b>            |
| <b>Non - current assets</b>                              |     |                                   |                               |
| Diminishing musharakah financing                         | 9   | 53,891,964                        | 75,472,709                    |
| Ijarah assets  | 10  | 267,644                           | 1,005,705                     |
| Long term investments                                    | 11  | 18,812,224                        | 20,405,144                    |
| Long term deposits                                       |     | 3,842,356                         | 3,839,989                     |
| Fixed assets   | 12  | 2,454,048                         | 2,646,392                     |
| Intangible assets  | 13  | 3,000                             | 10,502                        |
|  |     | <b>79,271,236</b>                 | <b>103,380,441</b>            |
| <b>TOTAL ASSETS</b>                                      |     | <b>260,388,191</b>                | <b>272,060,584</b>            |
| <b>CERTIFICATE HOLDERS' EQUITY</b>                       |     |                                   |                               |
| Authorised certificate capital                           |     | 400,000,000                       | 400,000,000                   |
| Issued, subscribed, and paid - up certificate capital    | 14  | 210,000,000                       | 210,000,000                   |
| Reserves   | 15  | 97,966,506                        | 97,716,506                    |
| Accumulated losses                                       |     | (61,187,841)                      | (53,226,994)                  |
|  |     | <b>246,778,665</b>                | <b>254,489,512</b>            |
| Deficit on revaluation of investments                    | 16  | (3,815,160)                       | (2,316,639)                   |
| <b>LIABILITIES AND CERTIFICATE HOLDERS' EQUITY</b>       |     |                                   |                               |
| <b>Non - current liabilities</b>                         |     |                                   |                               |
| Deferred Liability-Staff Gratuity                        |     | 8,076,736                         | 7,506,858                     |
| <b>Current liabilities</b>                               |     |                                   |                               |
| Current maturity of security deposits                    |     | 293,700                           | 557,400                       |
| Creditors, accrued and other liabilities                 | 17  | 3,536,895                         | 6,294,230                     |
| Provision for custom duty & surcharge                    | 18  | 4,398,842                         | 4,398,842                     |
| Unclaimed profit distributions                           |     | 1,109,146                         | 1,109,146                     |
| Charity Payable  |     | 9,367                             | 21,235                        |
|  |     | <b>9,347,950</b>                  | <b>12,380,853</b>             |
| <b>TOTAL LIABILITIES</b>                                 |     | <b>9,347,950</b>                  | <b>12,380,853</b>             |
| <b>TOTAL LIABILITIES AND CERTIFICATE HOLDERS' EQUITY</b> |     | <b>260,388,191</b>                | <b>272,060,584</b>            |
| Contingencies and commitments                            | 19  | -                                 | -                             |

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

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

sd/-  
Chief Executive Officer

sd/-  
Chief Financial Officer

sd/-  
Director

sd/-  
Director

Place: Karachi  
Date: April 19, 2022

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**For the Nine Months and Three Months Period Ended March 31, 2022**

|  | Note | Nine months ended   |                     | Quarter ended      |                    |
|--|------|---------------------|---------------------|--------------------|--------------------|
|  |      | March 31,<br>2022   | 2021                | March 31,<br>2022  | 2021               |
|  |      | Rupees .....        |                     |                    |                    |
| Income from trading operations   | 20   | 901,727             | -                   | 901,727            | -                  |
| Income on Diminishing Musharakah   |      | 12,714,869          | 9,782,133           | 3,591,140          | 3,153,331          |
| Income from Ijarah   |      | 1,182,577           | 2,301,759           | 289,703            | 338,030            |
| Income from investments  | 21   | 4,879,010           | 12,968,275          | 1,113,576          | 3,635,757          |
|  |      | <u>19,678,183</u>   | <u>25,052,167</u>   | <u>5,896,146</u>   | <u>7,127,118</u>   |
| Administrative and operating expenses  |      | (20,844,010)        | (20,907,248)        | (7,537,916)        | (5,776,253)        |
| Financial and other charges  |      | (31,053)            | (9,423)             | (14,197)           | -                  |
|  |      | <u>(20,875,062)</u> | <u>(20,916,671)</u> | <u>(7,552,113)</u> | <u>(5,776,253)</u> |
| <b>Operating profit / (loss)</b>   |      | <b>(1,196,879)</b>  | <b>4,135,496</b>    | <b>(1,655,966)</b> | <b>1,350,865</b>   |
| Other income   |      | 718,541             | 2,654,937           | 333,199            | 1,746,321          |
|  |      | <u>(478,338)</u>    | <u>6,790,433</u>    | <u>(1,322,767)</u> | <u>3,097,186</u>   |
| Unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss |      | (6,747,495)         | (4,312,057)         | (1,777,940)        | (1,947,666)        |
| Share of profit from associates  |      | 241,269             | 1,319,810           | -                  | 224,364            |
|  |      | <u>(6,984,564)</u>  | <u>3,798,186</u>    | <u>(3,100,707)</u> | <u>1,373,884</u>   |
| Management company's remuneration  |      | -                   | (379,819)           | -                  | (137,389)          |
| Workers welfare fund   |      | -                   | (74,222)            | -                  | (26,587)           |
| Profit before taxation   |      | <u>(6,984,564)</u>  | <u>3,344,145</u>    | <u>(3,100,707)</u> | <u>1,209,908</u>   |
| Income tax expense   |      | (725,645)           | -                   | (202,935)          | -                  |
| <b>Profit / (loss) after taxation</b>  |      | <b>(7,710,209)</b>  | <b>3,344,145</b>    | <b>(3,303,642)</b> | <b>1,209,908</b>   |
| <b>Earning per certificate - basic and diluted</b>   |      | <b>(0.37)</b>       | <b>0.16</b>         | <b>(0.16)</b>      | <b>0.06</b>        |

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

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

sd/-  
Chief Executive Officer

sd/-  
Chief Financial Officer

sd/-  
Director

sd/-  
Director

Place: Karachi  
Date: April 19, 2022

**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)  
For the Nine Months and Three Months Period Ended March 31, 2022**

| Note   | Nine months ended  |             | Quarter ended      |             |
|--|--------------------|-------------|--------------------|-------------|
|  | 2022               |             | 2022               |             |
|  | 2022               | 2021        | 2022               | 2021        |
| Rupees .....   |                    |             |                    |             |
| <b>Profit after taxation</b>   | <b>(7,710,209)</b> | 3,344,145   | <b>(3,303,642)</b> | (1,209,908) |
| <b>Components of other comprehensive income reflected in equity</b>              |                    |             |                    |             |
| <b>Items that will not be reclassified subsequently profit and loss account</b>  |                    |             |                    |             |
| Remeasurement of net defined benefit liability                                   | -                  | (655,368)   | -                  | (918,296)   |
| Share of other comprehensive income of associate -incremental depreciation       | (638)              | 17,356      | -                  | (894)       |
| Gain realised from sale of available for sale investments                        | -                  | -           | -                  | 579,348     |
| Other Comprehensive loss   | <b>(638)</b>       | (638,012)   | -                  | (1,498,488) |
| <b>Total comprehensive income / (loss) for the period transferred to equity</b>  | <b>(7,710,847)</b> | 2,706,133   | <b>(3,303,642)</b> | 288,580     |
| Equity investments at FVOCI - change in fair value                               | <b>1,529,753</b>   | (2,612,499) | <b>2,529,786</b>   | 3,462,839   |
| <b>Items that will be reclassified subsequently into profit and loss account</b> | -                  | -           | -                  | -           |
| <b>Total comprehensive income</b>  | <b>(6,179,818)</b> | 93,634      | <b>(773,856)</b>   | (3,751,419) |

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

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

sd/  
Chief Executive Officer

sd/  
Chief Financial Officer

sd/  
Director

sd/  
Director

Place: Karachi  
Date: April 19, 2022



**CONDENSED INTERIM STATEMENT OF  
CHANGES IN EQUITY (UN-AUDITED)  
For the Nine Months Ended March 31, 2022**

|  | Issued,<br>subscribed,<br>and paid-up<br>certificate<br>capital | Reserve reserve                            |                    |                       |                    | Total              |
|--|---|--|--------------------|-----------------------|--------------------|--------------------|
|  |   | Statutory<br>reserve<br>(refer<br>note 16) | General<br>reserve | Accumulated<br>losses | Total              |                    |
| ----- Rupees -----                             |   |  |                    |                       |                    |                    |
| Balance as at June 30, 2019                    | 210,000,000   | 97,585,635                                 | 250,000            | (55,786,673)          | 42,048,962         | 252,048,962        |
| Profit for the period                          | -   | -  | -                  | 3,304,364             | 3,304,364          | 3,304,364          |
| Other comprehensive loss                       | -   | -  | -                  | (322,717)             | (322,717)          | (322,717)          |
| <b>Balance as at December 31, 2019</b>         | <b>210,000,000</b>  | <b>97,585,635</b>                          | <b>250,000</b>     | <b>(52,805,026)</b>   | <b>45,030,609</b>  | <b>255,030,609</b> |
| <b>Balance as at June 30, 2020</b>             | <b>210,000,000</b>  | <b>97,585,635</b>                          | <b>250,000</b>     | <b>(54,342,126)</b>   | <b>43,493,509</b>  | <b>253,493,509</b> |
| <b>Profit for the period</b>                   | <b>-</b>  | <b>-</b>                                   | <b>-</b>           | <b>654,354</b>        | <b>654,354</b>     | <b>654,354</b>     |
| <b>Other comprehensive loss</b>                | <b>-</b>  | <b>-</b>                                   | <b>-</b>           | <b>516,274</b>        | <b>516,274</b>     | <b>516,274</b>     |
| <b>Total Comprehensive loss</b>                |   |  |                    | <b>1,170,628</b>      | <b>1,170,628</b>   | <b>1,170,628</b>   |
| <b>Deficit transferred to accumulated loss</b> |   |  |                    | <b>(174,625)</b>      | <b>(174,625)</b>   | <b>(174,625)</b>   |
| Transfer to statutory reserve                  |   | 130,871                                    |                    | (130,871)             | (130,871)          | (130,871)          |
| <b>Balance as at June 30, 2021</b>             | <b>210,000,000</b>  | <b>97,716,506</b>                          | <b>250,000</b>     | <b>(53,476,994)</b>   | <b>44,489,512</b>  | <b>254,489,512</b> |
| <b>Profit / (loss) for the period</b>          | <b>-</b>  | <b>-</b>                                   | <b>-</b>           | <b>(7,710,209)</b>    | <b>(7,710,209)</b> | <b>(7,710,209)</b> |
| <b>Other comprehensive loss</b>                | <b>-</b>  | <b>-</b>                                   | <b>-</b>           | <b>(638)</b>          | <b>(638)</b>       | <b>(638)</b>       |
| <b>Total Comprehensive loss for the period</b> |   |  |                    | <b>(7,710,847)</b>    | <b>(7,710,847)</b> | <b>(7,710,847)</b> |
| <b>Balance as at Mar 31, 2022</b>              | <b>210,000,000</b>  | <b>97,716,506</b>                          | <b>250,000</b>     | <b>(61,187,841)</b>   | <b>36,778,665</b>  | <b>246,778,665</b> |

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

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

sd/-  
Chief Executive Officer

sd/-  
Chief Financial Officer

sd/-  
Director

sd/-  
Director

Place: Karachi  
Date: April 19, 2022

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**For the Nine Months Ended March 31, 2022**

|   |      | (Un-Audited)<br>March 31,<br>2022 | (Un-Audited)<br>March 31,<br>2021 |
|---|------|-----------------------------------|-----------------------------------|
|   | Note | .... Rupees ....                  |                                   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |      |                                   |                                   |
| Cash from operations after working capital changes              | 23   | (52,150,849)                      | (62,588,427)                      |
| Increase/ (decrease) in long-term security deposits             |      | (2,367)                           | 653,536                           |
| Income tax paid   |      | (1,083,741)                       | 548,140                           |
| Financial charges paid  |      | (31,053)                          | (9,423)                           |
| Gratuity paid   |      | (206,272)                         | (2,053,509)                       |
| <b>Net cash (used in) / generated from operating activities</b> |      | <b>(53,474,281)</b>               | <b>(52,069,108)</b>               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |      |                                   |                                   |
| Additions   |      | (704,520)                         | (187,656)                         |
| - Fixed assets  |      | -                                 | -                                 |
| Sale proceeds on disposal                                       |      | -                                 | 719,755                           |
| - Fixed assets  |      | -                                 | -                                 |
| - Ijarah assets   |      | -                                 | -                                 |
| Dividend received   |      | 912,811                           | 755,738                           |
| Profit received   |      | 583,310                           | 1,755,056                         |
| Long term investment  |      | -                                 | -                                 |
| Stock in Trade  |      | (64,382,537)                      | -                                 |
| Redemption of installment of Sukuk Certificates                 |      | -                                 | -                                 |
| Investment in diminishing musharakah- net                       |      | -                                 | 3,614,658                         |
| Investments in TDR  |      | 20,000,000                        | -                                 |
| Investment in barkat islamic certificates                       |      | -                                 | (60,000,000)                      |
| Maturity on barkat islamic certificates                         |      | -                                 | 100,000,000                       |
| Proceeds from sale of mutual funds units                        |      | -                                 | 8,889,466                         |
| Purchase of investments in listed securities                    |      | 11,441,468                        | (249,406,478)                     |
| Proceeds from sale of investments in listed securities          |      | 44,002,015                        | 248,259,755                       |
| Net cash generated from / (used in) operations                  |      | 11,852,546                        | 54,400,294                        |
| <b>Net increase / (decrease) in cash and cash equivalents</b>   |      | <b>(41,621,735)</b>               | <b>2,331,186</b>                  |
| <b>Cash and cash equivalents at the beginning of the period</b> |      | <b>59,001,144</b>                 | <b>9,174,848</b>                  |
| <b>Cash and cash equivalents at the end of the period</b>       | 4    | <b>17,379,409</b>                 | <b>11,506,034</b>                 |

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.

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

sd/-  
Chief Executive Officer

sd/-  
Chief Financial Officer

sd/-  
Director

sd/-  
Director

Place: Karachi  
Date: April 19, 2022

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) For the Nine Months Ended March 31, 2022**

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### **1 LEGAL STATUS AND NATURE OF BUSINESS**

The First Al-Noor Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder and is managed by Al-Noor Modaraba Management (Pvt.) Limited, a company incorporated in Pakistan. The address of its registered office is 96-A, Sindhi Muslim Housing Society. The Modaraba was floated on October 19, 1992 and commenced its business on November 02, 1992.

The Modaraba is a perpetual, multi purpose and multi dimensional Modaraba and is primarily engaged in providing Ijarah financing, Musharikhah, Diminishing musharkah, Murabaha, Musawamah, Equity investment and other Shariah compliant trading activities. The Modaraba is listed on the Pakistan Stock Exchange (PSX).

### **2 BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

These condensed interim financial statements of the Modaraba for the nine months period ended 31 March 2022 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standard (IAS)-34, 'Interim Financial Reporting' issued by the International Accounting Standard Board (IASB) as notified under the Companies Act 2017;
- Provisions of and directions issued under the Companies Act 2017;
- Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act 2017.

The SECP has issued directive (vide SRO 431 (I) / 2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS 2) shall be followed in preparation of the financial statements by Companies and Modarabas while accounting for Lease Financing transactions as defined by the said standard. The Modaraba has adopted the said standard.

Where the provisions of and directives issued under the Companies Act 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules 1981 and Prudential Regulations for Modarabas differ with the requirements of IAS 34 and IFAS, the provisions of and directives issued under the Companies Act 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules 1981 and Prudential Regulations for Modarabas have been followed.

Where the provisions and directives issued under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas differ from Companies Act 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulation for Modarabas shall prevail.

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) For the Nine Months Ended March 31, 2022**

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**2.1.1** The interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Modaraba as at and for the year ended June 30, 2021.

**2.1.2** These condensed interim financial statements comprises of the condensed interim balance sheet as at March 31, 2022 and the 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 the notes forming part thereof for the nine months ended March 31, 2022.

**2.1.3** These interim financial statements are unaudited but subject to limited scope review by the external auditors as required by the Code of Corporate Governance and are being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981.

### **2.2 Basis of measurement**

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

### **2.3 Functional and presentation currency**

These condensed interim financial statements are presented in Pakistani Rupees which is also the Modaraba's functional and presentation currency. All amounts have been rounded to the nearest rupee, unless otherwise indicated.

### **2.4 Significant accounting estimates and judgements**

In preparing these condensed financial statements management has made judgements, estimates and assumptions that affect the application of the Modaraba's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Modaraba's accounting policies and the key sources of estimating the uncertainty were the same as those that apply to the audited annual financial statements as at and for the year ended June 30, 2021.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2021 except for the adoption of the following new and amended standards, which became effective for the current period:

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| Standards  | Effective date<br>(Annual periods<br>beginning on or after) |
|--|---|
| IFRS 3 Definition of a Business (Amendment to IFRS 3)  | January 1, 2020   |
| IAS 1 and IAS 8 Definition of Material (Amendment to IAS 1 and IAS 8)                              | January 1, 2020   |
| IFRS 9, IAS 39 and IFRS 7 Investment rate benchmark Reform (Amendment to IFRS 9 IAS 39 and IFRS 7) | January 1, 2020   |

The adoption of the above standards and amendments are not expected to have any material impact on the Modaraba's condensed interim financial statements.

|  | Note   | (Un-audited)<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|--|--|-----------------------------------|-----------------------------|
| <b>4 CASH AND BANK BALANCES</b>            |  |                                   |                             |
| - Islamic Banks /Islamic Window operations |  | 990,784                           | 2,893,977                   |
| - Conventional Banks                       |  | 1,789,429                         | 828,997                     |
| <b>With banks in PLS accounts</b>          |  |                                   |                             |
| - Islamic Banks /Islamic Window operations | 4.1  | 14,553,259                        | 278,170                     |
|  |  | 17,333,472                        | 55,001,144                  |
| Cash in hand                               |  | 45,937                            | -                           |
| TDR  |  | 17,379,409                        | 9,174,848                   |
| <b>4.1</b>                                 | These deposits accounts carry profit at rates ranging from 3.07% to 6.71 % (June 30, 2021: 2.88% to 5.75%) per annum |                                   |                             |

|   | Note  | (Un-audited)<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|---|-------|-----------------------------------|-----------------------------|
| <b>5 SHORT TERM INVESTMENTS</b>             |       |                                   |                             |
| <b>At fair value through profit or loss</b> |       |                                   |                             |
| <b>Shariah compliant</b>                    |       |                                   |                             |
| Listed equity securities                    | 5.1.1 | 24,675,723                        | 29,049,505                  |
| Listed Mutual funds                         | 5.1.2 | 124,514                           | 126,721                     |
| <b>Non-Shariah compliant</b>                |       |                                   |                             |
| Listed equity securities                    | 5.1.3 | 57,040                            | 12,3087                     |
| Investment in Islamic Certificates          |       | -                                 | 100,000,000                 |
| Investment In TDR                           |       | 20,000,000                        |                             |
|   |       | 44,857,277                        | 292,9931                    |

**NOTES TO THE CONDENSED INTERIM  
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**5.1.1 Shahriah Compliant listed equity securities - 'at fair value through profit or loss'**  
(Ordinary shares have a face value of Rs.10/- each unless stated otherwise).

| Name of investee company                | Number of share<br>As at March<br>31, 2022 | Carrying value<br>as at March<br>31, 2022<br>(Rupees) | Market value<br>as at March<br>31, 2022<br>(Rupees) |
|---|--|---|---|
| <b>Chemicals</b>                        |  |   |   |
| Engro Fertilizer Limited                | 5,000                                      | 423,913   | 458,850   |
| <b>Construction and Materials</b>       |  |   |   |
| D.G. Khan Cement Limited                | 15,000                                     | 1,076,250   | 1,140,750   |
| Maple Leaf Cement Limited               | 20,000                                     | 714,000   | 721,000   |
| Power Cement Company Limited            | 52,500                                     | 320,250   | 342,825   |
| Fauji Cement Company Limited            | 15,000                                     | 269,495   | 271,800   |
| Lucky Cement Company Limited            | 3,000                                      | 1,870,980   | 1,909,050   |
| HubPower Co Ltd                         | 25,000                                     | 1,782,995   | 1,789,500   |
| Gharibwal Cement Limited                | 20,000                                     | 468,800   | 513,000   |
|   |  | 6,502,770   | 6,687,925   |
| <b>Oil &amp; Gas Producers</b>          |  |   |   |
| Pakistan State Oil                      | 10,000                                     | 1,812,700   | 1,666,700   |
| Pakistan Petroleum Limited              | 2,150                                      | 174,260   | 156,520   |
| Hi-Tech Lubricats Limited               | 10,000                                     | 413,795   | 423,600   |
| Oil And Gas Development Company Limited | 35,600                                     | 3,084,940   | 2,959,428   |
| Descon Oxy                              | 7,500                                      | 155,930   | 149,550   |
| Hascol Petroleum Limited                | 13,782                                     | 71,115  | 67,670  |
|   |  | 5,712,740   | 5,423,468   |
| <b>Gas Water &amp; Multiutilities</b>   |  |   |   |
| Sui Northern Gas Pipeline Limited       | 29,500                                     | 1,002,115   | 937,510   |
| <b>Engineering</b>                      |  |   |   |
| Mughal Steel                            | 5,000                                      | 445,000   | 456,000   |
| International steels limited            | 6,000                                      | 381,347   | 391,020   |
|   |  | 826,347   | 847,020   |
| <b>Automobile and Parts</b>             |  |   |   |
| Pakistan Intl Bulk Terminal             | 25,000                                     | 159,500   | 159,250   |
| Sazgar Engineering Works Limited        | 13,820                                     | 1,149,550   | 1,023,734   |
|   |  | 1,309,050   | 1,182,984   |

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| Name of investee company                 | Number of share<br>As at March<br>31, 2022 | Carrying value<br>as at March<br>31, 2022<br>(Rupees) | Market value<br>as at March<br>31, 2022<br>(Rupees) |
|--|--|---|---|
| <b>Electricity</b>                       |  |   |   |
| K-Electric                               | 488,500                                    | 1,558,120   | 1,533,890   |
| <b>Pharmaceuticals</b>                   |  |   |   |
| The Searle Company Limited               | 12,119                                     | 1,540,083   | 1,502,635   |
| Glaxo Smithkline Pakistan Ltd.           | 4,700                                      | 642,819   | 642,396   |
|  |  | 2,182,902   | 2,145,031   |
| <b>Cable and Electrical goods</b>        |  |   |   |
| Pak electron limited                     | 113,500                                    | 2,188,280   | 1,876,155   |
| WAVES Singer Pakistan Ltd.               | 30,000                                     | 439,180   | 449,700   |
|  |  | 2,627,460   | 2,325,855   |
| <b>Glass &amp; Ceramics</b>              |  |   |   |
| Ghani Global Holdings                    | 3,500                                      | 68,465  | 60,515  |
| <b>Food &amp; Personal Care Products</b> |  |   |   |
| National Foods Limited                   | 6,250                                      | 899,687   | 976,000   |
| <b>Banks</b>                             |  |   |   |
| Bank Islamic Pakistan Ltd.               | 44,500                                     | 507,050   | 523,320   |
| <b>Telecommunication</b>                 |  |   |   |
| P.T.C.L                                  | 200,000                                    | 1,555,274   | 1,560,000   |
| <b>Total</b>                             |  | <b>25,175,892</b>                                     | <b>24,675,723</b>                                   |

**5.1.2 Listed Mutual Funds - 'at fair value through profit or loss'**

|                                    |       |        |         |
|------------------------------------|-------|--------|---------|
| Meezan Islamic Fund - Growth Units | 2,030 | 90,753 | 124,514 |
|------------------------------------|-------|--------|---------|

**5.1.3 Non Shariah Listed Equity Funds - 'at fair value through profit or loss'**

|   |       |        |        |
|---|-------|--------|--------|
| Power Cement Company Limited (Pref share) | 7,130 | 70,729 | 57,040 |
|---|-------|--------|--------|

**NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (UN-AUDITED)  
For the Nine Months Ended March 31, 2022**

|  |      | (Un-audited)<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|--|------|-----------------------------------|-----------------------------|
|  | Note | -----Rupees-----                  |                             |
| <b>6 MUSAWAMAH FACILITY - SECURED</b>            |      |                                   |                             |
| Musawamah facility - secured considered doubtful |      | 25,000,000                        | 25,000,000                  |
| Less: provision against potential losses         |      | <u>(25,000,000)</u>               | <u>(25,000,000)</u>         |
|  | 6.1  | <u>                  -</u>        | <u>                  -</u>  |

|      | March 31, 2021 (Un-audited) |                     | June 30, 2021 Audited  |                     |
|------|-----------------------------|---------------------|------------------------|---------------------|
|      | Balance<br>Outstanding      | Provision<br>held   | Balance<br>Outstanding | Provision<br>held   |
|      | ----- (Rupees) -----        |                     |                        |                     |
| Loss | <u>25,000,000</u>           | <u>(25,000,000)</u> | <u>25,000,000</u>      | <u>(25,000,000)</u> |

**6.2** This represents musawamah principal amount overdue by more than one year carried profit rate of 10% (June 2019: 10%) per annum secured against hypothecation of current assets, demand promissory notes, personal guarantee of directors and pledge of stocks(raw cotton). M/s Quetta Textile Mills Limited has defaulted in payment at its maturity therefore the Modaraba has filed a suit for recovery of principal and profit in Honorable Banking Court No.II. The legal advisor of the Modaraba is of the opinion that Modaraba has reasonable chances of recovery of the defaulted amounts. However, in compliance to prudential regulation # 5 for modarabas, the modaraba has provided the provision against the said default.

Further, Modaraba has also filed for registration of criminal complaint against M/s Quetta Textile Mills Limited.

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

|                           |      | (Un-audited)<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|---------------------------|------|-----------------------------------|-----------------------------|
|                           | Note | -----Rupees-----                  |                             |
| <b>7 STOCK IN TRADE</b>   |      |                                   |                             |
| Opening Inventory         | 7.1  | 72,148,310                        | -                           |
| Less : Cost of Goods Sold |      | <u>(7,765,773)</u>                | <u>-</u>                    |
| Closing Inventory         |      | <u>64,382,537</u>                 | <u>-</u>                    |



**NOTES TO THE CONDENSED INTERIM  
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For the Nine Months Ended March 31, 2022**

7.1 During the period, the Modaraba has purchased commodity of rice for trading purposes, which are held in Punjab godowns under its control.

**8 TAXATION**

The tax exemption by virtue of clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 has been withdrawn through and Tax loss (Second amendment), 20-21, dated March 21, 2021 which is adopted in Finance Act, 2021.

As referred above, the exemption for Modarabas has been withdrawn from July 01, 2021, accordingly, the Modaraba is also subject to deferred tax.

|  | (Un-audited)<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|--|-----------------------------------|-----------------------------|
| <b>Note</b>                              | -----Rupees-----                  |                             |
| 8.2 Income tax refundable                | 5,924,490                         | 5,778,678                   |
| Income tax adjusted / deducted at source | <u>358,096</u>                    | <u>145,812</u>              |
|  | <u>6,282,586</u>                  | <u>5,924,490</u>            |

**9 DIMINISHING MUSHARAKAH FINANCING**

|   |                         |                     |
|---|-------------------------|---------------------|
| Diminishing musharka financing                      | 99,546,867              | 122,184,621         |
| Less: Provision in respect of Diminishing Musharaka | -                       | -                   |
|   | <u>99,546,867</u>       | <u>122,184,621</u>  |
| Less: Current portion                               | 9.1 <u>(45,654,903)</u> | <u>(46,711,912)</u> |
|   | <u>53,891,964</u>       | <u>75,472,709</u>   |

9.1 These carry profit rate ranging from 11.00% to 15.49% (June 30, 2021: 8.52% to 14.00%) per annum and are repayable on monthly basis over a maximum period of five years. The financing is secured by way of personal guarantees of the parties.

|                         | (Un-audited)<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|-------------------------|-----------------------------------|-----------------------------|
| <b>10 IJARAH ASSETS</b> | -----Rupees-----                  |                             |
|                         | <u>267,644</u>                    | <u>1,005,705</u>            |

During the nine months period ended March 31, 2022 disposals amounting to Rs 2.64 million (June 30, 2021: Rs 23.02 million) under Ijarah arrangements.

**NOTES TO THE CONDENSED INTERIM  
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For the Nine Months Ended March 31, 2022**

|   |      | (Un-audited)<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|---|------|-----------------------------------|-----------------------------|
|   | Note | -----Rupees-----                  |                             |
| <b>11 LONG TERM INVESTMENTS</b>                             |      |                                   |                             |
| Investment in Associates                                    | 11.1 | 9,651,772                         | 9,963,740                   |
| <b>At fair value through other<br/>comprehensive income</b> |      |                                   |                             |
| <b>Shariah compliant</b>                                    |      |                                   |                             |
| Equity securities-listed                                    | 11.3 | 4,011,039                         | 3,587,576                   |
| Mutual funds-listed   | 11.4 | 146,203                           | 141,956                     |
| <b>Non-shariah compliant</b>                                |      | 4,157,242                         | 3,729,532                   |
| Equity securities-listed                                    | 11.5 | 3,210                             | 1,711,871                   |
| <b>At Amortised Cost</b>                                    |      |                                   |                             |
| Investment in Sukuk Certificates                            | 11.6 | 5,000,000                         | 5,357,128                   |
| Less: Current maturity                                      |      | -                                 | (357,128)                   |
|   |      | <u>5,000,000</u>                  | <u>5,000,000</u>            |
|   |      | <u>18,812,224</u>                 | <u>20,405,143</u>           |
| <b>11.1 Investment in Associates</b>                        |      |                                   |                             |
| Opeing Balance  |      | 9,963,740                         | 7,476,930                   |
| Share of incremental depreciation - OCI Component           |      | 638                               | 333,796                     |
| Share of profit/(loss) of associate                         |      | 241,269                           | 2,485,340                   |
|   |      | 241,907                           | 2,819,136                   |
| Dividend income   |      | (553,875)                         | (332,326)                   |
|   | 11.2 | <u>9,651,772</u>                  | <u>9,963,740</u>            |

**11.2** This represents investment in associate, the Al-Noor Sugar Mills which is incorporated in Pakistan and listed on Pakistan Stock Exchange. Its registered office is situated at 96-A, Sindhi Muslim Society, Karachi. The principal activities of the associate is manufacturing sugar, medium density fiber (MDF) board, power generation and its sale.

**11.2.1** The associate is accounted for using equity method in these financial statements. For the purposes of applying the equity method of accounting, the financial statements of Al-Noor Sugar Mills for the six months period ended December 31, 2021 have been used to reflect the profit/(loss) for the nine months period ended March 31, 2022. As at March 31, 2022, the fair value of the Modaraba's interest in Al-Noor Sugar Mills is disclosed in 11.1.3 based on the quoted market price available on the Pakistan Stock Exchange, which is a level 1 input in terms of IFRS 13.

**11.2.2** The summarized financial information in respect the Al-Noor Sugar Mills is set out below. The summarized financial information represents the amounts shown in the associate's financial statements for the respective year.

**NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (UN-AUDITED)  
For the Nine Months Ended March 31, 2022**

| Name of Associate                            | Basis of significant influence    |                             |
|--|-----------------------------------|-----------------------------|
|  | (Un-audited)<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
| Al-Noor Sugar Mills Limited                  | <b>Common directorship</b>        |                             |
| Number of shares held (Number)               | 110,775                           | 110,775                     |
| Ownership interest (%)                       | 0.54%                             | 0.54%                       |
| Share capital ordinary shares of Rs 10. each | 204,737                           | 204,737                     |
| Total assets                                 | 10,422,162                        | 10,422,162                  |
| Total liabilities                            | 7,002,552                         | 7,002,552                   |
| Net assets                                   | 3,419,610                         | 3,419,610                   |
| Revenue                                      | 12,148,695                        | 12,148,695                  |
| Profit after tax                             | 460,248                           | 460,248                     |
| -----Rupees in '000-----                     |                                   |                             |
| Other comprehensive income                   | 118                               | 61,814                      |
| Cost of investment                           | 1,482,481                         | 1,485,481                   |
| Marker value of shares                       | 6,535,725                         | 7,754,250                   |

**11.3 Shahriah Compliant listed equity securities - 'at fair value through other comprehensive income'**  
(Ordinary shares have a face value of Rs.10/- each unless stated otherwise).

| Name of investee company       | Number of share<br>As at March<br>31, 2022 | Carrying value<br>as at March<br>31, 2022<br>(Rupees) | Market value<br>as at March<br>31, 2022<br>(Rupees) |
|--------------------------------|--|---|---|
| <b>Modarabas</b>               |  |   |   |
| First Habib Modaraba           | 4,500                                      | 31,815  | 32,445  |
| Orix Modarba                   | 11,000                                     | 192,500   | 176,000   |
| Habib Metro Modaraba           | 500  | 4,755   | 3,755   |
| Allied Rental Modaraba         | 16,500                                     | 173,910   | 364,650   |
| First Imrooz Modaraba          | 3,000                                      | 441,000   | 452,400   |
|                                |  | 843,980   | 1,029,250   |
| <b>Oil &amp; Gas Producers</b> |  |   |   |
| Hascol Petroleum Limited       | 1,815                                      | 16,208  | 8,912   |
| Attock Petroleum Limited       | 120  | 38,523  | 36,199  |
|                                |  | 54,731  | 45,111  |
| <b>Cement</b>                  |  |   |   |
| Power cement Limited           | 6,000                                      | 37,200  | 39,180  |
| <b>Automobile Assembler</b>    |  |   |   |
| Ghandhara Nissan Limited       | 4,610                                      | 503,550   | 320,671   |
| Ghandhara Industries Limited   | 4,200                                      | 1,171,884   | 696,276   |
| Millat Tractors Limited        | 568  | 444,881   | 492,428   |
|                                |  | 2,120,315   | 1,509,375   |
| <b>Paper And Board</b>         |  |   |   |
| Cherat Packaging Limited       | 8,495                                      | 1,689,740   | 1,214,785   |
| Pharmaceuticals                |  |   |   |
| The Searle Company Limited     | 1,398                                      | 339,183   | 173,338   |
| <b>Total</b>                   |  | <b>5,085,149</b>                                      | <b>4,011,039</b>                                    |

**NOTES TO THE CONDENSED INTERIM  
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For the Nine Months Ended March 31, 2022**

**11.4 Listed Mutual Funds - 'at fair value through other comprehensive income'**

| Name of investee company            | Number of share As at March 31, 2022 | Carrying value as at March 31, 2022 (Rupees) | Market value as at March 31, 2022 (Rupees) |
|-------------------------------------|--------------------------------------|--|--|
| Meezan Balanced Fund - Growth Units | 9,104                                | 141,956                                      | 146,203                                    |

**11.5 Non-Shariah compliant Listed equity securities - 'at fair value through profit or loss'**

| Name of investee company    | Number of share As at March 31, 2022 | Carrying value as at March 31, 2022 (Rupees) | Market value as at March 31, 2022 (Rupees) |
|-----------------------------|--------------------------------------|--|--|
| <b>Automobile and Parts</b> |                                      |  |  |
| Hinopak Motors              | 10                                   | 6,121  | 3,210                                      |
| <b>Total</b>                |                                      | <u>6,121</u>                                 | <u>3,210</u>                               |

**11.6** Two separate investment made in sukuk certificates (Sukuk I and Sukuk II) of Tier II of Albaraka Bank Pakistan Limited. Sukuk I carrying profit to base rate of six months of KIBOR + 1.25% (June 30, 2021: KIBOR + 1.25%) and terms of principal repayment bi-annual receivable in 14 equal installments till September, 2021 and sukuk II carrying profit to base rate of six months of KIBOR + 0.75% (June 30, 2021: KIBOR + 0.75%) and terms of repayment principal on maturity on August 21, 2024. During the period Sukuk I has been matured.

(Un-audited) Audited  
March 31, June 30,  
2022 2021

Note -----Rupees-----

**12 FIXED ASSETS IN OWN USE**

**Net book value**

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Computer equipment              | 402,710          | 289,882          |
| Office equipment and appliances | 334,679          | 44,104           |
| Furniture and Fixtures          | 426,832          | 511,577          |
| Motor Vehicles                  | 1,289,827        | 1,800,829        |
|                                 | <u>2,454,048</u> | <u>2,646,392</u> |

**13 INTANGIBLE ASSETS FOR OWN USE**

|          |              |               |
|----------|--------------|---------------|
| Software | 3,000        | 10,502        |
|          | <u>3,000</u> | <u>10,502</u> |

**NOTES TO THE CONDENSED INTERIM  
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For the Nine Months Ended March 31, 2022**

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**14 CERTIFICATE CAPITAL**

**14.1 Authorised certificate capital**

| (Un-audited)<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |                                      | (Un-audited)<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|-----------------------------------|-----------------------------|--------------------------------------|-----------------------------------|-----------------------------|
| ----Number of certificates----    |                             |                                      | -----Rupees-----                  |                             |
| <u>40,000,000</u>                 | <u>40,000,000</u>           | Modaraba certificates of Rs. 10 each | <u>400,000,000</u>                | <u>400,000,000</u>          |

**14.2 Issued, subscribed and paid - up certificate capital**

| (Un-audited)<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |                                      | (Un-audited)<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|-----------------------------------|-----------------------------|--------------------------------------|-----------------------------------|-----------------------------|
| ----Number of certificates----    |                             |                                      | -----Rupees-----                  |                             |
| 20,000,000                        | 20,000,000                  | Modaraba certificates of Rs. 10 each | 200,000,000                       | 200,000,000                 |
| 1,000,000                         | 1,000,000                   | fully paid in cash                   | 10,000,000                        | 10,000,000                  |
| <u>21,000,000</u>                 | <u>21,000,000</u>           |                                      | <u>210,000,000</u>                | <u>210,000,000</u>          |

**14.3** As at March 31, 2022, First Al-Noor Modaraba Management (Private) Limited (the Management Company and a related party) held 4,200,000 certificates (June 2021: 4,200,000 certificates), as required under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

**15 STATUTORY RESERVE**

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

During the current period the Modaraba has transferred an amount of Rs. Nil (June 30, 2021: Rs Nil).

**NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (UN-AUDITED)  
For the Nine Months Ended March 31, 2022**

|  | (Un-audited)<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|--|-----------------------------------|-----------------------------|
| Note   | -----Rupees-----                  |                             |
| <b>16 DEFICIT ON REVALUATION OF INVESTMENTS<br/>- Classified As 'FVTOCI'</b> |                                   |                             |
| Market value of investments  | 4,160,452                         | 5,441,402                   |
| Less: cost of investments  | <u>(7,975,612)</u>                | <u>(7,758,041)</u>          |
|  | <u>(3,815,160)</u>                | <u>(2,316,639)</u>          |
| Deficit on revaluation at the beginning of the period                        | (2,316,639)                       | (5,371,057)                 |
| Gain realised on disposal and transferred into equity directly               | 31,232                            | 174,625                     |
| Deficit on revaluation during the period                                     | <u>(1,529,753)</u>                | <u>2,879,793</u>            |
|  | <u>(1,498,521)</u>                | <u>3,054,418</u>            |
| <b>Deficit on revaluation at the end of the period</b>                       | <u>(3,815,160)</u>                | <u>(2,316,639)</u>          |
| <b>17 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>                           |                                   |                             |
| Accrued expenses   | 700,239                           | 477,518                     |
| Takaful / Insurance  | 18,369                            | 18,369                      |
| Advances from customers  | 2,401,955                         | 4,179,400                   |
| Provision for Worker's Welfare Fund  | 416,332                           | 416,332                     |
|  | <u>3,536,895</u>                  | <u>6,294,230</u>            |

**17.1** The Finance Act 2008, introduced an amendment to the Worker's Welfare Fund Ordinance, 1971 (WWF Ordinance). Through these amendments Workers Welfare Fund (WWF) was payable @ 2% of the profit before taxation or taxable income whichever is higher. The legality of the above amendments were challenged in Sindh, Lahore and Peshawar High Courts. Due to variable judgments from the aforesaid Courts, the matter was forwarded to the Honorable Supreme Court of Pakistan. The Honorable Supreme Court has decided the matter on November 10, 2016, and Para 21 of its judgment states that the levy of WWF is in the nature of fee and the law could not be amended by the money bill and as such amendments made in the year 2006 and 2008 are unlawful ultravires to the Constitution. In terms of judgment by the Honorable Supreme Court of Pakistan, WWF under WWF Ordinance, is no more payable by the Modaraba and provision made against WWF up till June 30, 2014 is reversed during the period.

Subsequently the Sindh Assembly passed a bill on May 4, 2015 and notified Sindh Worker's Welfare Act 2014 on June 4, 2015. As per the said Act the applicability of the Sindh Workers Welfare Fund is effective from the financial year of the entities ended on or after December 31, 2013. Accordingly, provision has been made at the rate of 2% of profit before taxation or taxable income, whichever is higher, effective after June 30, 2014.

**NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (UN-AUDITED)  
For the Nine Months Ended March 31, 2022**

|   |      | (Un-audited)<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|---|------|-----------------------------------|-----------------------------|
|   | Note | -----Rupees-----                  |                             |
| <b>18 PROVISION FOR CUSTOM DUTY &amp; SURCHARGE</b> |      |                                   |                             |
| Custom duty / surcharges                            | 18.1 | <u>4,398,842</u>                  | <u>4,398,842</u>            |

**18.1** In a suit filed with the Honorable High Court of Sindh in the year 1994 - 95, Modaraba has disputed the amount of duty and surcharge levied by the Collector of Customs on import of 1,901.472 metric tons of edible oil imported from Singapore. The Honorable High Court rejected the appeal and ordered to deposit amount for the disputed amount of duty. The Modaraba has filed an appeal in the Honorable Supreme Court against the decision of the Honorable High Court. The Honorable Supreme Court in its interim order allowed the Modaraba to get release of goods for which Modaraba has provided bank guarantee of Rs. 4.4 million against 10% cash margin and hypothecation charge on current assets until the matter is decided. The Modaraba, however, has fully provided for the duty and surcharge of Rs. 4,398,842, as claimed by the Collector of Customs.

**19 CONTINGENCIES AND COMMITMENTS**

**19.1 Contingencies**

Details of contingencies regarding Provision for Sindh Workers' Welfare Fund, Musawamah facility litigation against Quetta Textile Mills Limited and Provision for Custom Duty and Surcharge are disclosed in notes 18.1, 6.2 and 19.1 respectively.

**19.1.1 PROVISION FOR SERVICE SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION**

The Sindh Revenue Board (SRB) has imposed Sindh Sales Tax (SST) on the Modaraba Management Company's remuneration with effect from 01 November 2011. However, certain modaraba management companies have approached the Honorable Sindh High Court (the Court) and Appellate Tribunal of SRB, challenging the levy of SST on management company's remuneration. The Modaraba Management Company has not received any demand notice from SRB for payment of SST on Management Company's remuneration and accordingly, based on legal advisor's opinion, can neither file any petition challenging the levy of SST on Management Company's remuneration nor can join the proceedings of pending petition in the Court. As a matter of abundant caution the management is accruing SST on Management Company's remuneration and will discharge the liability on direction of the Court based on outcome of the petition filed by other modaraba management companies.

**19.2 Commitments**

There are no commitments as at March 31, 2022 (June 30, 2021: Nil)

**NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (UN-AUDITED)  
For the Nine Months Ended March 31, 2022**

|  | For Nine months ended<br>March 31, |                   | Three months period ended<br>March 31, |                  |
|--|------------------------------------|-------------------|--|------------------|
|  | 2022                               | 2021              | 2022                                   | 2021             |
| <b>20 INCOME FROM TRADING OPERATIONS</b> |                                    |                   |  |                  |
| Local                                    | 8,667,500                          | -                 | 8,667,500                              | -                |
| Cost Of Sales                            | (7,765,773)                        | -                 | (7,765,773)                            | -                |
|  | <u>901,727</u>                     | <u>-</u>          | <u>901,727</u>                         | <u>-</u>         |
| <b>21 INCOME FROM INVESTMENTS</b>        |                                    |                   |  |                  |
| Gain on sale of securities - net         | 1,204,732                          | 10,614,095        | 489,788                                | 4,676,514        |
| Dividend income                          | 912,811                            | 755,738           | 153,674                                | 442,138          |
| Gain on Sukuk Certificates               | 380,191                            | 350,711           | 209,205                                | 576,018          |
| Profit on Islamic Certificates           | 2,381,276                          | 1,247,731         | 260,909                                | 1,070,770        |
|  | <u>4,879,010</u>                   | <u>12,968,275</u> | <u>1,113,576</u>                       | <u>5,613,404</u> |

**22 RELATED PARTY TRANSACTIONS**

The related parties of the Modaraba comprise of its Management Company, associated companies, directors of the Management Company and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel (which are employed by the Management Company) under the terms of their employment are as follows:

|   | (Un-audited)<br>March 31,<br>2022 | Audited<br>June 30,<br>2021 |
|---|-----------------------------------|-----------------------------|
|   | Note                              | Rupees                      |
| <b>22.1 Balance outstanding at period end<br/>Modaraba Management Company</b> |                                   |                             |
| Management remuneration   | -                                 | -                           |
| <b>Other related parties (other than key<br/>management personnel)</b>        |                                   |                             |
| Staff Gratuity Scheme   | <u>8,076,736</u>                  | <u>7,506,858</u>            |



**NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (UN-AUDITED)  
For the Nine Months Ended March 31, 2022**

|  | <b>(Un-audited)<br/>March 31,<br/>2022</b> | <b>Audited<br/>June 30,<br/>2021</b> |
|--|--|--------------------------------------|
| -----Rupees-----   |  |                                      |
| <b>23 CASH FROM OPERATIONS AFTER WORKING CAPITAL CHANGES</b> |  |                                      |
| <b>Profit /(Loss) Before Taxation</b>                        | <b>(6,984,564)</b>                         | 3,344,145                            |
| Depreciation on:   |  |                                      |
| Ijarah assets  | 492,423                                    | (1,812,451)                          |
| Fixed assets in own use                                      | 896,864                                    | 144,373                              |
| Ammortization on intangibles for own use                     | 7,502                                      | 13,500                               |
| Income on diminishing musharakah                             | (12,714,869)                               | (9,782,133)                          |
| Dividend income  | (912,811)                                  | (755,738)                            |
| Income on investment in islamic certificate                  | (2,381,276)                                | (1,247,731)                          |
| Profit on disposal of fixed assets                           | (23,893)                                   | (55,630)                             |
| Gain on Sukuk Certificates                                   | (380,191)                                  | (350,711)                            |
| Profit on bank deposits                                      | (583,310)                                  | (2,065,317)                          |
| Gain on sale of investment                                   | (1,204,732)                                | (10,614,095)                         |
| Proceeds from ijarah termination                             | (65,938)                                   | -                                    |
| Managements remuneration                                     | -  | 379,819                              |
| Unrealized loss on re-measurement of:                        |  |                                      |
| Mutual funds   | (2,192)                                    | -                                    |
| Equity securities  | 6,749,687                                  | 4,312,057                            |
| Share of profit from associate                               | (241,269)                                  | (1,319,810)                          |
| Financial and other charges                                  | 31,053                                     | 9,423                                |
| Income tax written off                                       | -  | -                                    |
| Sales tax written off  | -  | -                                    |
| Provision for gratuity                                       | 776,150                                    | 665,120                              |
| <b>Operating profit before working capital changes</b>       | <b>(9,556,802)</b>                         | <b>(22,479,324)</b>                  |
|  | <b>(16,541,366)</b>                        | <b>(19,135,179)</b>                  |
| <b>Changes in assets</b>                                     |  |                                      |
| Ijarah Rental receivable                                     | (35,002)                                   | -                                    |
| Diminishing Musharakah financing- net                        | 22,637,754                                 | 892,063                              |
| Proceeds from sale of of ijarah assets                       | 245,638                                    | 529,379                              |
| Profit receivable  | (8,918)                                    | 352,974                              |
| Dividend receivable  | -  | -                                    |
| Investments- net   | (21,969,153)                               | -                                    |
| Stock in trade   | (64,382,537)                               | -                                    |
| Advances, deposits, prepayments<br>and other receivables     | 24,869,834                                 | (52,016,227)                         |
|  | <b>(38,642,385)</b>                        | <b>(50,241,811)</b>                  |
|  | <b>(55,183,752)</b>                        | <b>(69,376,990)</b>                  |
| <b>Changes in liabilities</b>                                |  |                                      |
| Creditors, accrued and other liabilities                     | 2,757,335                                  | -                                    |
| Security deposits  | 263,700                                    | -                                    |
| Charity payable  | 11,868                                     | -                                    |
|  | <b>3,032,903</b>                           | <b>-</b>                             |
| <b>Cash flow from operating activities</b>                   | <b>(52,150,849)</b>                        | <b>(69,376,990)</b>                  |

**NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (UN-AUDITED)  
For the Nine Months Ended March 31, 2022**

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**24. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES**

The Modaraba's activities expose it to a variety of financial risks. These condensed interim financial statements do not include all financial risk management information and disclosure which are required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Modaraba as at June 30, 2020. There has been no change in any risk management policies since the period end.

**25. FAIR VALUE OF ASSETS AND LIABILITIES**

The carrying value of all financial assets and liabilities are estimated to approximate their fair values. There were no transfers amongst levels during the period.

**26. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were approved and authorized for issue on April 19, 2022 by the Board of Directors of the Management Company.

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

sd/-  
Chief Executive Officer

sd/-  
Chief Financial Officer

sd/-  
Director

sd/-  
Director

Place: Karachi  
Date: April 19, 2022

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**FIRST AL-NOOR MODARABA**

*(An Islamic Financial Institution)*

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