



AN ISLAMIC FINANCIAL INSTITUTION

FIRST IBL MODARABA ANNUAL REPORT 2024

MISSION STATEMENT

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

VISION STATEMENT

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

CORPORATE STRATEGY

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

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

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

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Corporate Information

Modaraba Management Company	IBL Modaraba Management (Pvt.) Limited	
Board of Directors	Mr. Arslan Khan Khakwani Mr. Ibrahim Hasan Murad Mr. Salman Ahmad Ms. Faiza Jabeen Mr. Muhammad Ibrahim Qazi	Chairman Director Independent Director Female director Chief Executive
Company Secretary	Mr. Hassan Fareed	
Chief Financial Officer	Mr. Muhammad Ibrahim Butt	
Internal Auditor	Mr. Jahangir Hassan	
Shari'ah Advisor	Dr. Salman Ahmed Khan	
Legal Advisor	M/s. Holscott International [Legal services]	
Bankers	Meezan Bank Limited MCB Islamic Bank Limited The Bank of Punjab – Taqwa	
Auditors to the Modaraba	Crow Hussain Chaudhury Chartered Accountants	
Share Registrar	Corp Tec Associates (Pvt.) Limited 503 E, Johar Town, Lahore. Telephone No. 042-35170335 - 37	
Registered/ Principal Office	Office No.4-L, Main Ferozpur Road, Gulberg3, Lahore. Telephone No. 042-35969435 & 36 www.firstibl.com	

NOTICE OF ANNUAL REVIEW MEETING (ARM)

Notice is hereby given to the certificate holders of First IBL Modaraba(FIBLM) that **Annual Review Meeting** [ARM] of certificate holders will be held on **Monday, December 9, 2024** at 11:00 a.m. at principal office of First IBL Modaraba, 4-L, Gulberg-III, Lahore to review the performance of First IBL Modaraba for the year ended **June 30, 2024**.

The certificate transfer Books of First IBL Modaraba will remain close from December 03, 2024 to December 09, 2024 (both days inclusive).

The persons entitled to attend the meeting will be those certificate holders whose names are entered in the register of certificate holders at the close of business on December 02, 2024



Company Secretary
November 18, 2024

CHAIRMAN'S REVIEW REPORT

For the year ended June 30, 2024

Dear Valued Certificate Holders

السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

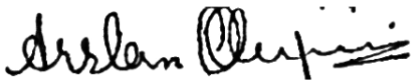
I am delighted to present the report on the Financial Year ending June 30, 2024, for First IBL Modaraba, which wouldn't have been possible without the unwavering dedication of my esteemed fellow Board Members and our exceptional team.

Our commitment to realizing our vision of becoming the leading Modaraba in Pakistan remains steadfast, and we deeply appreciate the trust and confidence demonstrated by our valued certificate holders.

Despite the significant challenges posed by ongoing geopolitical tensions—including the Russia-Ukraine conflict—domestic political uncertainties, elevated inflation, a bearish stock market, and the depreciation of the rupee, I am pleased to report that your Modaraba has navigated these turbulent conditions with resilience. As a result, it achieved a commendable pre-tax profit of Rs. 21.423 million, compared to Rs. 13.494 million in the previous year, 2023.

Throughout the fiscal year 2024, the Board's performance and effectiveness have been rigorously assessed and found to be satisfactory. This evaluation encompasses essential aspects such as our vision, mission, and values alignment, active engagement in strategic planning, policy formulation, and diligent monitoring of our business activities.

I would like to extend my heartfelt gratitude once more to my fellow Board Members for their tireless commitment, invaluable insights, and expertise. Their unwavering dedication has played a pivotal role in overseeing the activities of the Modaraba, and I look forward to our continued collaboration in the pursuit of our mission.



Arslan Khan Khakwani
Chairman
November 11, 2024

Directors' Report

The Board of Directors of IBL Modaraba Management (Private) Limited [IBLMM], the Management Company of First IBL Modaraba [FIBLM], and takes great pleasure in presenting the Audited Financial Statements for First IBL Modaraba for the fiscal year ending on June 30, 2024, accompanied by the Auditors' Report

Performance Review:

Amid significant challenges such as ongoing geopolitical tensions, including the Russia-Ukraine conflict, domestic political uncertainties, high inflation rates, a bearish stock market, and a depreciating rupee, I am pleased to report that your Modaraba has successfully navigated these turbulent conditions. As a result, it achieved a commendable pre-tax profit of Rs. 21.423 million, compared to Rs. 13.494 million in the preceding year.

Musharakah segment was the major income generating source during the period under review which contributed 38% of the gross revenue. Despite of high inflationary rates, Modaraba managed to curtail its operating expenses during the year under review

Major portfolio was invested in Musharakah and Ijarah segments which includes investment in micro finance domain at high profit rates.

Attendance of board meetings:

During the financial year 2023-24 the attendance of board meeting was as follows:

Sr #	Name of director	No of meetings	No. of meetings attended	Leave or absence
1	Mr. Ibrahim Hasan Murad	04	04	0
2	Mr. Arslan Khan Khakwani	04	04	0
3	Mr. Salman Ahmad	04	04	0
4	Ms. Faiza Jabeen	04	04	0
4	Mr. Muhammad Ibrahim Qazi	04	04	0

Composition of Board of Directors:

As of publication date of these financial statement, the total number of directors are as follows:

Number of director	Male	Female	Total
Number of directors	04	1	05

As of publication date of these financial statement, the board composition is as follows:

Sr #	Name of Director	Type
1	Mr. Ibrahim Hasan Murad	Non-Executive
2	Mr. Arslan Khan Khakwani	Non-Executive
3	Mr. Salman Ahmad	Independent
4	Ms. Faiza Jabeen	Female Director
5	Mr. Muhammad Ibrahim Qazi	CEO/Executive Director

Composition of Audit Committee:

As of publication date of these financial statement, the composition of Audit Committee is as follows:

Sr #	Name of Director	Type
1	Mr. Salman Ahmad	Chairman
2	Mr. Ibrahim Hasan Murad	Member
3	Mr. Arslan Khan Khakwani	Member

Composition of HR&R Committee:

As of publication date of these financial statement, the composition of HR&R Committee is as follows:

Sr #	Name of Director	Type
1	Mr. Salman Ahmad	Chairman
2	Mr. Ibrahim Hasan Murad	Member
3	Mr. Arslan Khan Khakwani	Member

Operating data for six years:

The operating data for six (06) years is annexed to this report.

Pattern of certificate holding:

The detailed pattern of certificate holding as required under the Code of Conduct is annexed to this report.

There has been no trading in the certificates of Modaraba by any of its Directors, CEO, CFO, Company Secretary or their spouses and minor children unless specified in the financial statements.

Stock Market Review:

The Pakistan Stock Market experienced a year marked by both challenges and recovery trends during 2023-2024. The market faced pressures from ongoing economic concerns, including high inflation rates, currency depreciation, and political instability, but it also saw periods of resilience and investor confidence, particularly as the government implemented reforms and secured international support. Sectors such as technology, energy, and banking showed resilience, with technology stocks benefiting from increased digitalization trends, and energy stocks gaining from higher global oil prices. While foreign investor interest remained cautious, an improvement in Pakistan's economic outlook and structural reforms helped attract some international investments, particularly toward the latter half of 2024. The Pakistan Stock Market in 2023-2024 faced significant economic and political hurdles but demonstrated resilience and gradual recovery as government reforms and international support efforts took effect, stabilizing market sentiment and paving the way for potential growth.

Economic Review:

Pakistan's economy in 2023-2024 was shaped by both internal and external pressures, as well as gradual recovery efforts driven by government reforms and international assistance. The period was marked by macroeconomic challenges, including high inflation, currency depreciation, and a stringent fiscal environment. Despite these headwinds, policy reforms and international aid provided some stability and hope for medium-term recovery. Inflation remained a significant concern due to high global commodity prices, elevated food and energy costs, and the Pakistani rupee's depreciation. The State Bank of Pakistan (SBP) maintained high interest rates to curb inflation, impacting borrowing costs and

investment growth across various sectors. The Pakistani rupee saw considerable depreciation against major currencies, exacerbated by declining foreign reserves and trade imbalances. The currency depreciation contributed to inflationary pressures but saw some stabilization toward the end of the period due to government measures and IMF support.

Pakistan's government secured an Extended Fund Facility (EFF) arrangement with the International Monetary Fund (IMF), leading to significant fiscal reforms. Measures included improved tax collection, reduction in subsidies, and tightening of the fiscal deficit, which helped restore some investor confidence and strengthen macroeconomic indicators. Pakistan faced a persistent trade deficit due to high import costs and limited export growth, particularly in the early part of the year.

However, the government implemented import restrictions and incentivized exports to control the current account deficit, resulting in a slight improvement by mid-2024. While the sector struggled due to adverse weather conditions and input shortages, government initiatives provided some relief. The sector's performance is crucial for employment and GDP contribution. The industrial sector, particularly manufacturing, faced challenges from high input costs and reduced domestic demand due to inflation. However, certain sub-sectors, such as textiles and pharmaceuticals, benefited from increased exports and government incentives. The services sector, especially digital services, showed resilience and saw growth due to rising digitalization trends and increased demand for online services. Although foreign direct investment (FDI) remained subdued, improvements in the macroeconomic environment and the IMF-backed reform agenda attracted some international interest toward the end of the period, particularly in energy, infrastructure, and technology sectors. The high inflationary environment and reduced economic growth led to declining real incomes and higher unemployment, impacting overall living standards. Social protection programs were implemented, but challenges remained in providing adequate support to vulnerable populations. The government's commitment to fiscal and structural reforms, alongside IMF support, set a path for stabilization and gradual recovery. While challenges persist, the foundations laid during this period could enhance economic resilience, boost investor confidence, and open new avenues for growth in Pakistan's economy.

Internal Financial Control

Your Modaraba's leadership is committed to upholding strong corporate governance principles, which are upheld through a clearly articulated system of checks and balances. The Board of Directors has successfully put in place a robust internal control system that is diligently enforced throughout the organization.

Social and Environmental Responsibility

First IBL Modaraba (FIBLM) is driven by a strong commitment to serving the community with unwavering professionalism and enthusiasm. Our focus has always been on several key areas to foster a better environment and promote sustainability. Our primary corporate objective is the establishment of robust internal controls.

At FIBLM, we are dedicated to upholding sound ethical practices in all our operations. We firmly believe in the Risk & Reward concept for our staff members. Furthermore, our employees actively engage in social community projects, serving as catalysts for positive corporate contributions.

We actively encourage our staff to minimize unnecessary resource wastage, including energy consumption and paper usage. FIBLM is deeply committed to fostering equal

employment opportunities, ensuring that gender and disability discrimination have no place in our organization.

To safeguard the interests of our valued customers, FIBLM regularly addresses their concerns through feedback mechanisms and frequent visits. We firmly believe in harnessing the talents of every individual, as they can greatly benefit our institution.

Within our comprehensive HR policy, FIBLM provides health insurance/takaful coverage for our staff through renowned insurance/takaful companies. The health and safety of our employees are paramount concerns for our management.

We continually motivate our staff members to actively participate in activities that bring tangible benefits to both individuals and the organization as a whole.

Future Outlook:

Keeping in view the flood aftershocks, low buying power in the country, high inflation, high interest rates and political uncertainty in the country, the management is taking very calculated steps so that the profitability can be increased/ maintained.

Auditors:

The present auditors M/s. Crowe Hussain Chaudhry & Co Chartered Accountant, being due for retirement.

Acknowledgement:

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

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

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

For & On behalf of the Board



Muhammad Ibrahim Qazi

Chief Executive

Dated November 11, 2024

ڈائریکٹرز کی رپورٹ

میسرز آئی بی ایل مضاربہ مینجمنٹ (پرائیویٹ) لمیٹڈ (آئی بی ایل ایم ایم)، جو فرسٹ آئی بی ایل مضاربہ (ایف آئی بی ایل ایم) کی مینجمنٹ کمپنی ہے، کا بورڈ آف ڈائریکٹرز، جون 2024 کو اختتام پذیر ہونے والے سال کی تصدیق شدہ (آڈیٹڈ) مالیاتی دستاویزات (اسٹیٹمنٹس) بمع آڈیٹر کی رپورٹ کو پیش کرتے ہوئے خوشی محسوس کرتا ہے۔
مالیاتی نتائج:

کئی بڑے چیلنجز، جیسے کہ جاری جغرافیائی کشیدگیاں (بشمول روس-یوکرین تنازعہ)، ملکی سیاسی غیر یقینی صورتحال، بلند مہنگائی کی شرح، ہندی کا شکار اسٹاک مارکیٹ، اور روپے کی گرتی ہوئی قدر کے باوجود، مینجمنٹ یہ بتاتے ہوئے خوشی محسوس کرتی ہے کہ آپ کے مضاربہ نے ان مشکل حالات کا کامیابی سے سامنا کیا ہے۔ اس کے نتیجے میں، گزشتہ سال کے 13.494 ملین روپے کے مقابلے میں اس سال قبل از ٹیکس منافع 21.423 ملین روپے حاصل ہوا۔

مشارکہ کا شعبہ زیر جائزہ مدت کے دوران سب سے بڑا آمدنی کا ذریعہ رہا، جس نے مجموعی آمدنی میں 38% کا حصہ ڈالا۔ بلند مہنگائی کی شرح کے باوجود، مضاربہ نے سال کے دوران اپنے عملی اخراجات کو محدود رکھنے میں کامیابی حاصل کی۔

بورڈ فویو مشارکہ اور اجارہ کے شعبوں میں لگایا گیا، جس میں مائیکرو فنانس کے شعبے میں بلند منافع کی شرح پر سرمایہ کاری شامل ہے۔
بورڈ کی اجلاس (مینٹنگ) میں حاضری:

مالی سال 2024 میں بورڈ کی مینٹنگ میں حاضری کا احوال درج ذیل رہا۔

نمبر شمار	ڈائریکٹر کا نام	اجلاس کی تعداد	شرکت	غیر حاضری
1	جناب ابراہیم حسن مراد	04	04	0
2	جناب ارسلان خان خاکوانی	04	04	0
3	جناب سلمان احمد	04	04	0
4	محترمہ فائیزہ جمیل	04	04	0
5	جناب ابراہیم قاضی	04	04	0

بورڈ آف ڈائریکٹرز کی ساخت:

مالی سال 2023-24 میں بورڈ آف ڈائریکٹرز کی تعداد درج ذیل تھی۔

ڈائریکٹر کی تعداد	مرد	عورت	ٹوٹل
ڈائریکٹر کی تعداد	04	01	05

مالی سال 2023-24 میں بورڈ آف ڈائریکٹرز کی ساخت درج ذیل تھی۔

نمبر شمار	ڈائریکٹر کا نام	قسم
1	جناب ابراہیم حسن مراد	غیر ایگزیکٹو
2	جناب ارسلان خان خاکوانی	غیر ایگزیکٹو
3	جناب سلمان احمد	آزاد
4	محترمہ فائیزہ جمیل	خاتون ڈائریکٹر
5	جناب ابراہیم قاضی	چیف ایگزیکٹو

آڈٹ کمیٹی کی تشکیل درج ذیل ہے۔

نمبر شمار	نام	قسم
1	جناب سلمان احمد	چیرمین
2	جناب بیراہم حسن مراد	ممبر
3	جناب ارسلان خان خاکوانی	ممبر

ہیومن ریسورس کمیٹی کی تشکیل درج ذیل ہے۔

نمبر شمار	نام	قسم
1	جناب سلمان احمد	چیرمین
2	جناب بیراہم حسن مراد	ممبر
3	جناب ارسلان خان خاکوانی	ممبر

چھ سالوں کا آپریٹنگ ڈیٹا (اعداد و شمار):

مضاربہ کے گذشتہ 6 سالوں کا آپریٹنگ ڈیٹا اس رپورٹ کے ساتھ منسلک ہے۔

سرٹیفیکیٹ رکھنے کا رجحان:

کارپوریٹ گورننس کے ضابطہ کے مطابق سرٹیفیکیٹ رکھے جانے کا رجحان کی تفصیل اس رپورٹ کے ساتھ منسلک ہے۔

مضاربہ کے سرٹیفیکیٹس میں کسی ڈائریکٹر، ای او، ای ایف او، کمپنی سیکریٹری یا ان کے شریک حیات یا نائبان بچوں کی طرف سے کوئی خرید و فروخت نہیں ہوئی تا وقتیکہ اس کو مالیاتی دستاویزات میں ظاہر نہ کیا گیا ہو۔

شاک مارکیٹ کا جائزہ:

پاکستان اسٹاک مارکیٹ نے سال 2023-2024 میں چیلنجز اور بحالی کے رجحانات دونوں کا سامنا کیا۔ مارکیٹ کو بلند افراط زر، کرنسی کی قدر میں کمی، اور سیاسی عدم استحکام جیسے معاشی مسائل کا سامنا رہا، تاہم حکومت کی اصلاحات اور بین الاقوامی تعاون کے بعد مارکیٹ میں استحکام اور سرمایہ کاروں کے اعتماد کے ادوار بھی دیکھنے میں آئے۔ ٹیکنالوجی، توانائی، اور بینکاری جیسے شعبے خاص طور پر مضبوط رہے؛ ٹیکنالوجی کے شعبے کو ڈیجیٹلائزیشن کے بڑھتے ہوئے رجحانات سے فائدہ ہوا جبکہ توانائی کے شعبے کو عالمی سطح پر تیل کی قیمتوں میں اضافے سے تقویت ملی۔ اگرچہ غیر ملکی سرمایہ کاروں کی دلچسپی مختلط رہی، لیکن پاکستان کی معاشی صورتحال میں بہتری اور ساختی اصلاحات نے 2024 کی دوسری ششماہی میں کچھ بین الاقوامی سرمایہ کاری کو راغب کرنے میں مدد کی۔ 2023-2024 میں پاکستان اسٹاک مارکیٹ نے اہم معاشی اور سیاسی مشکلات کا سامنا کیا، مگر حکومتی اصلاحات اور بین الاقوامی تعاون کے اثرات کے باعث مارکیٹ میں استحکام اور بتدریج بحالی دیکھی گئی، جس سے آئندہ ترقی کے امکانات کی راہ ہموار ہوئی۔

اقتصادی جائزہ:

سال 2023-2024 میں پاکستان کی معیشت کو اندرونی اور بیرونی دباؤ نے تشکیل دیا، جبکہ حکومتی اصلاحات اور بین الاقوامی مدد سے بتدریج بحالی کی کوششیں بھی جاری رہیں۔ یہ دور بڑے پیمانے پر معاشی چیلنجز، جیسے کہ بلند مہنگائی، کرنسی کی قدر میں کمی، اور سخت مالیاتی ماحول سے متاثر رہا۔ ان مشکلات کے باوجود، پالیسی اصلاحات اور بین الاقوامی امداد نے درمیانی مدت میں استحکام اور بحالی کی کچھ امیدیں فراہم کی۔

عالمی سطح پر اجناس کی بلند قیمتوں، خوراک اور توانائی کے بڑھتے اخراجات، اور پاکستانی روپے کی گراؤ کے باعث مہنگائی ایک بڑا مسئلہ رہا۔ اسٹیٹ بینک آف پاکستان (SBP) نے مہنگائی پر قابو پانے کے لیے بلند شرح سود کو برقرار رکھا، جس سے مختلف شعبوں میں قرضوں کی لاگت اور سرمایہ کاری کی شرح پر اثر پڑا۔ پاکستانی روپے کی قدر بڑی کرنسیوں کے مقابلے میں کافی کم ہوئی، جس کی وجہ کم ہوتے غیر ملکی ذخائر اور تجارتی عدم توازن تھے۔ کرنسی کی گراؤ نے مہنگائی میں اضافہ کیا، مگر حکومتی اقدامات اور IMF کی مدد کے باعث سال کے آخر میں کچھ استحکام بھی نظر آیا۔

پاکستان کی حکومت نے بین الاقوامی مالیاتی فنڈ (IMF) کے ساتھ ایک توسیعی فنڈ سہولت (EFF) کا معاہدہ حاصل کیا، جس سے اہم مالیاتی اصلاحات کی گئیں۔ ان اصلاحات میں ٹیکس وصولی میں بہتری، سبسڈی میں کمی، اور مالیاتی خسارے کو کم کرنا شامل ہیں، جس سے سرمایہ کاروں کے اعتماد میں کچھ اضافہ ہوا اور معاشی اشاریے مضبوط ہوئے۔ پاکستان نے بلند درآمدی اخراجات اور محدود درآمدی نموکے باعث تجارتی خسارے کا سامنا کیا، خاص طور پر سال کے ابتدائی حصے میں۔ تاہم، حکومت نے درآمدات پر پابندیاں عائد کیں اور درآمدات کی حوصلہ افزائی کی، جس سے 2024 کے وسط میں معمولی بہتری آئی۔

زرعی شعبہ موسمی حالات اور وسائل کی کمی کی وجہ سے مشکلات کا شکار رہا، لیکن حکومتی اقدامات نے کچھ سہولت فراہم کی۔ یہ شعبہ روزگار اور جی ڈی پی میں نمایاں حصہ ڈالتا ہے۔ صنعتی شعبے، خصوصاً مینوفیکچرنگ کو، بلند وسائل کی قیمتوں اور افراط زر کی وجہ سے گھریلو طلب میں کمی کا سامنا رہا۔ تاہم، کچھ ذیلی شعبے، جیسے کہ ٹیکسٹائل اور دواسازی، میں برآمدات میں اضافے اور حکومتی مراعات کے باعث بہتری آئی۔ سروسز سیکٹر، خاص طور پر ڈیجیٹل سروسز، نے ڈیجیٹلائزیشن کے بڑھتے ہوئے رجحانات اور آن لائن سروسز کی مانگ کے باعث مضبوطی دکھائی۔

اگرچہ براہ راست غیر ملکی سرمایہ کاری (FDI) محدود رہی، لیکن معاشی ماحول میں بہتری اور IMF کی حمایت یافتہ اصلاحات کے باعث سال کے آخر میں توانائی، بنیادی ڈھانچے، اور ٹیکنالوجی کے شعبوں میں کچھ بین الاقوامی دلچسپی پیدا ہوئی۔ بلند افراط زر اور کمزور معاشی ترقی نے حقیقی آمدنی میں کمی اور بے روزگاری میں اضافے کا باعث بنا، جس سے معیار زندگی پر منفی اثر پڑا۔ سماجی تحفظ کے پروگرام شروع کیے گئے، لیکن کمزور آبادی کو مکمل سہولت فراہم کرنے میں مشکلات برقرار ہیں۔

حکومت کی مالی اور ساختی اصلاحات کی کوششیں اور IMF کی مدد سے استحکام اور بتدریج بحالی کا راستہ فراہم کیا۔ اگرچہ چیلنجز موجود ہیں، لیکن اس مرحلے میں رکھی جانے والی بنیادیں پاکستان کی معیشت میں استحکام، سرمایہ کاروں کے اعتماد میں اضافہ، اور ترقی کے نئے مواقع فراہم کرنے میں معاون ثابت ہو سکتی ہیں۔

اندرونی مالیاتی کنٹرول

آپ کے مضاربہ کی قیادت مضبوط کارپوریٹ گورننس کے اصولوں پر عمل پیرا رہنے کے عزم پر قائم ہے، جو ایک واضح اور متعین چیکس اینڈ بیلنس کے نظام کے ذریعے نافذ ہیں۔ بورڈ آف ڈائریکٹرز نے ایک مضبوط اندرونی کنٹرول کا نظام قائم کیا ہے، جسے تنظیم میں پوری تندی کے ساتھ نافذ کیا گیا ہے۔

سماجی اور ماحولیاتی ذمہ داری

فرسٹ آئی بی ایل موڈاربا (FIBLM) کمیونٹی کی خدمت کرنے کے لیے پختہ عزم سے چل رہی ہے، جو کہ بے لوث پیشہ ورانہ مہارت اور جوش و جذبے کے ساتھ ہے۔ ہمارا توجہ ہمیشہ مختلف اہم شعبوں پر رہی ہے تاکہ ایک بہتر ماحول کو فروغ دیا جاسکے اور پائیداری کو بڑھایا جاسکے۔ ہمارا بنیادی کارپوریٹ مقصد مضبوط اندرونی کنٹرول کا قیام ہے۔

FIBLM میں، ہم اپنے تمام آپریشنز میں اخلاقی طریقوں کو برقرار رکھنے کے لیے پرعزم ہیں۔ ہم اپنے عملے کے ارکان کے لیے "خطرہ اور انعام" کے تصور پر پیشگی سے ایمان رکھتے ہیں۔ اس کے علاوہ، ہمارے ملازمین سماجی کمیونٹی پراجیکٹس میں فعال طور پر حصہ لیتے ہیں، جو کہ مثبت کارپوریٹ شراکت کے لیے معاون بنتے ہیں۔

ہم اپنے عملے کو مسائل کے غیر ضروری ضیاع کو کم کرنے کی ترغیب دیتے ہیں، بشمول توانائی کے استعمال اور کاغذ کے استعمال کو۔ FIBLM برابری کے مواقع فراہم کرنے کے لیے گہری لگن رکھتا ہے، تاکہ جنس اور معذوری کی بنیاد پر کوئی امتیاز ہماری تنظیم میں نہ ہو۔

ہمارے قیمتی صارفین کے مفادات کا تحفظ کرنے کے لیے، FIBLM باقاعدگی سے ان کی تشویشات کو فیڈ بیک کے ذرائع اور مسلسل دوروں کے ذریعے دور کرتا ہے۔ ہم پیشگی سے یقین رکھتے ہیں کہ ہر فرد کی صلاحیتوں کو بروئے کار لایا جائے کیونکہ وہ ہماری ادارے کے لیے بے پناہ فائدہ مند ثابت ہو سکتے ہیں۔

مستقبل کا منظر نامہ:

سیلاب کے بعد کے اثرات، ملک میں خریداری کی طاقت کا کم ہونا، بلند افراط زر، بلند سود کی شرحیں اور سیاسی عدم استحکام کو مد نظر رکھتے ہوئے، انتظامیہ انتہائی محتاط قدم اٹھا رہی ہے تاکہ منافع کو بڑھایا یا برقرار رکھا جاسکے۔

آڈیٹرز:

موجودہ آڈیٹرز، ایم/ایس کرؤ حسین چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، ریٹائرمنٹ کے لیے مقرر ہیں۔

اعتراف:

بورڈ پاکستان کے سیکرٹری اینڈ ایگزیکٹو کمیشن، رجسٹرار موڈاربا، اسٹیٹ بینک آف پاکستان، اور این بی ایف آئی اینڈ موڈاربا ایبوسی ایشن آف پاکستان کا ان کے معمول کے تعاون اور رہنمائی فراہم کرنے پر شکر یہ ادا کرتا ہے۔

بورڈ شکریت، ہولڈرز اور صارفین کا شکر یہ ادا کرتا ہے کہ انہوں نے ہم پر اعتماد کیا، اور ہم انہیں یہ یقین دہانی کراتے ہیں کہ ہم مناسب داخلی کنٹرولز کو برقرار رکھیں گے، ذاتی نوعیت کی خدمات فراہم کریں گے، اور تمام سرگرمیوں میں ایچھے کارپوریٹ گورننس کا مثالی ماحول قائم رکھیں گے۔

آخر میں، بورڈ فرسٹ آئی بی ایل موڈاربا کی انتظامیہ اور تمام عملے کے ارکان کی محنت اور لگن کی قدر کرتا ہے۔

منجانب بورڈ،

(۱۸)

محمد ابراہیم قاضی

چیف ایگزیکٹو آفیسر

11 نومبر 2024

COMPARATIVE FINANCIAL SUMMARY BALANCE SHEET

(Rs in Million)

Year Ended June 30.	2018	2019	2020	2021	2022	2023
CURRENT ASSETS						
Cash and bank balances	23.50	32.05	44.16	52.11	13.60	82.10
Ijarah rental receivables	0.44	1.30	1.24	0.13	1.21	0.22
Advances, prepayments & other receivables	9.21	13.18	8.53	6.61	6.33	4.33
Short term investments	5.93	2.90	3.83	4.74	2.77	1.31
Short term Musharakah receivables	-	-	8.00	0.60	27.50	13.55
Current portion of Musharakah receivables	65.06	50.71	27.24	53.24	54.41	29.89
Current portion of Murabahah receivables	0.50	-	-	-	-	-
Total Current Assets	104.64	100.13	92.99	117.43	105.83	131.41
NON-CURRENT ASSETS						
Long term Musharakah receivables	1.89	20.18	42.63	26.85	25.84	25.55
Long term advances and deposits	2.62	2.62	2.62	2.62	0.02	0.02
Investment Property	72.08	67.08	62.08	57.08	52.08	47.08
Fixed assets under Ijarah arrangements	40.13	36.85	26.97	6.63	23.75	18.51
Fixed assets under own use	2.85	3.35	2.41	1.45	0.79	0.24
Intangible assets	-	-	-	-	-	-
Total Non-Current Assets	119.58	130.08	136.71	94.64	102.49	91.40
Total Assets	224.22	230.21	229.70	212.06	208.32	222.81
CURRENT LIABILITIES						
Creditors, accrued & other liabilities	1.06	1.77	1.37	0.83	0.91	5.80
Short term borrowing	-	-	-	-	-	-
Musharakah profit payable	1.43	1.43	1.43	-	-	-
Musharakah finance	0.70	0.70	0.70	0.70	0.70	0.70
Current portion of non current liabilities	11.11	14.37	18.89	5.83	2.53	4.25
Provision for taxation	-	-	-	-	-	-
Unclaimed profit distribution	10.48	10.48	10.67	10.88	10.83	10.83
Total current Liabilities	24.79	28.76	33.06	18.24	14.97	21.59
NON CURRENT LIABILITIES						
Long term security deposits	10.16	10.01	3.67	0.04	3.35	2.08
Deferred Tax	-	-	-	-	-	0.36
Total non current Liabilities	10.16	10.01	3.67	0.04	3.35	2.44
EQUITY						
Issued, subscribed & paid up capital	216.88	216.88	216.88	216.88	216.88	216.88
Reserves	43.07	44.01	44.81	45.39	45.39	47.40
Revenue Reserve and Unappropriated profit	(75.98)	(72.08)	(72.30)	(72.85)	(74.82)	(66.81)
Modaraba certificate deposit money	-	-	-	-	-	-
Total Equity	183.96	188.81	189.39	189.42	187.45	197.46
Un realized gain on revaluation on investment	5.32	2.64	3.59	4.37	2.55	1.34
	224.22	230.21	229.70	212.06	208.31	222.81

COMPARATIVE FINANCIAL SUMMARY

PROFIT & LOSS SUMMARY

(Rs in Million)

Year Ended June 30.	2018	2019	2020	2021	2022	2023
INCOME						
Income from Ijarah	20.23	9.55	7.70	4.00	6.56	11.57
Profit on Murabahah investments	0.06	0.01	-	-	-	-
profit on Musharakah investments	6.71	8.47	9.38	10.93	12.48	12.74
Sub-total	27.00	18.03	17.08	14.93	19.04	24.31
OTHER INCOME						
income from investment property	7.50	7.50	7.50	7.50	7.50	7.50
Profit on deposits	0.14	0.74	1.70	1.19	1.71	3.89
Income from short term investments	-	-	0.05	0.13	-	-
Dividend Income	-	-	-	0.05	0.04	0.00
Reversal of provision against non performing Musharakah	-	8.63	-	-	0.23	3.17
Reversal of Musharakah profit held in suspense account	-	-	0.18	0.20	-	-
balances written back	-	-	-	-	-	-
Other income	1.05	1.77	0.87	0.27	0.26	0.62
Sub-total	8.69	18.64	10.29	9.33	9.73	15.17
Total Income	35.69	36.67	27.37	24.26	28.77	39.48
EXPENSES						
Operating Expenses	21.19	17.82	16.45	16.51	16.18	14.88
Balances written off	-	-	-	-	5.26	-
Depreciation on assets under Ijarah	13.63	12.80	6.41	3.28	5.41	9.24
Provision and suspension of doubtful Musharakah receivable	-	-	-	-	2.81	-
Other operating expenses	0.82	0.83	0.02	1.07	0.15	0.04
Total Expenses	35.64	31.44	22.88	20.86	29.80	24.15
Profit/ (loss) before Management Fee	0.05	5.23	4.49	3.40	(1.03)	15.34
Management Fee	0.00	0.52	0.44	0.34	-	(1.53)
Provision for WWF	-	-	-	0.14	-	(0.31)
Taxation	-	-	-	-	0.94	3.49
Net Profit	0.04	4.70	4.04	2.91	(1.97)	10.01

FIRST IBL MODARABA
STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019)
FOR THE YEAR ENDED JUNE 30, 2024

The company has complied with the requirements of the Regulations in the following manner: -

1. The total number of directors are 5* as per the following: -

- a. Male: 4
- b. Female: 1

* The requirement of minimum 7 directors do not apply to Modaraba Management Company being Private Limited Company.

Further, Election of Directors was due on May 30, 2023. The process of election of Directors shall be initiated soon.

2. The composition of the Board is as follows:

Category	Names
Independent Director	Mr. Salman Ahmad
Executive Director	Mr. Muhammad Ibrahim Qazi (CEO)
Non-Executive Director	Mr. Ibrahim Hasan Murad Mr. Arslan Khan Khakwani (Chairman) Ms. Faiza Jabeen
Female Director	Ms. Faiza Jabeen

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/ mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency*, recording and circulating minutes of meeting of the Board;

*The Board did not hold its meeting during the 1st and 3rd quarter of financial year, due to non-availability of directors.

8. The Board does not have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations as the remuneration of directors is being paid by the management company;
9. One director out of five directors is exempted from Director's Training by virtue of his requisite qualification and experience of serving on the Board of listed company;
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

a) Audit Committee

Mr. Salman Ahmad	Chairman
Mr. Ibrahim Hasan Murad	Member
Ms. Faiza Jabeen	Member

b) HR and Remuneration Committee

Mr. Salman Ahmad	Chairman
Mr. Ibrahim Hasan Murad	Member
Ms. Faiza Jabeen	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:-

a) Audit Committee	4*
b) HR & Remuneration Committee	1

*Audit Committee of the Company hold its meeting during the 1st and 3rd Quarter of financial year, due to non-availability of directors.

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are

not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with except 27 that the Company did not hold its meeting in 1st and 3rd quarter of the financial year;
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36:

Sr.#	Reg. Ref.	Description	Explanation
1	SOC 07 & Sec 176 of the Companies Act, 2017	The Board shall meet at least once in each quarter of year.	The Board did not meet in the 1 st and 3 rd quarter of the financial year.
2	19	By June 30, 2022, all directors shall acquire certification under director training program.	Four Out of five directors have not acquired the prescribed DTP certification.



Muhammad Ibrahim Qazi

Chief Executive

November 11, 2024

INDEPENDENT AUDITOR'S REPORT

TO THE CERTIFICATE HOLDERS OF FIRST IBL MODARABA REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **FIRST IBL MODARABA** (the Modaraba), which comprise the statement of financial position as at June 30, 2024, and the statement of profit and loss and other comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit and loss and other comprehensive income, the statement of changes in equity, and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Modaraba and IBL Modaraba Management (Private) Limited in accordance with the International Ethics Standard Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 9.2 of the financial statements. The Modaraba has extended musharakah facilities to certain customers against third party guarantees and collateral of certain properties, whose title is still not transferred in favor of guarantors. The guarantors have agreed for repayment of such financing to the Modaraba in case of default by the customers. As of the reporting date, the Modaraba has yet not been able to create any lien on such properties to secure its interest. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of

our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

Key audit matter	How the matter was addressed in our audit
1. Short Term and Long Term Musharakah Financing	
<p>Refer to note 9 and 11 of the financial statements.</p> <p>As at June 30, 2024, the Modaraba's short term and long term musharakah receivables were Rs. 44.00 million and Rs. 25.31 million respectively which constitute 28.66% of its total assets.</p> <p>In view of the significance of musharakah receivables in relation to total assets and financial statements as a whole, we have considered the valuation and recoverability of musharakah financings as a key audit matter.</p>	<p>Our key audit procedures for valuation and recoverability of short term and long term musharakah receivables included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Modaraba's processes and design and implementation of internal controls relating to credit control processes, receivables collection process and computation and recognition of expected credit loss for non-performing receivables. • Tested controls over issuance and valuation of musharakah financing. • Performed substantive audit procedures on year end balances of portfolio including inspection of relevant legal documents; reviewing loan portfolio reports and its aging analysis, on sample basis, by comparing individual balances in the report with underlying documentation. • Evaluated the appropriateness of the musharakah arrangements in accordance with the accounting policies of the Modaraba and with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981. • Assessed the appropriateness of assumptions and estimates made by management for the expected credit loss by comparing on sample basis, historic cash collection, actual write offs and cash receipts from customers subsequent to reporting date. • Assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards; the Companies Act, 2017 (XIX of 2017); the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Modaraba Company for the Financial Statements

Management of Modaraba Company is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and for such internal control as management of the Modaraba Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management of the Modaraba Company is responsible for assessing the Modaraba's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management of the Modaraba Company either intends to liquidate the Modaraba or to cease operations, or has no realistic alternative but to do so.

Board of directors of the Modaraba Company are responsible for overseeing the Modaraba's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Modaraba's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Modaraba Company;
- Conclude on the appropriateness of management of the Modaraba Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Modaraba's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Modaraba to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors of the Modaraba Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors of the Modaraba Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors of the Modaraba Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Modaraba Company in respect of Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980);
- b) the statement of financial position, the statement of profit and loss and other comprehensive income, the statement of changes in equity, the cash flow statement together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba

(Floatation and Control) Ordinance, 1980 (XXXI of 1980) and are in agreement with the books of account;

- c) business conducted, investments made, expenditure incurred and guarantees extended during the year by the Modaraba were in accordance with the objects, terms and conditions of the Modaraba; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

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

Lahore
Dated: November 11, 2024
UDIN: AR2024100515TigeNFVK



CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE CERTIFICATE
HOLDERS OF FIRST IBL MODARABA
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN
LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)
REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of IBL Modaraba Management (Private) Limited (the Modaraba Management Company) for and on behalf of First IBL Modaraba (the Modaraba) for the year ended June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Modaraba Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Modaraba's personnel and review of various documents prepared by the Modaraba Management Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Modaraba's corporate governance procedures and risks.

The Regulations require the Modaraba Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2024.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Sr. No.	Paragraph Reference	Description
1	1 & Section 161 of the Companies Act, 2017	The Board has not conducted the election of Directors which was due on May 30, 2023 as required under section 161 of the Companies Act, 2017. The process of election of Directors shall be initiated soon.
2	18	The Audit Committee of the Modaraba did not hold its meeting during the first and third quarter of the financial year as required under clause 27 of the Regulations.

- | | | |
|---|--------|---|
| 3 | 19 | The Board of Directors did not hold its meeting during first and third quarter of the financial year as required under section 176 of the Companies Act, 2017. |
| 4 | 9 & 19 | Four directors out of five directors have not acquired the prescribed certification under the Directors' Training Program as required under clause 19 of the Regulations. |

Lahore
Dated: November 11, 2024
UDIN: CR202410051roH3OmxCL


CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

**SHARI'AH ADVISOR'S REPORT
FOR THE YEAR ENDED June 30, 2024**

I have conducted the Shari'ah review of First IBL Modaraba managed by IBL Modaraba Management (Pvt.) Ltd. for the year ended June 30, 2024 in accordance with requirement of the Shari'a Compliance and Shari'ah Audit Mechanism for Modaraba.

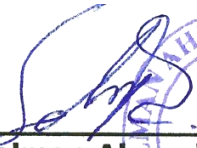
I acknowledge and certify that as Sharia Advisor of the Modaraba, the financial arrangements, contracts and transactions entered into by the company with its customers, stake holders and participants are in compliance with the requirements of Sharia rules and principles.

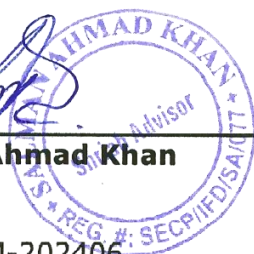
During the review I have verified the following in compliance with Shariah mechanism:

- The transactions of Musharakah and Ijarah were reviewed on random selection basis.
- Declarations, description of assets, relevant purchase invoices, sequence and order of the documents and time difference between purchases and declaration where applicable were reviewed to obviate the possibility of fictitious transactions.
- Sharia Compliance Checklists (SCC) of transactions was also reviewed on random basis.
- During the year, 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.
- Random physical inspections and concrete measures were taken to verify the purchase evidences and invoices of financing transactions, thus further improving the quality of internal controls.
- Other related documents and procedures followed by different functional areas were found proper.
- During the year 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 Year ended June 30, 2024, 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
September 20, 2024
Certificate No. FIBLM-202406



FIRST IBL MODARABA
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
ASSETS			
Current Assets			
Bank balances	6	106,248,945	82,104,089
Short term investments	7	1,918,105	1,306,793
Ijarah rentals receivable	8	484,497	224,868
Short term Musharakah receivables	9	44,000,000	13,553,483
Advances, prepayments and other receivables	10	6,788,050	2,469,641
Advance income tax		2,536,504	1,861,395
Current portion of long term Musharakah receivables	11	20,557,040	29,890,654
		182,533,141	131,410,923
Non-Current Assets			
Long term Musharakah receivables	11	4,748,314	25,548,004
Long term deposits		20,500	20,500
Deferred tax asset	17	2,027,989	-
Investment property	12	42,083,494	47,083,522
Fixed assets under ijarah arrangements	13	10,323,877	18,512,742
Fixed assets under own use	14	79,162	238,699
		59,283,336	91,403,467
Total Assets		241,816,477	222,814,390
LIABILITIES			
Current Liabilities			
Creditors, accrued and other liabilities	15	4,654,635	2,854,911
Musharakah finances payable		700,000	700,000
Current portion of long term security deposits	16	3,205,350	4,253,911
Income tax payable		11,140,150	2,942,382
Unclaimed dividend		10,834,598	10,834,598
		30,534,733	21,585,802
Non-Current Liabilities			
Long term security deposits	16	621,800	2,075,000
Deferred tax liability	17	-	361,132
		621,800	2,436,132
Total Liabilities		31,156,533	24,021,934
NET ASSETS		210,659,944	198,792,456
REPRESENTED BY:			
Certificate capital	18	216,875,000	216,875,000
Statutory reserves	19	49,686,655	47,395,690
Accumulated loss		(57,650,506)	(66,814,365)
		208,911,149	197,456,325
Unrealized gain on revaluation of investments - Fair value through OCI	20	1,748,795	1,336,131
		210,659,944	198,792,456
CONTINGENCIES AND COMMITMENTS	21	-	-

The annexed notes from 1 to 37 form an integral part of these financial statements.

For IBL Modaraba Management (Private) Limited
(Modaraba Management Company)



CHIEF EXECUTIVE OFFICER



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

FIRST IBL MODARABA
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
INCOME FROM OPERATION			
Income from ijarah rentals		15,566,532	11,570,394
Profit on Musharakah investments		19,609,704	12,741,801
		35,176,236	24,312,195
OTHER INCOME			
Income from investment property		7,495,440	7,495,440
Profit on deposits		9,217,038	3,889,600
Dividend income		3,749	262
Other income	22	146,220	618,804
Unrealized gain on re-measurement of investments		61,094	-
		16,923,541	12,004,106
Reversal of suspension of Musharakah receivables		-	3,167,273
TOTAL INCOME		52,099,777	39,483,574
EXPENSES			
Operating expenses	23	(16,518,850)	(14,877,173)
Depreciation on assets under ijarah	13	(11,231,011)	(9,235,969)
Unrealized loss on re-measurement of investments		-	(35,284)
		(27,749,861)	(24,148,426)
PROFIT BEFORE MANAGEMENT COMPANY'S FEE		24,349,916	15,335,148
Modaraba Company's management fee	24	(2,434,992)	(1,533,515)
Provision for Worker's Welfare Fund		(490,655)	(306,703)
PROFIT BEFORE LEVY AND TAXATION		21,424,269	13,494,930
Levy / final taxation		(563)	(39)
PROFIT BEFORE INCOME TAX		21,423,706	13,494,891
Taxation	25		
- Prior year		(1,366,407)	74,005
- Current period		(11,129,151)	(2,985,912)
- Deferred tax		2,526,676	(575,794)
		(9,968,882)	(3,487,701)
NET PROFIT FOR THE YEAR		11,454,824	10,007,190
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Unrealized gain / (loss) on re-measurement of investments through OCI		550,219	(1,431,083)
Related deferred taxation		(137,555)	214,662
Items that may be reclassified subsequently to profit and loss			
Other comprehensive gain / (loss) for the year		412,664	(1,216,421)
Total Comprehensive Income for the Year		11,867,488	8,790,769
EARNINGS PER MODARABA CERTIFICATE - BASIC AND DILUTED	26	0.53	0.46

The annexed notes from 1 to 37 form an integral part of these financial statements.

For IBL Modaraba Management (Private) Limited
(Modaraba Management Company)



CHIEF EXECUTIVE OFFICER



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

FIRST IBL MODARABA
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (Used in) / generated from operations	27	(1,941,026)	46,665,816
Increase in non-current assets:			
- Long term Musharakah	11	30,133,304	24,812,375
Purchase of fixed assets under ijarah arrangements	13	(6,977,200)	(7,539,600)
Proceeds from disposal of assets on terminating ijarah		3,937,321	2,893,291
Management fee paid	15	(1,533,515)	(339,994)
Income taxes paid	25	(4,972,899)	(3,455,525)
Net Cash Generated from Operating Activities		18,645,985	63,036,363
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of fixed assets under own use		-	441,200
Dividend income received		4,668	2,762
Profit received on bank deposits		7,995,964	3,526,280
Customers' security deposits - net	16	(2,501,761)	1,497,816
Net Cash Generated from Investing Activities		5,498,871	5,468,058
CASH FLOW FROM FINANCING ACTIVITIES	27.1	-	-
Net Increase in Cash and Cash Equivalents		24,144,856	68,504,421
Cash and cash equivalents at the beginning of the year		82,104,089	13,599,668
Cash and Cash Equivalents at the End of the Year		106,248,945	82,104,089

The annexed notes from 1 to 37 form an integral part of these financial statements.

For IBL Modaraba Management (Private) Limited
(Modaraba Management Company)



CHIEF EXECUTIVE OFFICER



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

FIRST IBL MODARABA

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2024

Particulars	Certificate Capital	Reserves		Total Equity
		Statutory Reserve	Accumulated Loss	
	Rupees			
Balance as at June 30, 2022	216,875,000	45,394,252	(74,820,117)	187,449,135
Comprehensive Income for the Year				
Net profit for the year	-	-	10,007,190	10,007,190
Other comprehensive income for the year	-	-	-	-
Total Comprehensive Income for the Year	-	-	10,007,190	10,007,190
Transfer to statutory reserves (Note 19)		2,001,438	(2,001,438)	-
Balance as at June 30, 2023	216,875,000	47,395,690	(66,814,365)	197,456,325
Comprehensive Income for the year				
Net profit for the year	-	-	11,454,824	11,454,824
Other comprehensive income for the year	-	-	-	-
Total Comprehensive Income for the Year	-	-	11,454,824	11,454,824
Transfer to statutory reserves (Note 19)		2,290,965	(2,290,965)	-
Balance as at June 30, 2024	<u>216,875,000</u>	<u>49,686,655</u>	<u>(57,650,506)</u>	<u>208,911,149</u>

The annexed notes from 1 to 37 form an integral part of these financial statements.

For IBL Modaraba Management (Private) Limited
(Modaraba Management Company)


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

FIRST IBL MODARABA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Note 1

Legal Status and Nature of Business

First IBL Modaraba ("the Modaraba") is a multi purpose, perpetual and multi dimensional Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and rules framed thereunder, having its registered office at Office No. 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 repealed Companies Act, 2017.

The Modaraba is listed on Pakistan Stock Exchange Limited. It commenced its operations on October 19, 1989 and is currently engaged in various Islamic modes of financing and operations including Ijarah, Musharakah and Murabaha arrangements.

Note 2

Basis of Preparation

2.1 Statement of compliance

These financial statements have 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 Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Islamic Financial Accounting Standards (IFAS) as are notified under the provisions of the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulations, 2021 for Modaraba (hereinafter referred to as the relevant laws).

Wherever the requirements of the approved accounting standards differ from the relevant laws, the relevant laws have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except short term investments that are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is Modaraba's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest rupee unless otherwise stated.

Note 3

Key Estimates and Judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected. Actual results may differ from these estimates.

In the process of applying the Modaraba's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

3.1 Useful lives, pattern of flow of economic benefits and impairment

The Modaraba's management determines the useful lives and related depreciation charge, the residual values and impairment of its fixed assets and investment property on regular basis as disclosed in note 4.3, 4.4, 12, 13 & 14 to the financial statements. These are reviewed at the end of each reporting period and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets and the residual values, the same is changed to reflect the changed pattern. Such change is accounted for as change in accounting estimate in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

3.2 Provision against non performing financing

The Modaraba reviews its overdue receivables from Ijarah and Musharakah as disclosed in note 4.2, 8, 9 & 11 to the financial statements at each reporting date to assess whether subjective provision should be recorded in the profit and loss, in addition to the mandatory provisions required in accordance with the Prudential Regulations issued by the Securities and Exchange Commission of Pakistan. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

3.3 Impairment of other financial assets

Provision is recognized based on management judgment regarding the recoverability of balance as disclosed in note 4.10 & 8 to the financial statements. Balances considered bad and irrecoverable are written off when identified.

3.4 Provision for taxation

As disclosed in note 4.9 to the financial statements, provision has been made in these financial statements for income taxes in accordance with Income tax Ordinance, 2001.

For the above purposes, and also in respect of making an estimate for income tax currently payable by the Modaraba (if so required), the management considers the current income tax laws and the decisions of the appellate authorities on certain issues.

3.5 Valuation of short term investments

The Modaraba has recorded its short term investments by using quotations from Pakistan Stock Exchange as disclosed in note 7 to the financial statements. This valuation is subjective to market price fluctuation and therefore, cannot be determined with precision.

3.6 Changes in Accounting Standards, Interpretations and Pronouncements

3.6.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standard or Interpretation		Effective Date (Period beginning on or after)
IAS 1	Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting Policies	January 01, 2023
IAS 8	Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
IAS 12	Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023
IAS 12	Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
IFRS 17	Initial Application of 'IFRS 17 Insurance Contracts and IFRS 9 - Comparative Information'	January 01, 2023

3.6.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting and reporting standards as applicable in Pakistan and relevant to the Modaraba, would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective Date (Period beginning on or after)
IFRS 16	Amendments to IFRS 16 "Leases" - Clarification on how seller-lessee subsequently measures sale and lease back transaction	January 01, 2024
IAS 1	Presentation of Financial Statements (Amendments)	January 01, 2024
IAS 7	Amendments to IAS 7 "Statement of Cash Flows"	January 01, 2024
IFRS 7	Amendments to IFRS 7 "Financial Instruments Disclosures"- Supplier Finance Arrangements	January 01, 2024
IAS 21	The Effects of Changes in Foreign Exchange Rates (Amendments)	January 01, 2025
IFRS 7 & 9	Amendments to Classification and Measurement of Financial Instruments - Amendments to IFRS 7 and IFRS 9	January 01, 2026

Other than the aforementioned standards, interpretations, and amendments, IASB has also issued the following standards, which have not been notified locally, in relation to the Modaraba, by Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2024:

IFRS 1	First Time Adoption of IFRS
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2	Climate-Related Disclosures

The Modaraba is currently evaluating the potential impact on its financial statements.

Note 4

Material Accounting Policy Information

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless stated otherwise.

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks.

4.2 Musharakah investment

Musharakah investments are stated net of provision. Provision is recognized in accordance with prudential regulations for Modarabas issued by SECP or on the estimate of management, whichever is higher. Bad debts are written off when identified.

4.3 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition the Modaraba values its investment property, which is held to earn rentals and / or for capital appreciation purposes, using the cost model i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on investment property is charged to income on straight-line method over its estimated useful life at the rates specified in note 12 to the financial statements. Depreciation on additions to investment property is charged from the date from which the asset is brought to use till the date the asset is in business use.

Investment properties are derecognized either when they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit and loss in the period of derecognition.

Compensation from third parties for investment property that is impaired, lost or given up is recognized in profit or loss when the compensation becomes receivable.

4.4 Fixed assets

Assets given to customers under ijarah arrangements

Leased assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income by applying the straight line method whereby the cost of an asset less salvage value is written off over the leased period, which is considered to be the estimated useful life of the asset. Depreciation on additions and disposals during the year is charged proportionately from the date of commencement of the lease to the date of its maturity / termination.

Assets in own use - Tangible

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income by applying the straight-line method at the rates given in note 14.

Depreciation on additions is charged from the date the asset is brought to use until the date the asset is in business use.

Maintenance and normal repairs are charged to income as and when incurred. Subsequent costs are included in assets' carrying amounts when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. Gain or loss on disposal of assets is charged to the profit and loss in the year of disposal.

An item of operating fixed assets and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an item of operating fixed assets is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized as other income in profit and loss.

4.5 Creditors and other liabilities

Creditors and other liabilities are measured at cost which is the fair value of the consideration to be paid in future for goods and services received whether billed to the Modaraba or not.

4.6 Provisions

Provisions are recognized when the Modaraba has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Future operating losses are not provided for.

4.7 Contingent Liability

A contingent liability is disclosed when the Modaraba has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Modaraba; or the Modaraba has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.8 Revenue recognition

Revenue from Ijarah and Murabaha is recognized as per the requirements of the Islamic Financial Accounting Standards (IFAS). Repayment schedule is agreed at the start of facility. Payments are usually due over the period of contract at different dates.

Ijarah rentals

Ijarah income is recognized in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.

Musharakah profit

Profit on diminishing Musharakah financing is recognized on accrual basis. Additional profit, if any, is recognized on declaration by the investee company in accordance with terms of issue.

Rental income

Rental income from investment properties is recognized on accrual basis.

Dividend income

Dividend income is recognized in profit and loss as other income when:

- the Modaraba's right to receive payment have been established;
- it is probable that the economic benefits associated with the dividend will flow to the Modaraba; and
- the amount of the dividend can be measured reliably.

Return on deposit accounts

Return on deposits with banks is recognized on accrual basis.

4.9 Taxation

Current

Under the current tax law, provision for tax is made on taxable income at the current tax rates applicable to the Modaraba after taking into account available tax exemptions and tax credits, if any.

Deferred

Deferred taxation is accounted for using the statement of financial position liability method providing for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary timing differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated based on the rates that have been enacted or notified for subsequent enactment up to the reporting date and are expected to apply to the period when the difference arises.

4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.10.1 Financial assets

All financial assets are recognized at the time when the Modaraba becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

Classification

The management determines the classification of its financial assets at the time of initial recognition and classifies its financial assets in the following categories:

a) Financial assets at amortized cost

A financial asset is measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit and loss

A financial asset is measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Modaraba can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit and loss to present subsequent changes in fair value in other comprehensive income unless these are held for trading in which case these have to be measured at fair value through profit or loss.

Reclassification

When the Modaraba changes its business model for managing financial assets, it reclassifies all affected financial assets accordingly. The Modaraba applies the reclassification prospectively from the reclassification date.

In case of reclassification out of the amortized cost measurement category to fair value through profit and loss measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in profit and loss.

In case of reclassification out of fair value through profit and loss measurement category to the amortized cost measurement category, fair value of the financial asset at the reclassification date becomes its new gross carrying amount.

In case of reclassification out of fair value through other comprehensive income measurement category to the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through profit and loss measurement category to the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

In case of reclassification out of fair value through other comprehensive income measurement category to the fair value through profit and loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit and loss as a reclassification adjustment at the reclassification date.

Initial recognition and measurement

All financial assets are recognized at the time when the Modaraba becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Modaraba commits to purchase or sell the asset. The Modaraba initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss, transaction costs.

Subsequent measurement

Financial assets carried at amortized cost are subsequently measured using the effective interest method. Gain or loss on financial assets not part of hedging relationship is recognized in profit and loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Modaraba recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit and loss.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the profit and loss. Dividends on equity instruments are credited to the profit and loss when the Modaraba's right to receive payments is established.

Financial assets 'at fair value through profit and loss' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss in the period in which these arise.

Fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Modaraba measures the investments at cost less impairment in value, if any.

Derecognition

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or
- the Modaraba has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Modaraba has transferred substantially all the risks and rewards of the asset; or
 - b) the Modaraba has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in profit and loss.

If the Modaraba transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract.

When the Modaraba has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Modaraba continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Modaraba also recognizes an associated liability which cannot be offset with the related asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Modaraba has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Modaraba could be required to repay.

If the Modaraba's continuing involvement is in only a part of a financial asset, the Modaraba allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer.

Impairment of financial assets

The Modaraba directly reduces the gross carrying amount of a financial asset when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Modaraba recognizes the impairment at each reporting date for outstanding Ijarah and Musharakahh receivables on the basis of Prudential Regulations issued for Modarabas by the Securities and Exchange Commission of Pakistan (SECP) and subjective evaluation as per IFRS 9.

For other financial assets, the Modaraba recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income. In case of financial assets measured at fair value through other comprehensive income, loss allowance is recognized in other comprehensive income and carrying amount of the financial asset in the statement of financial position is reduced.

The Modaraba measures, at each reporting date, the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Where the credit risk on a financial instrument has not increased significantly since the initial recognition, the Modaraba measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Modaraba recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the profit and loss.

4.10.2 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized at the time when the Modaraba becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost except for financial liabilities at fair value through profit and loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

The Modaraba does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit and loss. Financial liabilities carried at fair value through profit and loss are initially recognized at fair value and transaction costs are recognized in the profit and loss.

Subsequent measurement

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

The amount of change in the fair value that is attributable to changes in the credit risk of financial liability is presented in other comprehensive income and the remaining amount of change in the fair value of the liability is presented in profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated at the initial date of recognition, and only if it eliminates or significantly reduces a measurement or recognition inconsistency or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Modaraba's key management personnel. The Modaraba has not designated any financial liability as at fair value through profit or loss account.

All other liabilities

All other financial liabilities are measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit and loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit and loss.

If the Modaraba repurchases a part of a financial liability, the Modaraba allocates the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognized is recognized in profit and loss.

4.11 Earnings per certificate

The Modaraba presents basic and diluted earnings per certificate (EPC). Basic EPC is calculated by dividing the profit or loss attributable to ordinary certificate holders of the Modaraba by the weighted average number of ordinary certificates outstanding during the year. Diluted EPC is determined by adjusting the profit or loss attributable to ordinary certificate holders and the weighted average number of ordinary certificates outstanding for the effects of all dilutive potential ordinary certificates, if any.

4.12 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length on the same terms and conditions as are applicable to third party transactions or otherwise as approved by the Board of Directors.

4.13 Impairment of non- financial assets

At each reporting date, the Modaraba reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and impairment loss is recognized in the profit and loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the initial cost of the asset. A reversal of the impairment loss is recognized in the profit and loss.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Modaraba uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Valuation techniques used to measure fair value are applied consistently unless a change in a valuation technique or its application results in a measurement that is equally or more representative of fair value in the circumstances. Revisions resulting from a change in the valuation technique or its application are accounted for as a change in accounting estimate.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within different levels of the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

Fair value hierarchy categorizes into following three levels the inputs to valuation techniques used to measure fair value:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Modaraba can access at the measurement date.
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 — Unobservable inputs for the asset or liability.

For the purpose of fair value disclosures, the Modaraba has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

4.14 Operating segments

An operating segment is a component of an entity:

- a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- c) for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Modaraba has been identified as Chief Operating Decision Maker.

The Modaraba is divided into three operating segments:

- Ijarah finances;
- Musharakah finances; and
- Investment Property.

All these operating segments are located in Pakistan.

4.14.1 Segment assets and liabilities

The assets of a segment include all operating assets used by a segment and consist principally of receivables and fixed assets, net of allowances and provisions. Segment liabilities are primarily unallocable.

4.14.2 Allocation of segment expenses

All identifiable expenses are directly attributed to the respective segments.

4.15 Related party transactions

Related parties comprise the parent company, associated companies / undertakings, directors of the Modaraba and their close relatives and key management personnel of the Modaraba. The Modaraba in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to these financial statements. Following are the key related parties of the Modaraba:

Name of Related party	Basis of Relationship	% of Holding in the Modaraba
IBL Modaraba Management (Private) Limited	Management company	10.00%
University of Management and Technology (UMT)	Common management	14.16%

Note 5

Summary of Other Accounting Policy

5.1 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Modaraba intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

5.2 Dividend - Profit distribution and other appropriations of profit

Dividend distribution to the Modaraba's certificate holders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Modaraba Management Company. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which these relate.

5.3 Fair value measurement

The Modaraba measures certain financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Modaraba has access at that date. The fair value of a liability reflects the effect of non-performance risk. When applicable, the Modaraba measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When measuring fair value, the Modaraba takes into account the characteristics of asset or liability which include the condition and location of the asset and restrictions, if any, on the sale or use of the asset.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

5.4 Provident fund

The Modaraba operates an approved provident fund for all its employees. The Modaraba and the employees both make equal monthly contributions to the fund at the rate of 10% of the gross salary of employees.

Note 6

Bank Balances

	Note	2024 Rupees	2023 Rupees
Cash at banks:			
- Savings accounts	6.1	105,893,795	81,748,939
- Current account	6.2	355,150	355,150
		<u>106,248,945</u>	<u>82,104,089</u>

6.1 The savings accounts earns interest at floating rates based on daily bank deposit rates ranging from 8% to 21% (2023: 15% to 20%) per annum.

6.2 This includes Rs. 355,150 (2023: Rs. 355,150) held in dividend account. Movement in dividend account is as follows:

Opening balance	355,150	355,150
Amount transferred during the year	-	-
Dividend claim received and settled	-	-
Closing balance	<u>355,150</u>	<u>355,150</u>

6.3 The above figures of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flows as at the reporting date.

Note 7

Short Term Investments

	Note	2024 Rupees	2023 Rupees
Investments in listed equity securities:			
- At fair value through other comprehensive income	7.1	1,671,730	1,121,511
- At fair value through profit and loss	7.2	246,375	185,282
		<u>1,918,105</u>	<u>1,306,793</u>

7.1 At fair value through OCI

	2024	2023	Name of entity	2024	2023
No. of shares / certificates				Rupees	Rupees
Holdings are in ordinary shares of Rupees 10 each.					
	<u>29,267</u>	<u>29,267</u>	The Searle Company Limited	<u>1,671,730</u>	<u>1,121,511</u>

7.2 At fair value through profit or loss

Holdings are in ordinary shares of Rupees 10 each.					
	339	288	IBL HealthCare Limited	10,478	9,375
	250	250	Attock Refinery Limited	87,897	42,907
	<u>100,000</u>	<u>100,000</u>	First Punjab Modaraba	<u>148,000</u>	<u>133,000</u>
	<u>100,589</u>	<u>100,538</u>		<u>246,375</u>	<u>185,282</u>

7.3 During the year, IBL HealthCare Limited issued 57 bonus shares to the Company, out of which 6 shares were withheld by the issuer.

7.4 These are valued on the basis of market price per share available on Pakistan Stock Exchange as at the reporting date.

Note 8

Ijarah Rentals Receivable

	Note	2024 Rupees	2023 Rupees
Considered good		484,497	224,868
Considered doubtful	8.1	3,004,088	3,004,088
		3,488,585	3,228,956
Less: Expected credit loss allowance		<u>(3,004,088)</u>	<u>(3,004,088)</u>
		<u>484,497</u>	<u>224,868</u>

8.1 Provision includes Rs. 2,630,798 receivable from M. Sharif & Sons. Modaraba has filed a case against M/s Sharif & Sons in Lahore High Court as regular filing. Next date for hearing is not yet fixed by registrar office.

8.2 Profit rates on Ijarah arrangements range from 17% to 69% (2023: 10% to 52%) per annum. These are secured against ijarah assets, promissory notes and personal guarantees of mustajir. The Modaraba is entitled to repossess and sell the asset in case of default by the customer.

Note 9

Short Term Musharakah Receivables

		2024	2023
	Note	Rupees	Rupees
Short term Musharakah receivables - unsecured	9.1	<u>44,000,000</u>	<u>13,553,483</u>

9.1 This represents Musharakah finance provided to customers for business activities for a maximum period of one year. The effective rate of profit on this finance is 22% to 24% (2023: 12%) per annum. This finance is secured by way of equitable mortgage of property.

9.2 The Modaraba extended musharakah finances to certain customers. These finances were extended to customers on guarantee of third parties and collateral of certain properties, whose title is still not transferred in favour of guarantors. The guarantors have agreed for repayment of such financing to the Modaraba in case of default by the customers. As of the reporting date, the Modaraba has yet not been able to create any lien on such properties to secure its interest.

Note 10

Advances, Prepayments and Other Receivables

		2024	2023
	Note	Rupees	Rupees
Advance to employees (Unsecured - considered good)	10.1	-	174,405
Prepayments		197,188	154,455
Accrued profit on Musharakah receivable (secured)			
- Profit receivable		<u>6,453,042</u>	<u>3,079,206</u>
- Less: profit held in suspense account		<u>(1,607,947)</u>	<u>(1,607,947)</u>
		4,845,095	1,471,259
Profit receivable on savings accounts		1,688,411	467,337
Dividend receivable		-	919
Other receivables (unsecured)	10.2	<u>57,356</u>	<u>201,266</u>
		<u>6,788,050</u>	<u>2,469,641</u>

10.1 This represents advances given to employees against salary and expenses. The maximum amount due as at the end of any month during the year from any employee was Rs. 149,000 (2023: Rs. 200,000).

10.2 Movement in other receivables is as follows:

Opening balance	201,266	201,266
Addition during the year	57,356	-
Received during the year	-	-
Balance written off during the year	<u>(201,266)</u>	-
Closing balance	<u>57,356</u>	<u>201,266</u>

Note 11

Long Term Musharakah Receivables

		2024	2023
	Note	Rupees	Rupees
Considered good		25,305,354	55,438,658
Considered doubtful		<u>6,093,971</u>	<u>6,093,971</u>
	11.1	31,399,325	61,532,629
Less: Expected credit loss allowance	11.2	<u>(6,093,971)</u>	<u>(6,093,971)</u>
Less: Current portion		<u>(20,557,040)</u>	<u>(29,890,654)</u>
		<u>4,748,314</u>	<u>25,548,004</u>

11.1 This represents Musharakah finance provided to customers for business activities for a maximum period of five years. The effective rate of profit on these finances ranges from 15% to 21.32% (2023: 15% to 21.32%) per annum. These receivables are secured by way of hypothecation of goods, book debts and equitable mortgage of property.

11.2 This represents expected credit loss allowance against overdue principal amount of Musharakah finance on time based criteria as required by the prudential regulations "Prudential Regulations 2021" applicable to the Modaraba. Accrued profit of Rs. Nil (2023: Rs. 1,607,947) is held in suspense account (Refer to note 10). Movement in expected credit loss allowance is as follows:

	2024	2023
	Rupees	Rupees
Opening balance	6,093,971	6,093,971
Recognized during the year	-	-
Balance written off	-	-
Closing balance	<u>6,093,971</u>	<u>6,093,971</u>

Note 12

Investment Property

	Note	2024 Rupees	2023 Rupees
Cost			
Opening balance	12.1	100,000,465	100,000,465
Additions / (Deletions)		-	-
Closing balance		100,000,465	100,000,465
Accumulated Depreciation			
Opening balance		(52,916,943)	(47,916,915)
Charged during the year	12.2 & 23	(5,000,028)	(5,000,028)
Closing balance		(57,916,971)	(52,916,943)
Carrying amount as at 30 June,		42,083,494	47,083,522
Rate of depreciation		5%	5%

12.1 Investment property represents 5th floor of the Library Building situated at C-II, Johar Town, Lahore. This floor measures 13,730 square feet.

12.2 The Modaraba carries this investment property under cost model. The fair valuation of the property was performed by an independent valuer as at June 30, 2021 who determined the fair value and forced sale value of this investment property at Rs. 90 million and Rs. 76.5 million respectively.

12.3 Amounts recognized in profit and loss

The rental income in respect of this property amounting to Rs. 7,495,440 has been recognized in profit and loss and included in 'other income'.

Depreciation on this property is calculated using straight line method. The depreciation on investment property is charged to operating expenses (Refer note 23).

Note 13

Fixed Assets under Ijarah Arrangements

Description	Plant and Machinery	Vehicles	Office Equipment and Computers	Total
	Rupees	Rupees	Rupees	Rupees
<u>Year Ended June 30, 2024</u>				
Cost				
Balance as at July 01, 2023	4,413,401	27,599,303	7,543,425	39,556,129
Additions	-	473,700	6,503,500	6,977,200
Disposals / Adjustments	(4,300,401)	(8,449,303)	(7,543,425)	(20,293,129)
Balance as at June 30, 2024	<u>113,000</u>	<u>19,623,700</u>	<u>6,503,500</u>	<u>26,240,200</u>
Accumulated depreciation				
Balance as at July 01, 2023	3,426,013	14,581,594	3,035,780	21,043,387
Charge for the year	177,720	5,829,696	5,223,595	11,231,011
Disposals / Adjustments	(3,518,970)	(6,640,880)	(6,198,225)	(16,358,075)
Balance as at June 30, 2024	<u>84,763</u>	<u>13,770,410</u>	<u>2,061,150</u>	<u>15,916,323</u>
Total as at June 30, 2024	<u>28,237</u>	<u>5,853,290</u>	<u>4,442,350</u>	<u>10,323,877</u>
<u>Year Ended June 30, 2023</u>				
Cost				
Balance as at July 01, 2022	3,911,101	32,301,403	1,639,225	37,851,729
Additions	502,300	959,700	6,077,600	7,539,600
Disposals / Adjustments	-	(5,661,800)	(173,400)	(5,835,200)
Balance as at June 30, 2023	<u>4,413,401</u>	<u>27,599,303</u>	<u>7,543,425</u>	<u>39,556,129</u>
Accumulated depreciation				
Balance as at July 01, 2022	2,871,236	10,356,688	870,441	14,098,365
Charge for the year	554,777	6,368,463	2,312,729	9,235,969
Disposals / Adjustments	-	(2,143,557)	(147,390)	(2,290,947)
Balance as at June 30, 2023	<u>3,426,013</u>	<u>14,581,594</u>	<u>3,035,780</u>	<u>21,043,387</u>
Total as at June 30, 2023	<u>987,388</u>	<u>13,017,709</u>	<u>4,507,645</u>	<u>18,512,742</u>
Depreciation rates	<u>50%</u>	<u>25%-100%</u>	<u>40%-100%</u>	

13.1 General description of significant ijarah arrangements (IFAS-2)

This represents Ijarah arrangements made by the Modaraba at profit rates ranging from 25% to 69% (2023: 10% to 52%) per annum. These arrangements are secured against assets under ijarah, personal / corporate guarantees, demand promissory notes executed by Musta'jir and other collaterals.

13.2 Aggregate amount of future ijarah rentals receivable on the basis of ijarah arrangements executed upto the reporting date are as follows:

	2024	2023
	Rupees	Rupees
Not later than one year	7,773,555	12,603,634
Later than one year but not later than five years	<u>1,592,050</u>	<u>3,201,580</u>
	<u><u>9,365,605</u></u>	<u><u>15,805,214</u></u>

Note 14

Fixed Assets under Own Use

Description	Machinery	Furniture and Fittings	Vehicles	Office Equipment	Computers and Accessories	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<u>Year Ended June 30, 2024</u>						
Cost						
Balance as at July 01, 2023	1,987,400	607,010	2,408,000	1,453,517	2,904,708	9,360,635
Additions	-	-	-	-	-	-
Disposals / Adjustments	-	-	-	-	-	-
Balance as at June 30, 2024	<u>1,987,400</u>	<u>607,010</u>	<u>2,408,000</u>	<u>1,453,517</u>	<u>2,904,708</u>	<u>9,360,635</u>
Accumulated depreciation						
Balance as at July 01, 2023	1,987,400	550,626	2,407,987	1,395,888	2,780,035	9,121,936
Charge for the year	-	56,384	13	15,096	88,044	159,537
Disposals / Adjustments						-
Balance as at June 30, 2024	<u>1,987,400</u>	<u>607,010</u>	<u>2,408,000</u>	<u>1,410,984</u>	<u>2,868,079</u>	<u>9,281,473</u>
Total as at June 30, 2024	<u>-</u>	<u>-</u>	<u>-</u>	42,533	36,629	79,162
<u>Year Ended June 30, 2023</u>						
Cost						
Balance as at July 01, 2022	1,987,400	607,010	4,057,080	1,453,517	2,904,708	11,009,715
Additions	-	-	-	-	-	-
Disposals / Adjustments	-	-	(1,649,080)	-	-	(1,649,080)
Balance as at June 30, 2023	<u>1,987,400</u>	<u>607,010</u>	<u>2,408,000</u>	<u>1,453,517</u>	<u>2,904,708</u>	<u>9,360,635</u>
Accumulated depreciation						
Balance as at July 01, 2022	1,987,400	453,966	3,704,242	1,379,307	2,691,991	10,216,906
Charge for the year	-	96,660	54,970	16,581	88,044	256,255
Disposals / Adjustments	-	-	(1,351,225)	-	-	(1,351,225)
Balance as at June 30, 2023	<u>1,987,400</u>	<u>550,626</u>	<u>2,407,987</u>	<u>1,395,888</u>	<u>2,780,035</u>	<u>9,121,936</u>
Total as at June 30, 2023	<u>-</u>	56,384	13	57,629	124,673	238,699
Depreciation rates	20%	20%	20%	20%	33.33%	

14.1 These contain fully depreciated assets of Rs. 9,021,055 (2023: Rs. 8,537,745) that are still in use by the Modaraba.

14.2 The depreciation charge of fixed assets under own use is allocated to operating expenses (Refer note 23).

Note 15

Creditors, Accrued and Other Liabilities

		2024	2023
	Note	Rupees	Rupees
Accrued expenses		534,964	373,573
Payable to the Modaraba Management Company	15.1	2,434,992	1,533,515
Worker's Welfare Fund payable	15.2	939,531	448,876
Other liabilities		745,148	498,947
		<u>4,654,635</u>	<u>2,854,911</u>

15.1 This represents amount payable to related party at 10% of annual profit as disclosed in note 24.

15.2 Workers' Welfare Fund

Opening balance	448,876	142,173
Expense recognised during the year	490,655	306,703
	<u>939,531</u>	<u>448,876</u>
Payments made during the year	-	-
Closing balance	<u>939,531</u>	<u>448,876</u>

Note 16

Long Term Security Deposits

		2024	2023
	Note	Rupees	Rupees
Opening balance		6,328,911	5,879,735
Received during the year	16.1	1,433,650	1,497,816
Adjusted during the year		<u>(3,935,411)</u>	<u>(1,048,640)</u>
Closing balance		3,827,150	6,328,911
Current portion shown as current liabilities		<u>(3,205,350)</u>	<u>(4,253,911)</u>
		<u>621,800</u>	<u>2,075,000</u>

16.1 This represents security deposits received against ijarah assets and there is no restriction on utilization of these balances as per the written agreements.

Note 17

Deferred Tax (Asset) / Liability

		2024	2023
		Rupees	Rupees
Deferred tax (asset) / liability		<u>(2,027,989)</u>	<u>361,132</u>

17.1 Being prudent, the management has recognized deferred tax asset since it believes that the utilization of related deductible temporary differences against future taxable profits is certain. Breakup is as follows:

17.2 Breakup of Deferred tax (asset) / liability

Taxable temporary differences

- Accelerated tax depreciation	1,637,433	3,872,541
- Short term investments	417,933	168,227

Deductible temporary differences

- Musharakah receivables	(1,767,252)	(1,767,252)
- Ijarah rentals receivable	(871,186)	(871,186)
- Creditors, accrued and other liabilities	(978,612)	(574,893)
- Advances, prepayments and other receivables	<u>(466,305)</u>	<u>(466,305)</u>
	<u>(2,027,989)</u>	<u>361,132</u>

17.3 Deferred tax assets / liabilities on temporary differences are measured at effective rate of 29% (2023: 29%).

17.4 Reconciliation of deferred tax (assets) / liabilities - Net

Opening balance	361,132	-
Deferred tax (income) / expense during the year recognised in profit or loss	(2,526,676)	575,794
Deferred tax expense / (income) during the year recognised in other comprehensive income	137,555	(214,662)
Closing balance	<u>(2,027,989)</u>	<u>361,132</u>

17.5 Analysis of change in deferred tax	Statement of Financial Position		Statement of Profit and Loss	
	2024	2023	2024	2023
	Rupees		Rupees	
Accelerated tax depreciation	1,637,433	3,872,541	(2,235,108)	3,872,541
Musharakah receivables	(1,767,252)	(1,767,252)	-	(1,767,252)
Ijarah rentals receivable	(871,186)	(871,186)	-	(871,186)
Creditors, accrued and other liabilities	(978,612)	(574,893)	(403,719)	(574,893)
Advances, prepayments and other receivables	(466,305)	(466,305)	-	(466,305)
Short term investments	417,933	168,227	112,151	382,889
	<u>(2,027,989)</u>	<u>361,132</u>	<u>(2,526,676)</u>	<u>575,794</u>

Note 18

Certificate Capital

	2024	2023	2024	2023
Number of certificates			Rupees	Rupees

Authorized

	<u>50,000,000</u>	<u>50,000,000</u>	Modaraba Certificates of Rs. 10 each	<u>500,000,000</u>	<u>500,000,000</u>
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Issued, subscribed and paid-up

	20,000,000	20,000,000	Modaraba Certificates of Rs. 10 each issued as fully paid in cash	200,000,000	200,000,000
	1,687,500	1,687,500	Modaraba Certificates of Rs. 10 each issued as fully paid bonus certificates	16,875,000	16,875,000
	<u>21,687,500</u>	<u>21,687,500</u>		<u>216,875,000</u>	<u>216,875,000</u>

18.1 Reconciliation of the number of certificates outstanding as at the beginning and at the end of the year is as under:

	2024	2023
	Number of certificates	
Opening balance of certificates	21,687,500	21,687,500
Certificates issued / cancelled during the year	-	-
Closing balance of certificates	<u>21,687,500</u>	<u>21,687,500</u>

18.2 There are no agreements and restrictions for modaraba certificate holders.

18.3 Certificates of the Modaraba held by associates / related parties are as under:

	2024	2023		2024	2023
	Number of certificates			Rupees	
	2,170,905	2,170,905	IBL Modaraba Management (Private) Limited	21,709,050	21,709,050
	3,070,000	3,070,000	University of Management and Technology	30,700,000	30,700,000
	1,424,070	1,424,070	Director - Ibrahim Hassan Murad	14,240,700	14,240,700
	<u>6,664,975</u>	<u>6,664,975</u>		<u>66,649,750</u>	<u>66,649,750</u>

Note 19

Statutory Reserves

Statutory reserves represent profits set aside in compliance with the requirements of prudential regulations for Modarabas issued by SECP. During the year, 20% of profit amounting to Rs. 2,290,965 (2023: Rs. 2,001,438) has been transferred to statutory reserves.

Note 20

Unrealized Gain on Revaluation of Investments - Fair Value through OCI

		2024	2023
	Note	Rupees	Rupees
Fair value through other comprehensive income	20.1	<u>1,748,795</u>	<u>1,336,131</u>

20.1 This represents appreciation in value of investments classified as fair value through OCI. This cannot be distributed to the Modaraba certificate holders. Reconciliation of the carrying amount is as follows:

20.1.1 Opening balance	1,336,131	2,552,552
Appreciation / (diminution) on revaluation during the year	550,219	(1,431,083)
Related deferred taxation	(137,555)	214,662
Closing balance	<u>1,748,795</u>	<u>1,336,131</u>

Note 21

Contingencies and Commitments

Contingencies

- 21.1** In respect of tax year 2021, Assistant/ deputy commissioner inland revenue (DCIR) issued notice dated April 18, 2022. Tax payer has submitted sufficient reply regarding information required. However, DCIR passed order dated August 26, 2022 by creating a demand of Rs. 321,710. The taxpayer being aggrieved of the order passed by the DCIR preferred an appeal before Commissioner Inland Revenue [Appeals][CIR(A)]. CIR(A) remanded back the case to DCIR. DCIR has issued the notice under section 129 dated November 07, 2023 providing opportunity of being heard till date November 20, 2023. Taxpayer attended the hearing within due date. The proceedings are pending till to date. No provision has been recorded in the financial statements as the management and their tax advisor expect a favorable outcome.
- 21.2** In respect of tax year 2022, Assistant/ deputy commissioner inland revenue issued notice under section 161(1A) dated July 20, 2023 creating a demand of Rs. 1,723,196. Taxpayer has submitted the reply on August 22, 2023. The proceedings are pending till to date. No provision has been recorded in the financial statements as the management and their tax advisor expect a favorable outcome.
- 21.3** In respect of tax year 2023, Assistant/ deputy commissioner inland revenue issued notice under section 161(1A) dated May 07, 2024. Taxpayer has submitted the reply on August 27, 2024. The proceedings are pending till to date. No provision has been recorded in the financial statements as the management and their tax advisor expect a favorable outcome

Commitments

- 21.3** There are no material commitments outstanding as at the reporting date (2023: Nil).

Note 22

Other Income

	2024	2023
	Rupees	Rupees
Documentation charges	-	77,781
Gain on termination of ijarah arrangements	2,267	397,678
Gain on disposal of fixed assets under own use	-	143,345
Miscellaneous	143,953	-
	<u>146,220</u>	<u>618,804</u>

Note 23

Operating Expenses

		2024	2023
	Note	Rupees	Rupees
Salaries, allowances and other benefits	23.1	5,645,153	5,700,982
Communication expenses		240,483	202,053
Travelling and conveyance		808,537	839,544
Postage and stamps		21,601	20,937
Marketing and advertisement		109,782	61,781
Legal and professional charges		1,234,996	479,496
Locker rent		8,700	8,700
Fees and subscription		1,275,750	1,061,269
Repairs and maintenance		227,860	62,321
Insurance		53,667	192,282
Printing and stationery		145,035	134,803
Depreciation:			
- Investment property	12	5,000,028	5,000,028
- Owned - tangible	14	159,537	256,255
Entertainment		380,093	304,386
Auditors' remuneration	23.4	827,500	488,175
Bank charges		4,848	11,384
Office supplies		174,014	52,777
Balance written off		201,266	-
		<u>16,518,850</u>	<u>14,877,173</u>

23.1 This includes Rs. 200,910 (2023: Rs. 232,272) in respect of contribution to the staff provident fund. Salaries and allowances comprise the following:

	2024			2023		
	Officers / Executives	Others	Total	Officers / Executives	Others	Total
	-----Rupees-----					
Basic salary	1,959,867	1,371,270	3,331,137	1,984,508	1,267,097	3,251,605
House rent allowance	881,925	612,552	1,494,477	893,042	570,167	1,463,209
Medical allowance	196,020	136,158	332,178	198,450	126,736	325,186
Other benefits	274,838	11,613	286,451	392,710	36,000	428,710
Bonus			-			-
Employer's contribution to provident fund	155,612	45,298	200,910	176,520	55,752	232,272
	<u>3,468,262</u>	<u>2,176,891</u>	<u>5,645,153</u>	<u>3,645,230</u>	<u>2,055,752</u>	<u>5,700,982</u>
Number of persons	<u>4</u>	<u>2</u>	<u>6</u>	<u>4</u>	<u>5</u>	<u>9</u>

23.2 Officers comprise Chief Financial Officer (CFO), Company Secretary, Head of Internal Audit and Head of Compliance.

23.3 No remuneration has been paid to the Chief Executive Officer (CEO) and directors of the Modaraba. The same has been paid by the Modaraba Management Company.

23.4 Auditors' remuneration

	2024	2023
	Rupees	Rupees
Audit fee	400,000	290,000
Review of half yearly financial statements	200,000	150,000
CCG review fee	100,000	50,000
Out of pocket expenses	75,000	48,175
Other certifications	52,500	-
	<u>827,500</u>	<u>538,175</u>

Note 24

Modaraba Company's Management Fee

In accordance with Section 18 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, management fee @ 10% of annual profits is paid to the Modaraba Management Company.

Note 25

Taxation

		2024	2023
	Note	Rupees	Rupees
Prior year		1,366,407	(74,005)
Current period		<u>11,129,151</u>	<u>2,985,912</u>
		12,495,558	2,911,907
Deferred tax	17.3	<u>(2,526,676)</u>	<u>575,794</u>
		<u>9,968,882</u>	<u>3,487,701</u>

25.1 Relationship between tax expense and accounting profit

Profit before taxation	<u>21,423,706</u>	<u>13,494,891</u>
Tax at the applicable rate of 29% (2023: 29%)	6,212,875	3,913,518
Tax effect of amounts that are:		
Deferred tax	(2,526,676)	575,794
Prior year adjustment	1,366,407	(74,005)
Others	<u>4,916,276</u>	<u>(927,606)</u>
	<u>9,968,882</u>	<u>3,487,701</u>

25.2 Reconciliation of levy and income tax under IAS -12

Current tax liability for the year as per applicable tax laws	11,129,151	2,985,912
Portion of current tax liability as per tax laws, representing income tax under IAS -	(11,128,588)	(2,985,873)
Portion of levy as per IFRIC 21 / IAS 37	<u>(563)</u>	<u>(39)</u>
Difference	<u>-</u>	<u>-</u>

25.3 The current tax expense for the year is calculated using corporation tax rate of 29% (2023: 29%). Deferred tax assets and liabilities on temporary differences are measured at effective rate of 29% (2023: 29%).

25.4 Super tax is not applicable as income of FIBL does not exceed Rs. 150 million.

Note 26

Earnings / (Loss) per Modaraba Certificate - Basic and Diluted

	2024	2023
	Rupees	Rupees
Earnings per Modaraba certificate is calculated as under:		
Net profit for the year (Rupees)	<u>11,454,824</u>	<u>10,007,190</u>
Weighted average number of Modaraba certificates outstanding (Numbers)	<u>21,687,500</u>	<u>21,687,500</u>
Earnings per certificate - basic (Rupees)	<u>0.53</u>	<u>0.46</u>

26.1 Basic earnings per Modaraba certificate have been computed by dividing profit for the year as stated above with weighted average number of Modaraba certificates.

26.2 There is no dilutive effect on the basic earnings per Modaraba certificate as at the reporting date (2023: Nil).

Note 27

Cash Generated from Operations

	2024	2023
	Rupees	Rupees
Profit before Tax	21,423,706	13,494,891
Adjustment for:		
- Depreciation on fixed assets under own use	159,537	256,255
- Depreciation on investment property	5,000,028	5,000,028
- Depreciation on fixed assets under ijarah arrangements	11,231,011	9,235,969
- Reversal of suspension on Musharakah	-	(3,167,273)
- Reversal of suspension on ijarah rentals	-	-
- Gain on disposal of fixed assets under own use	-	(143,345)
- Loss on short term investments	(61,094)	-
- Dividend income	(3,749)	(262)
- Provision for management company fee	2,434,992	1,533,515
- Provision for Worker's Welfare Fund	490,655	306,703
- Revaluation loss on investment at fair value through profit or loss	-	35,284
- Gain on termination of ijarah arrangements	(2,267)	(397,678)
- Profit on deposits	(9,217,038)	(3,889,600)
	<u>10,032,075</u>	<u>8,769,596</u>
Operating profit before working capital changes	31,455,781	22,264,487
Increase in current assets:		
- Advances, prepayments and other receivables	(3,098,254)	6,075,957
- Ijarah rentals receivable	(259,629)	988,013
- Short term Musharakah receivables	(30,446,517)	13,946,517
Decrease in current liabilities:		
- Creditors, accrued and other liabilities	407,593	3,390,842
	<u>(33,396,807)</u>	<u>24,401,329</u>
Cash (Used in) / generated from operations	<u>(1,941,026)</u>	<u>46,665,816</u>

27.1 Changes in Financing Activities

	As at June 30, 2023	Non-cash changes	Cash flows (Net)	As at June 30, 2024
	----- Rupees -----			
Unclaimed dividend	<u>10,834,598</u>	-	-	<u>10,834,598</u>
	----- Rupees -----			
Unclaimed dividend	<u>10,834,598</u>	-	-	<u>10,834,598</u>

Note 28

Balances and Transactions with Related Parties

28.1 A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. Related parties of the Modaraba include the Modaraba Management Company, directors and key management personnel of the Modaraba Management Company, key management personnel of the Modaraba and their close family members, the provident fund trust and entities with common directors or under common management and control.

Contribution to the provident fund is made in accordance with the services rules. Modaraba management fee, if any, is accrued in accordance with the requirements of the Modaraba Regulations. Remuneration of key management personnel is in accordance with

the terms of their employment. Other transactions are carried out at agreed terms.

28.2 Details of transactions with related parties and balances outstanding with them as at the reporting date are as follows:

Transactions during the year

Related party	Relationship	Basis of Relationship	Nature of Transaction	2024	2023
				Rupees	Rupees
IBL Modaraba Management (Private) Limited	Associated undertaking	Management Company	Management fee accrued	2,434,992	1,533,515
			Management fee paid	1,533,515	339,994
University of Management and Technology (UMT)	Associated undertaking	Common Management	Rent of library building accrued	7,495,440	7,495,440
			Rent received	7,495,440	8,744,680
Provident Fund	Associated undertaking	Employee Fund	Provident fund paid during the year	200,910	232,272

Outstanding Balance at the year end Receivable / (Payable)

Balance as at June 30,

Payable to the Modaraba Management Company	(2,434,992)	(1,533,515)
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28.3 The Modaraba Management Company has also provided free of cost office space to the Modaraba.

Note 29

Provision for Doubtful Receivables

	Note	2024 Rupees	2023 Rupees
Opening balance		9,098,059	9,098,059
Add: Charged during the year		-	-
Less: Reversed / written off during the year		-	-
Closing balance		<u>9,098,059</u>	<u>9,098,059</u>

29.1 Break up of closing balance

Provision for doubtful ijarah rental receivables	8	3,004,088	3,004,088
Provision for doubtful Musharakah	11	6,093,971	6,093,971
		<u>9,098,059</u>	<u>9,098,059</u>

Note 30

Financial Risk Management

The Modaraba's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and profit rate risk), credit risk and liquidity risk. The Modaraba's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board) of the Management Company and chief financial officer. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

The Modaraba's overall risk management procedures, to minimize the potential adverse effects of financial market on the Modaraba's performance, are as follows:

30.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Modaraba's income or the value of its holdings of financial instruments.

30.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Modaraba is not exposed to currency risk arising from currency exposure as Modaraba is not involved in foreign currency transactions.

30.1.2 Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Modaraba is exposed to equity price risk as it holds investments at fair value through profit and loss and fair value through other comprehensive income. The sensitivity analysis for fluctuation in equity prices, represented as a function of KSE Price Index, is given below:

		2024	2023	
Reporting date index points		78,445	41,453	
		Changes in KSE index	Effects on Profit Before Tax	Effects on Equity
-----Rupees-----				
Investment at fair value through OCI				
	2024	+1%	-	16,717
		-1%	-	(16,717)
	2023	+1%	-	11,215
		-1%	-	(11,215)
Investment at fair value through profit and loss				
	2024	+1%	2,464	-
		-1%	(2,464)	-
	2023	+1%	1,853	-
		-1%	(1,853)	-

30.1.3 Profit rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates.

As at the reporting date the profit rate profile of the Modaraba's profit bearing financial instruments were as under:

	2024	2023
	Rupees	Rupees
<u>Fixed rate instruments</u>		
Financial assets		
Ijarah rental receivables	484,497	224,868
Musharakah finance	69,305,354	68,992,141
<u>Floating rate instruments</u>		
Financial assets		
Bank balances - saving accounts	105,893,795	81,748,939

Fair value sensitivity analysis for fixed rate instruments

The Modaraba does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rate at the reporting date would not affect profit and loss of the Modaraba.

Cash flow sensitivity analysis for variable rate instruments

If profit rates, as at the reporting date, fluctuate by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 1,058,938 (2023: Rs. 817,489) higher / lower. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates, and is not representative for the whole year.

30.2 Credit risk

- 30.2.1** Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the reporting date, net of impairment, was as follows:

	2024	2023
	Rupees	Rupees
Bank balances	106,248,945	82,104,089
Ijarah rental receivables	484,497	224,868
Advances and other receivables	6,590,862	2,315,186
Short term investments	1,918,105	1,306,793
Short term Musharakah receivables	44,000,000	13,553,483
Long term Musharakah receivables	25,305,354	55,438,658
	<u>184,547,763</u>	<u>154,943,077</u>

- 30.2.2** Geographically all credit exposure is concentrated in Pakistan.

The maximum exposure to credit risk for receivables (Musharakah financing and ijarah rentals receivables) as at the reporting date by type of customer was as follows:

Media advertising	11,559,915	40,080,565
Education	-	290,971
Construction	4,602,233	9,764,395
Trading and others	53,143,207	21,777,980
Individuals	9,582,555	6,401,157
	<u>78,887,910</u>	<u>78,315,068</u>

The income of the Modaraba is not dependent on the single customer and the Modaraba has no single customer from whom it is generating more than 10% revenue.

- 30.2.3** The aging of Musharakah, ijarah rental and trade receivables and related impairment loss as at the reporting date is as follows:

Aging of Musharakah and ijarah rental receivables

Not past due	67,229,861	69,007,948
Past due 1 - 180 days	484,447	2,053,610
Past due 181 days - 1 year	50	-
Past due 1 - 2 years	-	-
More than 2 years	11,173,552	7,253,510
	<u>78,887,910</u>	<u>78,315,068</u>

The Modaraba has adopted a policy of only dealing with creditworthy parties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Modaraba has internally developed rating criteria to rate its customers which is supplemented by ratings supplied by independent rating agencies where available. The Modaraba also uses other publicly available financial information and its own trading records to rate its customers. The Modaraba's exposure and the credit ratings of its parties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed annually.

The management monitors and limits Modaraba's exposure to credit risk through monitoring of clients' credit exposure, reviews and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organizations of sound financial standing covering various industrial sectors and segments.

- 30.2.4** The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate. The table below shows the bank balances and investments held with some major counterparties as at the reporting date:

	Rating		Rating Agency	2024	2023
	Short term	Long term		Rupees	Rupees
The Bank of Punjab	A1+	AA+	PACRA	102,482,475	79,785,933
Meezan Bank Limited	A-1+	AAA	VIS	3,137,116	1,738,057
MCB Islamic Bank	A-1	A+	PACRA	629,354	580,099
				<u>106,248,945</u>	<u>82,104,089</u>
Investments at fair value through other comprehensive income (Note 7)				<u>1,671,730</u>	<u>1,121,511</u>

Further, the Modaraba's exposure to credit risk and impairment losses related to investments, murabaha financing, ijarah financing, and other receivables are disclosed in the relevant notes to the financial statements.

The Modaraba's exposure related to ijarah receivables and Musharakah receivables are secured by collaterals held and the Modaraba's portfolio of financial assets is broadly diversified and transactions are entered into with diverse creditworthy counterparties thereby mitigating any significant concentration of credit risk.

30.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. Owing to the fact that the Modaraba is in a positive working capital position at the year end, the management believes the liquidity risk to be low.

The table below analyses the Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equate to their carrying balances as the impact of discounting is not significant.

	Carrying Amount	Contractual cash flows	Within 1 year	Between 1 and 5 years	Over 5 years
------(Rupees)-----					
June 30, 2024					
Unclaimed dividend	10,834,598	10,834,598	10,834,598	-	-
Musharakah finances payable	700,000	700,000	700,000	-	-
Creditors, accrued and other liabilities	3,715,104	3,715,104	3,715,104	-	-
	<u>15,249,702</u>	<u>15,249,702</u>	<u>15,249,702</u>	<u>-</u>	<u>-</u>
June 30, 2023					
Unclaimed dividend	10,834,598	10,834,598	10,834,598	-	-
Musharakah finances payable	700,000	700,000	700,000	-	-
Creditors, accrued and other liabilities	2,406,035	2,406,035	2,406,035	-	-
	<u>13,940,633</u>	<u>13,940,633</u>	<u>13,940,633</u>	<u>-</u>	<u>-</u>

Note 31 to the financial statements summarizes the maturity profile of the Modaraba's assets and liabilities.

30.4 Fair value of financial instruments

All financial assets and financial liabilities are initially recognized at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortized cost.

The carrying values of all financial assets and liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value estimation

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

Fair value hierarchy

Fair value hierarchy categories are described in note 5.3 to the financial statements.

The following table presents the Modaraba's financial assets that are measured at fair value as at reporting date:

	Level 1	Level 2	Level 3	Total
-----Rupees-----				
June 30, 2024				
Financial Assets:				
Short term investments (Note 7)	1,918,105	-	-	1,918,105
June 30, 2023				
Financial Assets:				
Short term investments (Note 7)	1,306,793	-	-	1,306,793

30.5 Financial instruments by categories

Financial assets as at June 30, 2024

	At fair value through OCI	At amortized cost	Assets at fair value through profit and loss	Total
-----Rupees-----				
Bank balances	-	106,248,945	-	106,248,945
Short term investments	1,671,730	-	246,375	1,918,105
Advances and other receivables	-	6,590,862	-	6,590,862
Short term Musharakah receivables	-	44,000,000	-	44,000,000
Ijarah rentals receivable	-	484,497	-	484,497
Long term Musharakah receivables	-	25,305,354	-	25,305,354
	<u>1,671,730</u>	<u>182,629,658</u>	<u>246,375</u>	<u>184,547,763</u>

Financial assets as at June 30, 2023

	At fair value through OCI	At amortized cost	Assets at fair value through profit and loss	Total
-----Rupees-----				
Cah and bank balances	-	82,104,089	-	82,104,089
Short term investments	1,121,511	-	185,282	1,306,793
Advances and other receivables	-	2,315,186	-	2,315,186
Short term Musharakah receivables	-	13,553,483	-	13,553,483
Long term Musharakah receivables	-	55,438,658	-	55,438,658
Ijarah rentals receivable	-	224,868	-	224,868
	<u>1,121,511</u>	<u>153,636,284</u>	<u>185,282</u>	<u>154,943,077</u>

Financial liabilities at amortized cost

	2024	2023
	Rupees	Rupees
Musharakah finances payable	700,000	700,000
Unclaimed dividend	10,834,598	10,834,598
Creditors, accrued and other liabilities	3,715,104	2,406,035
	<u>15,249,702</u>	<u>13,940,633</u>

30.6 Operational Risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Modaraba's operations either internally within the Modaraba or externally at the Modaraba's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Modaraba's activities.

The Modaraba's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- ethical and business standards and
- risk mitigation, including insurance where this is effective.

30.7 Capital Risk Management

The Modaraba's objectives when managing capital are to safeguard the Modaraba's ability to continue as a going concern in order to provide return for certificate holders and benefits for other stakeholders and to maintain healthier capital ratios in order to support its business and maximize certificate holders value. The Modaraba manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. There were no changes to the Modaraba's approach to capital management during the year and the Modaraba is not subject to externally imposed capital requirements.

Note 31

Maturity of Assets and Liabilities

	Up to one month	One month to three months	Three months to one year	One year to five years	Five years and above	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Assets						
Bank balances	106,248,945	-	-	-	-	106,248,945
Ijarah rentals receivable	484,497	-	-	-	-	484,497
Advances, prepayments and other receivables	1,688,411	4,902,451	197,188	-	-	6,788,050
Advance income tax	-	-	2,536,504	-	-	2,536,504
Short term investments	246,375	-	1,671,730	-	-	1,918,105
Musharakah receivables	4,025,359	6,610,092	52,444,948	6,224,955	-	69,305,354
Long term deposits	-	-	-	20,500	-	20,500
Investment property	416,669	1,250,007	3,333,352	15,000,084	22,083,382	42,083,494
Deferred tax asset	-	-	-	2,027,989	-	2,027,989
Fixed assets under own use	-	-	79,162	-	-	79,162
Fixed assets under Ijarah arrangements	-	153,574	7,670,293	2,500,010	-	10,323,877
Total Assets - June 30, 2024	113,110,256	12,916,124	67,933,177	25,773,538	22,083,382	241,816,477
Liabilities						
Creditors, accrued and other liabilities	745,148	-	3,909,487	-	-	4,654,635
Unclaimed dividend	10,834,598	-	-	-	-	10,834,598
Musharakah finances	700,000	-	-	-	-	700,000
Security deposits	-	-	3,205,350	621,800	-	3,827,150
Income tax payable	11,140,150	-	-	-	-	11,140,150
Total Liabilities - June 30, 2024	23,419,896	-	7,114,837	621,800	-	31,156,533
Net Assets - June 30, 2024	89,690,360	12,916,124	60,818,340	25,151,738	22,083,382	210,659,944
Total Assets - June 30, 2023	89,752,409	14,458,939	51,561,198	44,958,462	22,083,382	222,814,390
Total Liabilities - June 30, 2023	12,394,677	-	9,552,257	2,075,000	-	24,021,934
Net Assets - June 30, 2023	77,357,732	14,458,939	42,008,941	42,883,462	22,083,382	198,792,456
Represented by:					2024	2023
					Rupees	Rupees
Certificate capital					216,875,000	216,875,000
Statutory Reserves					49,686,655	47,395,690
Accumulated loss					(57,650,506)	(66,814,365)
					208,911,149	197,456,325
Unrealized gain on revaluation of investments - Fair value through OCI					1,748,795	1,336,131
					210,659,944	198,792,456

Segment Reporting

32.1 An operating 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 three major operating segments:

Types of segments

- Ijarah finances
- Musharakah finances
- Investment property

No operating segments have been aggregated to or form the above reportable operating segments. Other activities of the Modaraba did not meet quantitative threshold for reportable segments.

The Chief Executive Officer 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. There were no transfers between operating segments during the year (2023: Nil).

32.2 Segment analysis

The segment information for the reportable segments for the year ended June 30, 2024 is as follows:

	30-Jun-24				30-Jun-23			
	Ijarah Finances	Musharakah Finances	Investment property	Total	Ijarah Finances	Musharakah Finances	Investment property	Total
	----- Rupees -----							
Segment revenues / profits								
Gross revenue from external customers	15,566,532	19,609,704	7,495,440	42,671,676	11,570,394	12,741,801	7,495,440	31,807,635
Depreciation	(11,231,011)	-	(5,000,028)	(16,231,039)	(9,235,969)	-	(5,000,028)	(14,235,997)
Other income	146,220	-	-	146,220	397,678	-	-	397,678
Net revenue	4,481,741	19,609,704	2,495,412	26,586,857	2,732,103	12,741,801	2,495,412	17,969,316
Reversal / (Provision) for doubtful receivables	-	-	-	-	-	3,167,273	-	3,167,273
Reportable segment profit	4,481,741	19,609,704	2,495,412	26,586,857	2,732,103	15,909,074	2,495,412	21,136,589
Reportable segment assets	10,808,374	69,305,354	42,083,494	122,197,222	18,737,610	68,992,141	47,083,522	134,813,273
Reportable segment liabilities	3,827,150	700,000	-	4,527,150	6,328,911	700,000	-	7,028,911
Additions / (deletions) to non-current assets	6,977,200	(30,133,304)	-	(23,156,104)	7,539,600	(24,812,375)	-	(17,272,775)

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

	2024	2023
	Rupees	Rupees
Revenues		
Total revenues for reportable segments	42,671,676	31,807,635
Other revenues	9,428,101	7,675,939
Modaraba's revenues	<u>52,099,777</u>	<u>39,483,574</u>
Profit		
Total profit for reportable segments	26,586,857	21,136,589
Other income	9,281,881	4,110,988
Operating expenses	(11,518,822)	(9,912,429)
Workers' Welfare Fund	(490,655)	(306,703)
Modaraba Management Company's fee	(2,434,992)	(1,533,515)
	<u>21,424,269</u>	<u>13,494,930</u>
Assets		
Total assets for reportable segments	122,197,222	134,813,273
Corporate assets unallocated:		
Cash and bank balances	106,248,945	82,104,089
Advances, deposits, prepayments and other receivables	6,788,050	2,469,641
Advance income tax	2,536,504	1,861,395
Long term deposits	20,500	20,500
Short term investments	1,918,105	1,306,793
Deferred tax asset	2,027,989	-
Fixed assets under own use	79,162	238,699
	<u>119,619,255</u>	<u>88,001,117</u>
Total assets as per the statement of financial position	<u>241,816,477</u>	<u>222,814,390</u>
Liabilities		
Total liabilities for reportable segments	4,527,150	7,028,911
Corporate liabilities unallocated:		
Unclaimed dividend	10,834,598	10,834,598
Income tax payable	11,140,150	2,942,382
Deferred tax liability	-	361,132
Creditors, accrued and other liabilities	4,654,635	2,854,911
Total liabilities as per the statement of financial position	<u>31,156,533</u>	<u>24,021,934</u>

- 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.

32.3 All non-current assets of the Modaraba are located in Pakistan as at the reporting date.

Note 33

Provident Fund Related Disclosures

The Modaraba operates a recognized provident fund for its permanent employees wherein equal monthly contributions are made by the Modaraba and employees into the fund @ 10% of the basic salary. Obligation for contributions to defined contribution plan is recognized as an expense in the profit and loss. The following is information of the fund as on June 30,:

	2024	2023
	Rupees (Un-audited)	Rupees (Un-audited)
Size of the fund	401,820	464,544
Percentage of investments made	100.00%	100.00%
Cost of investments made	401,820	464,544

Break-up of investment in terms of amount and percentage of the size of the provident fund are as follows:

	2024		2023	
	Investment	Investment as a % of Size of funds	Investment	Investment as a % of Size of funds
	Rupees		Rupees	
Cash at bank	<u>401,820</u>	100.00%	<u>464,544</u>	100.00%

Investments out of the funds of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

Note 34

Shariah Screening Disclosures by Company Listed on Islamic Index

		2024	2023
	Note	Rupees	Rupees
Shariah compliant bank deposits / bank balances	6	106,248,945	82,104,089
Profit earned from shariah compliant bank deposits / bank balances		9,217,038	3,889,600
Revenue earned from a shariah compliant business segment		35,176,236	24,312,195
Gain / loss or dividend earned from shariah compliant investments		3,749	262
Short term investments	7	1,918,105	1,306,793

Relationship with shariah compliant financial institutes:

- Bank balances - deposits with banks	6	Meezan Bank Limited MCB Islamic Bank Limited Emaan Islamic Banking The Bank of Punjab	Meezan Bank Limited MCB Islamic Bank Limited Emaan Islamic Banking The Bank of Punjab
- Short term investments		First Punjab Modaraba	First Punjab Modaraba

Note 35

Number of Employees

	2024	2023
	Numbers	Numbers
Number of employees as at June 30,	6	9
Average number of employees during the year	8	9

Note 36

Date of Authorization for Issue

These financial statements were approved and authorized by the Board of Directors of IBL Modaraba Management (Private) Limited (the Management Company) for issuance on **November 11, 2024**

Note 37

General

Corresponding figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison. Following re-arrangements have been made in these financial statements that does not have any impact on the statement of financial position and profitability of the Modaraba.

Nature	From	To	2023
			Rupees
Statement of profit or loss			
Classification of levy	Taxation (Note 25)	Levy / final taxation (Face of statement of profit and loss)	(39)

For IBL Modaraba Management (Private) Limited
(Modaraba Management Company)


CHIEF EXECUTIVE OFFICER


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

**CATEGORIES OF CERTIFICATE HOLDERS
AS ON JUNE 30, 2024**

Categories of Certificate Holders	Folios	Physical	CDC	Share held	Percentage
Directors, CEO, Their Spouse and Minor Children	2	-	1,801,048	1,801,048	8.30
Associated Companies, Undertakings & Related Parties	1	-	2,170,905	2,170,905	10.01
NIT & ICP	1	-	1,078,774	1,078,774	4.97
Banks, DFIs, NBFCs	5	9,354	801	10,155	0.05
Insurance Companies	2	1,200	509,990	511,190	2.36
Modarabas and Mutual Funds	1	-	70	70	-
General Public (Local)	1158	927,249	6,799,024	7,726,273	35.63
General Public (Foreigner)	1	-	331	331	-
Other Companies (Local)	14	39,494	8,349,260	8,388,754	38.68
	1185	977,297	20,710,203	21,687,500	100.00

Shareholders More Than 10.00%	Folios	Physical	CDC	Share held	Percentage
Dosslanis Securities (Private) Limited	1	0	4,995,764	4,995,764	23.04
University of Management & Technology	1	0	3,070,000	3,070,000	14.16
IBL Modaraba Management (Private) Limited	1	0	2,170,905	2,170,905	10.01

**PATTERN OF CERTIFICATES HOLDERS
AS ON JUNE 30, 2024**

No. of Shareholders	Shareholding		Total Shares held
	From	To	
423	1	100	15,200
280	101	500	75,586
181	501	1,000	130,578
218	1,001	5,000	479,588
29	5,001	10,000	214,608
13	10,001	15,000	173,287
5	15,001	20,000	95,500
3	20,001	25,000	70,500
1	25,001	30,000	27,500
2	30,001	35,000	64,063
2	45,001	50,000	97,500
2	50,001	55,000	103,087
1	55,001	60,000	57,500
1	60,001	65,000	61,000
1	80,001	85,000	82,000
1	85,001	90,000	88,000
1	90,001	95,000	92,700
1	125,001	130,000	129,500
2	130,001	135,000	265,441
1	145,001	150,000	145,500
1	185,001	190,000	188,000
1	240,001	245,000	240,068
1	280,001	285,000	280,507
1	310,001	315,000	313,500
1	320,001	325,000	323,000
1	375,001	380,000	376,978
1	405,001	410,000	409,000
1	500,001	505,000	502,737
1	505,001	510,000	509,990
1	575,001	580,000	578,500
1	710,001	715,000	712,035
1	1,075,001	1,080,000	1,078,774
1	1,420,001	1,425,000	1,424,070
1	2,045,001	2,050,000	2,045,034
1	2,170,001	2,175,000	2,170,905
1	3,065,001	3,070,000	3,070,000
1	4,995,001	5,000,000	4,995,764
1,185			21,687,500