



FIRST IBL MODARABA

HALF YEARLY REPORT

(Un-Audited)

DECEMBER, 2022







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Corporate Information

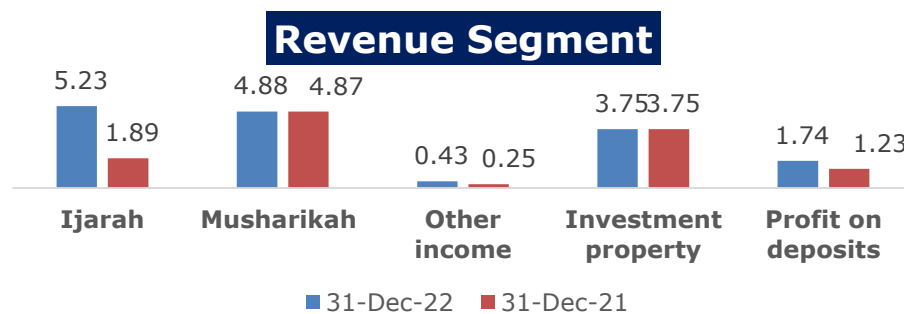
Modaraba Management Company	IBL Modaraba Management (Pvt.) Limited
Board of Directors	Arslan Khan Khakwani Chairman Ibrahim Hassan Murad Director Iftikhar Hameed Khan Director Aamir Manzoor Chief Executive
Company Secretary	Hassan Fareed
Chief Financial Officer	Zeeshan Ahmed
Internal Auditor	Rana Rizwan Tariq
Sharia'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
Registrar	Corp Tec Associates (Pvt.) Limited 503 E, Johar Town, Lahore.
Registered/ Principal Office	Office No.4-L, Main Ferozpur Road, Gulberg3, Lahore. Telephone No. 042-35969435 & 36

Directors' Report

The Board of Directors of M/s. IBL Modaraba Management (Private) Limited [IBLMM], the Management Company of First IBL Modaraba [FIBLM], is pleased to present the Half Yearly Reviewed (un-audited) results of the First IBL Modaraba for the period ended December 31, 2022 along with Directors' Report to its certificate holders.

Threats from high inflation, rising interest rates, lingering supply constraints, all time high fuel prices, political unrest and mounting uncertainties affected the economic forecast of Pakistan. Despite of all factors affecting profitability and sustainability of businesses your Modaraba booked gross profit before tax of Rs.5.554 million as compared to profit of Rs. 1.439 million in the preceding period.

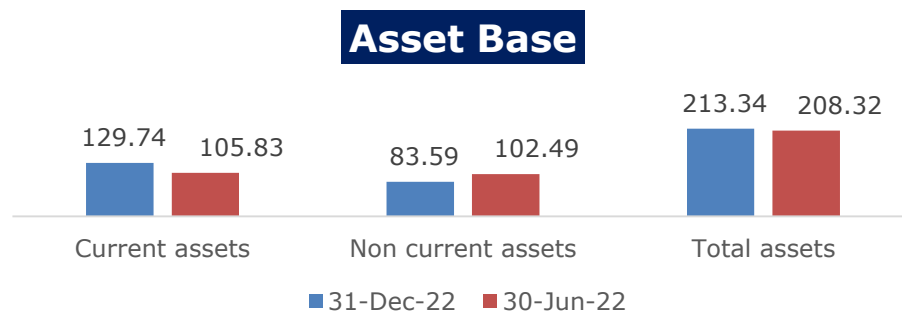
Segment wise contribution of operating income is as follows:



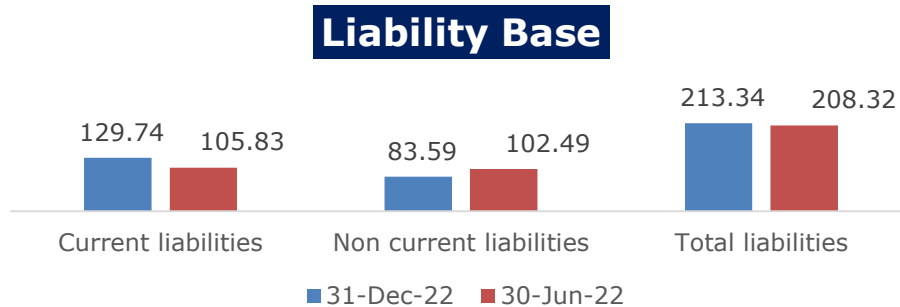
For sustainability and profitability during the period, the management mainly focused on micro financing to quality clients to generate revenue. Hence reported a raise of 176.51% in ijarah income.

During the six month ended December 31, 2022, FIBLM recovered an amount of Rs.1.134 million from its classified portfolio. Also in presence of high inflation, the management reduced its operating expenses by 17.81%.

Asset base highlights are as follows:



Liability base highlights are as follows:



During the tough times of the country, the management is aimed to contribute in economy and to provide the best financial services to its valued clients.

I would like to express my gratitude to the Securities & Exchange Commission of Pakistan, Registrar Modarabas, State Bank of Pakistan and NBFI & Modaraba Association of Pakistan for providing us their usual support and guidance. The board appreciates and pays gratitude to the certificate holders and customers for entrusting their confidence on us and we assure them maintenance of adequate internal controls, providing personalise services and also to maintain an ideal environment of good corporate governance in all areas of the activities.

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

For & on behalf of the Board,

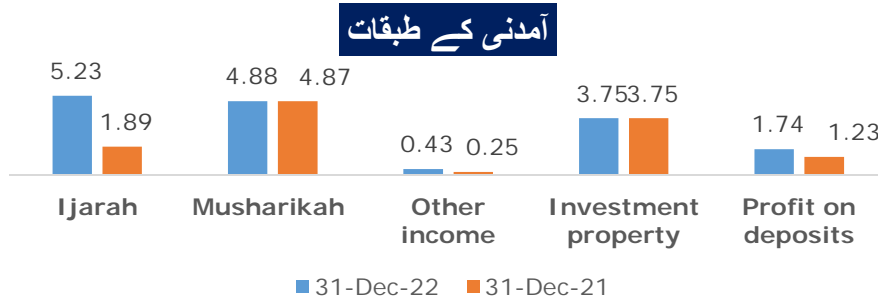
Aamir Manzoor
Chief Executive Officer
February 27, 2023

ڈائریکٹر رپورٹ

بورڈ آف ڈائریکٹر آئی بی ایل مضاربہ مینجمنٹ (پرائیویٹ لمیٹڈ)، جو کہ فرسٹ آئی بی ایل مضاربہ کی مینجمنٹ کمپنی ہے کے 31 دسمبر، 2022 کے ششماہی نظر ثانی شدہ غیر آڈٹ معہ ڈائریکٹرز کی رپورٹ کو اس کے سرٹیفیکیٹ ہولڈرز کے لئے پیش کرنے پر فخر محسوس کرتا ہے۔

بلند افراط زر، بڑھتی ہوئی سود کی شرح، ترسیل پر پابندیوں، وقت کی بلند ترین ایندھن کی قیمتیں، سیاسی بے چینی اور بڑھتی ہوئی بے یقینی پاکستان کی معاشی تعبیر پر اثر انداز ہوئے ہیں۔ تمام منافع کو متاثر کرنے والے امور کے باوجود، آپ کے مضاربہ نے پچھلے دورانیہ کے 1.439 ملین روپے کے منافع کے مقابلے میں، 5.554 ملین روپے کا مجموعی منافع (ٹیکس سے پہلے) حاصل کیا ہے۔

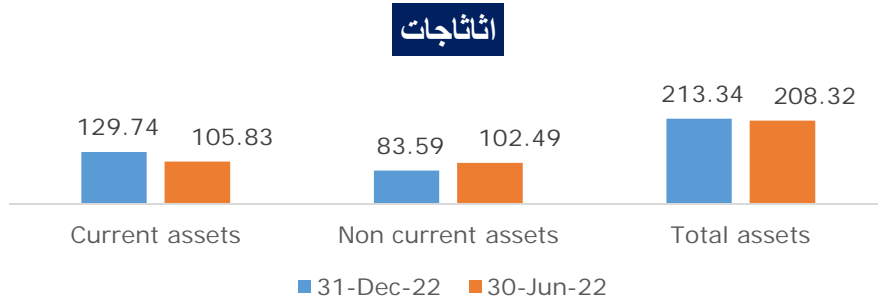
طبقات کے لحاظ سے آپریٹنگ آمدنی کی شراکت مندرجہ ذیل ہے۔



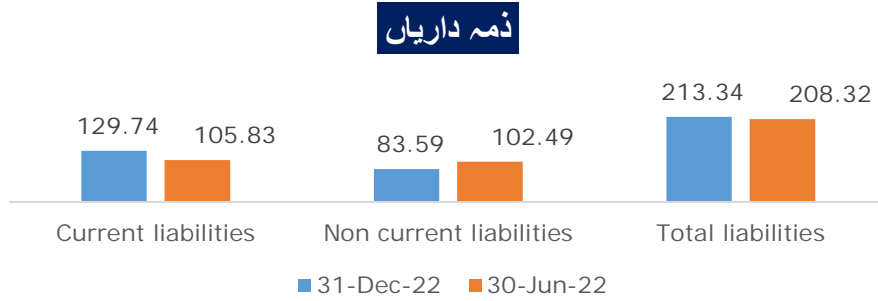
دوران مدت، موجودہ کسٹمرز میں استحکام اور منافع کے لئے، انتظامیہ نے مائیکرو فنانس کے ذریعہ آمدنی کی بڑھوتری پر توجہ دی۔ اس طرح، اجارہ آمدنی میں 176.51% کی اضافہ رپورٹ کیا گیا ہے۔

31 دسمبر، 2022 تک کے چھ ماہی دورانیہ میں، فرسٹ آئی بی ایل مضاربہ نے اپنے کلاسیفائیڈ پورٹ فولیو سے 1.134 ملین روپے کی رقم وصول کی۔ علاوہ ازیں، بلند افراط زر کی موجودگی میں، انتظامیہ نے اپنے آپریٹنگ اخراجات کو 17.81% تک کم کیا ہے

اثاثجات کے بنیادی نکات مندرجہ ذیل ہیں:



ذمہ داری کے بنیادی نکات مندرجہ ذیل ہیں:



ملک کے سخت دورانوں میں، انتظامیہ کا مقصد معیشت میں حصہ ڈالنا اور اپنے قیمتی کسٹمرز کو بہترین مالی خدمات فراہم کرنا ہے۔

میں سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، رجسٹرار مضاربہ، سٹیٹ بینک آف پاکستان، این بی ایف آئی اور مضاربہ ایسوسی ایشن آف پاکستان کا شکریہ ادا کرنا چاہتا ہوں جنہوں نے ہمیں اپنی غیر معمولی حمایت اور رہنمائی فراہم کی۔ بورڈ اپنے سرٹیفیکیٹ ہولڈرز، اور کاروباری پارٹنرز کا نہایت مشکور ہے جنہوں نے ہم پر بھروسہ کیا نیز بورڈ انکو اندرونی نظام پر ذاتی توجہ اور کارپوریٹ گورننس کے تمام شعبوں میں مثالی ماحول کو برقرار رکھنے کی یقین دہانی کرتا ہے۔

بورڈ فرسٹ آئی بی ایل مضاربہ کی انتظامیہ اور عملہ کی مخلصی اور محنت کو سراہتا ہے۔ منتظم فرسٹ آئی بی ایل مضاربہ،

چیف ایگزیکٹو آفیسر
27 فروری 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE CERTIFICATE HOLDERS OF FIRST IBL MODARABA ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **First IBL Modaraba** ("the Modaraba") as at December 31, 2022 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity, and notes to the financial statements for the six-month period then ended (here-in-after referred to as "the interim financial statements"). The Modaraba Management Company [IBL Modaraba Management (Private) Limited] is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures included in the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for half year ended December 31, 2022.

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

LAHORE
Dated: February 27, 2023
UDIN: RR202210051bn6PZfQq1

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

SHARI'AH ADVISOR'S REPORT FOR THE YEAR ENDED December 31, 2022

I have conducted the Shari'ah review of First IBL Modaraba managed by IBL Modaraba Management (Pvt.) Ltd. for the half year ended December 31, 2022 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 Ijarah were reviewed on random selection basis.
- Sharia Compliance Checklists (SCC) of transactions was also reviewed on random basis.
- During the period, credit approvals, customer-specific transaction process flows, text of documents and security documents were reviewed to ensure Shariah compliance while offering financing products to the customers.
- Other related documents and procedures followed by different functional areas were found proper.
- During the period onsite training has been given to the staff.
- There is no receipt of charity during the financial year accordingly no amount was credited into charity account.

Conclusion

In this context of detailed Shari'ah review carried by the undersigned for the half year ended December 31, 2022, transactions during the period executed by FIBLM were found satisfactory as required by Shari'ah Audit Mechanism.

Dr. Mufti Salman Ahmad Khan
Shari'ah Advisor
February 13, 2023

FIRST IBL MODARABA
CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2022

	December 31, 2022	June 30, 2022
Note	(Un-audited) Rupees	(Audited) Rupees
ASSETS		
Current Assets		
Cash and bank balances	48,466,478	13,599,668
Short term investments	4 1,942,668	2,773,160
Ijarah rentals receivable	5 55,345	1,212,881
Short term musharaka receivables	27,229,916	27,500,000
Advances, prepayments and other receivables	4,908,273	5,017,505
Advance income tax	1,528,309	1,317,777
Current portion of long term musharaka receivables	45,613,536	54,413,221
Total Current Assets	129,744,525	105,834,212
Non-Current Assets		
Long term musharaka receivables	14,027,810	25,837,812
Long term advances and deposits	20,500	20,500
Investment property	6 49,583,538	52,083,550
Fixed assets under ijarah arrangements	7 19,622,924	23,753,364
Fixed assets under own use	8 338,599	792,809
Total Non-Current Assets	83,593,371	102,488,035
Total Assets	213,337,896	208,322,247
LIABILITIES		
Current Liabilities		
Creditors, accrued and other liabilities	2,494,819	906,227
Musharaka finances	700,000	700,000
Current portion of long term security deposits	3,104,815	2,525,855
Unclaimed dividend	10,834,598	10,834,598
Total Current Liabilities	17,134,232	14,966,680
Non-Current Liabilities		
Long term security deposits	2,900,400	3,353,880
Deferred tax liability	996,558	-
Total Non-Current Liabilities	3,896,958	3,353,880
Total Liabilities	21,031,190	18,320,560
NET ASSETS	192,306,706	190,001,687
REPRESENTED BY:		
CAPITAL AND RESERVES		
Certificate capital	216,875,000	216,875,000
Statutory reserve	46,021,185	45,394,252
Accumulated loss	(72,312,385)	(74,820,117)
	190,583,800	187,449,135
Unrealized gain on revaluation of investments - Fair value through OCI	1,722,906	2,552,552
	192,306,706	190,001,687
Contingencies and Commitments	9	-

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

FIRST IBL MODARABA
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

	Note	Half Year Ended December 31,		Quarter Ended December 31,	
		2022	2021	2022	2021
		Rupees	Rupees	Rupees	Rupees
INCOME FROM OPERATION					
Income from ijarah		5,230,184	1,891,470	2,626,940	1,358,740
Profit on musharaka investments		4,879,446	4,868,751	2,252,111	2,388,154
		10,109,630	6,760,221	4,879,051	3,746,894
OTHER INCOME					
Other income		432,167	246,240	10,609	244,708
Income from investment property		3,747,720	3,747,720	1,873,860	1,873,860
Profit on deposits		1,743,845	1,227,141	1,252,860	442,113
		5,923,732	5,221,101	3,137,329	2,560,681
Reversal of suspension on ijarah income -net		-	225,860	361,142	127,770
Reversal of suspension on musharka		1,134,506	-	-	-
TOTAL INCOME		17,167,868	12,207,182	8,377,522	6,435,345
EXPENSES					
Administrative expenses		(7,434,351)	(9,045,395)	(4,227,548)	(5,400,903)
Depreciation on assets under ijarah		(4,177,880)	(1,644,024)	(2,153,576)	(1,193,283)
Unrealized loss on re-measurement of investments		(847)	(78,076)	-	(76,095)
		(11,613,078)	(10,767,495)	(6,381,124)	(6,670,281)
Operating Profit / (Loss)		5,554,790	1,439,687	1,996,398	(234,936)
Charge of Modaraba Management Company's fee		(555,479)	(143,969)	(314,702)	(143,969)
Worker's Welfare Fund		(111,096)	(28,794)	(62,940)	(28,794)
Profit / (Loss) before Taxation		4,888,215	1,266,924	1,618,756	(407,699)
Taxation:	10				
- Prior period		74,005	(577,989)	74,005	(577,989)
- Current period		(830,997)	(215,377)	(125,672)	(215,377)
- Deferred tax		(996,558)	-	-	-
Profit / (Loss) for the Period		3,134,665	473,558	1,567,089	(1,201,065)
Earnings per Certificate - Basic and Diluted		0.14	0.02	0.07	(0.06)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

FIRST IBL MODARABA
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

	Half Year Ended December 31,		Quarter Ended December 31,	
	2022	2021	2022	2021
	Rupees	Rupees	Rupees	Rupees
Net Profit / (Loss) for the Period	3,134,665	473,558	1,567,089	(1,201,065)
<i>Items that may be reclassified subsequently to profit or loss account</i>	-	-	-	-
<i>Items that will not be reclassified subsequently to profit or loss account</i>				
Net unrealized loss on remeasurement of investments through OCI	(829,646)	(1,004,769)	(657,319)	(264,337)
Total Comprehensive Income / (Loss) for the Period	<u>2,305,019</u>	<u>(531,211)</u>	<u>909,770</u>	<u>(1,465,402)</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

FIRST IBL MODARABA

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Half Year Ended December 31,	
	2022	2021
	Rupees	Rupees
Net profit for the period	3,134,665	473,558
Adjustments for:		
- Depreciation of fixed assets under own use	156,355	470,236
- Depreciation of investment properties	2,500,012	2,500,012
- Depreciation of fixed assets under ijarah arrangements	4,177,880	1,644,024
- Suspension made against ijarah rentals	-	83,980
- Reversal of suspension on ijarah rentals	-	(309,750)
- Revaluation loss on investment at fair value through profit or loss	847	78,076
- Worker's Welfare Fund	111,096	28,794
- Gain on disposal of fixed assets under own use	(143,345)	-
- Gain on termination of ijarah arrangements	(255,190)	(116,563)
- Deferred tax	996,558	-
- Profit on bank deposits	(1,743,845)	(1,227,141)
	5,800,368	3,151,668
Operating profit before working capital changes	8,935,033	3,625,226
Decrease / (increase) in current assets:		
- Advances, prepayments and other receivables	109,232	(115,419)
- Ijarah rentals receivable	1,157,536	325,750
Decrease in current liabilities:		
- Creditors, accrued and other liabilities	1,477,496	97,831
Net cash Generated from changes in working capital	2,744,264	308,162
Cash Generated from Operations	11,679,297	3,933,388
<i>Decrease / (Increase) in non-current assets:</i>		
Long term musharaka receivables	20,609,687	(23,358,294)
<i>Decrease in current assets:</i>		
Short term musharakah receivables	270,084	-
<i>Increase in non-current liabilities:</i>		
Long term security deposits - ijarah	125,480	1,227,425
Income taxes paid	(210,532)	515,912
Profit received on bank deposits	1,743,845	1,227,141
Net Cash Used in Operating Activities	34,217,861	(16,454,428)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets under own use	-	(312,080)
Proceeds from disposal of assets under own use	441,199	-
Proceeds from disposal of assets on termination / completion of ijarahs	2,643,450	1,530,519
Purchase of ijarah assets	(2,435,700)	(23,686,300)
Net Cash Generated / (Used in) from Investing Activities	648,949	(22,467,861)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	-	(49,305)
Net Cash Used in Financing Activities	-	(49,305)
Net Increase / (Decrease) in Cash and Cash Equivalents	34,866,810	(38,971,594)
Cash and cash equivalents at the beginning of the period	13,599,668	52,113,573
Cash and Cash Equivalents at the end of the Period	48,466,478	13,141,979

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

FIRST IBL MODARABA**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**

Particulars	Certificate Capital	Statutory Reserve	Accumulated Loss	Total Equity
	Rupees			
Balance as at June 30, 2021	216,875,000	45,394,252	(72,853,017)	189,416,235
Net profit for the period ended December 31, 2021	-	-	473,558	473,558
Other comprehensive income for the six months period ended December 31, 2021	-	-	-	-
Total Comprehensive Income for the Period	-	-	473,558	473,558
Transferred to statutory reserve	-	94,712	(94,712)	-
Balance as at December 31, 2021	<u>216,875,000</u>	<u>45,488,964</u>	<u>(72,474,171)</u>	<u>189,889,793</u>
Balance as at June 30, 2022	216,875,000	45,394,252	(74,820,117)	187,449,135
Net profit for the period	-	-	3,134,665	3,134,665
Other comprehensive income for the period	-	-	-	-
Total Comprehensive Income for the Period	-	-	3,134,665	3,134,665
Transferred to statutory reserve	-	626,933	(626,933)	-
Balance as at December 31, 2022	<u>216,875,000</u>	<u>46,021,185</u>	<u>(72,312,385)</u>	<u>190,583,800</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

FIRST IBL MODARABA

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

Note 1

Legal Status and Nature of Business

First IBL Modaraba ("the Modaraba") is a multi purpose, perpetual and multi dimensional Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and rules framed thereunder, having its registered office at 4-L, Main Ferozepur Road, Gulberg 3, Lahore. The Modaraba is managed by IBL Modaraba Management (Private) Limited (Modaraba Management Company) incorporated in Pakistan under the Companies Ordinance, 1984 (now the Companies Act, 2017) and registered with the Registrar of Modaraba Companies and Modarabas. The Modaraba is domiciled in Pakistan and its certificates are listed on Pakistan Stock Exchange Limited (PSX). The Modaraba commenced its operations on October 19, 1989 and is currently engaged in various Islamic modes of financing and operations including Ijarah, Musharaka and Murabaha arrangements.

Note 2

Basis of Preparation

2.1 Statement of compliance

These condensed interim financial statements (un-audited) have been prepared in accordance with the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and are in compliance with the International Accounting Standard - 34 (Interim Financial Reporting) and being submitted to certificate holders as required under law.

2.2 These condensed interim financial statements (un-audited) should be read in conjunction with annual audited financial statements for the year ended June 30, 2022. Comparative balance sheet is extracted from audited financial statements for the year ended June 30, 2022; whereas, comparative profit and loss account, statement of comprehensive income, cash flows statement and statement of changes in equity are extracted from unaudited interim financial statements for the half year ended on December 31, 2021.

2.3 These condensed interim financial statements (un-audited) have been prepared under the historical cost convention, except for investments that are measured at fair value.

2.4 These condensed interim financial statements are unaudited; however, a limited scope review has been performed by the external auditors as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019.

2.5 The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2022.

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

Note 3

Significant Accounting Policies

The Modaraba's accounting and financial risk management policies and methods of computation adopted in the preparation of these condensed interim financial statements (un-audited) are the same as those applied in the preparation of preceding annual published financial statements of the Modaraba for the year ended June 30, 2022.

Note 4

Short Term Investments

	Note	December 31, 2022 (Un-audited) Rupees	June 30, 2022 (Audited) Rupees
- At fair value through OCI	4.1	1,722,948	2,552,594
- At fair value through profit or loss	4.2	219,720	220,566
		<u>1,942,668</u>	<u>2,773,160</u>

4.1 At fair value through OCI

Holdings are in ordinary shares of Rupees 10 each.

Number of shares		Name of investee	Market Value	
December 31, 2022 (Un-audited)	June 30, 2022 (Audited)		December 31, 2022 (Un-audited) Rupees	June 30, 2022 (Audited) Rupees
<u>29,267</u>	<u>23,414</u>	The Searle Company Limited	<u>1,722,948</u>	<u>2,552,594</u>

4.2 At fair value through profit or loss

Holdings are in ordinary shares of Rupees 10 each.

Number of shares		Name of investee	Market Value	
December 31, 2022 (Un-audited)	June 30, 2022 (Audited)		December 31, 2022 (Un-audited) Rupees	June 30, 2022 (Audited) Rupees
288	262	IBL HealthCare Limited	10,830	13,622
250	250	Attock Refinery Limited	35,890	43,944
100,000	100,000	First Punjab Modaraba	173,000	163,000
<u>100,538</u>	<u>100,512</u>		<u>219,720</u>	<u>220,566</u>

Note 5

Ijarah Rentals Receivable

		December 31, 2022	June 30, 2022
	Note	(Un-audited) Rupees	(Audited) Rupees
Considered good		55,345	1,212,881
Considered doubtful		3,004,088	3,004,088
		<u>3,059,433</u>	<u>4,216,969</u>
Provision against doubtful ijarah rentals	5.2	<u>(3,004,088)</u>	<u>(3,004,088)</u>
		<u><u>55,345</u></u>	<u><u>1,212,881</u></u>

5.1 These represent rentals receivable against assets leased out under ijarah arrangements.

5.2 Movement in provision against doubtful ijarah rentals are as follows:

Opening balance	3,004,088	9,501,620
Charged during the year	-	83,980
Reversed during the year	-	(309,750)
Provision written off during the year	-	(6,271,762)
	<u>-</u>	<u>(6,497,532)</u>
Closing balance	<u><u>3,004,088</u></u>	<u><u>3,004,088</u></u>

Note 6

Investment Property

		December 31, 2022	June 30, 2022
	Note	(Un-audited) Rupees	(Audited) Rupees
Cost			
Opening balance		100,000,465	100,000,465
Additions during the period / year		-	-
Closing balance		100,000,465	100,000,465
Accumulated Depreciation			
Opening balance		(47,916,915)	(42,916,887)
Charged during the period / year	6.1	(2,500,012)	(5,000,028)
Closing balance		<u>(50,416,927)</u>	<u>(47,916,915)</u>
		<u><u>49,583,538</u></u>	<u><u>52,083,550</u></u>

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

Note 7

Fixed Assets Under Ijarah Arrangements

	December 31, 2022	June 30, 2022
	(Un-audited) Rupees	(Audited) Rupees
Opening balance	23,753,364	6,634,853
Additions at cost	2,435,700	25,991,900
Less: Written down value of assets disposed off	<u>(2,388,260)</u>	<u>(3,464,756)</u>
	23,800,804	29,161,997
Less: Depreciation charged during the period / year	<u>(4,177,880)</u>	<u>(5,408,633)</u>
	<u><u>19,622,924</u></u>	<u><u>23,753,364</u></u>

Note 8

Fixed Assets Under Own Use

	December 31, 2022	June 30, 2022
	(Un-audited) Rupees	(Audited) Rupees
Opening balance	792,809	1,454,397
Additions at cost	-	312,080
Less: Written down value of assets disposed off	<u>(297,855)</u>	-
	494,954	1,766,477
Less: Depreciation charged during the period / year	<u>(156,355)</u>	<u>(973,668)</u>
	<u><u>338,599</u></u>	<u><u>792,809</u></u>

Note 9

Contingencies and Commitments

There are no material contingencies and commitments of the Modaraba as of the reporting date (June 30, 2022: Nil).

Note 10

Taxation

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

10.2 Deferred taxation is accounted for using the balance sheet liability method providing for temporary differences between the carrying amount 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.

Note 11

Balances and Transactions with Related Parties

11.1 The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba.

11.2 Related parties comprise the Management Company, associated undertakings having common directorship, directors and key management personnel of the Management Company and their close family members and entities with common directors or under common management.

11.3 Details of transactions with related parties and balances with them as at the period end are as follows:

			December 31, 2022	December 31, 2021
			(Un-audited)	(Un-audited)
			Rupees	Rupees
Transactions during the period				
Related party	Relation	Nature of Transaction		
IBL Modaraba Management (Private) Limited	Management Company	Management fee accrued during the period	555,479	143,969
University of Management and Technology	Holds 14.16% of the paid up certificates of Modaraba	Rent of library building during the period	3,747,720	3,747,720
			December 31, 2022	June 30, 2022
			(Un-audited)	(Audited)
			-----Rupees-----	
Outstanding Balances as at,				
IBL Modaraba Management (Private) Limited		Payable against management fee and others	895,473	339,994
University of Management and Technology		Receivable against rent of library building	1,249,240	1,249,240

Note 12

Segment Reporting

12.1 A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined the operating segments based on the information that is presented to the Chief Executive Officer (Chief Operating Decision Maker) for allocation of resources and assessments of performance. Based on internal management reporting structure, the Modaraba is organized into following operating segments:

Types of segments	Nature of business
- Ijarah finances	Giving right to the benefit of using an asset for a consideration
- Musharakah finances	Joint enterprise formed for conducting some business
- Investments	Investments made in equity instruments of other companies and other investments

No operating segment has been aggregated to or from the above reportable operating segments.

The Chief Operating Decision Maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit, profit from operations, reduction in operating cost and free cash flows.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. There were no transfers during the period (June 30, 2022: Nil).

12.2 Segment analysis

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

	December 31, 2022				December 31, 2021			
	Ijarah Finances	Musharakah Finances	Investment Property	Total	Ijarah Finances	Musharakah Finances	Investment Property	Total
	-----Rupees-----							
	----- (Un-Audited) -----							
Segment revenues / profits								
Revenues	5,230,184	4,879,446	3,747,720	13,857,350	1,891,470	4,868,751	3,747,720	10,507,941
Reversal of suspension	-	1,134,506	-	1,134,506	225,860	-	-	225,860
Gain on termination of ijarahs	255,190	-	-	255,190	116,563	-	-	116,563
Depreciation	(4,177,880)	-	(2,500,014)	(6,677,894)	(1,644,024)	-	(2,500,014)	(4,144,038)
Reportable segment profit	1,307,494	6,013,952	1,247,706	8,569,152	589,869	4,868,751	1,247,706	6,706,326
	December 31, 2022				June 30, 2022			
Reportable segment assets	19,678,269	86,871,262	49,583,538	156,133,069	24,966,245	107,751,033	52,083,550	184,800,828
Reportable segment liabilities	6,005,215	700,000	-	6,705,215	5,879,735	700,000	-	6,579,735
Additions to non-current assets	2,435,700	-	-	2,435,700	25,991,900	162,952	-	26,154,852

Note 12, Segment Reporting - Continued...

Note 12.2, Segment analysis - Continued...

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

	December 31, 2022	December 31, 2021
	----- (Un-Audited) -----	
	----- Rupees -----	
Revenues		
Total revenues for reportable segments	15,247,046	10,850,364
Other revenues:		
Other income	176,977	129,677
Profit on deposits	1,743,845	1,227,141
	1,920,822	1,356,818
Modaraba's revenues	<u>17,167,868</u>	<u>12,207,182</u>
Profit		
Total profit for reportable segments	8,569,152	6,706,326
Other components:		
Profit on deposits	1,743,845	1,227,141
Other income	176,977	129,677
Unrealised loss on investments	(847)	(78,076)
Administrative expenses	(4,934,337)	(6,545,381)
Other operating expenses	-	-
Finance cost	-	-
Charge of Modaraba Management Company's fee	(555,479)	(143,969)
Worker's Welfare Fund	(111,096)	(28,794)
	(3,680,937)	(5,439,402)
	<u>4,888,215</u>	<u>1,266,924</u>
	December 31, 2022	June 30, 2022
	----- (Un-Audited) -----	
	----- Rupees -----	
Assets		
Total assets for reportable segments	156,133,069	184,800,828
Corporate assets unallocated:		
Cash and bank balances	48,466,478	13,599,668
Advances, prepayments and other receivables	4,908,273	5,017,505
Long term advances and deposits	20,500	20,500
Advance Income tax	1,528,309	1,317,777
Short term investments	1,942,668	2,773,160
Fixed assets under own use	338,599	792,809
	57,204,827	23,521,419
Total assets as per the balance sheet	<u>213,337,896</u>	<u>208,322,247</u>
Liabilities		
Total liabilities for reportable segments	6,705,215	6,579,735
Corporate liabilities unallocated:		
Creditors, accrued and other liabilities	2,494,819	906,227
Unclaimed dividend	10,834,598	10,834,598
Deferred tax	996,558	-
Total liabilities as per the balance sheet	<u>21,031,190</u>	<u>18,320,560</u>

Note 12, Segment Reporting - Continued...

Certain liabilities, assets, other income and other operating charges of the Modaraba cannot be allocated to a specific segment. Accordingly, these amounts have been classified as unallocated.

There are no differences between the measurements of the reportable segments' profits or losses, assets and liabilities with the Modaraba's profits or losses, assets and liabilities.

There are no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

There are no asymmetrical allocations to reportable segments.

12.3 Geographical segments

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

Note 13

Financial Risk Management**13.1 Financial risk factors**

The Modaraba's activities expose it to a variety of financial risks: market risk (including currency risk, fair value risk, profit rate risk and price risk), credit risk and liquidity risk.

These condensed interim financial statements (un-audited), do not include all financial risk management information and disclosures required in the annual financial statements; and should be read in conjunction with the Modaraba's annual financial statements for the year ended June 30, 2022. There have been no changes in any risk management policies since the year end.

13.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

The following table presents the Modaraba's assets and liabilities that are measured at fair value as at December 31, 2022 (Un-audited):

	Level 1	Level 2	Level 3	Total
	Rupees			
Assets				
- Investments at fair value through OCI	1,722,948	-	-	1,722,948
- Investments at fair value through profit or loss	219,720	-	-	219,720
	<u>1,942,668</u>	<u>-</u>	<u>-</u>	<u>1,942,668</u>

Note 13, Financial Risk Management - Continued...

Note 13.2, Fair value estimation - Continued...

The following table presents the Modaraba's assets and liabilities that are measured at fair value as at June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	Rupees			
Assets				
- Investments at fair value through OCI	2,552,594	-	-	2,552,594
- Investments at fair value through profit or loss	220,566	-	-	220,566
	<u>2,773,160</u>	<u>-</u>	<u>-</u>	<u>2,773,160</u>

During the half year ended December 31, 2022, there were no significant changes in the business or economic circumstances that affect the fair value of the Modaraba's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets and there were no changes in valuation techniques during the period.

Note 14

Date of Authorization for Issue

These condensed interim financial statements (un-audited) have been approved by the Board of Directors of IBL Modaraba Management (Private) Limited and authorized for issuance on February 27, 2023.

Note 15

General

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER