



AN ISLAMIC FINANCIAL INSTITUTION

FIRST IBL MODARABA ANNUAL REPORT 2023

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. Zeeshan Ahmed	
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 **Wednesday, October 25, 2023** 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, 2023**.

The persons entitled to attend the meeting will be those certificate holders whose names are entered in the register of certificate holders seven (7) days before October 25, 2023.

The certificate transfer books of FIBLM will remain close from October 19, 2023 to October 25, 2023 (both days inclusive)

Company Secretary
October 4, 2023



CHAIRMAN'S REVIEW REPORT

For the year ended June 30, 2023

Dear Valued Certificate Holders

السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

I am delighted to present the report on the Financial Year ending June 30, 2023, 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 substantial challenges presented by geopolitical tensions, including the Russia-Ukraine conflict, domestic political uncertainties, elevated inflation rates, a bearish stock market, and a declining rupee value, I am delighted to announce that your Modaraba has adeptly steered its course through these tumultuous circumstances, achieving a notable pre-tax profit of Rs. 13.494 million.

Throughout the fiscal year 2023, 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
October 2, 2023

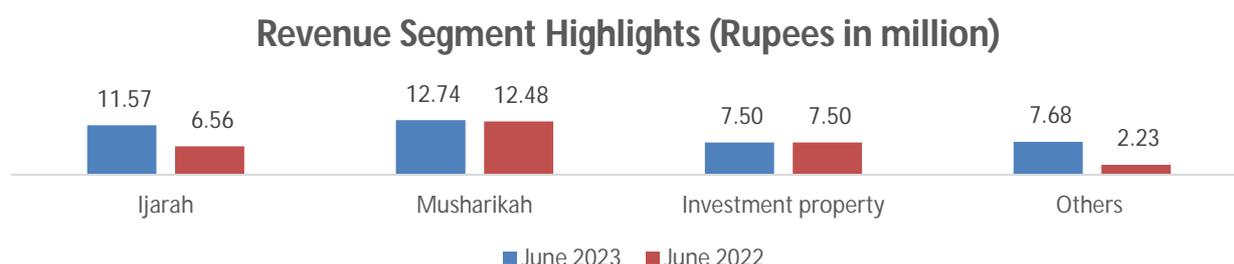
Directors' Report

The Board of Directors of IBL Modaraba Management (Private) Limited [IBLMM], the Management Company of First IBL Modaraba [FIBLM], takes great pleasure in presenting the Audited Financial Statements for First IBL Modaraba for the fiscal year ending on June 30, 2023, accompanied by the Auditors' Report

Performance Review:

Despite the substantial challenges presented by geopolitical tensions, including the Russia-Ukraine conflict, domestic political uncertainties, elevated inflation rates, a bearish stock market, and a declining rupee value, I am delighted to announce that your Modaraba has adeptly steered its course through these tumultuous circumstances, achieving a notable pre-tax profit of Rs. 13.494 million

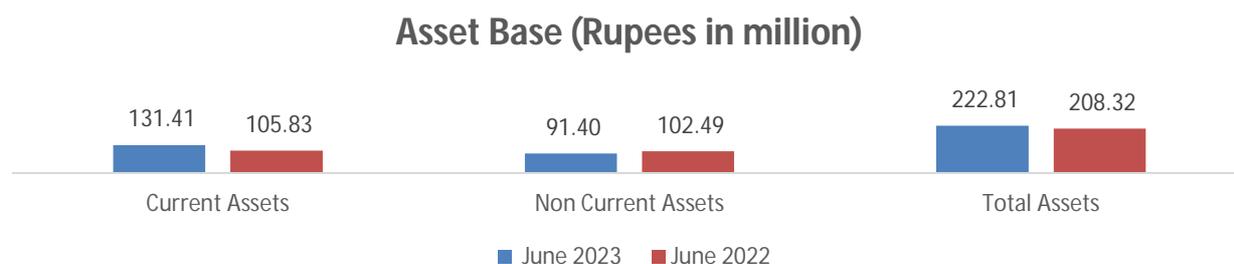
Revenue segment highlights are as follows:



Musharikah segment was the major income generating source during the period under review which contributed 32% of the gross revenue.

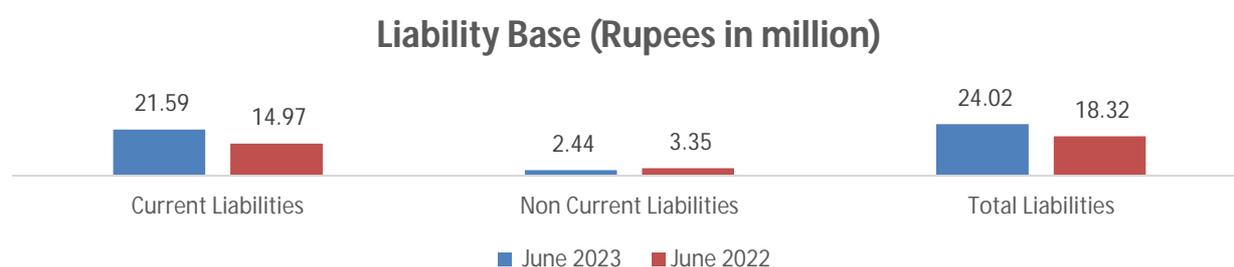
Despite of high inflationary rates, Modaraba managed to curtail its operating expenses and reported reduction of 8%.

Asset base highlights are as follows:



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

Liability base highlights are as follows:



Attendance of board meetings:

During the financial year 2022-23 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. Aamir Manzoor	04	04*	0
4	Mr. Iftikhar Hameed Khan	04	04**	0

* Mr. Aamir Manzoor, Chief Executive resigned on May 9, 2023

**Mr. Iftikhar Hameed Khan, Independent Director resigned on May 9, 2023

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	04

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
4	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:

Despite encountering substantial obstacles throughout the fiscal year of 2023, the Pakistan Stock Exchange (PSX) achieved a noteworthy recovery from a three-year low, nearly maintaining a level performance that fosters optimism for the future. Serving as a vital gauge for the domestic

economy, the market managed to counterbalance its losses, registering a marginal 0.20% decline as it concluded at 41,453 points. This impressive resurgence follows a demanding previous fiscal year when the PSX experienced a 12% decrease, closing at 41,541 points.

In stark contrast to the robust growth rate of 6.1% seen in the prior fiscal year, Pakistan's economy witnessed a more modest expansion of 0.29% in FY23. The PSX displayed gains during the last quarter (April-June) of FY23, breaking a streak of four consecutive quarters marked by losses attributed to political instability, economic turbulence, and numerous suspensions and delays in the resumption of the stalled IMF loan program

Economic Review:

Global economic growth has slowed down, primarily due to lackluster performance in advanced economies and a globally adopted tight monetary policy aimed at tackling inflation. The Russia-Ukraine conflict has further exacerbated this slowdown, resulting in reduced growth and elevated inflation rates. The impact of rising international commodity prices is evident in currency devaluation and increased production costs.

World trade volume witnessed a modest 2.7% increase in 2022, falling short of the 3.5% projection made in October of the same year. The final quarter of 2022 saw a significant decline in world trade volume, which consequently impacted the overall annual growth rate. Projections indicate a growth rate of 1.7% in world trade volume for 2023, with a more substantial rebound to 3.2% expected in 2024.

The tightening of global financial conditions poses a significant risk, potentially affecting credit availability, public finances, and leading to capital outflows. This, in turn, could burden emerging and developing economies with increased debt levels, reduced savings, and decreased investment

In addition to external shocks, Pakistan's economy has grappled with a series of domestic challenges. Devastating floods have inflicted losses on the cotton industry, which accounts for half of the industry's required cotton supply. The State Bank of Pakistan (SBP) has implemented restrictive policies aimed at addressing the balance of payment crisis and curbing inflation. These policies, characterized by high interest rates and import restrictions, have created headwinds, dampening both business and consumer confidence and hindering investment.

During the period of July to March in the fiscal year 2023, the growth in Large Scale Manufacturing (LSM) has declined significantly by 8.11%, in contrast to the 10.6% growth recorded in the same period the previous year. Among the notable growth sectors were Furniture Products, which saw an impressive increase of 48.26%, followed by Wearing Apparels at 31.68%,

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, have offered themselves for re-appointment for the year ending June 30, 2024. Their appointment has been confirmed by the Board, subject to approval by the Registrar Modaraba.

Acknowledgement:

The Board remains thankful to Securities & Exchange Commission of Pakistan, Registrar Modaraba, State Bank of Pakistan, and NBF1 & 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

Date: October 2, 2023

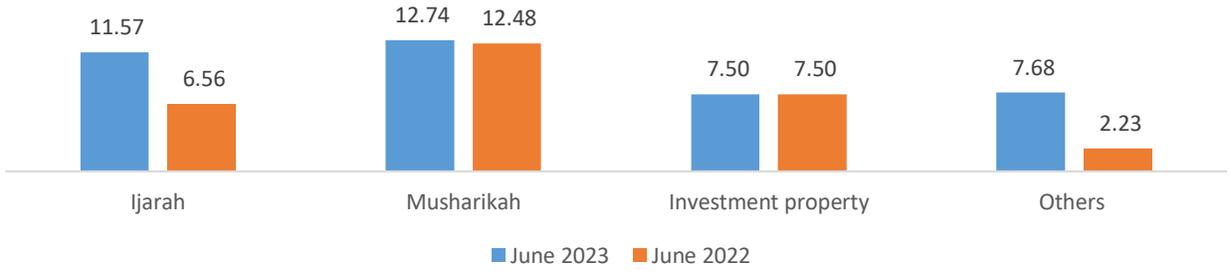
ڈائریکٹر رپورٹ

بورڈ آف ڈائریکٹر آئی بی ایل مضاربہ مینجمنٹ (پرائیویٹ لمیٹڈ)، جو کہ فرسٹ آئی بی ایل مضاربہ کی مینجمنٹ کمپنی ہے کے مالی سال 30 جون 2023 کے (آڈٹ شدہ) نتائج معہ ڈائریکٹر کی رپورٹ کو اس کے سرٹیفیکیٹ ہولڈرز کے لئے پیش کرنے پر فخر محسوس کرتا ہے۔

کارکردگی کا جائزہ:

جغرافیائی تنازعات کے باوجود جیسے کہ روس اور یوکرین تنازع، غیر یقینی سیاسی صورتحال، بلند افراط زر، سست اسٹاک مارکیٹ، اور روپیہ کی قدر کمی جیسے بڑے چیلنجز کے باوجود، میں خوشی سے اعلان کرتا ہوں کہ آپ کی مضاربہ نے ان انتشاری حالات کے باوجود قبل از ٹیکس میں 13.494 ملین روپے کا قابل ذکر منافع حاصل کیا ہے۔

آمدن کے طبقات کی جھلکیاں درج ذیل ہیں۔



دوران جائزہ مدت کے دورانیہ میں مشارکہ بڑی آمدنی والا طبقہ رہا جو کہ کل آمدنی کا 32 فیصد تھا۔

بلند افراط زر کے باوجود مضاربہ اپنے اخراجات کو 8 فیصد تک کم کرنے میں کامیاب رہا۔

اثاثات کی جھلکیاں درج ذیل ہیں۔



بنیادی سرمایہ کاری مشارکہ اور اجارہ طبقات میں کی گئی جن میں بلند منافع کی شرح پر مائیکرو و فنٹانگ شامل ہے۔

واجب الادا ذمہ داریوں کی جھلکیاں درج ذیل ہیں۔



بورڈ کی اجلاس میں حاضری:

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 عامر منظور	04	04*	0
4	جناب افتخار حمید خان	04	04**	0

* جناب عامر منظور، چیف ایگزیکٹو مئی 09، 2023 کو مستعفی ہو گئے۔

** جناب افتخار حمید خان، آزاد ڈائریکٹر مئی 09، 2023 کو مستعفی ہو گئے۔

بورڈ آف ڈائریکٹر کی ساخت:

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

اشاعت کی تاریخ کے مطابق بورڈ کی ترتیب مندرجہ ذیل تھی۔

نمبر شمار	ڈائریکٹر کا نام	اجلاس کی تعداد
1	جناب ابراہیم حسن مراد	غیر ایگزیکٹو
2	جناب ارسلان خان خاکوانی	غیر ایگزیکٹو
3	جناب سلمان احمد	آزاد
4	محترمہ فائزہ جبین	خاتون ڈائریکٹر
5	جناب ابراہیم قاضی	چیف ایگزیکٹو

چھ سال کا آپریٹنگ ڈیٹا:

چھ (06) سال کے مالی اعداد و شمار اس رپورٹ کے ساتھ منسلک ہیں۔

سرٹیفیکیٹ رکھنے کا رجحان:

کوڈ آف کنڈکٹ کے ضابطہ کے تحت سرٹیفیکیٹ رکھنے کا رجحان کا مفصل بیٹرن اس رپورٹ کے ساتھ منسلک ہے۔

کسی بھی مضاربہ کے سربراہ، چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر، کمپنی سیکرٹری یا ان کے اہل وایال یا بچوں کے ذریعے مضاربہ کی سرٹیفیکیٹ کی تجارت نہیں ہوئی ہے، تاؤ فتنیہ اس کو مالی دستاویزات میں ظاہر نہ کیا گیا ہو۔

سٹاک مارکیٹ کا جائزہ:

مالی سال کے دوران مالی سال پاکستان اسٹاک ایکسچینج کئی بڑی رکاوٹوں کا سامنا کرنے کے باوجود، تین سال کی کمترین حد سے ایک قابل توجہ بحران کو پورا کرنے میں کامیابی حاصل کی، جو مستقبل کے لئے خوش آئیندہ امید کی بات ہے۔ گھریلو معیشت کا اہم پیکائش کے طور پر کام کرتے ہوئے، مارکیٹ نے اپنے نقصانات کو متوازن کرنے میں کامیابی حاصل کی اور 41,453 پوائنٹس پر اختتام پذیر ہونے پر 0.20 فیصد کی معمولی کمی کو رجسٹر کیا۔ یہ متاثر کن صورتحال پچھلے سال کی کمی کو پورا کرنے کے لئے ہے جس میں سٹاک ایکسچینج میں 12 فیصد کمی ہوئی تھی اور سٹاک ایکسچینج 41541 پوائنٹس پر بند ہوئی۔

پچھلے مالی سال میں دیکھی گئی 6.1 فیصد کی شرح نمو کے بالکل برعکس پاکستان کی معیشت نے سال 2023 میں 0.29 فیصد کی معمولی شرح نمو دیکھی۔ سٹاک ایکسچینج نے مالی سال 2023 کی آخری سہ ماہی (اپریل تا جون) میں بہتر کارکردگی دیکھائی۔ اس مالی کامیابیوں نے پچھلی چار سہ ماہی کے نقصان جسکی وجہ سیاسی عدم استحکام، معاشی بد حالی اور آئی ایم ایف پر اگرم میں تاخیر شامل ہے۔

اقتصادی جائزہ:

عالمی معاشی ترقی میں کمی دیکھی گئی، جس کی بنیادی وجہ ماضی کی ناقص کارکردگی ہے اور ایک عالمی طور پر اپنائی گئی مہنگائی کا سامنا کرنے کی پالیسی ہے۔ رشیا۔ یوکرین تنازع نے اس کمی کو مزید بڑھوتری دی، جس کی وجہ سے کم ترقی اور بلند معیشتی مہنگائی کی شرح بڑھ گئی۔ بین الاقوامی اجناس کی قیمتوں میں بڑھوتری کے اثرات کا اثر کرنسی کی قدر کمی اور پیداواری لاگت میں اضافے سے ظاہر ہوتا ہے۔

مالی سال 2022 میں عالمی تجارتی حجم میں 2.7 فیصد کا معمولی اضافہ ہوا جو کہ پچھلے سال اکتوبر میں 3.5 فیصد کے تخمینے سے کم ہے۔ 2022 کی آخری سہ ماہی میں عالمی تجارتی حجم میں نمایاں کمی دیکھنے میں آئی جس کے نتیجے میں مجموعی سالانہ شرح نمو متاثر ہوئی۔ تخمینے 2023 کے لیے عالمی تجارتی حجم میں 1.7 فیصد کی شرح نمو کی نشاندہی کرتے ہیں جس میں مالی سال 2024 میں 3.2 فیصد کی شرح نمو متوقع ہے۔

عالمی مالیاتی حالات کا سخت ہونا ایک اہم خطرہ ہے، ممکنہ طور پر کریڈٹ کی عدم دستیابی، عوامی مالیات کو متاثر کرتا ہے، اور سرمائے کے اخراج کا باعث بنتا ہے۔ اس کے نتیجے میں، ابھرتی ہوئی اور ترقی پذیر معیشتوں پر قرضوں کی سطح میں اضافہ، بچتوں میں کمی اور سرمایہ کاری میں کمی کا بوجھ پڑ سکتا ہے۔

بیرونی خطرات کے علاوہ، پاکستان کی معیشت کئی داخلی چیلنجوں سے دوچار ہے۔ تباہ کن سیلاب نے کپاس کی صنعت کو نقصان پہنچایا ہے، جو اس وقت صنعت کو کپاس کی مطلوبہ سپلائی اسکی پیداوار کا نصف ہے۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) نے ادائیگیوں کے توازن کے بحران سے نمٹنے اور مہنگائی کو روکنے کے لیے پابندی والی

پالیسیاں نافذ العمل کی ہیں۔ یہ پالیسیاں، جن میں بلند شرح سود اور درآمدی پابندیاں شامل ہیں، نے ہچکچاہٹ پیدا کی ہے، جس سے کاروبار اور صارفین کے اعتماد میں کمی آئی ہے اور سرمایہ کاری میں رکاوٹ پیدا ہوئی۔

مالی سال 2023 میں جولائی سے مارچ کے دوران، بڑے پیمانے پر مینوفیکچرنگ کی نمو میں 8.11 فیصد کی نمایاں طور پر کمی دیکھی گئی، اس کے برعکس پچھلے سال کی اسی مدت میں 10.6 فیصد کی نمو ریکارڈ کی گئی تھی۔ قابل ذکر ترقی کے شعبوں میں فرنیچر کی اشیاء شامل تھیں، جن میں 48.26 فیصد کا متاثر کن اضافہ ہوا، اس کے بعد ملبوسات پہننے کی شرح 31.68 فیصد رہی۔

اندرونی مالیاتی کنٹرول:

آپ کے مضاربہ کی قیادت کارپوریٹ گورننس کے مضبوط اصولوں کو برقرار رکھنے کے لیے پر عزم ہے، جنہیں چیک اینڈ بیلنس کے واضح طور پر بیان کردہ نظام کے ذریعے برقرار رکھا جاتا ہے۔ بورڈ آف ڈائریکٹرز نے کامیابی کے ساتھ ایک مضبوط اندرونی کنٹرول سسٹم قائم کیا ہے جو پوری تنظیم میں تندہی سے نافذ کیا جاتا ہے۔

سماجی امانت داری ذمہ داری:

فرسٹ آئی بی ایل مضاربہ غیر متزلزل پیشہ ورانہ مہارت اور جوش و جذبے کے ساتھ کمیونٹی کی خدمت کرنے کے پختہ عزم سے کار فرما ہے۔ بہتر ماحول کو فروغ دینے کے لیے ہماری توجہ ہمیشہ کئی اہم شعبوں پر مرکوز رہی ہے۔ ہمارا بنیادی پیشہ ورانہ مقصد مضبوط اندرونی کنٹرول کا قیام ہے۔

آئی بی ایل میں، ہم اپنے تمام آپریشنز میں صحیح اخلاقی طریقوں کو برقرار رکھنے کے لیے کوشاں ہیں۔ ہم اپنے عملے کے ارکان کے لیے رسک اور انعام کے تصور پر پختہ یقین رکھتے ہیں۔ مزید برآں، ہمارے ملازمین مثبت کارپوریٹ سٹراکٹ کے لیے پرتپاک طور پر کام کرتے ہوئے سماجی برداری کے منصوبوں میں سرگرمی سے مشغول رہتے ہیں۔

ہم توانائی کی کھپت اور کاغذ کے استعمال سمیت غیر ضروری وسائل کے ضیاع کو کم کرنے کے لیے اپنے عملے کی فعال طور پر حوصلہ افزائی کرتے ہیں۔ آئی بی ایل روزگار کے مساوی مواقع کو فروغ دینے کے لیے پر عزم ہے، اس بات کو یقینی بناتے ہوئے کہ صنفی اور معذوری کے امتیاز کو ہماری تنظیم میں کوئی جگہ نہ رہے۔

اپنے قابل قدر صارفین کے مفادات کے تحفظ کے لیے، آئی بی ایل میں باقاعدگی سے فیڈبیک میکانزم اور بار بار وزٹ کے ذریعے ان کے خدشات کو دور کرتے ہیں۔ ہم ہر فرد کی صلاحیتوں کو بروئے کار لانے میں پختہ یقین رکھتے ہیں، کیونکہ وہ ہمارے ادارے کو بہت فائدہ پہنچا سکتے ہیں۔

ہم اپنی جامع پالیسی کے تحت معروف نکافل کمپنیوں کے ذریعے اپنے عملے کے لیے ہیلتھ نکافل کوریج فراہم کرتے ہیں۔ ہمارے ملازمین کی صحت اور حفاظت کا انتظام ہمارے لئے بنیادی ترجیحات میں شامل ہیں۔

ہم اپنے عملے کے ارکان کو ان سرگرمیوں میں فعال طور پر حصہ لینے کے لیے مسلسل ترغیب دیتے ہیں جس سے افراد اور مجموعی طور پر تنظیم دونوں کو ٹھوس فوائد حاصل ہوں۔

مستقبل کا منظر نامہ:

سیلاب کے بعد کے مسائل، ملک میں کمزور قوت خرید، بلند مہنگائی، بلند شرح سود اور سیاسی غیر یقینی صورتحال کو مد نظر رکھتے ہوئے، انتظامیہ انتہائی حساب سے اقدامات کر رہی ہے تاکہ منافع میں اضافہ / برقرار رکھا جاسکے۔

آڈیٹرز:

موجودہ آڈیٹرز کرو حسین چوہدری اینڈ کوچاٹرڈ اکاؤنٹنٹس نے دوبارہ تقرری کے لئے اپنی خدمات پیش کی ہیں۔ بورڈ کرو حسین چوہدری اینڈ کوچاٹرڈ اکاؤنٹنٹس کو بطور بیرونی آڈیٹرز 30 جون 2024 کے اختتام تک کے لئے تقرری کی توثیق کر چکا ہے جو رجسٹرار مضاربہ، ایس ای سی پی اسلام آباد کی منظوری سے مشروط ہے۔

بورڈ سیکورٹیز 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 انکوائرنری 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

102 اکتوبر 2023

COMPARATIVE FINANCIAL SUMMARY
BALANCE SHEET

(Rs in Million)

Year Ended June 30.	2017	2018	2019	2020	2021	2022
CURRENT ASSETS						
Cash and bank balances	13.91	23.50	32.05	44.16	52.11	13.60
Ijarah rental receivables	0.38	0.44	1.30	1.24	0.13	1.21
Advances, prepayments & other receivables	10.35	9.21	13.18	8.53	6.61	6.33
Short term investments	7.64	5.93	2.90	3.83	4.74	2.77
Short term Musharakah receivables	-	-	-	8.00	0.60	27.50
Current portion of Musharakah receivables	42.39	65.06	50.71	27.24	53.24	54.41
Current portion of Murabahah receivables	-	0.50	-	-	-	-
Total Current Assets	74.67	104.64	100.13	92.99	117.43	105.83
NON-CURRENT ASSETS						
Long term Musharakah receivables	29.03	1.89	20.18	42.63	26.85	25.84
Long term advances and deposits	2.71	2.62	2.62	2.62	2.62	0.02
Investment Property	77.08	72.08	67.08	62.08	57.08	52.08
Fixed assets under Ijarah arrangements	42.29	40.13	36.85	26.97	6.63	23.75
Fixed assets under own use	2.57	2.85	3.35	2.41	1.45	0.79
Intangible assets	-	-	-	-	-	-
Total Non-Current Assets	153.68	119.58	130.08	136.71	94.64	102.49
Total Assets	228.35	224.22	230.21	229.70	212.06	208.32
CURRENT LIABILITIES						
Creditors, accrued & other liabilities	1.49	1.06	1.77	1.37	0.83	0.91
Short term borrowing	15.00	-	-	-	-	-
Musharakah profit payable	1.43	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	7.73	11.11	14.37	18.89	5.83	2.53
Provision for taxation	-	-	-	-	-	-
Unclaimed profit distribution	9.37	10.48	10.48	10.67	10.88	10.83
Total current Liabilities	35.72	24.79	28.76	33.06	18.24	14.97
NON CURRENT LIABILITIES						
Long term security deposits	9.76	10.16	10.01	3.67	0.04	3.35
Total non current Liabilities	9.76	10.16	10.01	3.67	0.04	3.35
EQUITY						
Issued, subscribed & paid up capital	201.88	216.88	216.88	216.88	216.88	216.88
Reserves	43.06	43.07	44.01	44.81	45.39	45.39
Revenue Reserve and Unappropriated profit	(68.81)	(75.98)	(72.08)	(72.30)	(72.85)	(74.82)
Modaraba certificate deposit money						
Total Equity	176.13	183.96	188.81	189.39	189.42	187.45
Un realized gain on revaluation on investment	6.74	5.32	2.64	3.59	4.37	2.55
	228.35	224.22	230.21	229.70	212.06	208.32

COMPARATIVE FINANCIAL SUMMARY
PROFIT & LOSS SUMMARY

(Rs in Million)

Year Ended June 30.	2017	2018	2019	2020	2021	2022
INCOME						
Income from Ijarah	15.49	20.23	9.55	7.70	4.00	6.56
Profit on Murabahah investments	-	0.06	0.01	-	-	-
profit on Musharakah investments	6.34	6.71	8.47	9.38	10.93	12.48
Sub-total	21.83	27.00	18.03	17.08	14.93	19.04
OTHER INCOME						
income from investment property	7.50	7.50	7.50	7.50	7.50	7.50
Profit on deposits	1.42	0.14	0.74	1.70	1.19	1.71
Income from short term investments	0.48	-	-	0.05	0.13	-
Dividend Income	-	-	-	-	0.05	0.04
Reversal of provision against non performing Musharakah	10.24	-	8.63	-	-	-
Reversal of Musharakah profit held in suspense account	2.98	-	-	0.18	0.20	0.23
balances written back	0.54	-	-	-	-	-
Other income	2.40	1.05	1.77	0.87	0.27	0.26
Sub-total	25.56	8.69	18.64	10.29	9.33	9.73
Total Income	47.39	35.69	36.67	27.37	24.26	28.77
EXPENSES						
Operating Expenses	23.97	21.19	17.82	16.45	16.51	16.18
Balances written off	-	-	-	-	-	5.26
Depreciation on assets under Ijarah	11.75	13.63	12.80	6.41	3.28	5.41
Provision and suspension of doubtful Musharakah receivable	-	-	-	-	-	2.81
Other operating expenses	0.47	0.82	0.83	0.02	1.07	0.15
Total Expenses	36.19	35.64	31.44	22.88	20.86	29.80
Taxation						
Profit/ (loss) before Management Fee	11.11	0.05	5.23	4.49	3.40	(1.03)
Management Fee	1.11	0.00	0.52	0.44	0.34	-
Provision for WWF	-	-	-	-	0.14	-
Provision for taxation	-	-	-	-	-	(0.94)
Net Profit	10.00	0.04	4.70	4.04	2.91	(1.97)

FIRST IBL MODARABA

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2023

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

1. The total number of directors are 2* as per the following,-

- a. Male: 2
- b. Female: -

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

Further, Election of directors was due on May 30, 2023. The Company could not hold election on due time; however, necessary legal step shall be taken to conduct election of directors.

2. The composition of the Board is as follows:

Category	Names
Independent Director*	
Executive Director**	Mr. Arslan Khan Khakwani – Acting CEO & Chairman
Non-Executive Director	Mr. Ibrahim Hasan Murad
Female Director***	

*Mr. Iftikhar Ahmad Khan, Independent Director resigned on May 9, 2023. In his place Mr. Salman Ahmad was appointed on September 5, 2023 as an Independent Director after approval from SECP.

**Mr. Aamir Manzoor, Chief Executive resigned on May 9, 2023. Mr. Arslan Khan Khakwani was appointed as Acting CEO & Chairman till the subsequent appointment of CEO on the Board. Mr. Muhammad Ibrahim Qazi was appointed on July 20, 2023 as Chief Executive after approval from SECP.

***Ms. Faiza Jabeen has been appointed as Non-Executive Director on Board as on July 31st 2023 after obtaining approval from SECP.

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;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. One member of the Board 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

	Chairman*
Mr. Ibrahim Hasan Murad	Member
Mr. Arslan Khan Khakwani	Member

*Mr. Iftikhar Ahmad Khan, Independent Director resigned on May 9, 2023. In his place Mr. Salman Ahmad was appointed on September 5, 2023 as an Independent Director after approval from SECP.

b) HR and Remuneration Committee

	Chairman*
Mr. Arslan Khan Khakwani	Member
Mr. Ibrahim Hasan Murad	Member

*Mr. Iftikhar Ahmad Khan, Independent Director resigned on May 9, 2023. In his place Mr. Salman Ahmad was appointed on September 5, 2023 as an Independent Director after approval from SECP.

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
15. The Board has set up an effective internal audit function / or has outsourced the internal audit function to 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.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36:

Sr. No.	Regulation No.	Description	Explanation
1	9	The Chairman and the Chief Executive Officer shall not be the same persons.	Mr. Aamir Manzoor, Chief Executive Officer (CEO) resigned on May 9, 2023 and Mr. Arslan Khan Khakwani (Chairman) was appointed as Acting CEO till the appointment of subsequent CEO on the Board. To fill the casual vacancy, Mr. Muhammad Ibrahim Qazi was appointed on July 20, 2023 as CEO after approval from SECP.
2	19	By June 30, 2022, all directors shall acquire certification under director training program.	The Board shall take appropriate steps to arrange Directors' Training Program for remaining one director Mr. Ibrahim Hasan Murad.

Muhammad Ibrahim Qazi

Chief Executive

Dated October 2, 2023

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS
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 for and on behalf of First IBL Modaraba ("The Modaraba") for the year ended June 30, 2023 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 Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company'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 Company's personnel and review of various documents prepared by the 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 Company's corporate governance procedures and risks.

The Regulations require the 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 Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are 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 election of Directors, as the elections were due on May 30, 2023, as required under section 161 of the Companies Act, 2017.
2.	9 & 19	One Director out of the two Directors has not acquired the prescribed certification under the Directors' Training Program as required under clause 19 of the Regulations.
3.	19	The Chairman and the Chief Executive Officer of the Company were not the different persons as required under clause 9 of the Regulations.

Lahore
Dated: October 3, 2023
UDIN: CR202310051ByGJEago9

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

FIRST IBL MODARABA

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **First IBL Modaraba** ("the Modaraba") as at June 30, 2023 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended 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 our audit.

These financial statements are the Modaraba Company's [IBL Modaraba Management (Private) Limited]] responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981;
- b) in our opinion:
 - (i) the balance sheet and profit and loss account 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 the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in accordance with the accounting policies consistently applied with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;

- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba affairs as at June 30, 2023 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by Modaraba and deposited in Central Zakat Fund established under section 7 of the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

LAHORE

Dated: October 2, 2023

UDIN No. AR202310051gIfZye8PG

CROWE HUSSAIN CHAUDHURY & CO.

Chartered Accountants

Engagement Partner: Amin Ali

SHARI'AH ADVISOR'S REPORT FOR THE YEAR ENDED June 30, 2023

I have conducted the Shari'ah review of First IBL Modaraba managed by IBL Modaraba Management (Pvt.) Ltd. for the year ended June 30, 2023 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, 2023, 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, 2023

FIRST IBL MODARABA
BALANCE SHEET AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
Current Assets			
Bank balances	6	82,104,089	13,599,668
Short term investments	7	1,306,793	2,773,160
Ijarah rentals receivable	8	224,868	1,212,881
Short term musharaka receivables	9	13,553,483	27,500,000
Advances, prepayments and other receivables	10	2,469,641	5,017,505
Advance income tax		1,861,395	1,317,777
Current portion of long term musharaka receivables	11	29,890,654	54,413,221
		131,410,923	105,834,212
Non-Current Assets			
Long term musharaka receivables	11	25,548,004	25,837,812
Long term deposits		20,500	20,500
Investment property	12	47,083,522	52,083,550
Fixed assets under ijarah arrangements	13	18,512,742	23,753,364
Fixed assets under own use	14	238,699	792,809
		91,403,467	102,488,035
Total Assets		222,814,390	208,322,247
LIABILITIES			
Current Liabilities			
Creditors, accrued and other liabilities	15	5,797,293	906,227
Musharaka finances payable		700,000	700,000
Current portion of long term security deposits	16	4,253,911	2,525,855
Unclaimed dividend		10,834,598	10,834,598
		21,585,802	14,966,680
Non-Current Liabilities			
Long term security deposits	16	2,075,000	3,353,880
Deferred tax liability	17	361,132	-
		2,436,132	3,353,880
Total Liabilities		24,021,934	18,320,560
NET ASSETS		198,792,456	190,001,687
REPRESENTED BY:			
Certificate capital	18	216,875,000	216,875,000
Statutory reserves	19	47,395,690	45,394,252
Accumulated loss		(66,814,365)	(74,820,117)
		197,456,325	187,449,135
Unrealized gain on revaluation of investments - Fair value through OCI	20	1,336,131	2,552,552
		198,792,456	190,001,687
CONTINGENCIES AND COMMITMENTS	21	-	-

The annexed notes from 1 to 36 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
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
INCOME FROM OPERATION			
Income from ijarah rentals		11,570,394	6,563,947
Profit on musharaka investments		12,741,801	12,476,687
		24,312,195	19,040,634
OTHER INCOME			
Income from investment property		7,495,440	7,495,440
Profit on deposits		3,889,600	1,713,461
Dividend income		262	38,784
Other income	22	618,804	255,126
		12,004,106	9,502,811
Reversal of suspension of musharaka receivables		3,167,273	-
Reversal of suspension of ijarah income-net		-	225,770
TOTAL INCOME		39,483,574	28,769,215
EXPENSES			
Operating expenses	23	(14,877,173)	(16,177,733)
Balances written off	24	-	(5,259,304)
Depreciation on assets under ijarah	13	(9,235,969)	(5,408,633)
Unrealized loss on re-measurement of investments		(35,284)	(146,884)
Provision and suspension of doubtful musharaka receivables	10 & 11	-	(2,806,131)
		(24,148,426)	(29,798,685)
PROFIT / (LOSS) BEFORE MANAGEMENT COMPANY'S FEE		15,335,148	(1,029,470)
Modaraba Company's management fee	25	(1,533,515)	-
Provision for Worker's Welfare Fund		(306,703)	-
PROFIT / (LOSS) BEFORE TAXATION		13,494,930	(1,029,470)
Taxation			
- Prior year		74,005	(578,015)
- Current period		(2,985,951)	(359,615)
- Deferred tax		(575,794)	-
		(3,487,740)	(937,630)
NET PROFIT / (LOSS) FOR THE YEAR		10,007,190	(1,967,100)
EARNINGS / (LOSS) PER MODARABA CERTIFICATE - BASIC AND DILUTED	26	0.46	(0.09)

The annexed notes from 1 to 36 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 COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	Rupees	Rupees
Net Profit / (Loss) for the Year	10,007,190	(1,967,100)
Other comprehensive income		
Items that will not be reclassified subsequently to profit and loss		
Unrealized loss on re-measurement of investments through OCI	(1,431,083)	(1,817,235)
Add: Related deferred taxation	214,662	-
Items that may be reclassified subsequently to profit and loss	-	-
Other comprehensive loss for the year	(1,216,421)	(1,817,235)
Total Comprehensive Income / (Loss) for the Year	<u>8,790,769</u>	<u>(3,784,335)</u>

The annexed notes from 1 to 36 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, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	27	46,325,861	(17,265,679)
<i>Increase in non-current assets:</i>			
- Long term musharaka		24,812,375	(162,952)
Purchase of fixed assets under ijarah arrangements		(7,539,600)	(25,991,900)
Proceeds from disposal of assets on terminating ijarah		2,893,291	117,399
Income taxes paid		(3,455,564)	(562,135)
Net Cash Generated from / (Used in) Operating Activities		63,036,363	(43,865,267)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets under own use		-	(312,080)
Proceeds from disposal of fixed assets under own use		441,200	8,000
Dividend income received		2,762	254,606
Profit received on bank deposits		3,526,280	1,978,783
Receipt of customers' security deposits		1,497,816	3,471,360
Net Cash Generated from Investing Activities		5,468,058	5,400,669
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	27.1	-	(49,307)
Net Cash Used in Financing Activities		-	(49,307)
Net Increase / (Decrease) in Cash and Cash Equivalents		68,504,421	(38,513,905)
Cash and cash equivalents at the beginning of the year		13,599,668	52,113,573
Cash and Cash Equivalents at the End of the Year		<u>82,104,089</u>	<u>13,599,668</u>

The annexed notes from 1 to 36 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, 2023

Particulars	Certificate Capital	Reserves		Total Equity
		Statutory Reserve	Accumulated Loss	
	Rupees			
Balance as at June 30, 2021	216,875,000	45,394,252	(72,853,017)	189,416,235
Comprehensive Income for the Year				
Net loss for the year	-	-	(1,967,100)	(1,967,100)
Other comprehensive income for the year	-	-	-	-
Total Comprehensive Loss for the Year	-	-	(1,967,100)	(1,967,100)
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 reserve (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

The annexed notes from 1 to 36 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, 2023

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 Ordinance 1984, (now the Companies Act, 2017) and registered with the Registrar of Modaraba Companies and Modarabas.

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, musharaka 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:

- International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Islamic Financial Accounting Standards (IFASs) 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 Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (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 5.3, 5.4, 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 musharaka as disclosed in note 5.2, 8, 9 & 11 to the financial statements at each reporting date to assess whether subjective provision should be recorded in the profit and loss account, 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 5.10 & 8 to the financial statements. Balances considered bad and irrecoverable are written off when identified.

3.4 Provision for taxation

As disclosed in note 5.9 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 8 to the financial statements. This valuation is subjective to market price fluctuation and therefore, cannot be determined with precision.

Note 4

Changes in Accounting Standards, Interpretations and Pronouncements

4.1 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, 2023. 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 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

4.2 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)
IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2023
IAS 12 Income Taxes [Amendments]	January 1, 2023
IAS 7 'Statement of Cash Flows' and IFRS 7 Financial instruments disclosures' [Amendments]	January 01, 2024

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

Note 5

Summary of Significant Accounting Policies

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.

5.1 Cash and cash equivalents

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

5.2 Musharaka investment

Musharaka 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.

5.3 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 month in which a property is available for use while no depreciation is charged for the month in which the property is disposed off.

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.

5.4 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 to operating fixed assets is charged from the month in which the asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

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 account 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 account.

5.5 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.

5.6 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.

5.7 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.

5.8 Revenue recognition

Revenue from ijarah and murabaha is recognized as per the requirements of the Islamic Financial Accounting Standards (IFASs). Repayment schedule is agreed at the start. 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.

Musharaka profit

Profit on diminishing musharaka 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.

5.9 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 balance sheet 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.

5.10 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.

5.10.1 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 account.

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 account.

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 account 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 account.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the balance sheet 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 account. Dividends on equity instruments are credited to the profit and loss account 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 balance sheet 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 musharakah 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 balance sheet 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 account.

5.10.2 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 account.

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 account.

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 account.

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 account 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 account.

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 account. 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 account.

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 account.

5.10.3 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.

5.11 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.

5.12 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.

5.13 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.

5.14 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 account.

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 account.

5.15 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.

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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.

5.16 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;
- Musharaka finances; and
- Investment Property.

All these operating segments are located in Pakistan.

5.16.1 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.

5.16.2 Allocation of segment expenses

All identifiable expenses are directly attributed to the respective segments.

5.17 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 basic salary of employees.

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Note 6

Bank Balances

	Note	2023 Rupees	2022 Rupees
Cash at bank:			
- Savings accounts	6.1	81,748,939	13,026,144
- Current accounts	6.2	355,150	573,524
		82,104,089	13,599,668
		<u>82,104,089</u>	<u>13,599,668</u>

6.1 Cash in savings accounts carries profit ranging from 15% to 20% (2022: 4% to 7%) per annum, approximately.

6.2 This includes Rs. 355,150 (2022: Rs. 355,150) held in dividend account. Movement in dividend account is as follows:

Opening balance		355,150	404,457
Amount transferred during the year		-	-
Dividend claim received and settled		-	(49,307)
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	2023 Rupees	2022 Rupees
Investments in listed equity securities:			
- At fair value through OCI	7.1	1,121,511	2,552,594
- At fair value through profit and loss	7.2	185,282	220,566
		<u>1,306,793</u>	<u>2,773,160</u>

7.1 At fair value through OCI

	2023	2022	Name of entity	2023	2022
No. of shares / certificates					
Holdings are in ordinary shares of Rupees 10 each.					
	<u>29,267</u>	<u>23,414</u>	The Searle Company Limited	<u>1,121,511</u>	<u>2,552,594</u>

7.2 At fair value through profit or loss

Holdings are in ordinary shares of Rupees 10 each.

	288	262	IBL HealthCare Limited	9,375	13,622
	250	250	Attock Refinery Limited	42,907	43,944
	<u>100,000</u>	<u>100,000</u>	First Punjab Modaraba	<u>133,000</u>	<u>163,000</u>
	<u>100,538</u>	<u>100,512</u>		<u>185,282</u>	<u>220,566</u>

7.3 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	2023 Rupees	2022 Rupees
Considered good		224,868	1,212,881
Considered doubtful	8.2	3,004,088	3,004,088
		3,228,956	4,216,969
Less: Expected credit loss allowance		<u>(3,004,088)</u>	<u>(3,004,088)</u>
		<u>224,868</u>	<u>1,212,881</u>

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8.1 Profit rates on ijarah arrangements range from 10% to 52% (2022: 10% to 38%) per annum. These are secured against ijarah assets, promissory notes and personal guarantees of musta'jir. The Modaraba is entitled to repossess and sell the asset in case of default by the customer.

8.2 Movement in expected credit loss allowance is 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)
	-	(6,497,532)
Closing balance	3,004,088	3,004,088

Note 9

Short Term Musharaka Receivables

	Note	2023 Rupees	2022 Rupees
Short term musharaka receivables	9.1	13,553,483	27,500,000

9.1 This represents musharaka finance provided to customers for business activities for a maximum period of one year. The effective rate of profit on this finance is 12% (2022: 12% to 15%) per annum. This finance is secured by way of equitable mortgage of property.

Note 10

Advances, Prepayments and Other Receivables

	Note	2023 Rupees	2022 Rupees
Advance to employees (Unsecured - considered good)	10.1	174,405	85,401
Prepayments		154,455	168,136
Accrued profit on musharaka receivable (secured)			
- Profit receivable		3,079,206	7,981,247
- Less: Profit held in suspense account		(1,607,947)	(4,775,220)
		1,471,259	3,206,027
Profit receivable on saving accounts		467,337	104,017
Dividend receivable		919	3,419
Other receivables (unsecured)	10.2	201,266	1,450,505
		2,469,641	5,017,505

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. 200,000 (2022: Rs. 100,000).

10.2 This includes rent receivables from University of Management and Technology (UMT), an associated undertaking. The maximum amount due as at the end of any month during the year from associated undertaking was Rs. 3,123,100 (2022: Rs. 1,249,240).

Note 11

Long Term Musharaka Receivables

	Note	2023 Rupees	2022 Rupees
Considered good		55,438,658	80,251,033
Considered doubtful		6,093,971	6,093,971
	11.1	61,532,629	86,345,004
Less: Expected credit loss allowance	11.2	(6,093,971)	(6,093,971)
Less: Current portion		(29,890,654)	(54,413,221)
		25,548,004	25,837,812

11.1 This represents musharaka 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% (2022: 10.5% to 15%) per annum. These receivables are secured by way of hypothecation of goods, book debts and equitable mortgage of property.

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11.2 This represents expected credit loss allowance against overdue principal amount of musharaka finance on time based criteria as required by the prudential regulations "Prudential Regulations 2021" applicable to the Modaraba. Accrued profit of Rs. 1,607,947 (2022: Rs. 4,775,220) is held in suspense account (Refer to note 10). Movement in expected credit loss allowance is as follows:

	<u>2023</u>	<u>2022</u>
	Rupees	Rupees
Opening balance	6,093,971	6,093,971
Recognized during the year	-	-
Reversed during the year	-	-
Closing balance	<u>6,093,971</u>	<u>6,093,971</u>

Note 12

Investment Property

		<u>2023</u>	<u>2022</u>
	Note	Rupees	Rupees
Cost			
Opening balance	12.1	100,000,465	100,000,465
Additions / (Deletions)		-	-
Closing balance		<u>100,000,465</u>	<u>100,000,465</u>
Accumulated Depreciation			
Opening balance		(47,916,915)	(42,916,887)
Charged during the year	12.2 & 23	(5,000,028)	(5,000,028)
Closing balance		<u>(52,916,943)</u>	<u>(47,916,915)</u>
		<u>47,083,522</u>	<u>52,083,550</u>

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'.

The Modaraba depreciates investment property on straight line basis @ 5% per annum. The depreciation on investment property is charged to operating expenses (Refer note 23).

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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, 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>
<u>Year Ended June 30, 2022</u>				
Cost				
Balance as at July 01, 2021	3,669,401	19,203,703	957,525	23,830,629
Additions	307,700	24,822,200	862,000	25,991,900
Disposals / Adjustments	(66,000)	(11,724,500)	(180,300)	(11,970,800)
Balance as at June 30, 2022	<u>3,911,101</u>	<u>32,301,403</u>	<u>1,639,225</u>	<u>37,851,729</u>
Accumulated depreciation				
Balance as at July 01, 2021	2,790,801	13,784,569	620,406	17,195,776
Charge for the year	129,935	4,881,887	396,811	5,408,633
Disposals / Adjustments	(49,500)	(8,309,768)	(146,776)	(8,506,044)
Balance as at June 30, 2022	<u>2,871,236</u>	<u>10,356,688</u>	<u>870,441</u>	<u>14,098,365</u>
Total as at June 30, 2022	<u>1,039,865</u>	<u>21,944,715</u>	<u>768,784</u>	<u>23,753,364</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 10% to 52% (2022: 10% to 38%) 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:

	2023	2022
	Rupees	Rupees
Not later than one year	12,603,634	7,863,675
Later than one year but not later than five years	3,201,580	10,456,960
	<u>15,805,214</u>	<u>18,320,635</u>

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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, 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	1,987,400	607,010	2,408,000	1,453,517	2,904,708	9,360,635
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	1,987,400	550,626	2,407,987	1,395,888	2,780,035	9,121,936
Total as at June 30, 2023	-	56,384	13	57,629	124,673	238,699
<u>Year Ended June 30, 2022</u>						
Cost						
Balance as at July 01, 2021	1,987,400	607,010	4,057,080	1,437,017	2,640,628	10,729,135
Additions	-	-	-	48,000	264,080	312,080
Disposals / Adjustments	-	-	-	(31,500)	-	(31,500)
Balance as at June 30, 2022	1,987,400	607,010	4,057,080	1,453,517	2,904,708	11,009,715
Accumulated depreciation						
Balance as at July 01, 2021	1,987,400	351,120	2,913,838	1,390,300	2,632,080	9,274,738
Charge for the year	-	102,846	790,404	20,507	59,911	973,668
Disposals / Adjustments	-	-	-	(31,500)	-	(31,500)
Balance as at June 30, 2022	1,987,400	453,966	3,704,242	1,379,307	2,691,991	10,216,906
Total as at June 30, 2022	-	153,044	352,838	74,210	212,717	792,809
Depreciation rates	20%	20%	20%	20%	33.33%	

14.1 These contain fully depreciated assets of Rs. 8,537,745 (2022: Rs. 6,205,490) 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).

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Note 15

Creditors, Accrued and Other Liabilities

	2023	2022
	Rupees	Rupees
Accrued expenses	373,573	321,099
Payable to the Modaraba Management Company	1,533,515	339,994
Worker's Welfare Fund payable	448,876	142,173
Income tax payable	2,942,382	30,436
Other liabilities	498,947	72,525
	<u>5,797,293</u>	<u>906,227</u>

Note 16

Long Term Security Deposits

		2023	2022
	Note	Rupees	Rupees
Opening balance		5,879,735	5,873,130
Received during the year	16.1	1,497,816	3,471,360
Adjusted during the year		<u>(1,048,640)</u>	<u>(3,464,755)</u>
Closing balance		6,328,911	5,879,735
Current portion shown as current liabilities		<u>(4,253,911)</u>	<u>(2,525,855)</u>
		<u>2,075,000</u>	<u>3,353,880</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 Liability

	2023	2022
	Rupees	Rupees
Deferred tax Liability	<u>361,132</u>	<u>-</u>

17.1 Breakup of Deferred tax Liability**Taxable temporary differences**

- Accelerated tax depreciation	3,872,541	-
- Short term investments	168,227	-

Deductible temporary differences

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

17.2 Deferred tax assets / liabilities on temporary differences are measured at effective rate of 29%.

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

Opening balance	-	-
Deferred tax expense / (income) during the year recognised in profit or loss account	575,794	-
Deferred tax (income) / expense during the year recognised in other comprehensive income	<u>(214,662)</u>	<u>-</u>
Closing balance	<u>361,132</u>	<u>-</u>

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17.4 Analysis of change in deferred tax	Statement of Financial Position		Statement of Profit or Loss	
	2023	2022	2023	2022
	----- Rupees -----		----- Rupees -----	
Accelerated tax depreciation	3,872,541	-	-	-
Musharaka receivables	(1,767,252)	-	-	-
Ijarah rentals receivable	(871,186)	-	-	-
Creditors, accrued and other liabilities	(574,893)	-	-	-
Advances, prepayments and other receivables	(466,305)	-	-	-
Short term investments	168,227	-	-	-
	<u>361,132</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note 18

Certificate Capital

	2023	2022		2023	2022
				Rupees	Rupees
Number of certificates					
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>
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:

	2023	2022
	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:

	2023	2022		2023	2022
	Rupees	Rupees		Rupees	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
	<u>1,424,070</u>	<u>1,424,070</u>	Director	<u>14,240,700</u>	<u>14,240,700</u>
	<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. These regulations require the Modaraba to transfer at least 20% after tax profit, if any, up to a maximum of 50%, in the statutory reserves until the reserves equal 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred into the statutory reserve each year. During the year, an amount of Rs. 2,001,438 (2022: Rs. Nil) has been transferred owing to profit for the year.

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Note 20

Unrealized Gain on Revaluation of Investments - Fair Value through OCI

	Note	2023 Rupees	2022 Rupees
Fair value through other comprehensive income (OCI)	20.1	<u>1,336,131</u>	<u>2,552,552</u>
20.1 This represents diminution 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		2,552,552	4,369,787
Diminution on revaluation during the year		(1,431,083)	(1,817,235)
Add: Related deferred taxation		214,662	-
Closing balance		<u>1,336,131</u>	<u>2,552,552</u>

Note 21

Contingencies and Commitments**21.1 Contingencies**

There are no material contingencies as at the reporting date (2022: Nil).

21.2 Commitments

There were no material commitments outstanding as at the reporting date (2022: Nil).

Note 22

Other Income

	2023 Rupees	2022 Rupees
Documentation charges	77,781	30,775
Gain on termination of ijarah arrangements	397,678	117,398
Gain on disposal of fixed assets under own use	143,345	8,000
Excess liabilities written back	-	28,953
Miscellaneous	-	70,000
	<u>618,804</u>	<u>255,126</u>

Note 23

Operating Expenses

	Note	2023 Rupees	2022 Rupees
Salaries, allowances and other benefits	23.1	5,700,982	4,999,837
Communication expenses		202,053	195,296
Travelling and conveyance		839,544	488,543
Postage and stamps		20,937	11,741
Marketing and advertisement		61,781	40,185
Legal and professional charges		479,496	1,627,496
Locker rent		8,700	6,960
Fees and subscription		1,061,269	1,247,773
Repairs and maintenance		62,321	362,633
Utilities		-	134,266
Insurance		192,282	204,437
Printing and stationery		134,803	105,506
Depreciation:			
- Investment property	12	5,000,028	5,000,028
- Owned - tangible	14	256,255	973,668
Entertainment		304,386	199,735
Auditors' remuneration	23.4	488,175	488,175
Bank charges		11,384	7,762
Office supplies		52,777	83,692
		<u>14,877,173</u>	<u>16,177,733</u>

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- 23.1** This includes Rs. 232,272 (2022: Rs. 193,572) in respect of contribution to the staff provident fund. Salaries and allowances comprise the following:

	2023			2022		
	Officers /	Others	Total	Officers /	Others	Total
	-----Rupees-----					
Basic salary	1,984,508	1,267,097	3,251,605	1,470,972	1,299,621	2,770,593
House rent allowance	893,042	570,167	1,463,209	661,920	530,807	1,192,727
Medical allowance	198,450	126,736	325,186	147,108	117,965	265,073
Other benefits	392,710	36,000	428,710	364,000	30,000	394,000
Bonus	-	-	-	122,581	61,291	183,872
Employer's contribution to provident fund	176,520	55,752	232,272	147,108	46,464	193,572
	<u>3,645,230</u>	<u>2,055,752</u>	<u>5,700,982</u>	<u>2,913,689</u>	<u>2,086,148</u>	<u>4,999,837</u>
Number of persons	<u>4</u>	<u>5</u>	<u>9</u>	<u>2</u>	<u>8</u>	<u>10</u>

- 23.2** Officers comprise Chief Financial Officer (CFO), Company Secretary, Head of Internal Audit and Head Office Compliance. They are also provided with the Modaraba owned and maintained vehicles.

- 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

Audit fee	290,000	290,000
Review of half yearly financial statements and other certifications	150,000	150,000
Out of pocket expenses	<u>48,175</u>	<u>48,175</u>
	<u>488,175</u>	<u>488,175</u>

Note 24

Balances Written off

	2023	2022
	Rupees	Rupees
Advances to employees written off	-	570,544
Other receivables written off	-	2,090,000
Long term advances and deposits written off	<u>-</u>	<u>2,598,760</u>
	<u>-</u>	<u>5,259,304</u>

Note 25

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 26

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

	2023	2022
	Rupees	Rupees
Earnings / (Loss) per Modaraba certificate is calculated as under:		
Net profit / (loss) for the year (Rupees)	<u>10,007,190</u>	<u>(1,967,100)</u>
Weighted average number of Modaraba certificates outstanding (Numbers)	<u>21,687,500</u>	<u>21,687,500</u>
Earnings / (Loss) per certificate - basic (Rupees)	<u>0.46</u>	<u>(0.09)</u>

- 26.1** Basic earnings / (loss) 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 / (loss) per Modaraba certificate as at the reporting date (2022: Nil).

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Note 27

Cash Generated from Operations

	2023	2022
	Rupees	Rupees
Profit / (Loss) before Tax	13,494,930	(1,029,470)
Adjustment for:		
- Depreciation on fixed assets under own use	256,255	973,668
- Depreciation on investment property	5,000,028	5,000,028
- Depreciation on fixed assets under ijarah arrangements	9,235,969	5,408,633
- Suspension made against ijarah rentals	-	83,980
- Provision and suspension made against musharaka	-	2,806,131
- Reversal of suspension on musharaka	(3,167,273)	-
- Reversal of suspension on ijarah rentals	-	(309,750)
- Liabilities written back	-	(28,953)
- Balances written off	-	5,259,304
- Gain on disposal of fixed assets under own use	(143,345)	(8,000)
- Dividend income	(262)	(38,784)
- Provision for management company fee	1,533,515	-
- Provision for Worker's Welfare Fund	306,703	-
- Security deposit adjusted during the year	-	-
- Revaluation loss on investment at fair value through profit or loss	35,284	146,884
- Gain on termination of ijarah arrangements	(397,678)	(117,398)
- Profit on deposits	(3,889,600)	(1,713,461)
	<u>8,769,596</u>	<u>17,462,282</u>
Operating profit before working capital changes	22,264,526	16,432,812
Decrease in current assets:		
- Advances, prepayments and other receivables	6,075,957	(6,017,744)
- Ijarah rentals receivable	988,013	(860,551)
- Short term musharaka receivables	13,946,517	(26,900,000)
Decrease in current liabilities:		
- Musharaka profit payable	-	-
- Creditors, accrued and other liabilities	3,050,848	79,804
	<u>24,061,335</u>	<u>(33,698,491)</u>
Cash generated from / (used in) operations	<u>46,325,861</u>	<u>(17,265,679)</u>

27.1 Changes in Financing Activities

	As at June 30, 2022	Non-cash changes	Cash flows (Net)	As at June 30, 2023
	----- Rupees -----			
Unclaimed dividend	<u>10,834,598</u>	-	-	<u>10,834,598</u>
	As at June 30, 2021	Non-cash changes	Cash flows (Net)	As at June 30, 2022
	----- Rupees -----			
Unclaimed dividend	<u>10,883,905</u>	-	(49,307)	<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.

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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	2023	2022
				Rupees	Rupees
IBL Modaraba Management (Private) Limited	Associated undertaking	Management Company	Management fee accrued	1,533,515	-
			Management fee paid	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	8,744,680	6,246,200
Provident Fund	Associated undertaking	Employee Fund	Provident fund paid during the year	232,272	193,572

Outstanding Balance at the year end Receivable / (Payable)

Receivables from University of Management and Technology (UMT)	-	1,249,240
Payable to the Modaraba Management Company	(1,533,515)	(339,994)

28.3 The Modaraba Management Company has also provided free of cost office space to the Modaraba.

Note 29

Provision for Doubtful Receivables

	Note	2023 Rupees	2022 Rupees
Opening balance		9,098,059	15,595,591
Add: Charged during the year	8	-	83,980
Less: Reversed during the year	8	-	(309,750)
Less: Written off during the year	8	-	(6,271,762)
Net provision reversed during the year	29.1	-	(6,497,532)
Closing balance		<u>9,098,059</u>	<u>9,098,059</u>

29.1 This represents reversal of provision against doubtful ijarah receivable based on subjective evaluation of non-performing ijarah rentals receivable.

29.2 Break up of closing balance

Provision for doubtful ijarah rental receivables	8	3,004,088	3,004,088
Provision for doubtful musharaka	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:

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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:

		2023	2022
Reporting date index points		41,453	41,541
	Changes in KSE index	Effects on Profit Before Tax	Effects on Equity
		-----Rupees-----	
Investment at fair value through OCI			
	2023	+1% -1%	11,215 (11,215)
	2022	+1% -1%	25,526 (25,526)
Investment at fair value through profit and loss			
	2023	+1% -1%	1,853 (1,853)
	2022	+1% -1%	2,206 (2,206)

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:

	2023	2022
	Rupees	Rupees
<u>Fixed rate instruments</u>		
Financial assets		
Ijarah rental receivables	224,868	1,212,881
Musharaka finance	68,992,141	107,751,033
<u>Floating rate instruments</u>		
Financial assets		
Bank balances - deposit accounts	81,748,939	13,026,144

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. 817,489 (2022: Rs. 130,261) 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:

Bank balances	82,104,089	13,599,668
Ijarah rental receivables	224,868	1,212,881
Advances and other receivables	2,140,781	4,763,968
Short term investments	1,306,793	2,773,160
Short term musharaka receivables	13,553,483	27,500,000
Long term musharaka receivables	55,438,658	80,251,033
	<u>154,768,672</u>	<u>130,100,710</u>

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

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

	<u>2023</u>	<u>2022</u>
	Rupees	Rupees
Media advertising	40,080,565	67,346,935
Education	290,971	290,971
Manufacturing	-	1,191,940
Construction	9,764,395	27,630,479
Trading and others	21,777,980	14,903,918
Individuals	6,401,157	6,697,730
	<u>78,315,068</u>	<u>118,061,973</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 musharaka, ijarah rental and trade receivables and related impairment loss as at the reporting date is as follows:

Aging of musharaka and ijarah rental receivables

Not past due	69,007,948	107,250,874
Past due 1 - 180 days	2,053,610	6,190,731
Past due 181 days - 1 year	-	1,034,305
Past due 1 - 2 years	-	1,229,499
More than 2 years	10,332,716	10,337,811
	<u>81,394,274</u>	<u>126,043,220</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.

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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	2023	2022
	Short term	Long term		Rupees	Rupees
The Bank of Punjab	A1+	AA+	PACRA	79,785,933	11,225,950
Meezan Bank Limited	A-1+	AAA	VIS	1,738,057	646,223
MCB Islamic Bank	A-1	A	PACRA	580,099	1,509,121
Habib Bank Limited	A-1+	AAA	VIS	-	218,374
				<u>82,104,089</u>	<u>13,599,668</u>
Investments at fair value through other comprehensive income (Note 8)				<u>1,121,511</u>	<u>2,552,594</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 musharaka 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, 2023					
Unclaimed dividend	10,834,598	10,834,598	10,834,598	-	-
Musharaka finances payable	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>13,240,633</u>	<u>-</u>	<u>-</u>
June 30, 2022					
Unclaimed dividend	10,834,598	10,834,598	10,834,598	-	-
Musharaka finances payable	700,000	700,000	700,000	-	-
Creditors, accrued and other liabilities	733,618	733,618	733,618	-	-
	<u>12,268,216</u>	<u>12,268,216</u>	<u>12,268,216</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.

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Fair value hierarchy

Fair value hierarchy categories are described in note 5.15 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, 2023				
Financial Assets:				
Short term investments (Note 7)	1,306,793	-	-	1,306,793
June 30, 2022				
Financial Assets:				
Short term investments (Note 7)	2,773,160	-	-	2,773,160

30.5 Financial instruments by categories

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-----				
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 musharaka receivables	-	13,553,483	-	13,553,483
Ijarah rentals receivable	-	224,868	-	224,868
Long term musharaka receivables	-	55,438,658	-	55,438,658
Long term deposits	-	20,500	-	20,500
	<u>1,121,511</u>	<u>153,656,784</u>	<u>185,282</u>	<u>154,963,577</u>

Financial assets as at June 30, 2022

	At fair value through OCI	At amortized cost	Assets at fair value through profit and loss	Total
-----Rupees-----				
Cah and bank balances	-	13,599,668	-	13,599,668
Short term investments	2,552,594	-	220,566	2,773,160
Advances and other receivables	-	4,849,369	-	4,849,369
Short term musharaka receivables	-	27,500,000	-	27,500,000
Long term musharaka receivables	-	80,251,033	-	80,251,033
Ijarah rentals receivable	-	1,212,881	-	1,212,881
Long term advances and deposits	-	20,500	-	20,500
	<u>2,552,594</u>	<u>127,433,451</u>	<u>220,566</u>	<u>130,206,611</u>

Financial liabilities at amortized cost

	2023	2022
	Rupees	Rupees
Musharaka finances payable	700,000	700,000
Unclaimed dividend	10,834,598	10,834,598
Creditors, accrued and other liabilities	2,406,035	733,618
	<u>13,940,633</u>	<u>12,268,216</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	82,104,089	-	-	-	-	82,104,089
Ijarah rentals receivable	224,868	-	-	-	-	224,868
Advances, prepayments and other receivables	467,337	1,673,444	328,860	-	-	2,469,641
Advance income tax	-	-	1,861,395	-	-	1,861,395
Short term investments	185,282	-	1,121,511	-	-	1,306,793
Musharaka receivables	2,905,618	10,083,821	34,046,038	21,956,664	-	68,992,141
Long term deposits	-	-	-	20,500	-	20,500
Investment property	416,669	1,250,007	3,333,352	20,000,112	22,083,382	47,083,522
Fixed assets	3,448,546	1,451,667	10,870,042	2,981,186	-	18,751,441
Total Assets - June 30, 2023	89,752,409	14,458,939	51,561,198	44,958,462	22,083,382	222,814,390
Liabilities						
Creditors, accrued and other liabilities	498,947	-	5,298,346	-	-	5,797,293
Unclaimed dividend	10,834,598	-	-	-	-	10,834,598
Musharaka finances	700,000	-	-	-	-	700,000
Security deposits	-	-	4,253,911	2,075,000	-	6,328,911
Deferred tax liability	361,132	-	-	-	-	361,132
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
Total Assets - June 30, 2022	25,224,872	33,129,417	55,722,964	67,161,584	27,083,410	208,322,247
Total Liabilities - June 30, 2022	11,637,559	-	3,329,121	3,353,880	-	18,320,560
Net Assets - June 30, 2022	13,587,313	33,129,417	52,393,843	63,807,704	27,083,410	190,001,687
Represented by:						
					2023	2022
					Rupees	Rupees
Certificate capital					216,875,000	216,875,000
Reserves					47,395,690	45,394,252
Accumulated loss					(66,814,365)	(74,820,117)
					197,456,325	187,449,135
Unrealized gain on revaluation of investments - Fair value through OCI					1,336,131	2,552,552
					198,792,456	190,001,687

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Note 32

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
- Musharaka 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 (2022: Nil).

32.2 Segment analysis

The segment information for the reportable segments for the year ended June 30, 2023 is as follows:

	30-Jun-23				30-Jun-22			
	Ijarah Finances	Musharaka Finances	Investment property	Total	Ijarah Finances	Musharaka Finances	Investment property	Total
	----- Rupees -----							
Segment revenues / profits								
Gross revenue from external customers	11,570,394	12,741,801	7,495,440	31,807,635	6,563,947	12,476,687	7,495,440	26,536,074
Depreciation	(9,235,969)	-	(5,000,028)	(14,235,997)	(5,408,633)	-	(5,000,028)	(10,408,661)
Other income	397,678	-	-	397,678	117,398	-	-	117,398
Net revenue	2,732,103	12,741,801	2,495,412	17,969,316	1,272,712	12,476,687	2,495,412	16,244,811
Reversal / (Provision) for doubtful receivables	-	3,167,273	-	3,167,273	225,770	(2,806,131)	-	(2,580,361)
Reportable segment profit	2,732,103	15,909,074	2,495,412	21,136,589	1,498,482	9,670,556	2,495,412	13,664,450
Reportable segment assets	18,737,610	68,992,141	47,083,522	134,813,273	24,966,245	107,751,033	52,083,550	184,800,828
Reportable segment liabilities	6,328,911	700,000	-	7,028,911	5,879,735	700,000	-	6,579,735
Additions / (deletions) to non-current assets	7,539,600	(24,812,375)	-	(17,272,775)	25,991,900	162,952	-	26,154,852

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

	2023	2022
	-----Rupees-----	
Revenues		
Total revenues for reportable segments	31,807,635	26,536,074
Other revenues	7,675,939	2,233,141
Modaraba's revenues	<u>39,483,574</u>	<u>28,769,215</u>
Profit		
Total profit for reportable segments	21,136,589	13,664,450
Other income	4,110,988	1,889,973
Operating expenses	(9,912,429)	(11,324,589)
Balances written off	-	(5,259,304)
Workers' Welfare Fund	(306,703)	-
Modaraba Management Company's fee	(1,533,515)	-
	<u>13,494,930</u>	<u>(1,029,470)</u>
Assets		
Total assets for reportable segments	134,813,273	184,800,828
Corporate assets unallocated:		
Cash and bank balances	82,104,089	13,599,668
Advances, deposits, prepayments and other receivables	2,469,641	5,017,505
Advance income tax	1,861,395	1,317,777
Long term deposits	20,500	20,500
Short term investments	1,306,793	2,773,160
Fixed assets under own use	238,699	792,809
	<u>88,001,117</u>	<u>23,521,419</u>
Total assets as per the balance sheet	<u>222,814,390</u>	<u>208,322,247</u>
Liabilities		
Total liabilities for reportable segments	7,028,911	6,579,735
Corporate liabilities unallocated:		
Unclaimed dividend	10,834,598	10,834,598
Creditors, accrued and other liabilities	5,797,293	906,227
Total liabilities as per the balance sheet	<u>23,660,802</u>	<u>18,320,560</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.

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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 account. The following is information of the fund as on June 30,:

	2023	2022
	<i>Rupees</i>	<i>Rupees</i>
	(Un-audited)	(Un-audited)
Size of the fund	464,544	390,144
Percentage of investments made	100.00%	100.00%
Cost of investments made	464,544	390,144

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

	2023		2022	
	Investment	Investment as a % of Size of funds	Investment	Investment as a % of Size of funds
	<i>Rupees</i>		<i>Rupees</i>	
Cash at bank	<u>464,544</u>	100.00%	<u>390,144</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

Number of Employees

	2023	2022
	Numbers	Numbers
Number of employees as at June 30,	9	8
Average number of employees during the year	9	9

Note 35

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 October 2, 2023.

Note 36

General

Corresponding figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison. No rearrangements / reclassifications have been made in these financial statements.

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, 2023**

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	0.00
General Public (Local)	1163	928,249	6,834,024	7,762,273	35.79
General Public (Foreigner)	1	-	331	331	0.00
Other Companies (Local)	13	39,494	8,313,260	8,352,754	38.51
	1189	978,297	20,709,203	21,687,500	100.00

Shareholders More Than 10.00%	Folios	Physical	CDC	Share held	Percentage
Dosslanis Securities (Private) Limited	1	0	5,105,264	5,105,264	23.54
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, 2023**

No. of Shareholders	Shareholding		Total Shares held
	From	To	
427	1	100	15,274
285	101	500	77,219
180	501	1000	129,326
213	1001	5000	453,232
32	5001	10000	228,009
10	10001	15000	131,787
7	15001	20000	132,500
1	20001	25000	24,500
3	25001	30000	83,500
2	30001	35000	67,563
1	40001	45000	45,000
3	45001	50000	147,000
1	50001	55000	51,087
1	70001	75000	71,500
1	80001	85000	82,000
2	90001	95000	186,200
1	95001	100000	100,000
1	125001	130000	129,500
2	130001	135000	265,441
1	185001	190000	188,000
1	240001	245000	240,068
1	280001	285000	280,507
1	310001	315000	313,500
1	320001	325000	323,000
1	375001	380000	376,978
1	500001	505000	502,737
1	505001	510000	509,990
1	710001	715000	712,035
1	925001	930000	926,000
1	1075001	1080000	1,078,774
1	1420001	1425000	1,424,070
1	2045001	2050000	2,045,034
1	2170001	2175000	2,170,905
1	3065001	3070000	3,070,000
1	5105001	5110000	5,105,264
1189			21,687,500