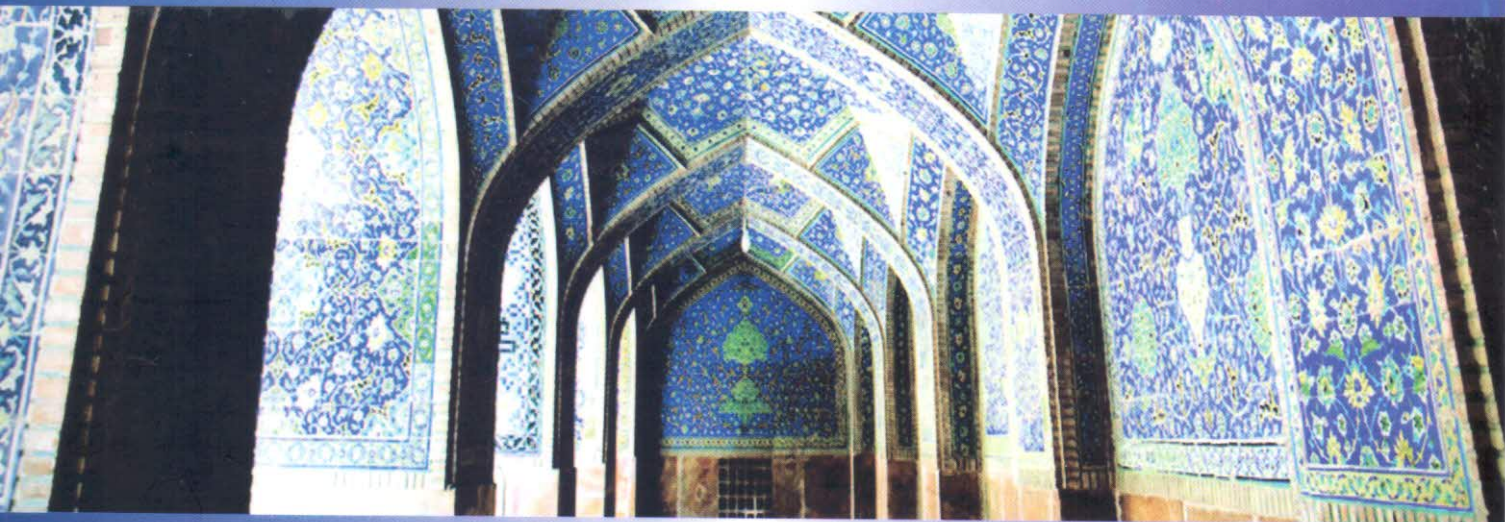


# ANNUAL REPORT 2013



**FIRST AL-NOOR  
MODARABA**

*(An Islamic Financial Institution)*



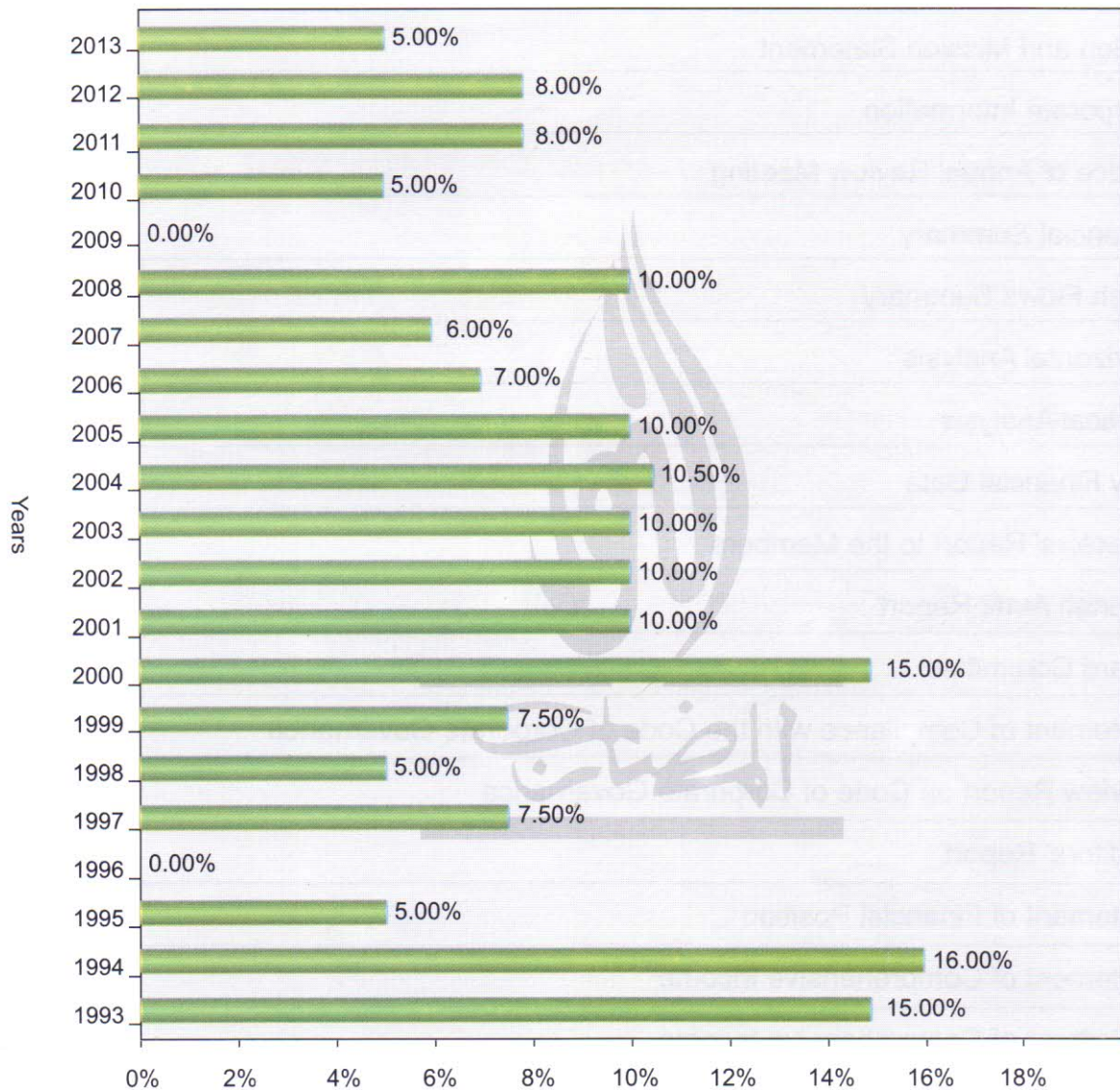
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## HISTORICAL DIVIDEND PAYOUT





## OUR VISION

To become sustainable, growth oriented and efficient Modaraba, and to offer wide range of product and services catering to the need of the customers.

The Modaraba management should consider the interest of all the stake holders before making any business decision and to do that they should do concrete efforts to achieve their objectives.

## OUR MISSION

- ▶ To inculcate the most efficient, ethical and time tested business practices in our management.
- ▶ To uphold our reputation for acting with responsibility and integrity, respecting the laws and regulations, traditions and cultures of the country within which we operate.
- ▶ To accomplish excellent results through increased earnings which can benefit all the stakeholders.
- ▶ To work as a team and put the interest of the Modaraba before that of the individuals.





## CORPORATE INFORMATION

### Board of Directors

---

Mr. Ismail H. Zakaria  
Mr. Jalaluddin Ahmed  
Mr. Yusuf Ayoob  
Mr. Suleman Ayoob  
Mr. Aziz Ayoob  
Mr. Mansoor Alam  
Mr. Zohair Zakaria  
Mr. Zain Ayoob

Chairman  
Chief Executive

### Company Secretary

---

Mr. Roofi Abdul Razzak

### Audit Committee

---

Mr. Mansoor Alam, Chairman  
Mr. Suleman Ayoob, Member  
Mr. Zain Ayoob, Member

### HR & Remuneration Committee

---

Mr. Aziz Ayoob, Chairman  
Mr. Zain Ayoob, Member  
Mr. Roofi Abdul Razzak, Member

### Auditors

---

Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

### Shariah Advisor

---

Mufti Muhammad Ibrahim Essa

### Legal Advisor

---

Muhammad Jamshaid Malik  
Barrister-at-Law

### Bankers

---

Al-Baraka Bank (Pakistan) Limited  
Meezan Bank Limited  
Faysal Bank Limited, Barkat Islamic Banking  
Habib Bank Limited, Islamic Banking  
National Bank of Pakistan

### Registrar

---

M/s Technology Trade (Private) Limited  
Dagia House, 241-C, Block 2, P.E.C.H Society  
Off. Shahrah-e-Faisal, Karachi  
Tel: 34391316-7 & 19 Fax: 34391318

### Registered Office

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3rd Floor, 96-A, Sindhi Muslim Cooperative Housing  
Society, Karachi

### Contact Details

---

Telephone 34558268 ; 34552943 ; 34553067  
Fax: 34553137  
Webpage: [www.fanm.co](http://www.fanm.co)  
Email: [fam@fanm.co](mailto:fam@fanm.co)  
[fam@cyber.net.pk](mailto:fam@cyber.net.pk)



## NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given to the certificate holders that fourteenth (14th) Annual Review Meeting of First Al-Noor Modaraba will be held on Monday, October 28, 2013 at 4:30 p.m. at the Registered Office of the Modaraba at 96-A, Sindhi Muslim Co-operative Housing Society, Karachi.

By order of the Board

**Roofi Abdul Razzak**

Company Secretary

Karachi : September 19, 2013

Note:

1. **CLOSURE OF SHARE TRANSFER BOOK**

The Share Transfer Book of the Modaraba will remain closed from Wednesday October 23, 2013 to Thursday November 7, 2013 (both days inclusive) and no transfer will be accepted during this period. The certificate holders whose names appear in the Register of certificate holders as at the close of business on October 22, 2013 will be considered in time for the purpose of determination of their respective entitlement(s), if any and eligibility to attend the Annual Review Meeting.

2. **SUBMISSION OF CNIC**

The Securities & Exchange Commission of Pakistan (SECP) through its notification SRO 831(1) 2012 of July 5, 2012, has directed all listed companies to issue dividend warrant only crossed as "A/c Payee only" and should bear the valid CNIC Number of the registered certificate holders. Certificate holders who have not yet submitted photocopy of their valid CNIC are requested to send the same at the earliest directly to the Company's Share Registrar, M/s Technology Trade (Private) Limited, Dagia House 241-C, Block 2, P.E.C.H.S., Off: Shahrah-e-Quaideen, Karachi (Tel: 34391316/7/9 ; Fax: 34391318). Certificate holders may also provide by mail or fax, photocopy of their CNIC and in case of foreigner, copy of passport, unless it has already been provided and email address to enable the company to comply with relevant laws.

3. **DIVIDEND MANDATE OPTION**

As directed by the Securities and Exchange Commission of Pakistan through its circular No.18 of 2012 dated June 5, 2012, we give the certificate holders the opportunity to authorise the company to directly credit the cash dividend in their bank account declared by the company in future. If you wish that the cash dividend if declared by the company be directly credited into your bank account, instead of issuing a dividend warrant, please provide the following details:

Details of Bank Mandate	
Title of Bank Account	
Bank Account #	
Bank's Name	
Branch Name and Address	
Contract of Certificate Holder/Transferee	
Landline number	

4. **CHANGE IN ADDRESS**

Certificate holders are requested to promptly notify the Modaraba of any change in their address, if applicable.

5. In case of individuals the account holder(s) shall authenticate their identity by showing original Computerized National Identity Card (CNIC).

6. In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier at the time of meeting).

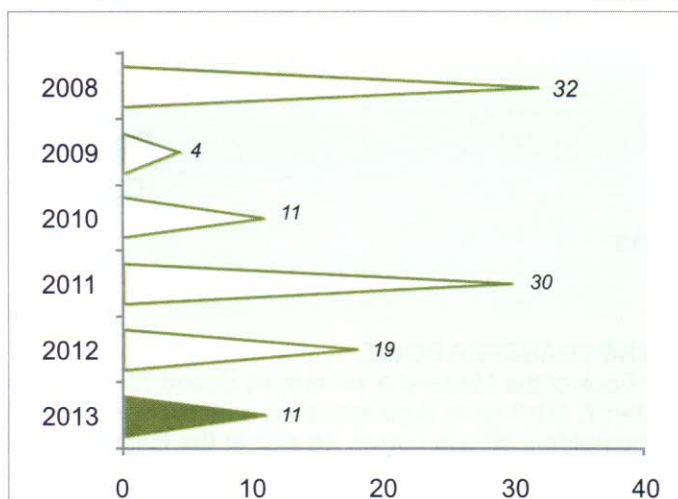




## SIX YEARS FINANCIAL SUMMARY

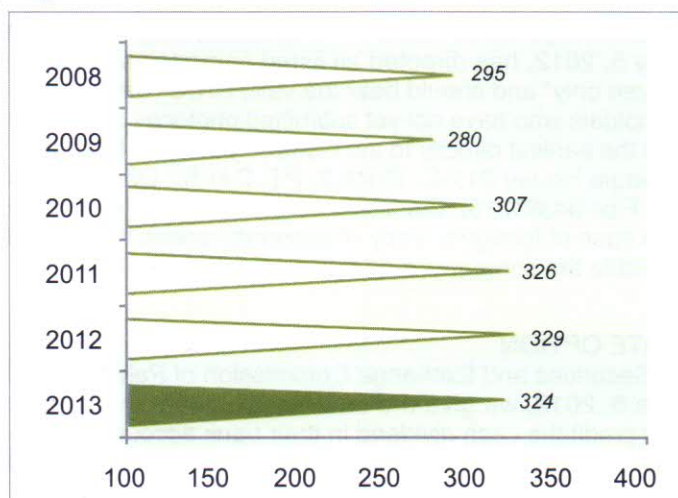
### Profit after tax

Rs. in millions



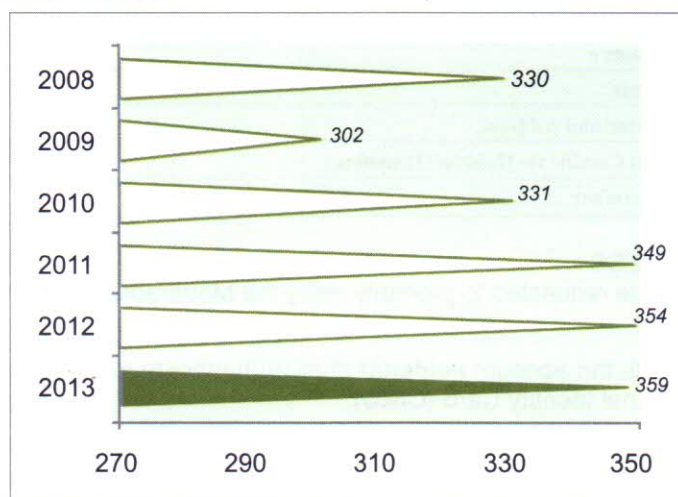
### Equity Growth

Rs. in millions



### Assets Growth

Rs. in millions

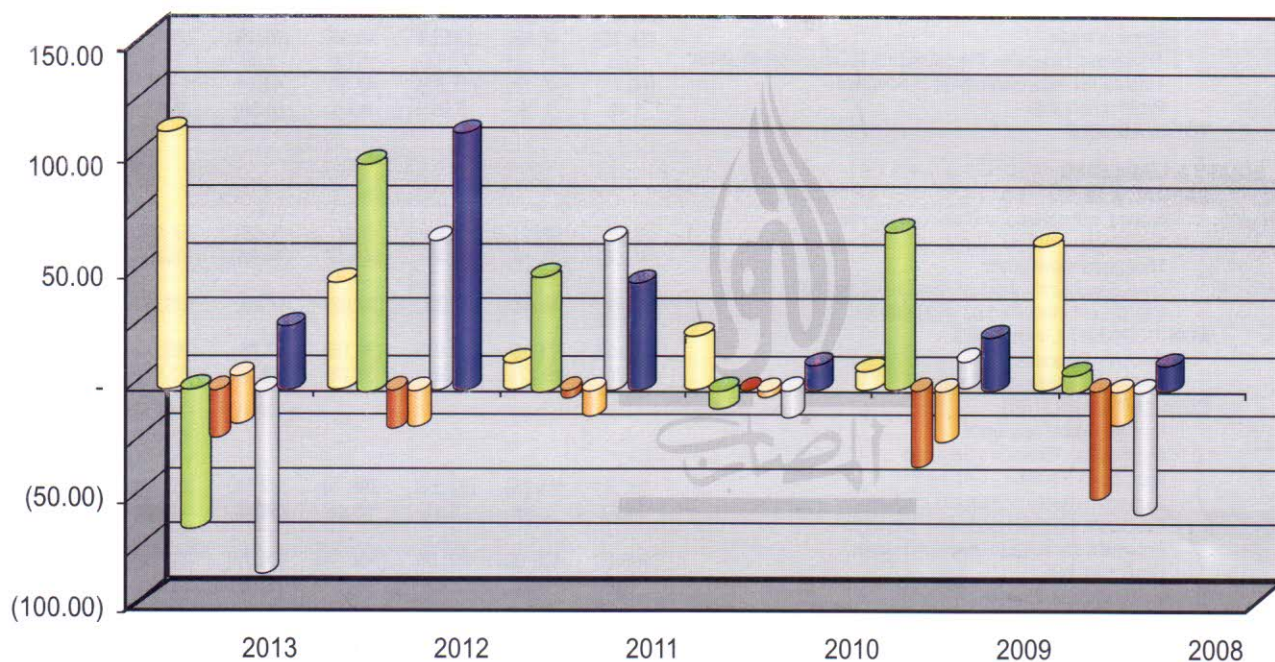




## SIX YEARS` CASH FLOWS SUMMARY

(Rupees in millions)

	2013	2012	2011	2010	2009	2008
Cash & cash equivalents at beginning of year	120.73	50.28	11.40	24.48	9.57	68.46
Net Cash inflow/(outflow) from operating activities	-66.19	105.05	53.27	(9.16)	74.37	7.09
Net Cash inflow/(outflow) from investing activities	(8.21)	(17.45)	(3.17)	(0.71)	(35.47)	(50.30)
Net Cash inflow/(outflow) from financing activities	(17.02)	(17.16)	(11.21)	(3.22)	(23.98)	(15.68)
Net increase/(decrease) in cash & cash equivalents	(91.42)	70.44	38.88	(13.08)	14.91	(58.89)
Cash & cash equivalents at the end of the year	29.31	120.73	50.28	11.40	24.48	9.57



■ Cash & cash equivalents at beginning of year	■ Net Cash inflow/(outflow) from operating activities
■ Net Cash inflow/(outflow) from investing activities	■ Net Cash inflow/(outflow) from financing activities
■ Net increase/(decrease) in cash & cash equivalents	■ Cash & cash equivalents at the end of the year





## HORIZONTAL ANALYSIS

### BALANCE SHEET (%)

ASSETS	2013	2012	2011	2010	2009	2008
<b>NON-CURRENT ASSETS</b>						
Fixed Assets - tangible	(0.35)	-	-	-	0.35	-
Long term deposits	(52.94)	(3.59)	11.67	(36.52)	(33.37)	(13.75)
Long term investment	113.58	32.21	(17.13)	(32.83)	(24.09)	46.08
Ijarah Assets	(81.06)	(5.86)	(19.37)	3.03	145.68	6.16
Fixed Assets in own use						
<b>CURRENT ASSETS</b>						
Bank balances	86.34	(68.72)	341.07	(53.44)	155.89	(86.02)
Short Term investments	(71.41)	311.14	49.03	124.98	(29.21)	157.19
Mushrikah receivables- secured	-	-	-	-	(100.00)	1.72
Murabaha receivables- secured	(5.09)	(43.22)	21.35	270.83	220.00	(100.00)
Musawamah receivables- secured	(100.00)	200.00	(92.36)	(7.09)	100.00	-
Modaraba receivables- secured	-	(100.00)	(65.71)	245.64	1,046.09	100.00
Ijarah rental receivable	100.00	100.00	0.00	0.00	(100.00)	(71.90)
Trade Receivables	-	(100.00)	11.31	(66.81)	(37.58)	120.96
Bills Receivable	2,655.72	(91.61)	60.42	(18.67)	(11.16)	716.94
Stock in trade	(15.33)	48.62	233.21	19.57	(95.29)	281.01
Advances, Deposits, Prepayments & Other Receivables	4.93	(31.92)	70.42	1.78	1.60	1.11
Income tax refundable/paid in advance	(60.73)	(40.28)	(18.57)	47.35	44.61	(41.26)
Profit receivable	1.46	1.39	5.61	9.73	(8.58)	(0.27)
<b>TOTAL ASSETS</b>						
<b>EQUITY &amp; LIABILITIES</b>						
<b>CAPITAL &amp; RESERVES</b>						
Issued, subscribed and paid up capital	-	-	-	-	-	-
Reserves	2.18	4.82	15.13	3.34	1.68	15.59
Unappropriated profit	(43.58)	(13.12)	48.18	146.17	(74.83)	58.80
unrealised diminution on remeasurement of investment classified as available for	73.71	36.03	32.20	(90.92)	(7.25)	183.74
<b>NON-CURRENT LIABILITIES</b>						
Security Deposits	114.13	71.85	(17.97)	(39.95)	7.75	585.06
Deferred liability - staff gratuity	41.82	(9.27)	6.30	36.28	43.26	(82.47)
<b>CURRENT LIABILITIES</b>						
Islamic export refinance	-	-	-	-	(100.00)	(70.00)
Musharikah Finance - Secured	-	-	-	-	-	(100.00)
Murabaha Finance - Secured	-	-	-	-	-	(100.00)
Current maturity of security deposits	191.31	(65.89)	(32.59)	286.70	(67.52)	651.09
Creditors, accrued and other liabilities	24.47	2.58	13.15	15.30	(56.58)	13.09
Provision for custom duty/surcharge	-	-	-	-	-	-
Profit payable	100.00	100.00	100.00	(100.00)	(74.76)	(89.05)
<b>TOTAL EQUITIES &amp; LIABILITIES</b>						
<b>PROFIT &amp; LOSS ACCOUNT (%)</b>						
Profit on trading operations	(46.74)	(13.25)	42.52	(33.04)	(23.43)	19.98
Income on musharikah receivables	-	-	-	(100.00)	(58.16)	27.12
Income on murabaha receivables	-	-	-	-	(100.00)	(98.76)
Income on musawamah receivables	12.20	(54.83)	52.80	76.48	9,988.90	100.00
Income on modaraba receivables	(52.69)	(36.51)	(69.46)	77.82	100.00	-
Income from Ijarah	114.61	6.88	(32.42)	(12.60)	11.47	21.35
Income from investments	(24.21)	69.66	44.88	225.31	(79.18)	98.38
Operating Expenses	48.73	(11.75)	39.85	18.79	24.53	2.03
(Provision)/Reversal of provision on non-performing assets	(100.00)	-	-	-	(100.00)	(0.78)
Financial and other charges	(63.06)	(76.11)	(71.55)	14.68	44.44	(55.03)
Other Income	(137.20)	(66.70)	144.75	(30.54)	12.92	40.31
unrealized gain/(loss) on remeasurement of investments classified at fair value through profit / loss	(251.80)	(644.38)	(127.74)	(77.06)	(2.81)	(844.54)
Impairment loss on re-measurement of investment in listed securities classified as available for sale	(100.00)	-	(100.00)	(28.26)	100.00	-
Share of profit from associates	686.60	(97.60)	206.44	82.49	(74.94)	102.32
Modaraba Company's management fee	(41.65)	(36.33)	164.57	153.37	(85.85)	91.83
Income tax expenses	(81.80)	490.03	(33.53)	(36.73)	18.65	69.57
Provision for workers welfare fund	(41.65)	(36.33)	89.70	100.00	-	-
Profit for the year	(39.64)	(39.05)	170.89	162.45	(86.86)	78.61



## VERTICAL ANALYSIS

### BALANCE SHEET ITEMS

ASSETS	2013	2012	2011	2010	2009	2008
<b>NON-CURRENT ASSETS</b>						
<b>Fixed Assets - tangible</b>						
Long term deposits	1.07	1.09	1.10	1.16	1.28	1.16
Long term investment	2.62	5.65	5.94	5.62	9.72	13.33
Ijarah Assets	19.55	9.29	7.12	9.08	14.83	17.86
Fixed Assets in own use	1.73	9.29	10.00	13.10	13.95	5.19
<b>CURRENT ASSETS</b>						
Bank balances	8.15	4.44	14.39	3.45	8.12	2.90
Short Term investments	12.32	43.73	10.78	7.64	3.73	4.81
Mushrikah receivables- secured	-	-	-	-	-	24.68
Murabaha receivables- secured	-	-	-	-	-	-
Musawamah receivables- secured	16.19	17.31	30.91	26.90	7.96	2.27
Modaraba receivables- secured	-	4.23	1.43	19.79	23.37	-
Ijarah rental receivable	-	-	0.10	0.31	0.10	0.01
Trade Receivables	5.81	0.05	-	-	-	2.42
Bills Receivable	-	-	0.74	0.70	2.31	3.39
Stock in trade	29.77	1.10	13.24	8.72	11.76	12.10
Advances, Deposits, Prepayments & Other Receivables	1.77	2.12	1.45	0.46	0.42	8.17
Income tax refundable/paid in advance	0.56	0.54	0.81	0.50	0.54	0.48
Profit receivable	0.45	1.17	1.98	2.57	1.92	1.21
<b>TOTAL ASSETS</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>EQUITY &amp; LIABILITIES</b>						
<b>CAPITAL &amp; RESERVES</b>						
Issued, subscribed and paid up capital	58.42	59.27	60.10	63.47	69.64	63.67
Reserves	28.70	28.50	27.57	25.29	26.85	24.14
Unappropriated profit	2.98	5.36	6.26	4.46	1.99	7.23
unrealised diminution on remeasurement of investment classified as available for	(0.10)	(0.37)	(0.59)	(0.47)	(5.73)	(5.65)
<b>NON-CURRENT LIABILITIES</b>						
Security Deposits	3.41	1.62	0.95	1.23	2.25	1.91
Deferred liability - staff gratuity	0.86	0.61	0.69	0.68	0.55	0.35
<b>CURRENT LIABILITIES</b>						
Islamic export refinance	-	-	-	-	-	0.45
Musharikah Finance - Secured	-	-	-	-	-	-
Murabaha Finance - Secured	-	-	-	-	-	-
Current maturity of security deposits	0.77	0.27	0.80	1.25	0.36	1.00
Creditors, accrued and other liabilities	3.67	2.99	2.95	2.76	2.62	5.52
Provision for custom duty/surcharge	1.22	1.24	1.26	1.33	1.46	1.33
Profit payable	0.06	0.50	0.01	-	0.01	0.04
<b>TOTAL EQUITIES &amp; LIABILITIES</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100</b>
<b>PROFIT &amp; LOSS ACCOUNT ITEMS</b>						
Profit on trading operations	19.31	31.63	32.11	24.70	37.34	40.18
Income on musharikah receivables	-	-	-	-	15.77	31.06
Income on murabaha receivables	-	-	-	-	-	0.02
Income on musawamah receivables	22.83	17.74	34.60	24.83	14.24	0.12
Income on modaraba receivables	2.54	4.68	6.49	23.29	13.26	-
Income from Ijarah	23.78	9.66	7.96	12.92	14.96	11.06
Income from investments	31.54	36.29	18.84	14.26	4.44	17.56
Gross Revenue	100	100	100	100	100	100
Operating Expenses	(73.93)	(43.35)	(43.26)	(33.92)	(28.89)	(19.12)
(Provision)/Reversal of provision on non-performing assets	(0.25)	(0.00)	(0.00)	(0.00)	(0.00)	0.14
Financial and other charges	(1.97)	(0.60)	(2.20)	(8.47)	(7.48)	(4.26)
Other Income	-	4.61	12.19	5.46	7.96	5.81
unrealized gain/(loss) on remeasurement of investments classified at fair value through profit / loss	10.79	(6.20)	1.00	(3.96)	(17.48)	(14.82)
Impairment loss on re-measurement of investment in listed securities classified as available for sale	-	0.00	0.00	(30.59)	(43.16)	-
Share of profit from associates	1.94	0.22	7.91	2.83	1.57	5.16
Modaraba Company's management fee	(3.66)	(5.47)	(7.56)	(3.14)	(1.25)	(7.29)
Income tax expenses	(0.48)	(2.30)	(0.34)	(0.57)	(0.91)	(0.63)
Provision for workers welfare fund	(0.65)	(0.97)	(1.33)	(0.77)	-	-
Profit for the year	<b>31.80</b>	<b>45.95</b>	<b>66.41</b>	<b>26.88</b>	<b>10.36</b>	<b>64.98</b>





## KEY FINANCIAL DATA SIX YEARS` AT A GLANCE

(Rupees in millions)

KEY FINANCIAL DATA	2013	2012	2011	2010	2009	2008
<b>Total Assets</b>	<b>359.48</b>	<b>354.30</b>	<b>349.43</b>	<b>330.87</b>	<b>301.54</b>	<b>329.84</b>
Fixed Assets (owned)	6.23	32.90	34.94	43.34	42.06	17.12
Fixed Assets (ijarah)	70.29	32.91	24.89	30.04	44.72	58.91
Other Non Current Assets	13.26	23.87	24.62	22.45	33.15	47.81
Current Assets	269.69	264.61	264.97	235.04	181.61	206.00
<b>Total Liabilities</b>	<b>35.93</b>	<b>25.64</b>	<b>23.29</b>	<b>24.00</b>	<b>21.84</b>	<b>35.00</b>
Current Liabilities	20.57	17.73	17.56	17.67	13.42	27.56
Non Current Liabilities	15.36	7.91	5.73	6.32	8.43	7.44
<b>Total Equity</b>	<b>323.55</b>	<b>328.66</b>	<b>326.14</b>	<b>306.87</b>	<b>279.70</b>	<b>294.84</b>
Reserves	103.18	100.98	96.33	83.68	80.97	79.63
Certificate Holders' Equity	210.00	210.00	210.00	210.00	210.00	210.00
Unappropriated	10.38	17.68	19.81	13.20	(11.27)	5.21
<b>Gross Revenue</b>	<b>33.90</b>	<b>41.48</b>	<b>50.50</b>	<b>43.30</b>	<b>43.80</b>	<b>52.09</b>
<b>Net Revenue</b>	<b>11.00</b>	<b>18.22</b>	<b>29.89</b>	<b>11.03</b>	<b>4.20</b>	<b>31.99</b>
Earning per Certificate - Rs. 10/- each	0.52	0.87	1.42	0.53	0.20	1.52
Cash dividend (%)	5.00	8.00	8.00	5.00	0.00	10.00

(Rupees in millions)

STAKEHOLDER INFORMATION	2013	2012	2011	2010	2009	2008
Profit after tax ratio (%)	<b>31.80</b>	43.93	59.19	25.49	32.61	40.11
Return on assets	<b>35.54</b>	5.14	8.55	3.34	5.38	6.32
Return on equity	<b>3.37</b>	5.54	9.17	3.60	6.06	7.26
Return on capital employed	<b>5.24</b>	8.68	14.23	5.25	8.48	10.00
Assets Turnover Ratio (%)	<b>3.06</b>	19.45	11.69	29.98	18.58	15.83
Current ratio	<b>13.11</b>	14.92	15.09	13.30	6.11	4.24
Market Value per certificate (year end)						
High	<b>5.99</b>	4.99	4.00	2.95	3.45	3.90
Low	<b>5.00</b>	4.25	4.00	2.95	3.45	3.90
Closing	<b>5.01</b>	4.90	4.00	2.95	3.45	3.90
EPC (Earning per certificate)	<b>0.52</b>	0.87	1.42	0.53	0.20	1.52
Net assets per certificate	<b>15.41</b>	15.65	15.53	14.61	13.32	14.04
Earning asset to total assets ratio	<b>88.61</b>	91.50	91.29	88.25	87.00	95.64
Price earning ratio	<b>9.57</b>	5.65	2.81	5.61	17.23	2.56
Dividend Yield Ratio (%)	<b>10.09</b>	17.98	23.02	15.63	0.00	23.95
Cash Dividend (%)	<b>5.00</b>	8.00	8.00	5.00	0.00	10.00
Cash Dividend per certificate	<b>0.50</b>	0.80	0.80	0.50	-	1.00
Book Value per certificate	<b>15.41</b>	15.65	15.53	14.61	13.32	14.04



## TWENTY FIRST REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2013

I, on behalf of Board of Directors of Al-Noor Modaraba Management (Private) Limited, the "mudarib/management company" of First Al-Noor Modaraba (FAM), pleased to present the Twenty First Annual Report together with the Audited Accounts of the company for the year ended June 30, 2013.

### FINANCIAL RESULTS

#### For the year ended

	June 30, 2013 Rupees	June 30, 2012 Rupees
Profit after taxation	10,996,069	18,218,798
Shares of associate's incremental depreciation on account of revaluation of fixed assets	(279,645)	353,764
Unappropriated profit brought forward	2,208,020	4,079,218
	<u>12,924,444</u>	<u>22,651,780</u>
<b>APPROPRIATIONS</b>		
Profit distribution @ 5% (2012 @ 8%)	(10,500,000)	(16,800,000)
Statutory Reserve @ 20% (2012 @ 20%)	(2,199,214)	(3,643,760)
General Reserve	-	-
	<u>(12,699,214)</u>	<u>(20,443,760)</u>
Unappropriated profit carried forward	225,230	2,208,020

#### Dividend

The board is pleased to announce a cash dividend of Rs. 0.50 (5.00%) per certificate (2012: Rs. 0.80 (8.00%)) in its meeting held on September 19, 2013 for the year ended June 30, 2013.

#### Review of Operations

Although, the financial performance of the modaraba in the last financial year (2012-2013) may not reflect a heartening picture, yet it can still be termed as satisfactory as the modaraba suffered substantial losses due to factors beyond its control. Even then, the modaraba has declared a fairly reasonable dividend of 5%.

#### Financial and Economic Review

The country's economic woes still continue. The following factors have been largely attributable to constrain the economy's ability to achieve sustainable recovery and growth:

- the slow progress in the prevailing security and economic conditions.
- high and persistent inflation.
- continuing fiscal slippages.
- unresolved power sector issue.
- high level of government borrowings and low lending by banks to private sector.





## **TWENTY FIRST REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2013**

### **Future Outlook of the Modaraba**

The Modaraba has framed a revised business strategy which covers existing areas of business and how they can be improved with maximum secured investments.

The modaraba intends to enlarge its trading activities substantially, as it has always paid dividends in the past. Further, the modaraba also intends to enhance the scope of its operations in Ijarah by enriching the customers basket with induction of new customers, as this mode of finance has yielded fairly decent results. At the same time, especially keeping in view the highly volatile share market, the modaraba would like to restrict its exposure in stocks at minimal level only in selective sectors with significant capital gains and regular/substantial income. Finally, as all other businesses, the Modaraba also hopes that the present government (which carries a business friendly reputé) would be able to tide over the aforementioned inhibiting factors and gradually steer the country out of its economic malaise. Palpably, this could also prove beneficial for the modaraba in the medium to long term.

### **Shariah Compliant and Shariah Audit Mechanism**

It is heartening to note, that the modaraba's Shariah Advisor, while submitting the annual Shariah Compliant report to the registrar of Modarabas, has been highly praise worthy of the modarabas performance with regards to shariah compliance.

Undoubtedly, FAM has played a phenomenal role in thoroughly examining/ scrutinizing the Islamic finance documents and the modus operandi of its financial transactions, and if deemed appropriate, making recommendations to the concerned regulators for a continuous improvement progression.

Moreover, the manner in which FAM committed itself to the stupendous task of divesting its non-Shariah compliant shares within a limited time frame is highly commendable which could not have been achieved without the whole hearted and concerted efforts of its team.

Having said that, there is no room for complacency and FAM should sustain its steady approach backed up by the Shariah rationale for making improvements in the Shariah Compliant mechanism.

Finally, FAM should consider itself exceptionally fortunate for having on board a highly proficient and vibrant Shariah Advisor Honorable Mr. Ebrahim Essa. Aside from performing his contemporary duties as Shariah advisor, he has contributed a great deal towards educating and guiding the staff towards the real concept and spirit of Islamic finance, enriching the knowledge of the staff with his expertise in the manner in which the various Islamic modules should be brought into play.

Simply put, Mr. Essa has guided and facilitated FAM in the profound comprehension of both, customized and conventional Islamic instrumentation best fit for various clienteles.

### **Compliance with Code of Corporate Governance**

As required by the Code of Corporate Governance, your Directors are pleased to report that:

- (a) The financial statements prepared by the management of the Modaraba present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- (b) Proper books of account of the Modaraba have been maintained.
- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- (d) International Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements.



## TWENTY FIRST REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2013

- (e) The system of internal control is sound and has been effectively implemented and monitored.
- (f) The Modaraba is financially sound and there is no reason whatsoever to doubt its ability to continue as a going concern.
- (g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulation of the Stock Exchange(s) and;
- (h) The Directors, CEO, CFO, Company Secretary and their spouses and minor children do not hold any interest in the certificates of Modaraba, other than that disclosed in the pattern of certificate holding.
- (i) During the year under review, four meetings of the Board of Directors were held. Attendance by each director was as follows:

Name of Director	Meetings Eligibility	Meetings Attended
Mr. Ismail H. Zakaria, Chairman	4	4
Mr. Jalaluddin Ahmed, Chief Executive	4	4
Mr. Yusuf Ayoob, Director	4	3
Mr. Suleman Ayoob, Director	4	4
Mr. A. Aziz Ayoob, Director	4	4
Mr. Mansoor Alam, Director*	-	-
Mr. Zohair Zakaria, Director	4	3
Mr. Zain Ayoob, Director	4	4

\* Appoint in June 30, 2013

- (j) A statement setting out the status of the compliance with the best practices of corporate governance is attached to the Annual Report.

### Pattern of Certificate Holding

A statement reflecting the pattern of holding of certificates as on June 30, 2013 is attached to the Annual Report.

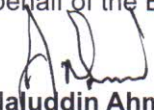
### Key Operating & Financial Data

A statement summarizing key operating and financial data for the last six years is attached to the Annual Report.

### Auditors

The present auditors, Messrs. Rahman Sarfaraz Rahim Iqbal Rafiq & Company, Chartered Accountants (Member firm of Russell Bedford International) have offered themselves for re-appointment as the auditor of the Modaraba for the financial year ending June 30, 2014 subject to the approval of Registrar of Modaraba Companies & Modaraba.

On behalf of the Board

  
Jalaluddin Ahmed  
Chief Executive

Dated : September 19, 2013  
Place : Karachi



## SHARIAH ADVISOR'S REPORT

I have conducted the Shariah review of First Al Noor Modaraba, managed by Al Noor Modaraba Management (Private) Limited for the financial year ended June 30, 2013 in accordance with the requirements of the **Shariah Compliance and Shariah Audit Mechanism for Modarabas**. Based on my review .I report that in my opinion:

### 1. SHARIAH COMPLIANCE:

The Modaraba has introduced a mechanism which has strengthened the Shariah Compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in the with the Shariah principles;

### 2. REVIEW OF OPERATIONS:

Based on my review, following were the major activities developments in respect of Shariah that took place during the period:

#### Bank Accounts:

After implementation of circular 8 of 2012, Modaraba has closed all saving accounts being maintained with conventional banks. At present, the Modaraba is maintaining the Bank accounts in Islamic Banks or current accounts in conventional banks for business operational purposes.

#### Fresh Disbursements:

On asset side, the Modaraba is maintaining Ijarah and Musawamah facilities extended to various clients.

I hereby confirm that the financing agreement(s) entered into by the Modaraba aer Shariah comliant and these agreements have been executed on the formats as approved by the Religious Board and in accordance with all the related shariah conditions as the pre and post disbursement approvals are secured from the undersigned for every transaction.

#### Investments in Equity Shares:

Modaraba has made its investment in approved equities in accordance with the guidelines of Shariah. In compliance of circular 8 of 2012, Modaraba has disposed off all non Shariah Compliant equity shares, during the period which were not in the prescribed shariah compliant list provided by the NBF and Modaraba Association of Pakistan.

#### Dividend Purification:

Modaraba performed and completed the process of dividend purification of their dividend inflows in line with Shariah guidelines and the amount so identified as charity, has been properly transferred into charity account for charity purposes.

#### Takaful:

For risk mitigation, the Modaraba effectively adopted and transferred all their assets insured from conventional insurance to Takaful coverages.

### 3. COMMODITY TRADING:

Modaraba also engaged in the trading of rice and other commodities confirm that Modaraba follows Shariah principles in its trade of rice and other commodities.

#### TRAINING:

The undersigned conducted two training sessions on different Islami products to all office staff members except administrative support staff during the period under review.

### CONCLUSION:

Alhamdulillah, after introduction of Shariah Compliance and Shariah Audit Mechanism for Modarabas by Securities & Exchange Commission of Pakistan (SECP), the Management of First Al-Noor Modaraba has effectively shown its sincerity to comply with Shariah Rulings in its true spirit, therefore, I am of the view that the business operations of First Al Noor Modaraba, for the period under Shariah review, are Shariah compliant up to the best of my knowledge.



**MUFTI IBRAHIM ESSA**  
Shariah Advisor  
Dated: September 10, 2013







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**MUFTI IBRAHIM ESSA**

Shariah Advisor

Dated: September 10, 2013







## THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Board has constituted a functional Audit Committee. The features of the terms of reference of the Committee in accordance with the Code of Corporate Governance are as follows:

- (a) Determination of appropriate measures to safeguard the listed company's assets.
- (b) to monitor the integrity of the financial statements of the company, and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgments contained in them. In particular to review the half-year and annual financial statements and associated report before submission to the Board focusing on:
  - any changes in accounting policies and practices
  - major judgmental and risk areas
  - significant adjustments resulting from the audit
  - the going concern assumption
  - compliance with accounting standards
  - compliance with International Financial Reporting Standards.
  - Compliance with listing regulations and other statutory and regulatory requirements
- (c) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in absence of management, where necessary);
- (d) Review of management letter issued by external auditors and management's response thereto.
- (e) To make recommendations to the Board, for approval in respect of matters relating to:
  - the appointment or
  - re-appointment or
  - removal of the external auditor;
- (f) Ensuring coordination between the internal and external auditors of the company.
- (g) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company.
- (h) Consideration of major finding of internal investigation and management's response thereto.
- (i) Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
- (j) Review the company's statement of internal control system prior to endorsement by the board of directors.
- (k) Determination of compliance with relevant statutory requirements.
- (l) Monitoring compliance with the best practices of corporate governance and identification of any significant violations thereof and
- (m) Consideration of any other issue or matter as may be assigned by the board of directors.

## THE TERMS OF REFERENCE OF HUMAN RESOURCE & REMUNERATION COMMITTEE (HR&R)

The Board adopted the responsibilities contained in clause (XXV) of the Code of Corporate Governance 2012 from (i) to (iv) as the Terms of Reference (TOR) of the HR&R Committee.

The Committee shall be responsible for :

- (i) recommending human resource management policies to the board;
- (ii) recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO.
- (iii) consideration and approval on recommendations for CEO on such matters for key management positions who report directly to CEO.





## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2013

This statement is being presented to comply with the Code Of Corporate Governance contained in Regulation No.37 and 43 of listing regulations of Karachi, and Lahore Stock Exchange (Guarantee) Limited respectively for the purpose of establishing a framework of good governance, whereby listed Modaraba is managed in compliance with the best practices of corporate governance.

The Modaraba has applied the principles contained in the Code in the following manner;

1. The Board comprises eight directors, including the CEO. The company encourages representation of independent non-executive director(s) in its Board including those representing minority interests. At present, the Board includes six non executive directors.
2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this management company.
3. All the resident directors of the company are registered as tax payers and none of them defaulted in payment of loan to a banking company, a DFI or an NBFC or being a member of a stock exchange has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Modaraba has prepared a Statement of Ethics and Business Practices, which has been signed by all directors and employees of the Modaraba.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Modaraba. A complete record of particulars of significant policies along with dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decision on material transaction, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by Board.
8. The meeting of the Board was presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meeting, along with the agenda and working papers were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
9. Five of the directors met the criteria of exemption from taking orientation course under the condition of having 14 years of education and 15 years of experience on the Board of Directors of listed company. Further, the Board arranged orientation course for one of its directors during the preceding year(s) apprising him of his duties and responsibilities.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been made.
11. The director's report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Modaraba were duly endorsed by the CEO and CFO before approval of the Board.

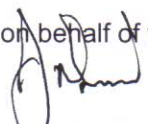




## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2013

13. The Directors, CEO and Executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of holding of certificates.
14. The Modaraba has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee, which comprises of three members, two of which are non-executive directors chaired by one independent director.
16. The Board has formed a Human Resource and Remuneration committee, which comprises of three members two of which are non executive directors.
17. The meetings of the audit committee are held at least once every quarter prior to approval of interim and final results of the Modaraba as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The Board has set-up effective internal audit function manned by suitable qualified and experienced personnel who are conversant with the policies and procedures.
19. The statutory auditors of the Modaraba had confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Modaraba and that the firm and all of its 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.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period" prior to the announcement of interim/final results and business decisions, which may materially affect the market price of Modaraba's certificates, was determined and intimated to directors, employees and stock exchange.
22. The Modaraba has complied with all the major corporate and financial reporting requirements to the code. All related parties transactions has been reviewed and approved by the Board and are carried out as per agreed terms.
23. We confirm that all other material principles contained in the Code have been complied with except for the requirements pertaining to change in composition of Board of Directors or some of its committees.

For and on behalf of the Board

  
**Jalaluddin Ahmed**  
Chief Executive

Date : September 19, 2013



## REVIEW REPORT TO THE CERTIFICATE HOLDERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Al-Noor Modaraba Management (Private) Limited (Modaraba Management Company)** in respect of **First Al-Noor Modaraba (the Modaraba)**, to comply with the Listing Regulations of the Karachi Stock Exchanges Limited and Lahore Stock Exchange Limited where the Modaraba is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of the audit of 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 Boards statement on internal control covers all risks and control, or to form an opinion on the effectiveness of such internal controls, the company corporate governance procedures and risks.

Further Listing Regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited requires the company to place before the Board of Directors for their consideration and approval the related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in the arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2013.

**Rahman Sarfaraz Rahim Iqbal Rafiq**  
Chartered Accountants

Karachi  
Date: September 18, 2013





## AUDITORS' REPORT TO THE CERTIFICATE HOLDERS OF FIRST AL-NOOR MODARABA

We have audited the annexed Balance Sheet of FIRST AL NOOR MODARABA (the Modaraba) as at June 30, 2013 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 [Al Noor 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 First Al Noor 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 agreement with accounting policies consistently applied;
  - (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's affairs as at June 30, 2013 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat as deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established established under Section 7 of that Ordinance.

**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
Chartered Accountants  
Engagement Partner: **Muhammad Waseem**

Karachi

Date: September 20, 2013



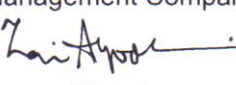
# STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2013

	Note	June 30 2013 Rupees	June 30 2012 Rupees
<b>Current Assets</b>			
Cash and bank balances	4	29,308,110	15,728,215
Short term investments	5.1	44,296,203	154,939,036
Musawamah receivables - secured	6	58,197,900	61,321,478
Modaraba receivables - secured	7	-	15,000,000
Profit receivable	8	1,625,843	4,139,915
Trade Debtors		20,891,661	171,500
Stock in trade	9	107,001,599	3,882,892
Advances, deposits, prepayments and other receivables	10	6,360,902	7,512,796
Taxation	11	2,011,747	1,917,239
<b>Total Current Assets</b>		<b>269,693,965</b>	<b>264,613,071</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Long term deposits	12	3,839,989	3,853,589
Long term investments	5.3	9,422,590	20,021,159
Ijarah assets	13	70,294,687	32,911,971
Fixed assets in own use	14	6,230,788	32,897,369
<b>Total Non-current Assets</b>		<b>89,788,054</b>	<b>89,684,088</b>
<b>Total Assets</b>		<b>359,482,019</b>	<b>354,297,159</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Current maturity of security deposits	15	2,781,582	954,850
Creditors, accrued and other liabilities	16	13,179,630	10,588,993
Provision for custom duty & surcharge	17	4,398,842	4,398,842
Profit payable	18	208,954	1,787,738
<b>Total Current Liabilities</b>		<b>20,569,009</b>	<b>17,730,423</b>
<b>NON CURRENT LIABILITIES</b>			
Security deposits	15	12,275,810	5,732,842
Deferred liability - staff gratuity	19	3,084,050	2,174,621
<b>Total Non-current Liabilities</b>		<b>15,359,860</b>	<b>7,907,463</b>
<b>Total Liabilities</b>		<b>35,928,869</b>	<b>25,637,916</b>
<b>NET ASSETS</b>		<b>323,553,150</b>	<b>328,659,243</b>
<b>REPRESENTED BY:</b>			
<b>CAPITAL AND RESERVES</b>			
Certificate Capital			
Authorised certificate capital		400,000,000	400,000,000
40,000,000 (2011: 40,000,000) certificates of Rs 10/- each			
Issued, subscribed and paid-up capital	20	210,000,000	210,000,000
Reserves	21	103,176,625	100,977,411
Unappropriated profit		10,725,230	19,008,020
Unrealised diminution on remeasurement of investment classified as available for sale- net		(348,705)	(1,326,188)
<b>Total capital and reserves</b>		<b>323,553,150</b>	<b>328,659,243</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	22	-	-

The annexed notes 1 to 45 form an integral part of these financial statements.

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

  
Chief Executive

  
Director

  
Director






## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2013

	Note	June 30 2013 Rupees	June 30 2012 Rupees
Profit from trading operations	23	6,677,844	12,539,066
Income on musawamah receivables		7,892,608	7,034,650
Income on modaraba receivables		877,054	1,853,962
Income from Ijarah	24	8,222,712	3,831,454
Income from investments	25	10,905,248	14,388,222
		<b>34,575,465</b>	<b>39,647,354</b>
Administrative and operating expenses	26	<b>25,560,619</b>	<b>17,185,604</b>
Financial and other charges	27	<b>87,310</b>	<b>236,342</b>
		<b>25,647,929</b>	<b>17,421,946</b>
<b>Operating profit</b>		<b>8,927,536</b>	<b>22,225,408</b>
Other income/(loss)	28	<b>(679,877)</b>	<b>1,827,679</b>
		<b>8,247,659</b>	<b>24,053,087</b>
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	5.1.2	<b>3,730,125</b>	<b>(2,457,203)</b>
Share of profit from associates	5.3.1	<b>672,461</b>	<b>85,490</b>
		<b>12,650,246</b>	<b>21,681,374</b>
Modaraba management fee	29	<b>(1,265,025)</b>	<b>(2,168,137)</b>
		<b>11,385,221</b>	<b>19,513,237</b>
Workers welfare fund	30	<b>(223,240)</b>	<b>(382,612)</b>
<b>Profit before taxation</b>		<b>11,161,981</b>	<b>19,130,625</b>
Income tax expense	31	<b>(165,912)</b>	<b>(911,827)</b>
<b>Profit for the year</b>		<b>10,996,069</b>	<b>18,218,798</b>
Earnings per certificate - Basic and Diluted	32	<b>0.52</b>	<b>0.87</b>

The annexed notes 1 to 45 form an integral part of these financial statements.

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

  
Chief Executive

  
Director

  
Director

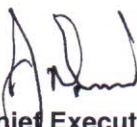


## STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2013

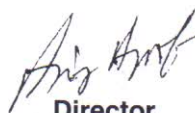
	Note	June 30 2013 Rupees	June 30 2012 Rupees
<b>Profit for the year</b>		<b>10,996,069</b>	18,218,798
<b>Others comprehensive income</b>			
Unrealized gain/ (loss) on re-measurement of available for sale investment	5.3.3	977,483	778,312
Shares of others comprehensive income of associate	5.3.1	-	(31,375)
Others comprehensive income		977,483	746,937
<b>Total comprehensive income</b>		<b>11,973,552</b>	18,965,735

The annexed notes 1 to 45 form an integral part of these financial statements.

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

  
Chief Executive

  
Director

  
Director





## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2013

	Issued subscribed & paid capital Certificate Capital	Capital *Statutory Reserve	Reserve			Total
			Revenue reserve	Unappropriated profit	Other comprehensive income	
			Rupees			
Balance as at June 30, 2011	210,000,000	86,833,651	9,500,000	21,879,218	(2,073,125)	326,139,744
Share of associate's incremental depreciation on account of revaluation of fixed assets	-	-	-	353,764	-	353,764
Total Comprehensive income for the year	-	-	-	18,218,798	746,937	18,965,735
Profit distribution in cash	-	-	-	(16,800,000)	-	(16,800,000)
Transfer to general reserve	-	-	1,000,000	(1,000,000)	-	-
Transfer to statutory reserve	-	3,643,760	-	(3,643,760)	-	-
<b>Balance as at June 30, 2012</b>	<b>210,000,000</b>	<b>90,477,411</b>	<b>10,500,000</b>	<b>19,008,020</b>	<b>(1,326,188)</b>	<b>328,659,243</b>
Share of associate's incremental depreciation on account of revaluation of fixed assets	-	-	-	(279,645)	-	(279,645)
Total Comprehensive income for the year	-	-	-	10,996,069	977,483	11,973,552
Profit distribution in cash	-	-	-	(16,800,000)	-	(16,800,000)
Transfer to general reserve	-	-	-	-	-	-
Transfer to statutory reserve	-	2,199,214	-	(2,199,214)	-	-
<b>Balance as at June 30, 2013</b>	<b>210,000,000</b>	<b>92,676,625</b>	<b>10,500,000</b>	<b>10,725,230</b>	<b>(348,705)</b>	<b>323,553,150</b>

\* In accordance with the Prudential Regulations for Modarabas, the Modaraba is required to transfer an amount not less than 20% and not more than 50% of its after tax profits to statutory reserve until the reserve funds equals the paid-up capital. Thereafter, a sum not less than 5% of the after tax profits is required to be transferred to the statutory reserve.

The annexed notes 1 to 45 form integral part of these financial statements.

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

  
Chief Executive

  
Director

  
Director



## STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2013

	Note	June 30 2013 Rupees	June 30 2012 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash from operations after working capital changes	34	(84,106,209)	95,929,650
Increase/(Decrease) in long-term security deposits		8,369,700	552,675
Income on musawamah receivables		8,733,240	9,804,657
Income on modaraba receivables		979,451	2,175,811
Income tax paid		(165,912)	(911,827)
Gratuity paid		-	(1,240,000)
Net cash from operating activities		(66,189,730)	106,310,966
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to fixed assets			
- Own		(6,039,866)	(336,818)
- Ijarah		(63,895,000)	(23,274,336)
Sale proceeds on disposal of fixed assets			
- Own		27,387,000	1,250,000
- Ijarah		1,287,647	234,557
Dividend received		2,478,265	2,900,945
Profit on term deposit modaraba		1,658,046	7,251,337
Profit on Meezan Islamic certificates		612,238	460,630
Profit on Al-Samarat Islamic Certificates		2,333,150	-
Profit on Barkat Islamic Certificates		926,397	-
Profit on bank deposit		2,252,796	1,289,869
Purchase of investments in mutual funds		(5,000,000)	(7,500,000)
Purchase of investments in listed securities		(18,390,551)	(43,495,509)
Proceeds from sale of investments in listed securities		46,183,369	42,512,754
Net cash (used in) investing activities		(8,206,508)	(18,706,571)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Profit paid to the certificate holders		(16,936,557)	(16,923,869)
Financial charges paid		(87,310)	(236,342)
Net cash (used in) financing activities		(17,023,867)	(17,160,211)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(91,420,105)</b>	<b>70,444,183</b>
Cash and cash equivalents at beginning of the year		120,728,215	50,284,032
<b>Cash and cash equivalents at end of the year</b>	35	<b>29,308,110</b>	<b>120,728,215</b>

The annexed notes 1 to 45 form an integral part of these financial statements.

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

  
Chief Executive

  
Director

  
Director





# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

## 1 LEGAL STATUS AND NATURE OF BUSINESS

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

The Modaraba is a multipurpose perpetual modaraba and is primarily engaged in ijarah financing, musharikah, murabaha, musawamah, modaraba, equity investment, Ijarah and trading activities. The Modaraba is listed on the Karachi and Lahore Stock Exchanges.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP differ with the requirements of IFRS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP prevail.

### 2.2 Initial application of standards, amendments or an interpretation to existing standards

- a) Standards, amendments to published standards and interpretations that are effective in year beginning from July 01, 2012 and are relevant to the Modaraba:
- **Amendments to IAS 1 - Presentation of Financial Statements** - Presentation of Items of Other Comprehensive Income July 1, 2012 The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans).
  - **Amendments to "IFRS 7 Financial Instruments", Applies to annual periods beginning on or after 1 July 2011** The amendments introduced additional disclosures, designed to allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.
  - **"Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12), Applicable to annual periods beginning on or after 1 January 2012** Amends IAS 12 Income Taxes to provide a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 Investment Property will, normally, be through sale.

As a result of the amendments, SIC-21 Income Taxes — Recovery of Revalued Non-Depreciable Assets would no longer apply to investment properties carried at fair value. The amendments also incorporated into IAS 12 the remaining guidance previously contained in SIC-21, which is accordingly withdrawn."

There are a number of minor amendments in other IFRS and IAS which are part of annual improvement project published (not addressed above). These amendments are unlikely to have any impact on the company's financial statements and therefore have not been analyzed in detail.





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

**b) Standards, amendments to published standards and interpretations that are effective in 2011 but not relevant to the Company**

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 01, 2012 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and therefore have not been analyzed in detail.

**c) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Company**

Following new standards, amendments and interpretation to existing standards have been issued but are not effective for the financial year beginning July 1, 2012 and have not been early adopted by the Company:

- IAS 19 Employee benefits (Amendment) effective for periods beginning on or after January 1, 2013.
- IFRS 10, 'Consolidated financial statements', effective for periods beginning on or after January 1, 2013.
- IFRS 12, 'Disclosure of interests in other entities', effective for annual periods beginning on or after January 1, 2013.
- IFRS 13, 'Fair value measurement', effective for annual periods beginning on or after January 1, 2013.
- IAS 27 "Separate Financial Statements" , applicable to annual reporting periods beginning on or after 1 January 2013
- IAS 28 "Investments in Associates and Joint Ventures", applicable to annual reporting periods beginning on or after 1 January 2013,
- IFRS 9 "Financial Instruments", Applies on a modified retrospective basis to annual periods beginning on or after 1 January 2015.
- Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) Applicable to annual periods beginning on or after 1 January 2013 and interim periods within those periods
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32), Applicable to annual periods beginning on or after 1 January 2014:

There are a number of minor amendments in other IFRS and IAS which are part of annual improvement project published in April 2009 and May 2010(not addressed above). These amendments are unlikely to have any impact on the Company's financial statements and therefore have not been analyzed in detail.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. Applicable to annual periods beginning on or after 1 January 2013
- IAS 32 Financial Instruments: Presentation - Applicable to annual periods beginning on or after 1 January 2013 ,is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction.





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

- IAS 34 Interim Financial Reporting is amended, Applicable to annual periods beginning on or after 1 January 2013, to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments.

### 2.3 Applicability of International Accounting Standard 17 'Leases'

SECP vide its circular No. 10 of 2004 dated February 13, 2004 has deferred, till further orders, the applicability of International Accounting Standard (IAS) 17 "Leases" on Modarabas with effect from July 1, 2003 and advised the management companies of Modarabas that they may continue to prepare the financial statements of the Modarabas without applying the requirements of the said IAS to the Modarabas. However, the requirements of the above IAS were considered for the purpose of preparation of these financial statements upto June 30, 2008. From July 1, 2008 all new leases are being accounted for in accordance with the requirements of IFAS 2 as explained in note 2.5. As allowed by the SECP, leases which were accounted for as finance lease in accordance with IAS 17 till June 30, 2008 continue to be accounted for as finance leases.

### 2.4 Islamic Financial Accounting Standard - 1

During the year ended June 30, 2005, the Securities and Exchange Commission of Pakistan notified the Islamic Financial Accounting Standard 1 issued by the Institute of Chartered Accountants of Pakistan relating to accounting for Murabaha transaction undertaken by a bank / financial institution, effective for financial periods beginning on or after January 1, 2006. The Modaraba adopted this standard effective from July 1, 2006.

### 2.5 Islamic Financial Accounting Standard - 2

During the year ended June 30, 2008, Islamic Financial Accounting Standard 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan which was notified by the Securities and Exchange Commission of Pakistan vide an SRO 431(1)/ 2007 dated May 5, 2007 was adopted. Under the above IFAS 2, the 'Ijarah' transactions are accounted for in the following manner:

- Mujir (lessors) shall present the assets subject to Ijarah in their balance sheet according to the nature of the asset, distinguished from the assets in own use.
- Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income shall be recognized as an expense.
- Ijarah income shall be 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.
- SECP, vide its letter No. SC/ M/ RW/ SCM /2009 dated March 9, 2009, allowed that in case of Modarabas, IFAS-2 shall be applied for Ijarah transactions executed on or after July 1, 2008.

### 2.6 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments classified as financial assets 'at fair value through profit or loss' or 'available for sale' have been marked to market and certain staff retirement benefits are carried at present value of defined benefit obligation.

### 2.7 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is Modaraba's functional currency.

### 2.8 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires management to exercise judgment in application





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

of the Modaraba's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods.

Significant accounting estimates and areas where judgments were made by management in the application of accounting policies are disclosed in note 3 & 41 to these financial statements.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

#### 3.1 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows includes cash in hand, balance with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts / short term borrowings. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

#### 3.2 Financial assets

##### 3.2.1 Classification

The Modaraba classifies its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39) Financial Instruments: Recognition and Measurement, except for the assets classified under Islamic Financial Accounting Standards, in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

##### a) At fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss' category. The financial assets classified as at fair value through profit or loss included investments in listed equity securities.

##### b) Loans and receivables

These are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. The financial assets included in loans and receivables classification are cash and bank balances, Musawamah finance, Modaraba finance, net investment in finance lease and advances, deposits, prepayments and other receivables.

##### c) Held to maturity

These are investments with fixed or determinable payments and fixed maturity with the Modaraba having positive intent and ability to hold to maturity. These are measured at amortized cost.

##### d) Available for sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

available for sale or are not classified as (a) loans and receivables (b) held to maturity (c) financial assets at fair value through profit or loss. The financial assets classified as 'available for sale' include investments in listed equity securities.

### **e) Investment in associates**

The Company considers its associate to be such in which the Company have ownership of not less than twenty percent of the voting power and / or has significant influence through common directorship, but not control.

### **3.2.2 Initial recognition and measurement**

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

### **3.2.3 Subsequent measurement**

Subsequent to initial recognition, financial assets are valued as follows:

#### **a) "Financial asset at fair value through profit or loss" & 'available for sale'**

The investment in listed equity securities are marked to market using the closing market rates and are carried on the balance sheet at fair value.

Gains and losses arising from the difference between the carrying amount and the value determined in accordance with the criteria mentioned above in respect of financial assets at fair value through profit or loss are taken to the income statement.

Net gains and losses arising from the excess of value determined in accordance with the above mentioned criteria over the carrying amount in respect of 'available for sale' financial assets are recognised in other comprehensive income until the 'available for sale' investment is derecognised. At this time, the cumulative gain or loss previously recognised in other comprehensive income is transferred to the profit and loss account.

The Company accounts for its investment in associated undertakings using the equity method. Under this method Company's share of the post acquisition profits and / or losses of the associate is recognised in the profit and loss accounts and its share of post acquisition movements in reserve is recognised in reserves. Where company's share of losses of an associates equal or exceeds its interest in the associates, the company discontinue to recognize its shares of further losses except to the extent that company has incurred legal or constructive obligation or made payment on behalf of the associates. If the associates subsequently reports profits, the company resumes recognizing its share of those profit only after its share of the profit equals the share of losses not recognised.

#### **b) Loans and receivables' & 'held to maturity**

Loans and receivables and held to maturity financial assets are carried at amortised cost.

### **3.2.4 Regular way contracts**

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Modaraba commits to purchase or sell the assets.





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 3.2.5 Impairment

The management assesses at each balance sheet date whether there is objective evidence that the financial asset or a group of financial assets is impaired.

#### i) Financial assets classified as "held to maturity"

For loans and receivables, a provision for impairment is established when there is objective evidence that the Modaraba will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the profit and loss account.

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit and loss account.

#### ii) Financial assets classified as 'available for sale'

In case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is reclassified from equity and recognised in the profit and loss account. Impairment losses recognised on equity instruments are not reversed through profit and loss.

#### ii) Financial assets classified under Islamic Financial Accounting Standards

In case of assets classified under Islamic Financial Accounting Standards, the assets shall be reviewed and provided for according to the time based criteria mentioned in the Prudential Regulations for Modarabas.

### 3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred and the Modaraba has transferred substantially all the risks and rewards of ownership.

### 3.2.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

### 3.2.8 Financial liabilities

All financial liabilities are recognised at the time when the Modaraba becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

available for sale or are not classified as (a) loans and receivables (b) held to maturity (c) financial assets at fair value through profit or loss. The financial assets classified as 'available for sale' include investments in listed equity securities.

### **e) Investment in associates**

The Company considers its associate to be such in which the Company have ownership of not less than twenty percent of the voting power and / or has significant influence through common directorship, but not control.

### **3.2.2 Initial recognition and measurement**

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

### **3.2.3 Subsequent measurement**

Subsequent to initial recognition, financial assets are valued as follows:

#### **a) "Financial asset at fair value through profit or loss" & 'available for sale'**

The investment in listed equity securities are marked to market using the closing market rates and are carried on the balance sheet at fair value.

Gains and losses arising from the difference between the carrying amount and the value determined in accordance with the criteria mentioned above in respect of financial assets at fair value through profit or loss are taken to the income statement.

Net gains and losses arising from the excess of value determined in accordance with the above mentioned criteria over the carrying amount in respect of 'available for sale' financial assets are recognised in other comprehensive income until the 'available for sale' investment is derecognised. At this time, the cumulative gain or loss previously recognised in other comprehensive income is transferred to the profit and loss account.

The Company accounts for its investment in associated undertakings using the equity method. Under this method Company's share of the post acquisition profits and / or losses of the associate is recognised in the profit and loss accounts and its share of post acquisition movements in reserve is recognised in reserves. Where company's share of losses of an associates equal or exceeds its interest in the associates, the company discontinue to recognize its shares of further losses except to the extent that company has incurred legal or constructive obligation or made payment on behalf of the associates. If the associates subsequently reports profits, the company resumes recognizing its share of those profit only after its share of the profit equals the share of losses not recognised.

#### **b) Loans and receivables' & 'held to maturity**

Loans and receivables and held to maturity financial assets are carried at amortised cost.

### **3.2.4 Regular way contracts**

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Modaraba commits to purchase or sell the assets.





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 3.2.5 Impairment

The management assesses at each balance sheet date whether there is objective evidence that the financial asset or a group of financial assets is impaired.

#### i) Financial assets classified as "held to maturity"

For loans and receivables, a provision for impairment is established when there is objective evidence that the Modaraba will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the profit and loss account.

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit and loss account.

#### ii) Financial assets classified as 'available for sale'

In case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is reclassified from equity and recognised in the profit and loss account. Impairment losses recognised on equity instruments are not reversed through profit and loss.

#### ii) Financial assets classified under Islamic Financial Accounting Standards

In case of assets classified under Islamic Financial Accounting Standards, the assets shall be reviewed and provided for according to the time based criteria mentioned in the Prudential Regulations for Modarabas.

### 3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred and the Modaraba has transferred substantially all the risks and rewards of ownership.

### 3.2.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

### 3.2.8 Financial liabilities

All financial liabilities are recognised at the time when the Modaraba becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

is discharged or cancelled or expired.

### 3.2.9 Receivable from terminated / matured contracts

These are stated net of impairment loss. Impairment loss is recognised for doubtful receivables on the basis of Prudential Regulations for Modarabas issued by the SECP or based on the judgment of management, whichever is higher. Bad debts are written off when identified.

### 3.2.10 Ijarah rentals , Musawamah finance and Modaraba finance

Ijarah rentals, musawamah finance and modaraba finance receivables are stated net of provisions and suspense income, Provision is recognised in accordance with Prudential Regulations for Modaraba. Bad debts are written off as and when identified.

## 3.3 Fixed assets - Tangible

### 3.3.1 Owned assets

Assets are stated at cost less accumulated depreciation except free hold land are stated at cost less any identified impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only 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. All other repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life. Depreciation is charged on additions from the month the asset is available for use and on disposals up to the month preceding the month of disposal.

Repairs and maintenance are charged to income as and when incurred.

### 3.3.2 Ijarah assets

Ijarah assets are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method whereby the cost of an asset less salvage value is written off over the Ijarah (lease) period, which is considered to be the estimated useful life of the asset. In respect of additions and disposals during the year, depreciation is charged on monthly basis from the date of commencement of Ijarah. While prorata depreciation is charged in the month of maturity / termination on accrual basis.

### 3.3.3 Gain or loss on disposal

Gains / losses on disposal of fixed assets / Ijarah assets are charged to the profit and loss account currently.

### 3.3.4 Impairment

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

### 3.3.5 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that the





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

future economic benefits associated with the asset will flow to the Modaraba and the cost of item can be measured reliably. Amortisation is charged to income using the straight line method in accordance with the rates specified in note 15.1 to these financial statements after taking into account residual value, if any. The residual values, useful lives and amortisation method are reviewed and adjusted, as appropriate, at each balance sheet date. Amortisation is charged from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceding the month of disposal.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. These assets are not amortised as they are expected to have an indefinite life and are marketable.

Gain and loss on disposal of intangible assets, if any, are taken to the profit and loss account.

### 3.4 Loans, advances and other receivables

These are stated at cost less estimates made for doubtful receivables based on a review of all outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.

### 3.5 Taxation

#### 3.5.1 Current

For items covered under final tax regime, provision is made according to the final tax rate provided in the Income Tax Ordinance, 2001.

The income of modarabas, not being trading income, is exempt from tax provided that not less than 90% of their profits are distributed to the certificate-holders. The Modaraba has the policy to continue availing the tax exemption and hence no provision has been made in these financial statements for tax liability in the current year.

#### 3.5.2 Deferred

The Modaraba has not recognised any amount in respect of deferred tax in these financial statements as the Modaraba intends to continue availing the tax exemption in future years by distributing at least 90% of its profits to its certificate holders.

### 3.6 Creditors, accrued and other liabilities

These are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services.

#### 3.6.1 Provisions

Provisions are recognised 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 will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

#### 3.6.2 Staff retirement benefits

##### Unfunded gratuity scheme

The Modaraba operates an unfunded gratuity scheme for all eligible employees who have completed the minimum qualifying period of service. Annual contributions are made to the fund on the basis of actuarial recommendations. The actuarial valuations are carried out using The Projected Unit Credit method. Cumulative net unrecognised actuarial gains and losses at the end





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

of the previous year which exceed 10% of the higher of the present value of the Modaraba's gratuity obligation and the fair value of the Modaraba's assets are amortised over the expected average remaining working lives of the employees.

### 3.7 Stock In trade

Stock of raw material, work in process and finished goods are valued principally at the lower of cost determined on the first in first out basis and net realizable value. Cost of raw materials and trading stock comprises the invoice values and other charges paid thereon. Cost of work in process and finished goods include prime cost and appropriate portion of manufacturing overheads. Items in transit are stated at invoice value plus other incidental charges paid thereon up to the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and costs necessarily to be incurred to make the sales.

Packing materials are recorded at average cost.

### 3.8 Revenue recognition

#### 3.8.1 Ijarah

Income on Ijarah is recognised on an accrual basis.

#### 3.8.2 Non-performing ijarah lease

Unrealised income in respect of non-performing ijarah finance is held in suspense account, where necessary, in accordance with the requirements of Prudential Regulations for Modarabas issued by the SECP.

#### 3.8.3 Modaraba Finance

Profit on modaraba finance is recognised on the basis of pre-agreed profit / loss sharing ratio when actual gain / loss on transaction is computed upon termination / completion of transaction.

#### 3.8.4 Musawammah Finance

Profit on musawammah finance is recognized on an accrual basis, whereas unrealized musawammah income is excluded from profit.

#### 3.8.5 Dividend Income

Dividend income is recognised when the Modaraba's right to receive the dividend is established.

#### 3.8.6 Return on deposit with bank

Return on deposit with bank is recognized on an accrual basis.

### 3.9 Segment reporting

As per IFRS 8, operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive of the Management Company has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

Based on internal management reporting structure, services provided and products produced and sold, the Modaraba is organised into the following four operating segments:

- Trading
- Financing
- Investments
- Ijarah



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
<b>4. CASH AND BANK BALANCES</b>			
With Cash in Hand		30,078	-
With banks in current accounts		3,089,951	757,572
With banks in PLS account	4.1	26,188,081	14,970,643
		<u>29,308,110</u>	<u>15,728,215</u>
4.1 These deposits accounts carry profit at rates ranging from 3.23% to 9.15% (2011: 6.40% to 6.50%).			
<b>5. INVESTMENTS</b>			
<b>5.1 SHORT TERM INVESTMENTS</b>			
At fair value through profit and loss			
- Equity securities - listed	5.1.1	44,296,203	49,939,036
Loans And Receivables	5.2	-	105,000,000
		<u>44,296,203</u>	<u>154,939,036</u>

### At the fair value through Profit & Loss

Name of investee company	Number of shares					Balance as at June 30, 2013		
	As at July 1, 2012	Purchases during the year	Bonus / right issue	Sales /write-offs during the year	As at June 30, 2013	Carrying cost	Market value	Appreciation/ (diminution)
<b>Banking Sector</b>								
The Bank of Punjab	101,000	-	-	101,000	-	-	-	-
Summit Bank Limited	65,500	-	-	65,500	-	-	-	-
N.I.B. Bank Limited	111,200	-	-	111,200	-	-	-	-
Allied Bank Limited	18,174	-	-	18,174	-	-	-	-
Askari Bank Limited	63,090	-	-	63,090	-	-	-	-
MCB Bank Limited	5,856	-	-	5,856	-	-	-	-
Soneri Bank Limited	12,825	-	-	12,825	-	-	-	-
National Bank of Pakistan	28,530	-	-	28,530	-	-	-	-
Bank Islamic Pakistan Limited	-	45,000	-	-	45,000	376,003	292,950	(83,053)
Bank Al Falah Limited	-	-	-	-	-	-	-	-
<b>Sub total</b>	<b>406,175</b>	<b>45,000</b>	<b>-</b>	<b>406,175</b>	<b>45,000</b>	<b>376,003</b>	<b>292,950</b>	<b>(83,053)</b>
<b>Construction and Materials</b>								
Lafarge Pakistan Cement Co. Ltd	85,000	-	-	85,000	-	-	-	-
Maple Leaf Cement Factory Ltd	38,795	30,000	-	38,795	30,000	693,819	657,900	(35,919)
Fauji Cement Company Ltd	20,000	-	-	20,000	-	-	-	-
Dewan Cement Company Ltd	10,000	-	-	10,000	-	-	-	-
D.G.Khan Cement Limited	-	2,500	-	2,500	-	-	-	-
Cheart Cement Company Limited	-	2,500	-	2,500	-	-	-	-
Kohat Cement Company Limited	-	1,500	-	1,500	-	-	-	-
Lucky Cement Limited	-	2,500	-	2,500	-	-	-	-
<b>Sub total</b>	<b>153,795</b>	<b>39,000</b>	<b>-</b>	<b>162,795</b>	<b>30,000</b>	<b>693,819</b>	<b>657,900</b>	<b>(35,919)</b>





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

At the fair value through Profit & Loss

Name of investee company	Number of shares					Balance as at June 30, 2013		
	As at July 1, 2012	Purchases during the year	Bonus / right issue	Sales /write-offs during the year	As at June 30, 2013	Carrying cost	Market value	Appreciation/ (diminution)
<b>Oil &amp; Gas Producers</b>								
Attock Refinery Limited	-	5,000	-	-	5,000	992,599	862,750	(129,849)
BYCO Petroleum Limited	80,000	-	-	80,000	-	-	-	-
Shell Pakistan Limited	3,750	-	-	-	3,750	858,635	536,888	(321,747)
Pakistan State Oil Limited	10,000	12,000	5,000	23,000	4,000	872,847	1,281,520	408,673
Pakistan Oilfield Limited	10,000	2,500	-	12,500	-	-	-	-
Pakistan Refinery Limited	5,000	-	-	1,000	4,000	352,787	325,640	(27,147)
National Refinery Limited	5,000	200	-	-	5,200	1,701,773	1,251,016	(450,757)
Pakistan Petroleum Limited	29,000	6,000	5,250	24,500	15,750	2,496,342	3,332,385	836,043
Oil & Gas Development Comp Ltd	2,500	-	-	2,500	-	-	-	-
<b>Sub total</b>	<b>145,250</b>	<b>25,700</b>	<b>10,250</b>	<b>143,500</b>	<b>37,700</b>	<b>7,274,982</b>	<b>7,590,199</b>	<b>315,217</b>
<b>Gas Water &amp; Multiutilities</b>								
Sui Northern Gas Pipelines Ltd	46,305	5,000	4,630	5,000	50,935	1,389,823	1,021,756	(368,067)
	<b>46,305</b>	<b>5,000</b>	<b>4,630</b>	<b>5,000</b>	<b>50,935</b>	<b>1,389,823</b>	<b>1,021,756</b>	<b>(368,067)</b>
<b>General Industries</b>								
Thal Limited	-	1,000	-	1,000	-	-	-	-
Packages Limited	-	1,500	-	1,500	-	-	-	-
<b>Sub total</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Electricity</b>								
Southern Electric Power Company Ltd	64,866	-	-	64,866	-	-	-	-
Japan Power Generation Company Ltd	57,999	-	-	57,999	-	-	-	-
Nishat Chunian Power Ltd	25,000	-	-	25,000	-	-	-	-
Nishat Power Limited	10,000	-	-	10,000	-	-	-	-
Hub Power Company Limited	-	1,000	-	1,000	-	-	-	-
Kot Addu Power Company Limited	-	10,000	-	10,000	-	-	-	-
<b>Sub total</b>	<b>157,865</b>	<b>11,000</b>	<b>-</b>	<b>168,865</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Automobile and Parts</b>								
Agriauto Industries Limited	6,000	-	-	-	6,000	654,736	450,780	(203,956)
<b>Sub total</b>	<b>6,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,000</b>	<b>654,736</b>	<b>450,780</b>	<b>(203,956)</b>
<b>Fixed Line Telecommunication</b>								
Pakistan Telecommunication Co. Ltd	50,000	20,000	-	40,000	30,000	607,797	665,700	57,903
	<b>50,000</b>	<b>20,000</b>	<b>-</b>	<b>40,000</b>	<b>30,000</b>	<b>607,797</b>	<b>665,700</b>	<b>57,903</b>
<b>Support Services</b>								
TRG Pakistan Limited	25,000	-	-	25,000	-	-	-	-
	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Name of investee company	Number of shares				Balance as at June 30, 2013			
	As at July 1, 2012	Purchases during the year	Bonus / right issue	Sales / write-offs during the year	As at June 30, 2013	Carrying cost	Market value	Appreciation/ (diminution)
<b>Chemicals</b>								
Fauji Fertilizer Bin Qasim Ltd	140,000	-	-	-	140,000	7,207,066	5,255,600	(1,951,466)
Engro Corporation of Pakistan Ltd	26,000	-	-	26,000	-	-	-	-
Descon Chemicals Limited	62,201	-	-	62,201	-	-	-	-
Fauji Fertilizer Company Limited	17,250	48,750	-	1,000	65,000	7,639,329	6,982,950	(656,379)
Lotte Pakistan PTA Limited	200,000	-	-	-	200,000	2,193,568	1,524,000	(669,568)
Akzo Nobel Pakistan Limited	-	3,680	-	3,680	-	-	-	-
ICI Pakistan Limited	11,000	7,319	-	11,000	7,319	1,152,021	1,218,101	66,080
<b>Sub total</b>	<b>456,451</b>	<b>59,749</b>	<b>-</b>	<b>103,881</b>	<b>412,319</b>	<b>18,191,984</b>	<b>14,980,651</b>	<b>(3,211,333)</b>
<b>Equity Investment Instruments</b>								
First Habib Bank Modaraba	500	-	-	500	-	-	-	-
<b>Sub total</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Services</b>								
Jahangir Siddiqui & Company Ltd	20,000	-	-	20,000	-	-	-	-
<b>Sub total</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Personal Goods(Textiles)</b>								
Azgard- 9 Limited	30,000	-	-	30,000	-	-	-	-
Nishat Mills Limited	25,000	-	-	25,000	-	-	-	-
Gadoon Textile Mills Limited	-	5,000	-	5,000	-	-	-	-
<b>Sub total</b>	<b>55,000</b>	<b>5,000</b>	<b>-</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Industrial Engineering</b>								
Al-Ghazi Tractor	995	-	-	995	-	-	-	-
<b>Sub total</b>	<b>995</b>	<b>-</b>	<b>-</b>	<b>995</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Real Estate Investment and Services</b>								
Pace (Pakistan) Limited	175,000	-	-	175,000	-	-	-	-
<b>Sub total</b>	<b>175,000</b>	<b>-</b>	<b>-</b>	<b>175,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Units of Mutual Funds</b>								
UBL Bank Limited - Islamic saving fund Class C	28,109	-	2,615	-	30,724	2,500,000	3,076,630	576,630
Meezan Islamic Fund - Growth Units	59,055	-	11,765	-	70,820	2,500,000	4,420,574	1,920,574
Meezan Sovereign Fund - growth Fund	102,243	-	10,237	-	112,480	5,000,000	5,744,357	744,357
First Habib Islamic Balanced Fund	-	48,811	-	-	48,811	5,000,000	5,394,755	394,755
Pakistan Strategic Allocation Fund-A	-	25,000	4,136	29,136	-	-	-	-
Pakistan Premier Fund -A	-	15,156	1,867	17,023	-	-	-	-
<b>Sub total</b>	<b>189,407</b>	<b>88,967</b>	<b>30,620</b>	<b>46,159</b>	<b>262,835</b>	<b>15,000,000</b>	<b>18,636,317</b>	<b>3,636,317</b>
<b>Total Listed securities</b>								
- At Fair value through Profit & Loss	<b>1,887,743</b>	<b>301,916</b>	<b>45,500</b>	<b>1,360,370</b>	<b>874,789</b>	<b>44,189,094</b>	<b>44,296,203</b>	<b>107,110</b>





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

5.1.2 Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	Note	June 2013 Rupees	June 2012 Rupees
Market Value as		<u>44,296,203</u>	49,939,036
Cost of investment		<u>44,189,094</u>	67,571,232
Unrealised loss on investment as at year ended		107,111	(17,632,196)
Unrealised (loss)/gain on investment at the beginning of the year		(17,632,196)	(16,435,295)
Loss realised on disposal during the year		<u>14,009,180</u>	1,260,302
Unrealised loss on investment for the year ended		<u>3,730,125</u>	<u>(2,457,203)</u>

### 5.2 Loans and receivables

Terms deposit modaraba			
-Terms deposit modaraba - Albaraka Bank	5.2.1	-	40,000,000
- Certificates of Islamic Investment-Meezan bank limited	5.2.2	-	10,000,000
- HBL Al-Samarat	5.2.3	-	55,000,000
		-	<u>105,000,000</u>

5.2.1 Term Deposit receipts include an amount of Rs Nil (June 2012: Rs. 40,000,000 ) held with Al Baraka Bank (Pakistan) Limited. The deposit receipts carry profit at a rate of 8.05 % to 10.90% (June 2012: 10.25%to 12.25%).

5.2.2 Certificates of Islamic Investment include an amount of Rs Nil (June 2012: Rs. 10,000,000 ) held with Meezan Bank Limited. The COII carry profit at a rate of 10.50% (June 2012: 9.18 % to 10.50%).

5.2.3 Certificates of HBL Al- Samarat Investment include an amount of Rs Nil (June 2012: Rs. 55,000,000 ) held with HBIL Islamic Banking Limited The HBL Al-Samarat carry profit at a rate of 10.00 % to 11.00% (June 2012 10.00 % to 11.00% ).

5.3 Long-term investments	Note	2013 Rupees	2012 Rupees
Investment in Associates	5.3.1	6,870,600	15,113,852
<b>Available for Sale</b>			
- Equity securities - listed	5.3.2	<u>2,551,990</u>	4,907,307
		<u>9,422,590</u>	<u>20,021,159</u>

### 5.2.1 Investment in associates

	June 30, 2013			
	Al-Noor Sugar Mills Limited	Shah Murad Sugar Mills Limited	Reliance Insurance Company Limited	Total
	Rupees			
Opening balance	6,614,015	4,389,335	4,110,503	15,113,852
Share of incremental depreciation	156,210	(435,855)	-	(279,645)
Shares of others comprehensive income	-	-	-	-
Share of profit of associate	153,873	237,036	281,552	672,461
	310,083	(198,819)	281,552	392,816
Dividend income	(53,497)	(153,305)	-	(206,902)
Reversal of sales of shares	-	(4,037,213)	(4,392,055)	(8,429,268)
	<u>6,870,602</u>	<u>-</u>	<u>-</u>	<u>6,870,600</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

June 30, 2012			
Al-Noor Sugar Mills Limited	Shah Murad Sugar Mills Limited	Reliance Insurance Company Limited	Total
Rupees			

Opening balance	7,584,268	4,022,271	3,878,813	15,485,352
Share of incremental depreciation	253,080	100,683	-	353,764
Shares of others comprehensive income	(21,846)	(9,529)	-	(31,375)
Share of profit of associate	(871,488)	378,112	578,866	85,490
	(640,253)	469,267	578,866	407,879
Dividend income	(330,000)	(102,203)	-	(432,203)
Reversal of sale of shares	-	-	(347,176)	(347,176)
	<u>6,614,015</u>	<u>4,389,335</u>	<u>4,110,503</u>	<u>15,113,852</u>

### Basis of significant influence

#### Name of Associate

Al-Noor Sugar Mills Limited  
Shah Murad Sugar Mills Limited  
Reliance Insurance Company Limited

### Basis of significant influence

Common directorship  
Common directorship  
Common directorship

### Summarized financial statements of associates:

Share capital - ordinary shares of Rs. 10 each

Total assets

Total liabilities

Net assets

Revenue

Profit for the year - after tax

June 30, 2013		
Al-Noor Sugar Mills Limited	Shah Murad Sugar Mills Limited	Reliance Insurance Company Limited
Rupees in '000		
194,988	211,187	318,940
6,393,279	4,820,388	1,546,613
4,525,278	3,729,940	959,407
1,868,001	1,090,448	587,206
5,985,396	5,585,789	5,542
136,459	37,265	8,493
Rupees		
115,500	-	-
1,704,000	-	-
0.59%	-	-
5,429,000	-	-
(3,725,000)	-	-
30-Jun-13	30-Jun-13	31-Mar-13
30-Sep	30-Sep	31-Dec

Number of shares held

Cost of investment

Ownership interest

Market value of shares

Net book value

Financial results based on the information available as on

Financial year ended of the companies





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

	June 30 2012		
	Rupees in '000		
Share capital - ordinary shares of Rs. 10 each	185,703	211,187	283,502
Total assets	8,402,814	6,113,475	997,195
Total liabilities	6,150,890	5,072,995	582,716
Net assets	1,891,924	1,040,480	415,199
Revenue	2,836,987	2,724,911	8,478
Profit for the year - after tax	113,845	101,496	40,683
	Rupees		
Number of shares held	110,000	102,203	299,000
Cost of investment	1,623,000	2,081,160	1,513,000
Ownership interest	0.59%	0.48%	0.00%
Market value of shares	4,656,000	971,000	2,183,000
Net book value	(3,033,000)	1,110,160	(670,000)
Financial results based on the information available as on	30-Jun-12	30-Jun-12	30-Mar-12
Financial year ended of the companies	30-Sep	30-Sep	31-Dec

### 5.3.2 Available for sale

#### Equity securities - listed

Name of investee company	Number of shares					Balance as at June 30, 2012		
	As at July 1, 2012	Purchases during the year	Bonus / right issue	Sales / write-offs during the year	As at June 30, 2013	Carrying cost	Market value	Appreciation/ (diminution)

Fully paid ordinary shares of Rs 10 each unless stated otherwise

Equity Investment Instruments								
PICIC Growth Fund	22,000	-	-	22,000	-	-	-	-
Pakistan Premier Fund Limited	15,156	-	-	15,156	-	-	-	-
Pakistan Strategic Fund	25,000	-	-	25,000	-	-	-	-
First National Bank Modaraba	20,000	-	-	1,000	19,000	65,930	109,440	43,510
First Habib Modaraba	3,481	-	-	-	3,481	27,781	160,545	132,764
Standard Chartered Modaraba	11,550	-	-	-	11,550	144,522	34,461	(110,061)
Sub total	97,187	-	-	63,156	34,031	238,233	304,446	66,213

#### Financial Services

Jahangir Siddiqui & Company Limited	13,751	-	-	13,751	-	-	-	-
First Capital Securities Limited	9,740	-	-	9,740	-	-	-	-
Sub total	23,491	-	-	23,491	-	-	-	-

#### Personal Goods

Nishat Mills Limited	7,500	-	-	7,500	-	-	-	-
Azgard- 9 Limited	18,000	-	-	18,000	-	-	-	-
Sub total	25,500	-	-	25,500	-	-	-	-

#### Construction and Materials

Fauji Cement Company Limited	50,000	-	-	50,000	-	-	-	-
Sub total	50,000	-	-	50,000	-	-	-	-



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Name of investee company	Number of shares				Balance as at June 30, 2012			
	As at July 1, 2012	Purchases during the year	Bonus / right issue	Sales /write-offs during the year	As at June 30, 2013	Carrying cost	Market value	Appreciation/ (diminution)
<b>Gas Water &amp; Multiutilities</b>								
Sui Northern Gas Pipelines Limited	10,500	-	1,050	-	11,550	248,000	231,693	(16,307)
Sub total	10,500	-	1,050	-	11,550	248,000	231,693	(16,307)
<b>Industrial metals and Mining</b>								
Dost steels	5,000	-	-	5,000	-	-	-	-
Ayesha Steels	275	-	275	-	-	-	-	-
Sub total	5,275	-	-	5,275	-	-	-	-
<b>Fixed Line Telecommunication</b>								
Pakistan Telecommunication Company Limited	82,500	-	-	82,500	-	-	-	-
Callmate Telips Telecom Limited	13,950	-	-	13,950	-	-	-	-
Worldcall Telecommunication Limited	15,000	-	-	-	15,000	55,500	45,000	(10,500)
Sub total	111,450	-	-	96,450	15,000	55,500	45,000	(10,500)
<b>Chemicals</b>								
Fauji Fertilizer Bin Qasim Limited	40,000	12,500	-	-	52,500	2,328,180	1,970,850	(357,330)
Arif Habib Corporation Limited	2,750	-	275	3,025	-	-	-	-
Sub total	42,750	12,500	275	3,025	52,500	2,328,180	1,970,850	(357,330)
<b>Oil &amp; Gas Producers</b>								
Attock Refinery Limited	-	7,000	-	7,000	-	-	-	-
	-	7,000	-	7,000	-	-	-	-
<b>Total Listed securities - AFS</b>	<b>366,153</b>	<b>19,500</b>	<b>1,325</b>	<b>273,897</b>	<b>113,081</b>	<b>2,869,913</b>	<b>2,551,990</b>	<b>(317,924)</b>

	Note	June 2013 Rupees	June 2012 Rupees
5.3.3 Unrealized gain/(loss) on re-measurement of available of sale investment			
Market Value as		2,551,990	4,907,307
Cost of investment		2,869,913	6,202,713
Unrealised loss on investment as at year ended		(317,923)	(1,295,406)
Unrealised loss on investment at the beginning of the year		(1,295,406)	(2,073,718)
Unrealised gain/(loss) on investment for the year ended		977,483	(778,312)

### 6. MUSAWAMAH RECEIVABLE - Secured

Musawamah receivable	6.1	58,197,900	61,321,478
6.1 This represents principal amount outstanding against musawamah receivable from various customers for the period ranging between 90 to 180 days. These musawmah carry profit ranging from 12.25% to 16.50% (June 2012: 16.00% to 21.00%) per annum. These are secured against hypothecation/pledge of stocks and trade receivables demand promissory notes, personal guarantee of directors/proprietors.			





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

	Note	June 2013 Rupees	June 2012 Rupees
<b>7. MODARABA RECEIVABLE - Secured</b>			
Modaraba receivable	7.1	-	15,000,000
7.1 This represents balance outstanding with respect to funds provided under modaraba arrangements on pre-agreed profit and loss sharing basis to various entities. This represents investments as "Ras-ul Maal" with expected profit margin for the period ranging between 180 to 300 days. These are secured against hypothecation/pledge of stocks and trade receivables, current assets, demand promissory notes, personal guarantee of directors. The expected rate(s) of profit ranges from 16.25% (June 2012: 16.25% to 19.00%) per annum.			
<b>8 PROFIT RECEIVABLE</b>			
Musawamah receivable		1,432,897	2,894,325
Modaraba receivable		-	102,397
PLS bank accounts		192,946	493,124
Term deposit mudaraba (Albaraka Bank)		-	335,725
Certificates of Islamic Investment (Meezan Bank Limited)		-	37,295
Al-Samarat (HBL Islamic Banking)		-	277,049
		<u>1,625,843</u>	<u>4,139,915</u>
<b>9. Stock in Trade</b>			
Finished goods		107,269,389	4,150,682
less: Provision for slow moving stock		<u>(267,790)</u>	<u>(267,790)</u>
		<u>107,001,599</u>	<u>3,882,892</u>
<b>10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advances - considered good			
- Suppliers		622,000	4,480,000
- Employees		315,500	83,000
Prepayments		3,111,625	1,901,195
Dividend receivable		-	33,750
Others		2,087,237	655,970
Sales tax receivable	16.1	<u>224,540</u>	<u>358,881</u>
		<u>6,360,902</u>	<u>7,512,796</u>
<b>11 TAXATION</b>			
11.1 The income of the Modaraba, not being trading income, is exempt from tax subject to the condition that not less than ninety per cent of its total profits in the year as reduced by the amount transferred to a mandatory reserve, required under the provisions of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed amongst the shareholders.			



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

As per section 148 of the income tax ordinance, 2001, the Collector of Customs shall collect advance tax from every importer of goods on the value of the goods at the rate specified in Part II of the First Schedule of the income tax ordinance, 2001. The tax collected under this section shall be a final tax on the income of the importer arising from the imports.

As per section 154 of the income tax ordinance, 2001, every authorised dealer in foreign exchange shall, at the time of realisation of foreign exchange proceeds on account of the export of goods by an exporter, deduct tax from the proceeds at the rates specified in Division IV of Part III of the First Schedule. The tax deducted under this section shall be a final tax on the income arising from the transaction.

No provision for current taxation has been made in these financial statements as the Modaraba intends to distribute at least 90 percent of its total income for the year after transfer to mandatory reserve. Income tax expense during the year amounting to Rs. 165,912 (2012: 911,827) are the tax deducted as final on the remittance received from the import / export of goods.

	Note	2013 Rupees	2012 Rupees
11.2	Income tax refundable	1,917,239	2,815,973
	Deducted at source / Income tax adjusted	94,508	(898,734)
		<u>2,011,747</u>	<u>1,917,239</u>
12	<b>LONG TERM DEPOSITS</b>		
	National Commodities Exchange Limited	3,350,000	3,350,000
	Guarantee Margin - MCB	440,000	440,000
	Mobile Phone - Pakistan Mobile Comm.	12,489	12,489
	Security Deposit- CDC Pakistan Ltd.	37,500	37,500
	Security Deposit - KESC	-	13,600
		<u>3,839,989</u>	<u>3,853,589</u>
13.	<b>IJARAH ASSETS</b>		
	Machinery	8,256,072	9,833,485
	Vehicles	46,855,998	23,078,486
	Others	15,182,617	-
		<u>70,294,687</u>	<u>32,911,971</u>
13.1	The following is a statement of ijarah assets:	13.1	

Year ended June 30, 2013			
Ijarah Assets			
Machinery & Equipments	Motor Vehicles	Others	Total

At July 01, 2012				
Cost	13,123,404	32,594,000	-	45,717,404
Accumulated depreciation	(3,289,919)	(9,515,514)	-	(12,805,433)
<b>Net book value</b>	<u>9,833,485</u>	<u>23,078,486</u>	<u>-</u>	<u>32,911,971</u>
<b>Additions</b>	1,565,000	49,310,000	17,500,000	68,375,000
<b>Disposals</b>				
Cost	-	(11,800,500)	-	(11,800,500)
Depreciation	-	6,511,492	-	6,511,492
	-	(5,289,008)	-	(5,289,008)
Depreciation / amortisation charge for the year	(3,142,413)	(20,243,480)	(2,317,383)	(25,703,276)
Closing net book value	<u>8,256,072</u>	<u>46,855,998</u>	<u>15,182,617</u>	<u>70,294,687</u>
At June 30, 2013				
Cost	14,688,404	70,103,500	17,500,000	102,291,904
Accumulated depreciation	(6,432,332)	(23,247,502)	(2,317,383)	(31,997,217)
<b>Net book value</b>	<u>8,256,072</u>	<u>46,855,998</u>	<u>15,182,617</u>	<u>70,294,687</u>





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Year ended June 30, 2012				
Ijarah Assets				
	Machinery & Equipments	Motor Vehicles	Others	Total
At July 01, 2011				
Cost	6,268,568	38,027,100	-	78,968,334
Accumulated depreciation	(1,888,106)	(17,514,617)	-	(54,075,389)
<b>Net book value</b>	<b>4,380,462</b>	<b>20,512,483</b>	<b>-</b>	<b>24,892,945</b>
<b>Additions</b>	<b>8,254,836</b>	<b>15,019,500</b>	<b>-</b>	<b>23,274,336</b>
Transfer from Ijarah to tangible fixed Assets				
Cost	(1,400,000)	(20,452,600)	-	(21,852,600)
Depreciation	980,000	16,869,247	-	17,849,247
	(420,000)	(3,583,353)	-	(4,003,353)
Depreciation / amortisation charge for the year	(2,381,813)	(8,870,144)	-	(11,251,957)
<b>Closing net book value</b>	<b>9,833,485</b>	<b>23,078,486</b>	<b>-</b>	<b>32,911,971</b>
At June 30, 2012				
Cost	13,123,404	32,594,000	-	45,717,404
Accumulated depreciation	(3,289,919)	(9,515,514)	-	(12,805,433)
<b>Net book value</b>	<b>9,833,485</b>	<b>23,078,486</b>	<b>-</b>	<b>32,911,971</b>

	2013 Rupees	2012 Rupees
<b>14. FIXED ASSETS</b>		
Tangible assets	<b>6,172,560</b>	32,812,741
Intangible assets	<b>58,228</b>	84,628
	<b>6,230,788</b>	<b>32,897,369</b>

14.1 The following is a statement of fixed assets:

	Year ended June 30, 2013								
	Land	Building	Computer Equipment	Office Equipment and appliances	Furniture and Fixtures	Motor Vehicles	Total Tangible Assets	Intangible Computer Software	Total fixed assets in use
	Rupees								
At July 01, 2012									
Cost	24,915,104	6,312,096	1,241,998	789,847	564,356	2,539,265	36,362,666	253,000	36,615,666
Accumulated depreciation / amortisation	-	(1,106,371)	(983,216)	(584,357)	(232,987)	(642,995)	(3,549,926)	(168,372)	(3,718,298)
Net book value	24,915,104	5,205,725	258,782	205,490	331,369	1,896,271	32,812,741	84,628	32,897,369
Additions	-	-	8,796	458,245	-	5,572,825	6,039,866	-	6,039,866
Disposals									
Cost	(24,915,104)	(6,312,096)	-	(30,500)	-	(2,027,710)	(33,285,410)	-	(33,285,410)
Depreciation	-	1,316,774	-	19,254	-	1,107,797	2,443,825	-	2,443,825
	(24,915,104)	(4,995,322)	-	(11,246)	-	(919,913)	(30,841,585)	-	(30,841,585)
Depreciation / amortisation charge for the year	-	(210,403)	(121,097)	(139,911)	(51,338)	(1,315,713)	(1,838,462)	(26,400)	(1,864,862)
Closing net book value	-	-	146,481	512,578	280,031	5,233,470	6,172,560	58,228	6,230,788
At June 30, 2013									
Cost	-	-	1,250,794	1,217,592	564,356	6,084,380	9,117,122	253,000	9,370,122
Accumulated depreciation / amortisation	-	-	(1,104,313)	(705,014)	(284,325)	(850,911)	(2,944,563)	(194,772)	(3,139,335)
Net book value	-	-	146,481	512,578	280,031	5,233,470	6,172,560	58,228	6,230,788
Depreciation rate % per annum	NIL	5	30	30	10	20		30	



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

	Year ended June 30, 2012						Total Tangible Assets	Intangible  Computer Software	Total fixed assets in use
Land	Building	Computer Equipment	Office Equipment and appliances	Furniture and Fixtures	Motor Vehicles				
Rupees									
At July 01, 2011									
Cost	24,915,104	6,312,096	1,101,587	711,940	564,356	3,835,230	37,440,313	165,000	37,605,313
Accumulated depreciation / amortisation	-	(790,766)	(795,052)	(507,616)	(181,951)	(241,070)	(2,516,455)	(144,375)	(2,660,830)
<b>Net book value</b>	<b>24,915,104</b>	<b>5,521,330</b>	<b>306,535</b>	<b>204,324</b>	<b>382,405</b>	<b>3,594,160</b>	<b>34,923,858</b>	<b>20,625</b>	<b>34,944,483</b>
Additions	-	-	140,411	108,407	-	-	248,818	88,000	336,818
Disposals									
Cost	-	-	-	(30,500)	-	(1,295,965)	(1,326,465)	-	(1,326,465)
Depreciation	-	-	-	15,685	-	280,793	296,478	-	296,478
	-	-	-	(14,815)	-	(1,015,172)	(1,029,987)	-	(1,029,987)
Depreciation / amortisation charge for the year	-	(315,605)	(188,164)	(92,426)	(51,036)	(682,718)	(1,329,949)	(23,997)	(1,353,946)
Closing net book value	24,915,104	5,205,725	258,782	205,490	331,369	1,896,271	32,812,741	84,628	32,897,369
At June 30, 2012									
Cost	24,915,104	6,312,096	1,241,998	789,847	564,356	2,539,265	36,362,666	253,000	36,615,666
Accumulated depreciation / amortisation	-	(1,106,371)	(983,216)	(584,357)	(232,987)	(642,995)	(3,549,926)	(168,372)	(3,718,298)
<b>Net book value</b>	<b>24,915,104</b>	<b>5,205,725</b>	<b>258,782</b>	<b>205,490</b>	<b>331,369</b>	<b>1,896,271</b>	<b>32,812,741</b>	<b>84,628</b>	<b>32,897,369</b>
<b>Depreciation rate % per annum</b>	<b>NIL</b>	<b>5</b>	<b>30</b>	<b>30</b>	<b>10</b>	<b>20</b>		<b>30</b>	

### 14.2 Disposal of fixed assets

The following assets were disposed of during the year :

	Cost	Accumulated depreciation	Net book value	Sale proceeds (Rupees)	Gain / Loss on disposal	Mode of disposal	Particulars of buyer
Suzuki Mehran ARY-640	563,650	375,767	187,883	480,000	292,117	Negotiation	Jahanzab Ali Ahmed
Toyota Corolla AUA-165	1,464,060	732,030	732,030	1,100,000	367,970	Takaful Claim	Pak Qatar General Takaful
Plot # RS2, North Karachi, Industrial Area	3,122,100	-	3,122,100	3,300,000	177,900	Negotiation	Muhammad Suleman
Plot # RS2, North Karachi, Industrial Area	3,122,100	-	3,122,100	3,300,000	177,900	Negotiation	Muhammad Irfan
Plot # 22/1, Sec. 12-D, North Karachi	24,983,000	1,316,774	23,666,226	19,200,000	(4,466,226)	Negotiation	M. Siraj M. Hanif
Air conditioner	30,500	19,254	11,246	7,000	(4,246)	Negotiation	Ve Care Electronics
<b>June 30, 2013</b>	<b>33,285,410</b>	<b>2,443,825</b>	<b>30,841,585</b>	<b>27,387,000</b>	<b>(3,454,585)</b>		

Note

**2013  
Rupees**

**2012  
Rupees**

### 15 SECURITY DEPOSITS

Security deposits  
Less: Repayable / adjustable after one year  
Current maturity of security deposits

<b>15,057,392</b>	<b>6,687,692</b>
<b>(12,275,810)</b>	<b>(5,732,842)</b>
<b>2,781,582</b>	<b>954,850</b>





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

16	CREDITORS, ACCRUED AND OTHER LIABILITIES	Note	2013 Rupees	2012 Rupees
	Creditors		1,275,742	1,275,742
	Accrued expenses		3,673,033	2,514,473
	Payable to management company	16.1	1,467,429	2,515,039
	Clearing and forwarding charges		458,900	458,900
	Takaful / Insurance		83,386	107,829
	Advances from customers		3,054,850	1,769,908
	Provision for Worker's Welfare Fund		605,852	382,612
	Advance Ijarah rentals		1,608,914	749,521
	Unclaimed profit distributions		951,525	814,968
			<u>13,179,630</u>	<u>10,588,993</u>

- 16.1 This includes sindh sales tax on management fee payable amounting to Rs. 202,404/- (2012: Rs. 346,902) as per the provisions of Sindh Sales Tax on Services Act, 2011. The said Act has been published as an Act of the Legislature of Sindh vide notification dated June 10, 2011. Due to the enforceability of the Act, the management fee payable to the Modaraba Management Company has come under the ambit of the Act.

### 17 PROVISION FOR CUSTOM DUTY SURCHARGE

Custom duty / surcharge	17.1	<u>4,398,842</u>	<u>4,398,842</u>
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- 17.1 In a suit filed with the Honorable High Court of Sindh in the year 1994 - 95, Modaraba has disputed the amount of duty and surcharge levied by the Collector of Customs on import of 1,901.472 metric tons of edible oil imported from Singapore. The Honorable High Court rejected the appeal and ordered to deposit amount for the disputed amount of duty. The Modaraba has filed an appeal in the Honorable Supreme Court against the decision of the Honorable High Court. The Honorable Supreme Court in its interim order allowed the Modaraba to get release of goods for which Modaraba has provided bank guarantee of Rs. 4.4 million against 10% cash margin and hypothecation charge on current assets until the matter is decided. The Modaraba, however, has fully provided for the duty and surcharge of Rs. 4,398,842, as claimed by the Collector of Customs.

### 18 PROFIT PAYABLE

Late payment & cheques return	18.1	-	980,820
Income for the year 2011		-	2,374
Shares Dividend	18.2	208,954	794,544
NOC Charges		-	10,000
		<u>208,954</u>	<u>1,787,738</u>

- 18.1 This represents surcharge applied to customers due to late payment and cheques returned during the year. The management is required to donate the same for charitable purposes.
- 18.2 This represents non shariah shares dividend Income during the year. The management has to donate the same for charitable purposes as per circular 8 of 2012 of the Securities and Exchange Commission of Pakistan.

### 19 DEFERRED LIABILITY - STAFF GRATUITY

- 19.1 Staff Gratuity Scheme

As disclosed in note 3.6.2, the Modaraba operates an unfunded gratuity scheme for its permanent employees. The latest actuarial valuation was carried out as at June 30, 2013, using the Projected Unit Credit Method.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 19.2 Principal actuarial assumptions used:

	June 2013	June 2012
Discount rate	10.50% per annum	12% per annum
Rate of increase in eligible salary	9.50% per annum	11% per annum
Average expected remaining working life time of employees	12 years	10 years
Actuarial gains & losses recognition policy	Minimum 10%	Minimum 10%
Corridor approach	Corridor approach	Corridor approach
No of Members	12	12

Note	June 2013 Rupees	June 2012 Rupees
------	---------------------	---------------------

### 19.3 Liability recognised in the balance sheet:

Present value of the defined benefit obligation	3,980,581	2,842,051
Unrecognized actuarial losses	(896,561)	(667,430)
Defined benefit liability recognized in the accounts	<u>3,084,020</u>	<u>2,174,621</u>

### 19.4 Changes in present value of defined benefit obligation:

Obligation as at 1 July	2,842,051	3,096,825
Current service cost	511,512	551,670
Interest cost	397,887	433,556
Actuarial loss for the year	229,131	-
Benefits paid	-	(1,240,000)
Obligation as at 30 June	<u>3,980,581</u>	<u>2,842,051</u>

### 19.5 Changes in actuarial gains / (losses)

Unrecognised actuarial gains / (losses) as at 30 June	(667,430)	(699,982)
Actuarial losses for the year	(229,131)	-
Actuarial losses recognised to P&L during the year	-	32,552
Unrecognised actuarial gains / (losses) as at 30 June	<u>(896,561)</u>	<u>(667,430)</u>

### 19.6 Amounts recognized in profit and loss account

Current service cost	511,512	551,670
Interest cost	397,887	433,556
Actuarial losses recognised to P&L during the year	-	32,552
Expense recognized in P&L	<u>909,399</u>	<u>1,017,778</u>

### 19.7 Recognized liability

Balance as on 1 July	2,174,651	2,396,873
Expense recognized	909,399	1,017,778
Payments during the year	-	(1,240,000)
Company's liability at 30 June	<u>3,084,050</u>	<u>2,174,651</u>

19.6  
19.4





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 19.8 Five years comparison

	June 30.....				
	2013	2012	2011	2010	2009
Present value of defined benefit obligation	3,980,581	2,842,051	3,096,825	2,851,446	2,081,539
	For the year ended June 30.....				
	2013	2012	2011	2010	2009
Experience Adjustments arising on plan liabilities (gain) / losses	(229,131)	-	131,621	185,262	380,529

### 20. CERTIFICATE CAPITAL

#### Authorised certificate capital

2013	2012		2013	2012
No. of Certificates			Rupees	Rupees
40,000,000	40,000,000	Modaraba certificate of Rs. 10 each	400,000,000	400,000,000
Issued, subscribed & paid-up capital				
		"Modaraba certificates of Rupees 10 each fully paid-up in cash"		
20,000,000	20,000,000		200,000,000	200,000,000
1,000,000	1,000,000	"Modaraba certificates of Rs.10 each issued as fully paid bonus certificates"	10,000,000	10,000,000
21,000,000	21,000,000		210,000,000	210,000,000

As at 30 June 2013, Al-Noor Modaraba Management (Private) Limited (the Management Company) held 4,200,000 certificates (2012: 4,200,000 certificates), as required under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

### 21 RESERVES

#### Statutory reserve

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

During the current year the Modaraba has transferred an amount of Rs 2,199,215/- (2012: Rs 3,643,760) which represents 20% (2012: 20%) of the profit after tax.

### 22 CONTINGENCIES AND COMMITMENTS

There are no known contingencies and commitments at the balance sheet date.

### 23 PROFIT FROM TRADING OPERATIONS

		2013 Rupees	2012 Rupees
Sales	23.1	74,156,369	114,836,770
Cost of sales	23.2	(67,478,525)	(102,297,704)
Profit		6,677,844	12,539,066



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

		2013 Rupees	2012 Rupees
<b>23.1 Sales</b>			
Local		74,156,369	98,350,093
Export		-	16,486,677
Sales		<u>74,156,369</u>	<u>114,836,770</u>
<b>23.2 Cost of Sales</b>			
Opening stock		4,150,682	41,483,814
Purchases		<u>170,597,232</u>	<u>63,832,252</u>
		174,747,914	105,316,066
Packing material consumed		-	314,740
Export expenses		-	817,580
		174,747,914	106,448,386
Less: Closing stock		<u>(107,269,389)</u>	<u>(4,150,682)</u>
Cost of sales		<u>67,478,525</u>	<u>102,297,704</u>
<b>24 INCOME FROM IJARAH</b>			
Ijarah income		33,925,988	15,083,411
Less: Depreciation of ijarah assets		<u>(25,703,276)</u>	<u>(11,251,957)</u>
		<u>8,222,712</u>	<u>3,831,454</u>
<b>25 INCOME FROM INVESTMENTS</b>			
Gain on sale of marketable securities - net		3,580,970	3,623,924
Dividend income		2,444,515	2,586,851
Profit on term deposit modaraba (Al Baraka Bank)		1,322,321	7,402,473
Profit on COII -(Meezan Bank Ltd.)		574,943	497,925
Profit on Al-Samarat (HBL Islamic Banking)		2,056,101	277,049
Profit on Barkat Islamic Certificates-Faysal Bank		<u>926,397</u>	
		<u>10,905,248</u>	<u>14,388,222</u>
<b>26 ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries and other staff benefits	26.1	10,671,378	7,837,728
Rent, rates and taxes		1,720,020	1,009,126
Postage and telephone		336,608	332,283
Printing and stationery		311,226	426,850
Fee and subscription		1,325,569	842,948
Legal and professional charges		903,320	426,748
Traveling and conveyance		259,190	33,370
Entertainment		194,679	121,824
Repair and maintenance		2,673,731	1,332,020
Electricity and other utility charges		1,248,086	604,969
Depreciation		1,868,691	1,353,946
Auditor's remuneration	26.3	359,125	446,185
Advertisement and publicity		110,300	55,500
Zakat		9,039	303,445
Storage and transportation charges		82,113	211,325
Insurance		2,751,159	1,526,664
Commission		111,207	159,900
Others		<u>625,179</u>	<u>160,773</u>
		<u>25,560,619</u>	<u>17,185,604</u>





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

26.1 This includes Rs. 909,399 (2012: Rs. 1,017,752) in respect of staff retirement benefits.

26.2 Office space and janitorial expenditure / services are borne by Al Noor Modaraba Management (Private) Limited.

	Note	2013 Rupees	2012 Rupees
<b>26.3 Auditors remuneration</b>			
Audit fee		250,000	175,000
Half yearly review		75,000	75,000
Out-of-pocket expenses		34,125	54,833
Others Fee		-	10,000
		<u>359,125</u>	<u>314,833</u>

### 27 FINANCIAL AND OTHER CHARGES

Bank charges		9,870	158,902
Guarantee commission		77,440	77,440
		<u>87,310</u>	<u>236,342</u>

### 28 OTHER INCOME

Profit on bank deposits	28.1	1,952,618	1,124,378
Foreign exchange difference		6,164	237,858
Profit/(loss) on disposal of fixed asset	14.2	(3,454,585)	229,827
Commission Income		136,800	-
Takaful / Insurance Claim		411,372	100,005
Miscellaneous income		267,754	135,611
		<u>(679,877)</u>	<u>1,827,679</u>

28.1 This represents profit from PLS accounts, maintained with Islamic banks at the rates ranging from 3.23% to 9.15% (2012: 6.40% to 6.90%).

### 29 MODARABA MANAGEMENT FEE

In accordance with the Modaraba Companies and Modaraba Rules, 1981 management fee at the rate of 10% of annual profits is payable to the Management Company.

### 30 WORKERS WELFARE FUND

The Finance Act 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. Through these amendments Workers' Welfare Fund (WWF) is payable @ 2% on the higher of the profit before taxation as per the financial statements or return of income.

During the current year, the management has made a provision of Rs. 223,240 (2012: Rs. 382,612) in respect of this liability.

### 31 INCOME TAX EXPENSES

Current tax	11.1	<u>165,912</u>	<u>911,827</u>
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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

	2013 Rupees	2012 Rupees
<b>31.1 Relation between tax expenses and accounting profit</b>		
Accounting profit for the current year	<u>11,385,221</u>	<u>19,130,625</u>
Tax on income @ 25% (2012: 25%)	<u>2,846,305</u>	<u>4,782,656</u>
Tax effect off - exempt income	<u>(2,680,393)</u>	<u>(3,870,829)</u>
	<u>165,912</u>	<u>911,827</u>
<b>32 EARNING PER CERTIFICATE - Basic and Diluted</b>		
Profit for the year	<u>10,996,069</u>	<u>18,218,798</u>
Weighted average number of certificates	<u>Number 21,000,000</u>	<u>Number 21,000,000</u>
Earning per certificate - basic and diluted	<u>0.52</u>	<u>0.87</u>

There is no dilutive effect on the basic earnings per share of the Modaraba, since there are no convertible instruments in issue as at June 30, 2012 and June 30, 2013 which would have any effect on the earnings per share if the option to convert is exercised. There is no dilutive effect on the basic earning per certificate of the Modaraba.

### 33 REMUNERATION OF OFFICERS AND EMPLOYEES

The aggregate amount of remuneration charged in these financial statement, including all benefits to officers and employees of the Modaraba are as under:

#### 33 Remuneration to Officers and employees

The aggregate amount of remuneration charged in these financial statement, including all benefits to officers and employees of the Modaraba are as under:

	2013			2012		
	Officers	Employees	Total	Officers	Employees	Total
Salary	4,624,000	2,160,000	6,784,000	3,864,605	1,468,300	5,332,905
Benefit	836,639	704,751	1,541,390	310,105	232,490	542,595
Gratuity	620,700	288,699	909,399	665,798	351,954	1,017,752
EOBI	24,000	28,800	52,800	18,500	24,900	43,400
Group insurance	195,317	107,515	302,832	151,514	82,002	233,516
General services	-	845,957	845,957	-	667,560	667,560
Contract staff	-	235,000	235,000	-	-	-
	<u>6,300,656</u>	<u>4,370,722</u>	<u>10,671,378</u>	<u>5,010,522</u>	<u>2,827,206</u>	<u>7,837,728</u>
No. of persons	5	7	12	5	7	12





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
<b>34 CASH FROM OPERATIONS AFTER WORKING CAPITAL CHANGES</b>			
<b>Profit before taxation</b>		<b>11,161,981</b>	<b>19,130,625</b>
Adjustments for:			
Gain on sale of investment in listed securities	25	(3,580,970)	(2,364,271)
Dividend income	25	(2,444,515)	(2,586,851)
Income on musawamah investment		(7,892,608)	(7,034,650)
Income on modaraba investment		(877,054)	(1,853,962)
Loss/(Profit) on disposal of fixed assets	14	3,454,585	(229,827)
Profit on bank deposits	28.1	(1,952,618)	(1,124,378)
Profit on term deposit modaraba	25	(1,322,321)	(7,402,473)
Profit on Meezan Islamic certificates		(574,943)	(497,925)
Profit on Al-Samarat Islamic Certificates		(2,056,101)	(277,049)
Profit on Barkat Islamic Certificates		(926,397)	-
Depreciation - owned assets	14.1	1,842,291	1,329,949
Depreciation - Ijarah assets	13.1	25,703,276	11,251,957
Amortisation of intangible assets	14.1	26,400	23,997
Provision for gratuity		909,399	1,017,752
Share of profit of associate	5.3.1	(672,461)	(85,490)
Unrealized loss/(gain) on re measurement of investments in listed securities	5.1.2	(3,730,125)	2,457,203
		<b>5,905,837</b>	<b>(7,376,019)</b>
<b>Operating profit before working capital changes</b>		<b>17,067,818</b>	<b>11,754,606</b>
<b>(Increase)/Decrease in current assets</b>			
Stock in trade	9	(103,118,707)	42,384,137
Bills receivable		-	2,578,076
Musawamah receivables - secured	6	3,123,578	46,678,522
Modaraba receivables - secured	7	15,000,000	(10,000,000)
Profit receivable	8	2,514,072	2,791,867
Ijarah Rental receivable		-	357,145
Trade Debtors		(20,720,161)	(171,500)
Advances, deposits, prepayments and other receivables	10	1,151,893	(2,457,648)
		<b>(102,049,324)</b>	<b>82,160,599</b>
<b>Increase/(Decrease) in current liabilities</b>			
Creditors, accrued and other liabilities	16	2,454,081	266,337
Profit payable	18	(1,578,784)	1,748,102
		<b>875,297</b>	<b>2,014,439</b>
<b>Cash flow from operating activities</b>		<b>(84,106,209)</b>	<b>95,929,650</b>
<b>35 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	4	29,308,110	15,728,215
Loans and receivables	5.2	-	105,000,000
		<b>29,308,110</b>	<b>120,728,215</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 36 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2013				
Loans and receivables	Assets at fair value	Available for sale through Profit/Loss	Held to maturity	Total
Rupees				

#### FINANCIAL ASSETS

Cash and cash equivalent	29,308,110	-	-	-	29,308,110
Investments	-	44,296,203	2,551,990	-	46,848,193
Bills receivable	-	-	-	-	-
Long term deposits	3,839,989	-	-	-	3,839,989
	<u>33,148,099</u>	<u>44,296,203</u>	<u>2,551,990</u>	<u>-</u>	<u>79,996,292</u>

June 30,  
2013  
Rupees

#### FINANCIAL LIABILITIES

Security deposits	15,057,392
Creditors, accrued and other liabilities	13,179,630
Profit payable	208,954
Deferred liabilities - staff gratuity	<u>3,084,050</u>
	<u>31,530,027</u>

As at June 30, 2012				
Loans and receivables	Assets at fair value	Available for sale	Held to maturity	Total
Rupees				

#### FINANCIAL ASSETS

Cash and cash equivalent	120,728,215	-	-	-	120,728,215
Investments	-	49,939,036	4,907,307	-	54,846,343
Bills receivable	-	-	-	-	-
Long term deposits	3,853,589	-	-	-	3,853,589
	<u>124,581,804</u>	<u>49,939,036</u>	<u>4,907,307</u>	<u>-</u>	<u>179,428,147</u>

June 30,  
2012  
Rupees

#### FINANCIAL LIABILITIES

Security deposits	6,687,692
Creditors, accrued and other liabilities	10,588,993
Profit payable	1,787,738
Deferred liabilities - staff gratuity	<u>2,174,621</u>
Total non-current liabilities	<u>21,239,044</u>





# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

## 37 FINANCIAL RISK MANAGEMENT

The Modaraba financed its operations entirely through equity during the year ended June 30, 2013. The Modaraba utilises funds in ijarah financing, modaraba financing and musawammah financing and equity securities of listed entities. These activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk.

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Modaraba's risk management framework.

### 37.1 Market Risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market interest rates or the market prices of securities due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

### 37.2 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. The Modaraba is not exposed to currency risk at the balance sheet date as there is no receivable balance in foreign currency (2012: Rs. Nil).

		2013				
Effective yield / profit rate %	Total	Up to one month to 3 months	Upto one month to one year	Over three months to one years	Over one year to five years	Not exposed to yield / profit risk
(Rupees)						
<b>Assets</b>						
Bank balances	4.64%-9.16 %	29,308,110	26,188,081	-	-	3,120,029
Loans and receivables	9.00%-11.00%	-	-	-	-	-
Investments		53,718,792	-	-	-	53,718,792
Musawammah receivables - secured	12.25% - 16.50%	58,197,900	58,197,900	-	-	-
Modaraba receivables - secured	16.25%	-	-	-	-	-
Profit receivable	12.25% - 16.50%	1,625,843	1,625,843	-	-	-
Investment in Ijarah finance	38.47%-14.50%	70,294,687	481,467	7,646,590	45,799,401	16,367,229
Ijarah rental receivable	-	-	-	-	-	-
Bills receivable	-	-	-	-	-	-
Advances, deposits, prepayments and other receivables	-	6,360,902	-	-	-	6,360,902
Long-term Deposit	-	3,853,589	-	-	-	3,853,589
<b>Total Financial Assets as at June 30, 2013</b>		<b>223,359,623</b>	<b>86,493,291</b>	<b>7,646,590</b>	<b>45,799,401</b>	<b>16,367,229</b>
<b>Liabilities</b>						
Security deposits		15,057,392	-	-	-	15,057,392
Creditors, accrued and other liabilities		17,578,472	-	-	-	17,578,472
Profit payable		208,954	208,954	-	-	-
Deferred Liabilities - staff gratuity		3,084,050	-	-	-	3,084,050
<b>Total Financial Liabilities as at June 30, 2013</b>		<b>35,928,869</b>	<b>208,954</b>	<b>-</b>	<b>-</b>	<b>35,719,914</b>
<b>Total yield / profit risk sensitivity gap</b>		<b>86,284,337</b>	<b>7,646,590</b>	<b>45,799,401</b>	<b>16,367,229</b>	
<b>Cumulative yield / profit risk sensitivity gap</b>		<b>86,284,337</b>	<b>93,930,927</b>	<b>139,730,328</b>	<b>156,097,557</b>	



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### Assets

Effective yield / profit rate %	2012					
	Total	Up to one month to 3 months	Upto one month to one year	Over three months to one years	Over one year to five years	Not exposed to yield / profit risk
(Rupees)						
Bank balances	6.40%-6.50 %	15,728,215	14,970,643	-	-	757,572
Loans and receivables	9.18%-12.50%	105,000,000	35,000,000	50,000,000	20,000,000	-
Investments		69,960,195	-	-	-	69,960,195
Musawamah receivables - secured	16.75% - 12.50%	61,321,478	30,000,000	-	19,321,478	12,000,000
Modaraba receivables - secured	16.25%	15,000,000	-	15,000,000	-	-
Profit receivable	14.00% - 17.50%	4,139,914	2,867,041	346,605	926,268	-
Investment in Ijarah finance	14.82%-27.50%	32,705,885	-	-	18,595,526	14,110,359
Ijarah rental receivable	-	-	-	-	-	-
Bills receivable	-	-	-	-	-	-
Advances, deposits, prepayments and other receivables	-	7,512,796	-	-	-	7,512,796
Long-term Deposit	-	3,853,589	-	-	-	3,853,589
<b>Total Financial Assets as at June 30, 2012</b>		<b>315,222,072</b>	<b>82,837,684</b>	<b>65,346,605</b>	<b>58,843,272</b>	<b>14,110,359</b>

### Liabilities

Security deposits	6,687,692	-	-	-	-	6,687,692
Creditors, accrued and other liabilities	10,588,993	-	-	-	-	10,588,993
Profit payable	-	-	-	-	-	-
Deferred Liabilities - staff gratuity	3,964,389	1,789,738	-	-	-	2,174,651
<b>Total Financial Liabilities as at June 30, 2012</b>	<b>21,241,074</b>	<b>1,789,738</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,451,336</b>

### Total yield / profit risk sensitivity gap

81,047,946	65,346,605	58,843,272	14,110,359
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### Cumulative yield / profit risk sensitivity gap

81,047,946	146,394,551	205,237,823	219,348,182
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### Sensitivity analysis for financial instruments

The sensitivity of the net income for the year is the effect of the assumed changes in interest rates on the floating rate financial instruments held at the year end. Since the Modaraba has no floating rate financial instruments held at the year end, therefore it is not exposed to profit risk due to change in market profit rates.

### 37.4 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Modaraba is exposed to equity securities price risk because of investments held by the Modaraba and classified as 'available for sale' and "At fair value through profit and loss". To manage its price risk arising from investments in equity securities, the Modaraba diversifies its portfolio.

In case of 5% increase / decrease in KSE 100 index on June 30, 2013, other comprehensive income for the year would be affected by Rs. 1,109,804(2012: Rs 264,089) as a result of gains / losses on equity securities classified as 'available for sale' and profit and loss for the year would be affected by Rs. 5,944,905 (2012:2,496,940/-) as a result of gains / losses on equity securities classified as 'At fair value through profit and loss'.





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Modaraba's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Modaraba's investment portfolio and the correlation thereof to the KSE 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2013 is not necessarily indicative of the effect on the Modaraba's net assets of future movements in the level of the KSE 100 Index.

### 37.5 Credit risk

- 37.5.1 Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba is exposed to credit risk in respect of musharaka, musawamah, modaraba and term deposit mudarbas.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of an entity's performance to developments affecting a particular industry.

The Modaraba attempts to control credit risk by diversification of financing activities to avoid undue concentration of credit risk with individuals or groups of customers in specific locations or businesses, monitoring credit exposures, limiting transactions to specific counterparties and continually assessing the credit worthiness of counterparties. It also obtains securities when appropriate.

The Modaraba follows two sets of guidelines. It has its own operating policy and the management of the Modaraba also adheres to the regulations issued by the SECP. The operating policy defines the extent of fund and non-fund based exposures with reference to a particular sector or group.

Out of the total financial assets of Rs. 344,878,594 (2012: Rs 315,222,071) the financial assets which are subject to credit risk amounted to Rs.80,715,403 (2012: Rs 79,318,200). The management believes that the Modaraba is not exposed to major concentration of credit risk.

- 37.5.2 The analysis below summarises the credit quality of the Modaraba's financial assets:

	June 30, 2013 Rupees	June 30, 2012 Rupees
<b>Bank balances</b>		
A2	-	13,595,862
A1	20,962,229	-
A1+	522,914	60,875
A-1+	3,093,889	2,071,477
<b>Bills receivable</b>		
- Bills receivable	-	-
<b>Loans and receivables</b>		
A2	-	40,000,000
A-1+	-	65,000,000



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

37.5.3 An analysis of the age of significant financial assets that are past due but not required to be impaired by applicable laws

	30 June 2013		30 June 2012	
	outstanding	overdue	outstanding	over due
Ijarah rental receivable	-	-	-	-

37.5.4 An analysis of the financial assets that are individually impaired as per the requirements of the Prudential Regulations for Modarabas are as under:

	OAEM	As at 30 June 2013			Total
		Substandard	Doubtful	Loss	
Musawamah receivable	-	-	-	-	-

	OAEM	As at 30 June 2012			Total
		Substandard	Doubtful	Loss	
Musawamah receivable	-	12,000,000	-	-	12,000,000

- Musawamah receivable classified as substandard above has been recovered subsequently during the course of audit, and therefore there is no possibility of further classification as doubtful or loss.

- Payments of Ijarah and modaraba are not exposed to overdue because they are meeting their maturity dates of payments and payments are received as per schedule.

### 37.5.5 Concentration of credit risk

	2012		2011	
	Rupees	%	Rupees	%
Textile composite	30,969,454	51.94%	32,257,808	40.67%
Fuel and energy	-	0.00%	-	0.00%
Chemical and pharmaceutical	-	0.00%	12,000,000	15.13%
Food and allied industries	28,661,343	48.06%	19,957,995	25.16%
Others miscellaneous	-	0.00%	15,102,397	19.04%
	<b>59,630,797</b>	<b>100%</b>	<b>79,318,200</b>	<b>100%</b>

The Carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2013 Rupees	2012 Rupees
Musawamah receivables - secured	58,197,900	61,321,478
Modaraba receivables - secured	-	15,000,000
Profit receivable	1,432,897	2,996,722
Ijarah rental receivable	-	-
	<b>59,630,797</b>	<b>79,318,200</b>





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 37.6 Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. 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 stress conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation.

The table below analyses the Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at 30 June 2013		
Total	Upto three months	More than three months and upto one year
Rupees		

#### Current liabilities

Current maturity of security deposits  
Creditors, accrued and other liabilities  
**Total Current liabilities**

2,781,582	5,825,862	2,781,582
13,175,793	-	7,349,931
15,957,375	5,825,862	10,131,513

Total	Upto three months	More than three months and upto one year	More than one year
Rupees			

Security deposits  
Deferred liabilities - staff gratuity  
**Total Non-Current liabilities**

12,275,810	-	-	12,275,810
3,084,050	-	-	3,084,050
15,359,860	-	-	15,359,860
31,317,235	5,825,862	10,131,513	15,359,860

As at 30 June 2012		
Total	Upto three months	More than three months and upto one year
Rupees		

#### Current liabilities

Current maturity of security deposits  
Creditors, accrued and other liabilities  
**Total Current liabilities**

954,850	-	954,850
10,588,993	5,519,953	5,069,039
11,543,843	5,519,953	6,023,889



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Total	Upto three months	More than three months and upto one year	More than one year
Rupees			

Non-current liabilities

Security deposits

Deferred liabilities - staff gratuity

Total non-current liabilities

5,732,842	-	-	5,732,842
2,174,621	-	-	2,174,621
7,907,463	-	-	7,907,463
<b>19,451,339</b>	<b>5,519,953</b>	<b>6,023,889</b>	<b>7,907,493</b>

### 37.7 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Effective July 1, 2009, the Modaraba adopted the amendments to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

Presently, the modaraba have equity instruments which are disclosed at level 1 of fair value hierarchy.

### 38 CAPITAL RISK MANAGEMENT

The Modaraba's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for certificate-holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Modaraba monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total Certificate of Musharaka and borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt. The Modaraba has no borrowing at the year end.

### 39 RELATED PARTIES TRANSACTIONS

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





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

		June 2013 Rupees	June 2012 Rupees
<b>39.1 Balance outstanding at year end</b>			
Modaraba Management Company			
- Management fee	16.1	1,467,429	2,515,039
Associated undertakings			
- Guarantee commission accrued to MCB Bank Limited		727,914	650,474
- Sharing of common expense charged during the year with Al-Noor Sugar Mills Ltd.		150,000	150,000
Other related parties (other than key management personnel)			
- Contribution to staff gratuity fund	19.3	3,084,020	2,174,621
<b>39.2 Transactions during the year</b>			
Modaraba Management Company			
- Management fee	29	1,265,025	2,168,137
Associated undertakings			
- Guarantee commission accrued to MCB Bank Limited		77,440	77,440
- Sharing of common expense charged during the year with Al-Noor Sugar Mills Limited.		600,000	600,000
Other related parties (other than key management personnel)			
- Contribution to staff gratuity fund	19.6	909,399	1,017,778
Associated undertakings		<b>No. of Shares</b>	
- Bonus shares of Al-Noor Sugar Mills Limited		5,500	-
- Bonus shares of Reliance Insurance Company Limited		-	36,114

### 40 INFORMATION ABOUT BUSINESS SEGMENTS

	2013				
	Trading	Financing	Investment	Ijarah	Total
Segment revenue	74,156,369	8,769,662	10,905,248	33,925,988	127,757,267
Segment results	6,677,844	8,682,352	14,635,373	8,490,466	38,486,035
Unallocated corporate expenses					(25,560,619)
Other income					(947,631)
Share of profit from associate					672,461
Modaraba company's management fee					(1,265,025)
Provision for worker's welfare fund					(223,240)
Income taxes	(165,912)				(165,912)
Profit for the year					10,996,069

### OTHER INFORMATION

Capital expenditure	-	-	-	68,375,000	68,375,000
Depreciation and amortization	-	-	-	(25,703,276)	(25,703,276)

### ASSETS AND LIABILITIES

Segment assets	107,001,599	59,630,797	53,718,793	70,294,687	290,645,876
Unallocated corporate assets					68,836,143
Consolidated total assets					359,482,019
Segment liabilities	1,275,742	22,021	-	19,721,156	21,018,919
Unallocated corporate liabilities					14,909,950
Consolidated total liabilities					35,928,869



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

	2012				Total
	Trading	Financing	Investment	Ijarah	
<b>Segment revenue</b>	114,836,770	8,888,612	14,388,222	15,083,411	153,197,015
<b>Segment results</b>	12,539,066	8,652,270	11,931,019	3,967,065	37,089,420
Unallocated corporate expenses					(17,185,604)
Other income					1,692,068
Share of profit from associate					85,490
Modaraba company's management fee					(2,168,137)
Provision for worker's welfare fund					(382,612)
Income taxes	911,827				(911,827)
Profit for the year					18,218,798
<b>OTHER INFORMATION</b>					
Capital expenditure	-	-	-	23,274,336	23,274,336
Depreciation and amortization	-	-	-	(11,251,957)	(11,251,957)
<b>ASSETS AND LIABILITIES</b>					
Segment assets	3,882,892	79,318,200	174,960,195	32,911,941	291,073,228
Unallocated corporate assets					63,223,900
Consolidated total assets					354,297,129
Segment liabilities	1,275,742	22,021	-	9,207,121	10,504,884
Unallocated corporate liabilities					15,133,002
Consolidated total liabilities					25,637,886

The Above mentioned segments do not necessary match with the organization structure the Modaraba

### 41 ACCOUNTING ESTIMATES AND JUDGMENTS

The Modaraba reviews its loan portfolio of Ijarah, Musawamah and Modaraba financing to assess amount of non-performing contracts and provision required there against on a regular basis. The provision is made in accordance with the prudential regulations issued by the SECP (if any). The areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgment was exercised in application of accounting policies are as follows:

- Musawamah finance (notes 3.8.4 and 6)
- Modaraba finance (notes 3.8.3 and 7)
- Determination and measurement of useful life and residual value of fixed assets and ijarah assets (notes 3.3, 14 and 15)

### 43 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on 19th September 2013 have approved distribution at the rate of 5% percent (2012: 8%) per certificate of Rs. 10 each.





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### 44 DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Management Company in their meeting held on September 19, 2013 .

### 45 GENERAL

Figures in these financial statements have been rounded off to the nearest Rupee.

  
Chief Executive  
Director  
Director



## PATTERN OF HOLDINGS OF THE CERTIFICATES HELD BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2013

Number of Certificate Holders	Certificate Holding			Total Certificates Held
	From		To	
102	1	.....	100	3,815
93	101	.....	500	35,501
107	501	.....	1,000	78,189
161	1,001	.....	5,000	407,951
44	5,001	.....	10,000	330,124
19	10,001	.....	15,000	233,816
6	15,001	.....	20,000	112,500
11	20,001	.....	25,000	252,101
3	25,001	.....	30,000	85,176
5	30,001	.....	35,000	161,080
1	35,001	.....	40,000	36,435
2	40,001	.....	45,000	89,631
4	45,001	.....	50,000	200,000
2	50,001	.....	55,000	105,160
1	55,001	.....	60,000	60,000
2	60,001	.....	65,000	130,000
1	70,001	.....	75,000	74,000
1	75,001	.....	80,000	75,500
1	90,001	.....	95,000	94,573
3	95,001	.....	100,000	299,000
3	100,001	.....	105,000	308,002
1	115,001	.....	120,000	118,000
1	125,001	.....	130,000	125,180
1	145,001	.....	150,000	146,000
1	195,001	.....	200,000	197,126
2	310,001	.....	315,000	623,500
1	340,001	.....	345,000	342,500
1	385,001	.....	390,000	386,600
1	410,001	.....	415,000	414,000
1	515,001	.....	525,000	521,220
1	565,001	.....	570,000	569,900
1	1,030,001	.....	1,035,000	1,034,440
1	1,585,001	.....	1,590,000	1,589,880
1	2,005,001	.....	2,010,000	2,005,830
1	4,195,001	.....	4,200,000	4,200,000
1	5,550,001	.....	5,555,000	5,553,270
588				21,000,000





## CATEGORIES OF CERTIFICATE HOLDING AS AT JUNE 30, 2013

Categories of Certificate Holders	Numbers	Certificate Held	Percentage
<b>BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS</b>			
MCB Bank Limited - Treasury	1	5,553,270	26.44%
National Bank of Pakistan	1	580	0.00%
National Development Finance Corporation Investar	1	2,400	0.01%
Bankers Equity Ltd (U/L)	1	2,005,830	9.55%
<b>INSURANCE COMPANIES</b>			
EFU General Insurance Limited	1	130	0.00%
The Premier Insurance Company of Pakistan Limited	1	500	0.00%
State Life Insurance Corporation of Pakistan	1	386,600	1.84%
<b>ASSOCIATED COMPANIES, UNDERTAKING &amp; RELATED PARTIES</b>			
Al-Noor Modaraba Management (Pvt) Ltd	1	4,200,000	20.00%
Reliance Insurance Company Ltd	1	521,220	
		4,721,220	22.48%
<b>NIT AND ICP</b>			
National Bank of Pakistan Trustee Department		1,034,440	4.93%
Investment Corporation of Pakistan		500	0.00%
<b>INDIVIDUALS</b>	553	6,277,508	29.89%
<b>OTHERS</b>	28	1,017,022	4.84%
<b>TOTAL:</b>	<b>588</b>	<b>21,000,000</b>	<b>100.00%</b>

### CERTIFICATES HOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

Muslim Commercial Bank Limited	---	5,553,270	26.44%
Al-Noor Modaraba Management (Pvt.) Ltd	---	4,200,000	20.00%
Bankers Equity (U/L)	---	2,005,830	9.55%
Ferozuddin A. Cassim	---	1,589,880	7.57%

