

Annual Report 2015



First Al-Noor Modaraba
(An Islamic Financial Institution)

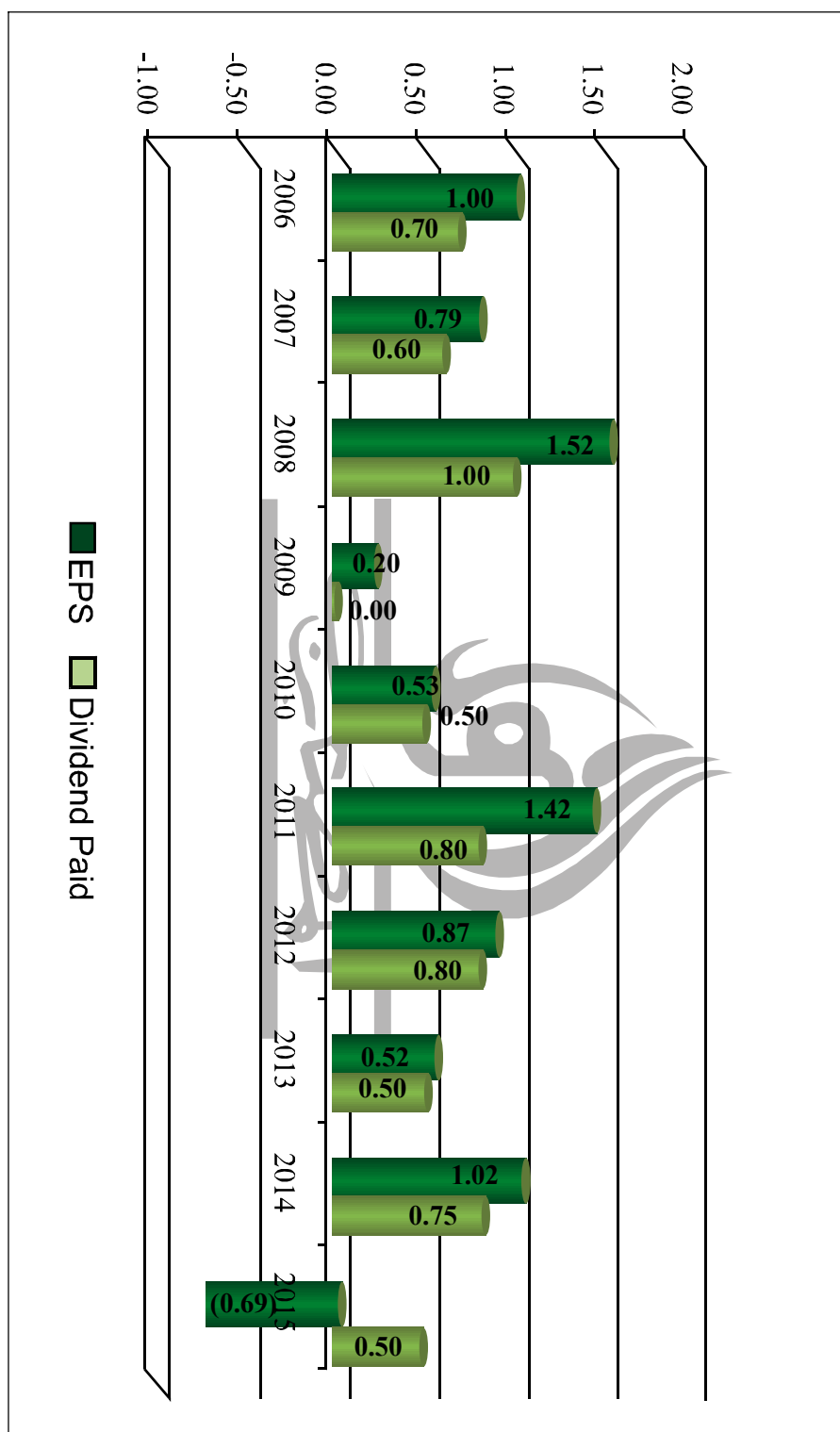


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HISTORICAL DIVIDEND PAYOUT





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

Non Executive Directors

Chairman

Mr. Ismail H. Zakaria

Directors

Mr. Yusuf Ayoob

Mr. Suleman Ayoob

Mr. Aziz Ayoob

Mr. Mansoor Alam, Independent

Mr. Zia Zakaria

Executive Directors

Chief Executive

Mr. Jalaluddin Ahmed

Directors

Mr. Zain Ayoob

Company Secretary

Mr. Roofi Abdul Razzak

Board Audit Committee

Mr. Suleman Ayoob - Chairman

Mr. Mansoor Alam - Member

Mr. Zia Zakaria - Member

HR & Remuneration Committee

Mr. Aziz Ayoob - Chairman

Mr. Jalaluddin Ahmed - Member

Mr. Roofi Abdul Razzak - Member

Bankers

Al-Baraka Bank (Pakistan) Limited.

Askari Bank Ltd, Islamic Banking

Faysal Bank Ltd, Islamic Banking

Habib Bank Limited, Islamic Banking

MCB Bank Limited, Islamic Banking

Meezan Bank Limited

Auditors

Rehman Sarfaraz Rahim Iqbal Rafiq

Chartered Accountants

Shariah Advisor

Mufti Muhammad Ibrahim Essa

Legal Advisor

Muhammad Jamshid Malik

Barrister-at-Law

Share Registrar

M / s Technology Trade (Private) Limited

Dagia House, 241-C, Block 2, P.E.C.H.S.

Off. Shahrah-e-Faisal, Karachi

Tel: 34391316-7 & 19, 34387960-1

Fax: 34391318

Registered Office

96-A, Sindhi Muslim Cooperative

Housing Society, Karachi

Contact Details

Telephone: 34558268;34552943;34553067

Fax: 34553137

Webpage: www.fanm.co

Email: info@fanm.co



NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given to the certificate holders that sixteenth (16th) Annual Review Meeting of First Al-Noor Modaraba will be held on Friday, October 30, 2015 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 : August 25, 2015

Note:

1. Closure of Certificate (Share) Transfer Books

The Certificate Transfer Book of the Modaraba will remain closed from Friday, October 30, 2015 to Thursday, November 12, 2015 (both days inclusive) and no transfer will be accepted during this period. The transfers received in order at the office of the Share Registrar, M/s Technology Trade (Private) Limited, Dagia House, 241-C, Block 2, P.E.C.H.S., Off: Shahrah-e-Quaideen, Karachi by the close of business on October 28, 2014 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 CNICs / NTN

The certificate holders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) in case of individual(s), and the National Tax Number (NTN) Certificate in case of Corporate Entities, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s Technology Trading (Private) Limited, Dagia House 241-C, Block 2, P.E.C.H.S., Off: Shahrah-e-Quaideen, Karachi (Tel: 34391316/7/9 ; Fax: 34391318). with their respective Folio Numbers. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) vide Notification SRO 19(I)/2014 dated January 10, 2014 read with Notification SRO 831(1)/2012 dated July 5, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

In case of non-receipt of the copy of a valid CNIC or NTN, the Company would be unable to comply with the respective SROs of SECP and therefore will be constrained under Section 251(2) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrants of such shareholders.

3. Deduction of Income Tax from Dividend Under section 150 of the Income Tax Ordinance, 2001 (Mandatory)

(i) Pursuant to the provisions of the Finance Act, 2015 effective from July 1, 2015, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

1. Rate of tax deduction for the filer(s) of income tax return 12.50%.

2. Rate of tax deduction for the non-filer(s) of income tax return 17.50%.

To enable the company to make tax deduction on the amount of cash dividend @ 12.50% instead of 17.50% certificateholders whose names are not entered into the Active Tax payers (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 17.50% instead of 12.50%.

(ii) Further, according to clarification received from Federal Board of revenue (FBR), with holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.



In this regard, all certificate/share holders who hold such certificate/shares jointly, are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of certificates/shares held by them to our Share registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal shareholder		Joint Shareholder	
			Name and CNIC #	Proportion (No. of shares)	Name and CNIC #	Proportion (No. of shares)

4. Exemption Certificate

As per FBR Circulars numbers 1(29) SHT/2006 dated June 30, 2010 and 1(43) DG (WHT) 2008 Vol-II-66417-R dated May 12, 2015, the valid exemption certificate is mandatory to claim exemption amount of withholding tax u/s 150 of the Income Tax Ordinance, 2001 (tax on dividend) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The certificate holder(s) who fall in the above mentioned category and wish to avail exemption, must provide Valid tax Exemption Certificate at our Share Registrars before book closure otherwise tax will be deducted on dividend as per applicable rates.

5. Non Resident Certificate Holders

In case of those certificate holders who are non-residents are requested to please provide their respective details including residence status/country of residence with copy of their NICOP to our Share Registrars or by email to corporate@fanm.co before book closure. In case of non availability of status in their respective portfolio, the respective tax on dividends would be applicable.

6. Dividend Mandate (Optional)

In compliance of securities and exchange circular no. 8(4) SM/CDC 2008 dated April 5, 2013, shareholders are informed that to make process of payment of cash dividend more efficient, a dividend mechanism has been envisaged whereby shareholders can get the amount of dividend credited into their respective bank accounts electronically without any delay.

Shareholders having physical holding and desiring to avail this option may submit the prescribed dividend mandate form (available on our website www.fanm.co, to the company's share registrar. The shareholders who hold shares with participants/stock brokers or with central depository company may approach to submit the prescribed dividend mandate details to their participants/stock broker or to CDC for this option with a copy of the Dividend Mandate Form to share registrar of the company.

7. Consent for Electronic Transmission of Audited Financial Statements & Notices (Optional)

The Securities and Exchange Commission of Pakistan (SECP) through its Notification SRO 787(I)/2014 dated September 8, 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual Review Meeting to its members through e-mail. Accordingly, members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail. In order to avail this facility, a Standard Request Form is available at the Modaraba's website, <http://www.fanm.co>.

8. Change of Address

Certificate holders are requested to promptly notify the Modaraba or its Share Registrar of any change in their address, if applicable, by the end of business on October 28, 2015.

9. For Attending the Meeting

(i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations or whose securities are in physical form, shall authenticate his/her identity by showing his/her original Computerized National identity Card (CNIC) or original passport at the time of attending the meeting.

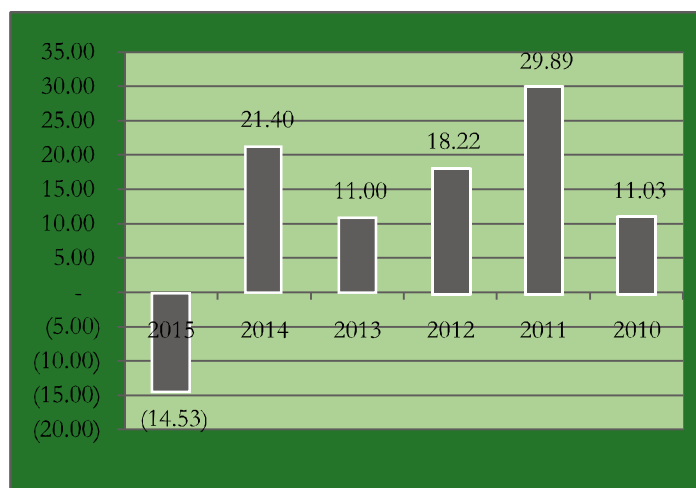
(ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.



SIX YEARS FINANCIAL SUMMARY

Profit after tax

Rs. in millions



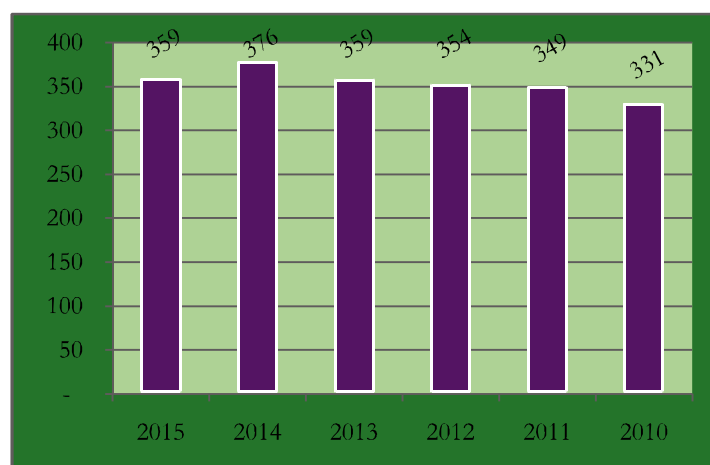
Equity Growth

Rs. in millions



Assets Growth

Rs. in millions

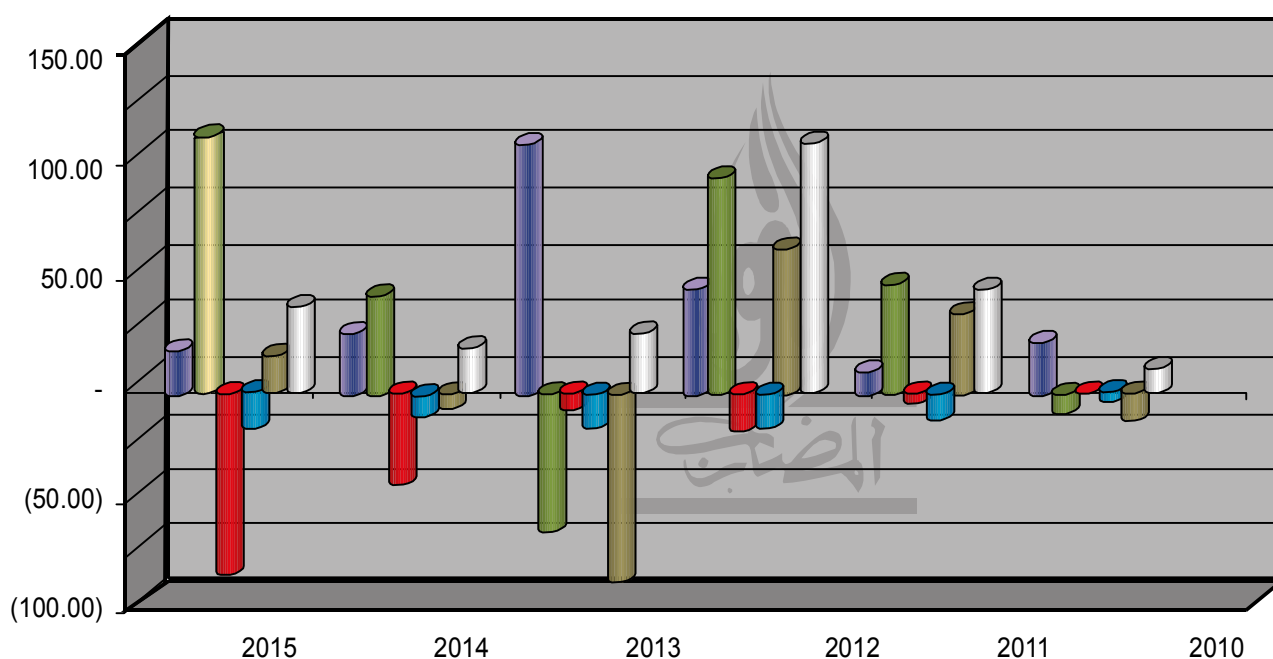




SIX YEARS' CASH FLOWS SUMMARY

(Rupees in millions)

	2015	2014	2013	2012	2011	2010
Cash & cash equivalents at beginning of year	22.15	29.31	120.73	50.28	11.40	24.48
Net Cash inflow/(outflow) from operating activities	124.15	47.76	(66.19)	105.05	53.27	(9.16)
Net Cash inflow/(outflow) from investing activities	(88.28)	(44.32)	(8.21)	(17.45)	(3.17)	(0.71)
Net Cash inflow/(outflow) from financing activities	(15.69)	(10.60)	(17.02)	(17.16)	(11.21)	(3.22)
Net increase/(decrease) in cash & cash equivalents	20.17	(7.16)	(91.42)	70.44	38.88	(13.08)
Cash & cash equivalents at the end of the year	42.32	22.15	29.31	120.73	50.28	11.40



■ 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	2015	2014	2013	2012	2011	2010
NON-CURRENT ASSETS						
Fixed Assets - tangible						
Long term deposits	0.18	-	(0.35)	-	-	-
Long Term portion of investment in Sukuk Certificates	100.00					
Long Term Investments	79.98	63.11	(52.94)	(3.59)	11.67	(36.52)
Ijarah Assets	25.63	32.35	113.58	32.21	(17.13)	(32.83)
Fixed Assets in own use	(35.18)	(31.89)	(81.06)	(5.86)	(19.37)	3.03
CURRENT ASSETS						
Bank Balances	91.05	(24.42)	86.34	(68.72)	341.07	(53.44)
Short Term investments	17.43	(2.81)	(71.41)	311.14	49.03	124.98
Musharika receivables - secured	-	-	-	-	-	-
Murabaha receivables - secured	-	-	-	-	-	-
Musawamah receivables - secured	-	(57.04)	(5.09)	(43.22)	21.35	270.83
Modaraba receivables - secured	-	-	(100.00)	200.00	(92.36)	(7.09)
Ijarah rental receivable	-	-	-	(100.00)	(65.71)	245.64
Trade Receivables	38.65	51.25	12,081.73	100.00	0.00	0.00
Bills Receivable	(100.00)	-	-	(100.00)	11.31	(66.81)
Stock in trade	(80.06)	16.19	2,655.72	(91.61)	60.42	(18.67)
Advances, Deposits, Prepayments & Other Receivables	63.89	35.98	(15.33)	48.62	233.21	19.57
Current portion of investment in Sukuk Certificates	100.00					
Income tax refundable/paid in advance	(10.42)	15.06	4.93	(31.92)	70.42	1.78
Profit Receivable	(24.87)	(56.99)	(60.73)	(40.28)	(18.57)	47.35
TOTAL ASSETS	(4.53)	4.62	1.46	1.39	5.61	9.73
EQUITY & LIABILITIES						
CAPITAL & RESERVES						
Issued, subscribed and paid up capital	-	-	-	-	-	-
Reserves	0.47	4.15	2.18	4.28	15.13	3.34
Unappropriated profit	(173.35)	63.79	(43.58)	(13.12)	48.18	146.17
unrealised diminution on remeasurement of investment classified as available for	128.75	(30.56)	6.10	36.03	32.20	(90.92)
NON-CURRENT LIABILITIES						
Security Deposits	40.55	35.78	114.13	71.85	(17.97)	(39.95)
Deferred liability - staff gratuity	24.08	75.85	41.82	(9.27)	6.30	36.28
CURRENT LIABILITIES						
Islamic export refinance	-	-	-	-	-	-
Musharika Finance - Secured	-	-	-	-	-	-
Murabaha Finance - Secured	-	-	-	-	-	-
Current maturity of security deposits	123.30	3.72	191.31	(65.89)	(32.59)	286.70
Creditors, accrued and other liabilities	(5.41)	(1.56)	24.47	2.58	13.15	15.30
Provision for custom duty/surcharge	-	-	-	-	-	-
Profit payable	(33.36)	63.39	(88.31)	4,410.39	100.00	(100.00)
TOTAL EQUITIES & LIABILITIES	(4.53)	4.88	1.21	1.39	5.61	9.73
PROFIT & LOSS ACCOUNT (%)						
Profit on trading operations	(199.98)	194.57	(46.74)	(13.25)	42.52	(33.04)
Income on musharika receivables	-	-	-	-	-	(100.00)
Income on murabaha receivables	-	-	-	-	-	-
Income on musawamah receivables	(22.89)	(48.17)	12.20	(54.83)	52.80	76.48
Income on modaraba receivables	-	(100.00)	(52.69)	(36.51)	(69.46)	77.82
Income from Ijarah	48.54	28.32	114.61	6.88	(32.42)	(12.60)
Income from investments	(7.21)	(28.80)	(24.21)	69.66	44.88	225.31
Operating Expenses	10.50	(0.48)	48.73	(11.75)	39.85	18.79
(Provision)/Reversal of provision on non-performing assets	-	-	-	-	-	-
Financial and other charges	(12.91)	68.15	(63.06)	(76.11)	(71.55)	14.68
Other Income	(48.73)	(704.56)	(137.20)	(66.70)	144.75	(30.54)
Unrealized gain/(loss) on remeasurement of investments classified at fair value through profit & loss	47.37	(12.69)	(251.80)	(644.38)	(127.74)	(77.06)
Impairment loss on re-measurement of investment in listed securities classified as available for sale	-	-	(100.00)	-	(100.00)	(28.26)
Share of profit from associates	31.73	(31.85)	686.60	(97.60)	206.44	82.49
Modaraba Company's management fee	(100.00)	92.25	(41.65)	(36.33)	164.57	153.37
Income tax expenses	240.70	(69.30)	(81.80)	490.03	(33.53)	(36.73)
Provision for workers welfare fund	(100.00)	96.09	(41.65)	(36.33)	89.70	100.00
Profit for the year	(167.91)	94.61	(39.64)	(39.05)	170.89	162.45



VERTICAL ANALYSIS

BALANCE SHEET ITEMS

ASSETS	2015	2014	2013	2012	2011	2010
NON-CURRENT ASSETS						
Fixed Assets - tangible						
Long term deposits	1.07	1.02	1.07	1.09	1.10	1.16
Long term portion of investment in sukuk certificates	1.09	-	-	-	-	-
Long term investment	7.70	4.09	2.62	5.65	5.94	5.62
Ijarah Assets	32.55	24.74	19.55	9.29	7.12	9.08
Fixed Assets in own use	0.77	1.13	1.73	9.29	10.00	13.10
CURRENT ASSETS						
Bank balances	11.79	5.89	8.15	4.44	14.39	3.45
Short Term investments	14.08	11.45	12.32	43.73	10.78	7.64
Mushrikah receivables- secured	-	-	-	-	-	-
Murabaha receivables- secured	-	-	-	-	-	-
Musawamah receivables- secured	6.96	6.65	16.19	17.31	30.91	26.90
Modaraba receivables- secured	-	-	-	4.23	1.43	19.79
Ijarah rental receivable	-	0.03	-	-	0.10	0.31
Trade Receivables	12.20	8.40	5.81	0.05	-	-
Bills Receivable	-	0.45	-	-	0.74	0.70
Stock in trade	6.91	33.06	29.77	1.10	13.24	8.72
Advances, Deposits, Prepayments & Other Receivables	3.95	2.30	1.77	2.12	1.45	0.46
Current portion of investment in sukuk certificates	0.20	-	-	-	-	-
Income tax refundable/paid in advance	0.58	0.62	0.56	0.54	0.81	0.50
Profit receivable	0.15	0.19	0.45	1.17	1.98	2.57
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00	100.00
EQUITY & LIABILITIES						
CAPITAL & RESERVES						
Issued, subscribed and paid up capital	58.42	55.84	58.42	59.27	60.10	63.47
Reserves	30.07	28.57	28.70	28.50	27.57	25.29
Unappropriated profit	(3.59)	4.67	2.98	5.36	6.26	4.46
unrealised diminution on remeasurement of investment classified as available for	0.13	(0.43)				
			(0.10)	(0.37)	(0.59)	(0.47)
NON-CURRENT LIABILITIES						
Security Deposits	6.52	4.43	3.41	1.62	0.95	1.23
Deferred liability - staff gratuity	1.87	1.44	0.86	0.61	0.69	0.68
CURRENT LIABILITIES						
Islamic export refinance	-	-	-	-	-	-
Musharikah Finance - Secured	-	-	-	-	-	-
Murabaha Finance - Secured	-	-	-	-	-	-
Current maturity of security deposits	1.79	0.77	0.77	0.27	0.80	1.25
Creditors, accrued and other liabilities	3.42	3.45	3.67	2.99	2.95	2.76
Provision for custom duty/surcharge	1.23	1.17	1.22	1.24	1.26	1.33
Profit payable	0.06	0.09	0.06	0.50	0.01	-
TOTAL EQUITIES & LIABILITIES	100.00	100.00	100.00	100.00	100.00	100.00
PROFIT & LOSS ACCOUNT ITEMS						
Profit on trading operations	(308.96)	46.75	19.31	31.63	32.11	24.70
Income on musharikah receivables	-	-	-	-	-	-
Income on murabaha receivables	-	-	-	-	-	-
Income on musawamah receivables	49.55	9.72	22.83	17.74	34.60	24.83
Income on modaraba receivables	-	-	2.54	4.68	6.49	23.29
Income from Ijarah	246.22	25.08	23.78	9.66	7.96	12.92
Income from investments	113.19	18.45	31.54	36.29	18.84	14.26
Gross Revenue	100	100	100	100	100	100
Operating Expenses	(441.57)	(60.45)	(73.93)	(43.35)	(43.26)	(33.92)
(Provision)/Reversal of provision on non-performing assets	(2.01)	(0.35)	(0.25)	(0.00)	(0.00)	(0.00)
Financial and other charges	33.10	9.77	(1.97)	(0.60)	(2.20)	(8.47)
Other Income	-	-	-	4.61	12.19	5.46
unrealized gain/(loss) on remeasurement of investments classified at fair value through profit / loss	75.40	7.74	10.79	(6.20)	1.00	(3.96)
Impairment loss on re-measurement of investment in listed securities classified as available for sale	-	-	-	0.00	0.00	(30.59)
Share of profit from associates	9.48	1.09	1.94	0.22	7.91	2.83
Modaraba Company's management fee	-	(5.78)	(3.66)	(5.47)	(7.56)	(3.14)
Income tax expenses	(2.73)	(0.12)	(0.48)	(2.30)	(0.34)	(0.57)
Provision for workers welfare fund	-	(1.04)	(0.65)	(0.97)	(1.33)	(0.77)
Profit for the year	(228.31)	50.86	31.80	45.95	66.41	26.88



KEY FINANCIAL DATA SIX YEARS` AT A GLANCE

(Rupees in millions)

KEY FINANCIAL DATA	2015	2014	2013	2012	2011	2010
Total Assets	359.03	376.09	359.48	354.30	349.43	330.87
Fixed Assets (owned)	2.75	4.24	6.23	32.90	34.94	43.34
Fixed Assets (ijarah)	116.88	93.04	70.29	32.91	24.89	30.04
Other Non Current Assets	35.44	19.21	13.26	23.87	24.62	22.45
Current Assets	203.97	259.60	269.69	264.61	264.97	235.04
Total Liabilities	53.50	42.69	35.93	25.64	23.29	24.00
Current Liabilities	23.34	20.60	20.57	17.73	17.56	17.67
Non Current Liabilities	30.16	22.09	15.36	7.91	5.73	6.32
Total Equity	305.54	333.40	322.66	328.66	326.14	306.87
Reserves	107.96	107.46	103.18	100.98	96.33	83.68
Certificate Holders' Equity	210.00	210.00	210.00	210.00	210.00	210.00
Unappropriated	(12.42)	15.94	9.48	17.68	19.81	13.20
Gross Revenue	8.47	46.19	33.90	41.48	50.50	43.30
Net Revenue	(14.53)	21.40	11.00	18.22	29.89	11.03
Earning per Certificate - Rs. 10/- each	(0.69)	1.02	0.52	0.87	1.42	0.53
Cash dividend (%)	5.00	7.50	5.00	8.00	8.00	5.00

(Rupees in millions)

STAKEHOLDER INFORMATION	2015	2014	2013	2012	2011	2010
Profit after tax ratio (%)	(23.19)	29.48	18.24	45.95	51.24	36.38
Return on equity / capital employed	(4.53)	6.52	3.37	5.56	9.44	3.76
Assets Turnover Ratio (%)	76.33	96.14	35.54	43.24	62.47	59.44
Current ratio	8.74	12.60	13.11	14.94	15.09	14.37
Market Value per certificate (year end)						
High	4.30	6.00	5.99	4.99	4.00	2.95
Low	4.30	6.00	5.00	4.25	4.00	2.95
Closing	4.30	6.00	5.01	4.90	4.00	2.95
EPC (Earning per certificate)	(0.69)	1.02	0.52	0.87	1.42	0.53
Net assets / breakup value per certificate	14.55	15.88	15.41	15.65	15.53	14.61
Earning asset to total assets ratio (%)	83.63	87.21	88.61	85.75	83.82	81.19
Price earning ratio	(6.21)	5.89	9.57	5.65	2.81	5.61
Dividend Yield Ratio (%)	11.63	12.50	9.98	16.33	20.00	16.95
Cash Dividend per certificate (in Rs.)	0.50	0.75	0.50	0.80	0.80	0.50



TWENTY THIRD REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2015

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 Third Annual Report together with the Audited Financial Statements of the Modaraba for the year ended June 30, 2015.

FINANCIAL RESULTS

	For the year ended June 30, 2015	June 30, 2014
	Rupees	Rupees
Profit after Taxation	(14,533,021)	21,398,938
Shares of associate's incremental depreciation on account of revaluation of fixed assets	330,890	222,110
Unappropriated profit/(loss) brought forward	1,316,490	225,230
	<u>(12,885,641)</u>	<u>21,846,278</u>
APPROPRIATIONS		
Profit distribution @ 5.00% (2014 @ 7.50%)	(10,500,000)	(15,750,000)
Statutory Reserve @ 0.00% (2014 @ 20.00%)	-	(4,279,788)
General Reserve	10,500,000	(500,000)
		(20,529,788)
Unappropriated profit / (loss) carried forward	<u>(12,885,641)</u>	<u>1,316,490</u>

Dividend

The board is pleased to announce a cash dividend of Rs. 0.50 (5.00%) per certificate {2014: Rs. 0.75 (7.50%)} in its meeting held on August 25, 2015 for the year ended June 30, 2015.

Review of Operations

The Modaraba's performance in the financial ended June 30, 2015 has been a total contrast to the result of the corresponding period in the preceding financial year. The main factors attributable for this dismal performance is the losses suffered in the trading of rice. The rice market throughout the country displayed a very unusual behavior. The rice traders/exporters had never witnessed such an abrupt fall in the commodity prices. It was due to a huge slump in overall commodity prices in the international markets. Not to mention that the plunge in oil prices has also been a contributing factor. The Modaraba has, however, made a quick response to encounter this wholly unexpected scenario. A revised strategy was duly framed to minimize the loss. This has proved beneficial and the losses reasonably reduced.

Financial and Economic Review

The continuing factors that are generally constraining the Pakistan's economy to achieve sustainable recovery and growth includes:

- (a) the asymmetrical inflation and saving rates.
- (b) continuing fiscal slippages.
- (c) unresolved power sector issue.
- (d) high level of government borrowings and low lending by banks to private sector.
- (e) Political and operational inconsistency
- (f) New and stringent taxation measures
- (g) falling international and domestic commodity pricing.



TWENTY THIRD REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2015

Future Outlook of the Modaraba

If the constraining factors would not be the major element in effecting the overall economical prosperity and normalized and stabilized commodity market, the Modaraba strategy of focusing more on ijarah and trading portfolio would continue to persist. With the stabilized confidence and the improved learning of the market's effecting elements, would hopefully be resulting in the consistent and better earnings.

With the hope of the governments' all out efforts for improving the Pakistan's economy, we do foresee a better years ahead.

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.
- (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) 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	3
Mr. Jalaluddin Ahmed, Chief Executive	4	4
Mr. Yusuf Ayoob, Director	4	4
Mr. Suleman Ayoob, Director	4	3
Mr. A. Aziz Ayoob, Director	4	4
Mr. Mansoor Alam, Director	4	2
Mr. Zia I. Zakaria	4	4
Mr. Zain Ayoob, Director	4	4

- (i) 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, 2015 is attached to the Annual Report.



TWENTY THIRD REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2015

Key Operating & Financial Data

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

Auditors

In compliance of the regulations,, Messrs. RSM Avais Hyder Liaquat Nauman, Chartered Accountants have offered themselves for appointment as the auditor of the Modaraba for the financial year ending June 30, 2016 in place of the retiring auditors, Messrs. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants subject to the approval of Registrar of Modaraba companies & Modaraba.

On behalf of the Board

Jalaluddin Ahmed
Chief Executive

Dated : August 25, 2015
Place : Karachi



SHARIAH ADVISOR'S REPORT

بسم الله الرحمن الرحيم
الحمد لله رب العالمين، والعاقبة للمتقين، والصلوة والسلام على رسوله
الكريم وعلى آله واصحابه اجمعين-امابعد

I have conducted the Shari'ah review of First Al Noor Modaraba managed by Al Noor Modaraba Management (Private) Limited for the year ended June 30, 2015 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:

SHARIAH COMPLIANCE:

The Modaraba effectively have a mechanism to strengthened the Shariah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles;

REVIEW OF OPERATIONS:

Based on my review following were the major activities / developments in respect of Shari'ah that took place during this period:

a. Bank Accounts

Modaraba does not maintain any saving account with conventional banks except the current account(s). Other than these, the Modaraba operates the saving accounts only with Islamic Banks for its business purposes.

b. Fresh Disbursements

On asset side, Modaraba has disbursed Ijarah and Musawamah Facilities to different clients. I confirm that the financing agreement(s) entered into by the Modaraba are Shariah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met.

c. Investments in Equity Shares

Modaraba's entire equity investments were made in approved Shariah compliant scripts provided and updated by NBF and Modaraba Association of Pakistan and in compliance of circular 8 of 2012. Further, the screening of the investment in equity shares is carried out by the Modaraba itself biannually, as per the guidelines issued by SECP in consultation with the Shariah Advisor.

d. Dividend Purification

Modaraba has effectively performed process of dividend purification of equities as per Shariah guidelines and the amount required to be charited has been transferred into charity account for charity purposes.

e. Trade of Commodities

Modaraba engages in the business of rice and other commodities. I confirm that Modaraba follows Shariah principles in its trade of rice and other commodities.

f. Takaful

For risk mitigation, the Modaraba effectively adopted and maintaining Takaful coverages with Takaful companies and did not obtain any coverage(s) from conventional Insurance companies.

TRAINING:

The undersigned keep giving specific training session on continuous basis during the course of internal review of transaction(s).

CONCLUSION:

Alhamdulillah, after introduction of Shari'ah Compliance and Shari'ah 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 are Shari'ah compliant up to the best of my knowledge.

MUFTI IBRAHIM ESSA
Shariah Advisor
Dated: August 12, 2015





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, 2015

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi and Lahore Stock Exchange 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 and one independent director. At present, the Board comprises of executive including CEO, non executive and independent directors as follows:

Name	Designation	Status
Mr. Ismail H. Zakaria	Chairman/Director	Non Executive
Mr. Yusuf Ayoob	Director	Non Executive
Mr. Jalaluddin Ahmed	Chief Executive	Executive
Mr. Suleman Ayoob	Director	Non Executive
Mr. Aziz Ayoob	Director	Non Executive
Mr. Mansoor Alam	Director	Independent Non Executive
Mr. Zia Zakaria	Director	Non Executive
Mr. Zain Ayoob	Director	Executive

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 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, other executive and non-executive directors, 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. All 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.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been made during the year. And that the eligibility/qualification requirement for CFO, Company Secretary and Head of Internal Audit are in compliance with Code of Corporate Governance.



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2015

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.
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 of Corporate Governance.
15. The Board has formed an Audit Committee, which comprises of three members, of whom all are non-executive directors including independent director and the committee is chaired by one non executive director.
16. The Board has formed a Human Resource and Remuneration committee, which comprises of three members.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Modaraba as required by the CCG. 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 of the Modaraba.
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. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Jalaluddin Ahmed
Chief Executive

Date : August 25, 2014



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** ("the Management Company"), in respect of **FIRST AL NOOR MODARABA (the Modaraba)** to comply with the Listing Regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange where the Modaraba is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management 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 Modaraba'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 Modaraba personnel and review of various documents prepared by the Modaraba 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 corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. 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 Modaraba's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2015.

Karachi
Date: August 25, 2015

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants



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, 2015 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, 2015 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: August 25, 2015



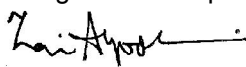
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2015

	Note	June 30 2015 Rupees	June 30 2014 Rupees
Current Assets			
Cash and bank balances	4	42,319,170	22,150,478
Short term investments	5.1	50,556,745	43,053,177
Musawamah receivables - secured	6	25,000,000	25,000,000
Profit receivable	7	525,385	699,326
Ijarah rental receivable	8	-	108,789
Bills receivable		-	1,697,587
Trade Debtors - unsecured		43,810,383	31,597,750
Stock in trade	9	24,793,445	124,325,994
Current portion of Investment in sukuk certificates	10	714,286	-
Advances, deposits, prepayments and other receivables	11	14,175,379	8,649,419
Taxation	12	2,073,457	2,314,738
Total Current assets		203,968,250	259,597,258
ASSETS			
Non-current Assets			
Long term deposits	13	3,846,989	3,839,989
Long term portion of investment in sukuk certificates	10	3,928,571	-
Long term investments	5.2	27,661,659	15,369,205
Ijarah assets	14	116,877,357	93,036,512
Fixed assets in own use	15	2,750,966	4,243,876
Total Non-current Assets		155,065,542	116,489,582
Total Assets		359,033,792	376,086,840
LIABILITIES			
CURRENT LIABILITIES			
Current maturity of security deposits	16	6,442,160	2,884,950
Creditors, accrued and other liabilities	17	12,271,257	12,973,390
Provision for custom duty & surcharge	18	4,398,842	4,398,842
Profit payable	19	227,526	341,404
Total Current Liabilities		23,339,785	20,598,586
NON CURRENT LIABILITIES			
Security deposits	16	23,426,751	16,668,031
Deferred liability - staff gratuity	20	6,729,031	5,423,164
Total Non-current Liabilities		30,155,782	22,091,195
Total Liabilities		53,495,567	42,689,781
NET ASSETS		305,538,225	333,397,059
REPRESENTED BY:			
CAPITAL AND RESERVES			
Certificate Capital			
40,000,000 (2014: 40,000,000) certificates of Rs 10/- each		400,000,000	400,000,000
Issued, subscribed & paid capital	21	210,000,000	210,000,000
Reserves	22	107,956,413	107,456,413
Unappropriated profit		(12,885,641)	17,566,490
Unrealised diminution on remeasurement of investment classified as available for sale'- net		467,453	(1,625,844)
Total capital and reserves		305,538,225	333,397,059
CONTINGENCIES AND COMMITMENTS	23	-	-

The annexed notes 1 to 46 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, 2015

	Note	June 30 2015 Rupees	June 30 2014 Rupees
(Loss)/Profit from trading operations	24	(19,666,905)	19,671,230
Income on musawamah receivables		3,154,275	4,090,357
Income from Ijarah	25	15,673,114	10,551,328
Income from investments	26	7,204,986	7,764,787
		6,365,470	42,077,701
Administrative and operating expenses	27	28,107,773	25,436,843
Financial and other charges	28	127,864	146,811
		28,235,637	25,583,654
Operating profit		(21,870,167)	16,494,048
Other income/(loss)	29	2,107,219	4,110,292
		(19,762,948)	20,604,339
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	5.1.2	4,799,714	3,256,928
Share of profit from associates	5.2.1	603,736	458,312
		(14,359,498)	24,319,580
Modaraba management fee	30	-	(2,431,958)
		(14,359,498)	21,887,622
Provision for workers welfare fund	31	-	(437,752)
Profit before taxation		(14,359,498)	21,449,870
Income tax expense	32	(173,523)	(50,932)
Profit for the year		(14,533,021)	21,398,938
Earnings per certificate - Basic and Diluted	33	(0.69)	1.02

The annexed notes 1 to 46 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, 2015

	Note	June 30 2015 Rupees	June 30 2014 Rupees
Profit for the year - after tax		(14,533,021)	21,398,938
Others comprehensive income			
- Items that may be reclassified subsequently to profit or loss:		-	-
- Items that will not be subsequently reclassified to profit or loss:			
Unrealized gain/ (loss) on re-measurement of available for sale investment	5.2.3	2,071,274	291,823
Remeasurement of net defined benefit liability - loss	20.1	-	(672,401)
Shares of other comprehensive income of associate	5.2.1	22,023	-
		2,093,297	(380,578)
Total comprehensive income for the year - after tax		(12,439,724)	21,018,360

The annexed notes 1 to 46 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, 2015

	Issued subscribed & paid capital	Capital *Statutory Reserve	Reserve			Total
	Certificate Capital		Revenue reserve	Unappropriated profit	Other comprehensive income	
	Rupees					
Balance as at June 30, 2013	210,000,000	92,676,625	10,500,000	10,725,230	(1,245,266)	322,656,589
Share of associate's incremental depreciation on account of revaluation of fixed assets	-	-	-	222,110	-	222,110
Total Comprehensive income for the year	-	-	-	21,398,938	(380,578)	21,018,360
Profit distribution in cash	-	-	-	(10,500,000)	-	(10,500,000)
Transfer to general reserve	-	-	-	-	-	-
Transfer to statutory reserve	-	4,279,788	-	(4,279,788)	-	-
Balance as at June 30, 2014	210,000,000	96,956,413	10,500,000	17,566,490	(1,625,844)	333,397,059
Share of associate's incremental depreciation on account of revaluation of fixed assets	-	-	-	330,890	-	330,890
Total Comprehensive income for the year	-	-	-	(14,533,021)	2,093,297	(12,439,724)
Profit distribution in cash	-	-	-	(15,750,000)	-	(15,750,000)
Transfer to general reserve	-	-	500,000	(500,000)	-	-
Transfer to statutory reserve	-	-	-	-	-	-
Balance as at June 30, 2015	210,000,000	96,956,413	11,000,000	(12,885,641)	467,453	305,538,225

* 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 46 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, 2015

	Note	June 30 2015 Rupees	June 30 2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash from operations after working capital changes	35	110,698,782	37,844,409
Increase/(Decrease) in long-term security deposits		10,315,930	4,495,589
Income on musawamah receivables		3,304,409	5,681,313
Income tax paid		(173,523)	(50,932)
Gratuity paid		-	(213,000)
Net cash from operating activities		124,133,748	47,757,379
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets			
- Own		(214,150)	(50,506)
- Ijarah		(87,751,300)	(58,602,900)
Sale proceeds on disposal of fixed assets			
- Own		-	1,109,500
- Ijarah		11,065,343	3,541,214
Dividend received		2,525,883	2,953,824
Profit on Al-Samarat Islamic Certificates		-	140,137
Profit on Barkat Islamic Certificates		65,842	282,292
Profit on Al-Makhraj (MCB Islamic Banking)		108,712	72,422
Profit on bank deposit		1,984,898	2,394,349
Purchase of Sukuk Certificates		(5,000,000)	-
Repayment of Installment of Sukuk Certificates		640,546	-
Purchase of investments in mutual funds		(9,793,552)	-
Proceeds from sale of mutual funds units		7,809,853	4,348,012
Purchase of investments in listed securities		(43,271,687)	(30,982,502)
Proceeds from sale of investments in listed securities		33,546,898	30,476,117
Net cash (used in) investing activities		(88,282,714)	(44,318,041)
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit paid to the certificate holders		(15,566,328)	(10,450,158)
Financial charges paid		(127,864)	(146,811)
Net cash (used in) financing activities		(15,694,192)	(10,596,969)
Net increase/(decrease) in cash and cash equivalents		20,168,692	(7,157,631)
Cash and cash equivalents at beginning of the year		22,150,478	29,308,110
Cash and cash equivalents at end of the year	36	42,319,170	22,150,478

The annexed notes 1 to 46 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, 2015

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, Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, 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, Islamic Financial Accounting Standards (IFASs), 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, 2014 and are relevant to the Modaraba:

During the year certain amendments to Standards or new interpretations became effective, however the amendments or interpretation did not have any significant impact on the Modaraba's financial statements.

b) Standards, amendments to published standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Modaraba.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortisation for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- IFRS 10 'Consolidated Financial Statements' - (effective for annual periods beginning on or after 1 January 2015) replaces the part IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. Management is currently considering the effect of new standard.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not like to have an impact on Company's financial statements.

- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not like to have material impact on Company's financial statements.

- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply off-agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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.

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.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 the use of certain critical accounting estimates. The management makes estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires management to exercise judgment in application 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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 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.

The Company accounts for its investment in associate using the equity method. Under this method investment is initially recognized at cost, being the fair value of consideration given includes acquisition charges associated with such investments. Subsequently the investors' share in profit / loss of the Investee is recognized in profit and loss. Distributions received from the investee reduce the carrying amount of the investment. Adjustment to the carrying amount will also be made for changes in the investor's proportionate interest in the investee arising from changes in the investee's over comprehensive income.

Where Company's share of loss 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 recognized.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

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.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 a 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 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.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 prorated 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 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 13.1 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

Deferred tax is recognised using the balance sheet liability method, on all temporary differences



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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.

Contributions under the scheme are made to this fund on the basis of actuarial recommendation at per annum of basic salary and are charged to profit and loss account. The latest actuarial valuation for the scheme was carried out as at June 30, 2014. The amount recognized in balance sheet represents the present value of the defined benefit obligation using the Projected Unit Credit Method.

Following are the key assumptions of the actuarial valuation scheme:

- Discount rate : 13% per annum (2013: 10.5 % per annum)
- Expected increase in eligible pay : 12% per annum (2013: 9.5 % per annum) -
- Average expected remaining working life time of employees: 12 years (2013: 10 years)
- Number of employees : 11 employees (2013: 12 employees)
- Expected mortality rates : SLIC 2005 Setback 1 year (2013: EFU 61-66)

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

	Note	2015 Rupees	2014 Rupees
4. CASH AND BANK BALANCES			
With Cash in Hand		30,500	17,800
With banks in current accounts		1,740,874	910,830
With banks in PLS account	4.1	4,547,796	21,221,848
		<u>42,319,170</u>	<u>22,150,478</u>
4.1	These deposits accounts carry profit at rates ranging from 2.05% to 6.48% (2014:2.05% to 7.93%).		
5. INVESTMENTS			
5.1 SHORT TERM INVESTMENTS			
At fair value through profit and loss			
- Equity securities - listed	5.1.1	50,556,745	43,053,177
		<u>50,556,745</u>	<u>43,053,177</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

5.1.1 At the fair value through Profit & Loss

Name of investee company	Number of shares				Balance as at June 30, 2015			
	As at July 1, 2014	Purchases during the year	Bonus / right issue	Sales /write-offs during the year	As at June 30, 2015	Carrying cost	Market value	Appreciation/ (diminution)
Construction and Materials								
Lafarge Pakistan Cement Co. Limited	-	75,000	-	75,000	-	-	-	-
Lucky Cement Company Limited	-	4,000	-	4,000	-	-	-	-
Maple Leaf Cement Factory Limited	-	12,500	-	12,500	-	-	-	-
Fauji Cement Company Limited	-	45,000	-	45,000	-	-	-	-
Pioneer Cement Limited	-	10,000	-	5,000	5,000	423,792	426,450	2,658
D.G.Khan Cement Limited	5,000	24,000	-	29,000	-	-	-	-
Cheart Cement Company Limited	-	3,500	-	3,500	-	-	-	-
Kohat Cement Company Limited	5,000	3,000	-	8,000	-	-	-	-
Sub total	10,000	177,000	-	182,000	5,000	423,792	426,450	2,658
Oil & Gas Producers								
Attock Refinery Limited	-	3,000	-	-	3,000	669,067	685,350	16,283
Pakistan State Oil Limited	-	7,000	-	7,000	-	-	-	-
Pakistan Refinery Limited	-	1,500	-	-	1,500	238,569	91,395	(147,174)
National Refinery Limited	7,000	-	-	-	7,000	2,146,237	1,624,420	(521,817)
Pakistan Petroleum Limited	18,700	-	1,800	-	20,500	3,267,309	3,367,330	100,021
Sub total	25,700	11,500	1,800	7,000	32,000	6,321,182	5,768,495	(552,687)
Gas Water & Multiutilities								
Sui Northern Gas Pipelines Limited	50,500	-	-	10,000	40,500	1,089,918	1,078,920	(10,998)
	50,500	-	-	10,000	40,500	1,089,918	1,078,920	(10,998)
General Industries								
Thal Limited	-	5,500	-	3,000	2,500	800,080	713,575	(86,505)
Packages Limited	-	1,000	-	1,000	-	-	-	-
Sub total	-	6,500	-	4,000	2,500.00	800,080	713,575	(86,505)
Power Generation & Distribution								
The Hub Power Company Limited	2,500	2,500	-	5,000	-	-	-	-
K-Electric Limited	25,000	70,000	-	25,000	70,000	568,307	589,400	21,093
Pakgen Power Limited	5,000	-	-	5,000	-	-	-	-
Kot Addu Power Company Limited	-	5,000	-	2,500	2,500	217,522	215,100	(2,422)
Sub total	32,500	77,500	-	37,500	72,500	785,829	804,500	18,671
Automobile and Parts								
Agriauto Industries Limited	6,000	-	-	6,000	-	-	-	-
Ghandara Nissan Limited	-	5,000	-	5,000	-	-	-	-
Indus Motor Company Limited	-	700	-	700	-	-	-	-
Pak Suzuki Motors Company Limited	-	11,000	-	11,000	-	-	-	-
Honda Atlas Car (Pakistan) Limited	-	5,000	-	-	5,000	1,166,167	1,093,400	(72,767)
Sub total	6,000	21,700	-	22,700	5,000	1,166,167	1,093,400	(72,767)
Fixed Line Telecommunication								
Pakistan Telecommunication Co. Ltd	-	80,000	-	40,000	40,000	842,984	820,000	(22,984)
	-	80,000	-	40,000	40,000	842,984	820,000	(22,984)



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Name of investee company	Number of shares				Balance as at June 30, 2015			
	As at July 1, 2014	Purchases during the year	Bonus / right issue	Sales / write-offs during the year	As at June 30, 2015	Carrying cost	Market value	Appreciation/ (diminution)
Engineering								
Crescent Steel & Allied Products	-	15,000	-	-	15,000	872,787	779,550	(93,237)
Sub total	-	15,000	-	-	15,000	872,787	779,550	(93,237)
Food Industries								
Engro Foods Limited	-	7,500	-	7,500	-	-	-	-
Sub total	-	7,500	-	7,500	-	-	-	-
Chemicals								
Fauji Fertilizer Bin Qasim Limited	95,000	60,000	-	25,000	130,000	6,346,977	7,191,600	844,623
Fatima Fertilizer Company Limited	5,000	15,000	-	20,000	-	-	-	-
Fauji Fertilizer Company Limited	90,000	10,000	-	2,000	98,000	11,454,031	14,643,160	3,189,129
Lotte Pakistan PTA Limited	200,000	-	-	-	200,000	2,193,568	1,384,000	(809,568)
Engro Fertilizer Limited	-	5,000	-	-	5,000	454,420	443,450	(10,970)
Ghani Gases Limited	-	20,000	-	-	20,000	680,903	566,000	(114,903)
Dynea Pakistan Limited	-	15,000	-	15,000	-	-	-	-
Sub total	390,000	125,000	-	62,000	453,000	21,129,899	24,228,210	3,098,311
Pharma and Bio Tech								
Searle Company Limited	-	2,500	-	2,500	-	-	-	-
Ferozsens Laboratories Limited	-	1,500	-	1,000	-	-	-	-
Sub total	-	4,000	-	3,500	-	-	-	-
Industrial Transportation								
Pakistan National Shipping Company	-	2,000	-	2,000	-	-	-	-
Sub total	-	2,000	-	2,000	-	-	-	-
Electronic & Electrical Goods								
Johnson & Philips (Pakistan) Limited	-	1,000	-	1,000	-	-	-	-
Sub total	-	1,000	-	1,000	-	-	-	-
Personal Goods(Textiles)								
Nishat Mills Limited	10,000	-	-	2,500	7,500	938,531	856,725	(81,806)
Artistic Denim Mills Limited	-	7,500	-	2,500	5,000	595,823	404,350	(191,473)
Kohinoor Textile Mills Limited	30,000	-	-	30,000	-	-	-	-
Sub total	40,000	7,500	-	35,000	12,500	1,534,354	1,261,075	(273,279)
Units of Mutual Funds								
UBL Bank Limited - Islamic saving fund Class C	24,118	-	-	24,118	-	-	-	-
Meezan Islamic Fund - Growth Units	69,180	-	-	-	69,180	1,521,948	4,227,589	2,705,641
Meezan Sovereign Fund - growth Fund	103,711	-	-	103,711	-	-	-	-
Meezan Balance Fund	-	164,701	9,432	-	174,134	2,333,818	2,554,540	220,722
Al-Ameen Islamic Active Allocation Plan-1	-	9,232	-	-	9,232	960,000	924,792	(35,208)
First Habib Islamic Balanced Fund	55,447	-	2,265	-	57,712	4,673,100	5,875,649	1,202,549
	252,456	173,933	11,697	127,829	310,258	9,488,867	13,582,570	4,093,703
Total Listed securities								
- At Fair value through Profit & Loss	807,156	710,133	13,497	542,029	988,258	44,455,858	50,556,745	6,100,887



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

5.1.2 Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss

	June 2015 Rupees	June 2014 Rupees
Market Value as	50,556,745	43,053,177
Cost of investment	44,455,858	40,493,647
Unrealised loss on investment as at year ended	6,100,887	2,559,532
Unrealised (loss)/gain on investment at the beginning of the year	2,559,531	107,111
Loss realised on disposal during the year	(1,258,358)	(804,508)
Unrealised loss on investment for the year ended	4,799,714	3,256,928

5.2 Long-term investments

Investment in Associates	5.2.1	8,328,828	7,493,454
Available for Sale			
- Equity securities - listed	5.2.2	19,332,831	7,875,751
		27,661,659	15,369,205

5.2.1 Investment in Associate

Opening balance	7,493,454	6,870,601
Share of incremental depreciation	330,890	222,110
Share of comprehensive income	22,023	-
Share of profit/(loss) of associate	603,736	458,312
	956,649	680,422
Dividend income	(121,275)	(57,570)
	8,328,828	7,493,454

Name of Associate

Al-Noor Sugar Mills Limited

Basis of significant influence

Common directorship

Summarized financial statements of associates:

	June 30 2015	June 30 2014
	Al-Noor Sugar Mills Ltd	Al-Noor Sugar Mills Ltd
	Rupees in '000	Rupees in '000
Share capital - ordinary shares of Rs. 10 each	204,737	204,737
Total assets	10,670,613	10,431,035
Total liabilities	8,029,646	7,919,374
Net assets	2,640,967	2,511,661
Revenue	2,471,588	2,971,754
Profit for the year - after tax	197,155	126,565
	Rupees	Rupees
Number of shares held	121,275	121,275
Cost of investment	1,623,000	1,623,000
Ownership interest	0.59%	0.59%
Market value of shares	6,048,000	4,730,000
Net book value	(4,425,000)	(3,107,000)
Financial results based on the information available as on	31-Mar-15	31-Mar-14
Financial year ended of the companies	30-Sep	30-Sep



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

5.2.2 Available for sale

Equity securities - listed

Name of investee company	Number of shares					Balance as at June 30, 2015		
	As at July 1, 2014	Purchases during the year	Bonus / right issue	Sales / write-offs during the year	As at June 30, 2015	Carrying cost	Market value	Appreciation/ (diminution)
Fully paid ordinary shares of Rs 10 each unless stated otherwise								
Equity Investment Instruments								
First National Bank Modaraba	10,000	-	-	5,000	5,000	17,350	19,950	2,600.00
First Habib Modaraba	4,500	-	-	-	4,500	36,646	46,800	10,154.00
First Imrooz Modaraba	500	-	-	-	500	42,254	26,500	(15,754.22)
Allied Rental Modaraba	3,000	-	-	-	3,000	132,462	147,240	14,778.00
Standard Chartered Modaraba	11,550	-	-	-	11,550	144,522	346,500	201,977.88
Sub total	29,550	-	-	5,000	24,550	373,234	586,990	213,755.66
Gas Water & Multiutilities								
Sui Northern Gas Pipelines Limited	11,550	-	-	11,550	-	-	-	-
Sub total	11,550	-	-	11,550	-	-	-	-
Fixed Line Telecommunication								
Worldcall Telecommunication Limited	15,000	-	-	-	15,000	55,500	30,750	(24,750)
Sub total	15,000	-	-	-	15,000	55,500	30,750	(24,750)
Chemicals								
Fauji Fertilizer Bin Qasim Limited	137,500	-	-	35,000	102,500	4,216,293	5,670,301	1,454,008
Archroma Pakistan Limited	1,400	200	-	1,600	-	-	-	-
Fauji Fertilizer Company Limited	10,000	-	-	-	10,000	1,084,658	1,494,200	409,542
Sub total	148,900	200	-	36,600	112,500	5,300,951	7,164,501	1,863,550
Oil & Gas Producers								
Pakistan Petroleum Limited	-	11,000	-	-	11,000	2,209,398	1,806,860	(402,538)
Pakistan Oilfield Limited	-	7,000	-	-	7,000	2,848,840	2,826,740	(22,100)
Sub total	-	18,000	-	-	18,000	5,058,238	4,633,600	(424,638)
Units of Mutual Funds								
Al-Ameen Islamic Principal Preservation Fund-IV Class A	-	23,651	1,264	-	24,915	2,459,734	2,631,405	171,671
Meezan Balance Fund	-	211,715	12,125	-	223,840	3,000,000	3,283,727	283,727
UBL AL-Ameen Islamic Active Allocation Plan - 1	-	10,000	1	-	10,001	1,040,000	1,001,858	(38,142)
	-	245,366	13,390	-	258,756	6,499,734	6,916,990	417,256
Total Listed securities - AFS	205,000	263,566	13,390	53,150	428,806	17,287,657	19,332,831	2,045,174

	Note	June 2015 Rupees	June 2014 Rupees
5.3.3 Unrealized gain/(loss) on re-measurement of available of sale investment			
Market Value as		19,332,831	7,875,751
Cost of investment		17,287,657	7,901,851
Unrealised loss on investment as at year ended		2,045,174	(26,100)
Unrealised loss on investment at the beginning of the year		(26,100)	(317,923)
Unrealised gain/(loss) on investment for the year ended		2,071,274	291,823



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	Note	June 2015 Rupees	June 2014 Rupees
6. MUSAWAMAH RECEIVABLE - Secured			
Musawamah receivable	6.1	<u>25,000,000</u>	<u>25,000,000</u>
6.1	This represents principal amount outstanding against musawamah receivable for the period of 90 days. These musawmah carry profit upto 10.00% (2014: 12.25% to 16.50%) per annum. These are secured against hypothecation of stocks and trade receivables, vehicles, demand promissory notes, personal guarantee of directors/proprietors and mortgage of properties.		
7 PROFIT RECEIVABLE			
Musawamah receivable		312,603	462,737
Sukuk		99,395	-
PLS bank account		<u>113,387</u>	<u>236,589</u>
		<u>525,385</u>	<u>699,326</u>
8. IJARAH RENTALS RECEIVABLE			
Ijarah rentals receivable - considered good		-	108,789
Less: allowance for potential Ijarah losses		-	-
		<u>-</u>	<u>108,789</u>
9. Stock in Trade			
Finished goods		25,061,235	124,583,191
In transit		-	10,593
less: Provision for slow moving stock		<u>(267,790)</u>	<u>(267,790)</u>
		<u>24,793,445</u>	<u>124,325,994</u>
10. INVESTMENT IN SUKUK CERTIFICATES - Held to Maturity			
Investment in Sukuk Certificate	10.1	5,000,000	-
Less: Principal Repaid		(357,143)	-
Less: Current portion of Investment in Sukuk Certificate		<u>(714,286)</u>	<u>-</u>
		<u>3,928,571</u>	<u>-</u>
10.1	This represents sukuk certificates of Albaraka Bank (Pakistan) Limited carrying profit similar to base rate of six months KIBOR + 1.25% (June 2014: Nil) recievable in 14 equal semi annual installments till September, 2021.		
11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good			
- Suppliers		7,187,499	4,088,000
- Employees		965,000	192,000
Prepayments		4,845,928	3,544,373
Others		134,915	233,529
Sales tax receivable	16.1	<u>591,517</u>	<u>591,517</u>
		<u>14,175,379</u>	<u>8,649,419</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

12 TAXATION

- 12.1** 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.

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.173,523 (2014: Rs. 50,932) are the tax deducted as final on the remittance received from the export of goods.

	Note	2015 Rupees	2014 Rupees
12.2			
Income tax refundable		2,314,738	2,011,747
Income tax (adjusted) / deducted at source		(241,281)	302,991
		<u>2,073,457</u>	<u>2,314,738</u>
13	LONG TERM DEPOSITS		
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
		<u>3,846,989</u>	<u>3,839,989</u>
14	IJARAH ASSETS		
Machinery		2,355,431	4,233,372
Vehicles		95,552,513	52,690,320
Others		18,969,413	36,112,820
	14.1	<u>116,877,357</u>	<u>93,036,512</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

14.1 The following is a statement of ijarah assets:

-----Year ended June 30, 2015-----				
Ijarah Assets				
	Machinery & Equipments	Motor Vehicles	Others	Total
At July 01, 2014				
Cost	11,064,836	83,156,400	42,500,000	136,721,236
Accumulated depreciation	(6,831,464)	(30,466,080)	(6,387,180)	(43,684,724)
Net book value	4,233,372	52,690,320	36,112,820	93,036,512
Additions	1,558,800	77,190,500	12,540,000	91,289,300
Disposals				
Cost	(5,390,236)	(21,865,000)	(25,000,000)	(52,255,236)
Depreciation	4,513,852	17,851,383	18,758,333	41,123,568
	(876,384)	(4,013,617)	(6,241,667)	(11,131,668)
Depreciation / amortisation charge for the year	(2,560,357)	(30,314,690)	(23,441,740)	(56,316,787)
Closing net book value	2,355,431	95,552,513	18,969,413	116,877,357
At June 30, 2015				
Cost	7,233,400	138,481,900	30,040,000	175,755,300
Accumulated depreciation	(4,877,969)	(42,929,387)	(11,070,587)	(58,877,943)
Net book value	2,355,431	95,552,513	18,969,413	116,877,357
-----Year ended June 30, 2014-----				
Ijarah Assets				
	Machinery & Equipments	Motor Vehicles	Others	Total
At July 01, 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)
Net book value	8,256,072	46,855,998	15,182,617	70,294,687
Additions	-	34,224,900	25,000,000	59,224,900
Disposals				
Cost	(3,623,568)	(21,172,000)	-	(24,795,568)
Depreciation	3,261,211	15,568,007	-	18,829,218
	(362,357)	(5,603,993)	-	(5,966,350)
Depreciation / amortisation charge for the year	(3,660,343)	(22,786,585)	(4,069,797)	(30,516,725)
Closing net book value	4,233,372	52,690,320	36,112,820	93,036,512
At June 30, 2014				
Cost	11,064,836	83,156,400	42,500,000	136,721,236
Accumulated depreciation	(6,831,464)	(30,466,080)	(6,387,180)	(43,684,724)
Net book value	4,233,372	52,690,320	36,112,820	93,036,512



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
15. FIXED ASSETS IN OWN USE		
Tangible assets	2,745,538	4,212,048
Intangible assets	5,428	31,828
	2,750,966	4,243,876

15.1 The following is a statement of fixed assets:

Year ended June 30, 2015							
	Tangible assets				Total Tangible Assets	Intangible	Total fixed Assets in use
	Computer equipment	Office equipment and appliances	Furniture and Fixtures	Motor Vehicles		Computer software	
Rupees							
At July 01, 2014							
Cost	1,267,200	983,227	564,356	4,788,415	7,603,198	253,000	7,856,198
Accumulated depreciation / amortisation	(1,205,898)	(671,095)	(335,060)	(1,179,097)	(3,391,150)	(221,172)	(3,612,322)
Net book value	61,302	312,132	229,296	3,609,318	4,212,048	31,828	4,243,876
Additions	26,100	161,550	26,500	-	214,150	-	214,150
15.2 Disposals							
Cost	(355,740)	(779,162)	(497,362)	-	(1,632,264)	-	(1,632,264)
Depreciation	355,726	641,703	313,597	-	1,311,026	-	1,311,026
	(14)	(137,459)	(183,765)	-	(321,238)	-	(321,238)*
Depreciation / amortisation charge for the year	(48,344)	(151,525)	(44,988)	(1,114,565)	(1,359,422)	(26,400)	(1,385,822)
Closing net book value	39,044	184,698	27,043	2,494,753	2,745,538	5,428	2,750,966
At June 30, 2015							
Cost	937,560	365,615	93,494	4,788,415	6,185,084	253,000	6,438,084
Accumulated depreciation / amortisation	(898,516)	(180,917)	(66,451)	(2,293,662)	(3,439,546)	(247,572)	(3,687,118)
Net book value	39,044	184,698	27,043	2,494,753	2,745,538	5,428	2,750,966
Depreciation rate % per annum	30	30	10	20		30	
Year ended June 30, 2014							
	Tangible assets				Total Tangible Assets	Intangible	Total fixed Assets in use
	Computer equipment	Office equipment and appliances	Furniture and Fixtures	Motor Vehicles		Computer software	
Rupees							
At July 01, 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	5,233,469	6,172,559	58,228	6,230,787
Additions	25,506	25,000	-	-	50,506	-	50,506
15.2 Disposals							
Cost	(9,100)	(259,365)	-	(1,295,965)	(1,564,430)	-	(1,564,430)
Depreciation	9,100	236,766	-	928,775	1,174,641	-	1,174,641
	-	(22,599)	-	(367,190)	(389,789)	-	(389,789)
Depreciation / amortisation charge for the year	(110,685)	(202,847)	(50,735)	(1,256,961)	(1,621,228)	(26,400)	(1,647,628)
Closing net book value	61,302	312,132	229,296	3,609,318	4,212,048	31,828	4,243,876
At June 30, 2014							
Cost	1,267,200	983,227	564,356	4,788,415	7,603,198	253,000	7,856,198
Accumulated depreciation / amortisation	(1,205,898)	(671,095)	(335,060)	(1,179,097)	(3,391,150)	(221,172)	(3,612,322)
Net book value	61,302	312,132	229,296	3,609,318	4,212,048	31,828	4,243,876
Depreciation rate % per annum	30	30	10	20		30	



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

15.2 Disposals of Fixed Assets

The following assets were disposed of during the year:

Cost	Accumulated depreciation	Net book value	Sale Proceeds	Gain / Loss on disposal	Mode of Disposal	Particulars of Buyers
(Rupees)						
-	-	-	-	-		
-	-	-	-	-		
June 30, 2015	-	-	-	-		
June 30, 2014	1,305,065	937,875	367,190	1,109,500	742,310	

Items having carrying value Rs. 321,238* were written off during the year.

Note

2015
Rupees

2014
Rupees

16 SECURITY DEPOSITS

Security deposits	29,868,911	19,552,981
Less: Repayable / adjustable after one year	(23,426,751)	(16,668,031)
Current maturity of security deposits	6,442,160	2,884,950

17 CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors	1,275,742	1,275,742
Accrued expenses	3,207,367	3,176,570
Payable to management company	17.1 -	2,821,071
Clearing and forwarding charges	458,900	458,900
Takaful / Insurance	-	51,536
Advances from customers	3,242,874	1,475,316
Provision for Worker's Welfare Fund	391,367	820,364
Advance Ijarah rentals	2,609,652	1,992,207
Unclaimed profit distributions	1,085,356	901,683
	12,271,257	12,973,390

17.1 "This includes sindh sales tax on management fee payable amounting to Rs. Nil (2014: Rs. 389,113/-) 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.

The levy has been recorded as Sales tax refundable on the basis of opinion received from the tax consultant advising that the excess input tax shall be adjustable against the output tax on other services subject to levy under Sindh Sales Tax on Services Act, 2011 and any excess input tax shall be refundable.

Note

2015
Rupees

2014
Rupees

18 PROVISION FOR CUSTOM DUTY & SURCHARGE

Custom duty / surcharge	18.1	4,398,842	4,398,842
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

	Note	June 2015 Rupees	June 2014 Rupees
19 PROFIT PAYABLE			
Late payment & cheques return	19.1	113,864	52,362
Shares Dividend	19.2	113,662	289,042
		<u>227,526</u>	<u>341,404</u>

- 19.1** 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.

- 19.2** 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.

20 DEFERRED LIABILITY - STAFF GRATUITY

20.1 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, 2014, using the Projected Unit Credit Method.

20.2 Liability recognised in the balance sheet:

Present value of the defined benefit obligation	6,729,031	5,423,164
Less: Fair value of planned assets	-	-
Defined benefit liability recognized in the accounts	<u>6,729,031</u>	<u>5,423,164</u>

20.3 Changes in present value of defined benefit obligation:

Opening Net Liability	5,423,164	3,980,581
Current service cost	600,856	565,221
Net interest on defined benefit liability	705,011	417,961
Net remeasurements for the year	-	672,401
Payments to fund during the year	-	(213,000)
Closing net liability	<u>6,729,031</u>	<u>5,423,164</u>

20.4 Amounts recognized in profit and loss account

Current service cost	600,856	565,221
Interest cost	705,011	417,961
Expense recognized in P&L	<u>1,305,867</u>	<u>983,182</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
20.5 Total remeasurements chargeable in other comprehensive income			
Experience adjustments		-	672,401
Total remeasurements chargeable in other comprehensive income		-	672,401

20.6 Changes in Net Liability

Balance as on 1 July		5,423,164	5,423,194
Expense chargeable to P&L	20.4	1,305,867	983,182
Remeasurements chargeable in other comprehensive income	20.5	-	672,401
Payments during the year	20.3	-	(213,000)
Company's liability at 30 June		6,729,031	5,423,164

20.7 Five years comparison

	June 30.....				
	2015	2014	2013	2012	2011
Present value of defined benefit obligation	6,729,031	5,423,164	3,980,581	2,842,051	3,096,825
	For the year ended June 30.....				
	2015	2014	2013	2012	2011
Experience Adjustments arising on plan liabilities (gain) / losses	-	(672,041)	(229,131)	32,552	(103,299)

21. CERTIFICATE CAPITAL

Authorised certificate capital

2015	2014		2015	2014
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		
20,000,000	20,000,000	fully paid-up in cash"	200,000,000	200,000,000
1,000,000	1,000,000	"Modaraba certificates of Rs.10 each	10,000,000	10,000,000
21,000,000	21,000,000	issued as fully paid bonus certificates	210,000,000	210,000,000

As at 30 June 2015, Al-Noor Modaraba Management (Private) Limited (the Management Company) held 4,200,000 certificates (2014: 4,200,000 certificates), as required under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

22 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. Nil (2014: 4,279,788) as Modaraba has incurred loss.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

23 CONTINGENCIES AND COMMITMENTS

Contingencies:

There are no known contingencies at the balance sheet date. (2014: Nil)

Commitments:

There are no known commitments at the balance sheet date. (2014: Rs. 4.2 million)

24	(LOSS)/PROFIT FROM TRADING OPERATIONS		2015 Rupees	2014 Rupees
	Sales	24.1	191,710,423	308,647,730
	Cost of sales	24.2	(211,377,328)	(288,976,500)
	Profit		<u>(19,666,905)</u>	<u>19,671,230</u>
24.1	Sales			
	Local		185,352,679	301,856,078
	Export		6,357,744	6,791,652
	Sales		<u>191,710,423</u>	<u>308,647,730</u>
24.2	Cost of Sales			
	Opening stock		124,593,784	107,269,389
	Purchases		111,291,207	305,808,541
			<u>235,884,992</u>	<u>413,077,930</u>
	Export expenses		553,571	492,354
			<u>236,438,563</u>	<u>413,570,284</u>
	Less: Closing stock		(27,061,235)	(124,593,784)
	Cost of sales		<u>211,377,328</u>	<u>288,976,500</u>
25	INCOME FROM IJARAH			
	Ijarah income		71,989,901	41,068,053
	Less: Depreciation on ijarah assets		(56,316,787)	(30,516,725)
			<u>15,673,114</u>	<u>10,551,328</u>
26	INCOME FROM INVESTMENTS			
	Gain on sale of marketable securities - net		3,671,230	4,373,862
	Dividend income		2,976,403	2,896,074
	Profit on COII -(Meezan Bank Ltd.)		65,842	-
	Gain on Sukuk Certificates		382,798	-
	Profit on Al-Samarat (HBL Islamic Banking)		-	140,137
	Profit on Barkat Islamic Certificates-Faysal Bank		108,712	282,292
	Profit on Al-Makhraj (MCB Islamic Banking)		-	72,422
			<u>7,204,986</u>	<u>7,764,787</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

27	ADMINISTRATIVE AND OPERATING EXPENSES	2015 Rupees	2014 Rupees
	Salaries and other staff benefits	12,776,707	10,374,126
	Rent, rates and taxes	1,780,647	1,860,117
	Postage and telephone	292,093	335,190
	Printing and stationery	345,313	400,742
	Fee and subscription	1,449,196	1,681,866
	Legal and professional charges	735,409	864,059
	Traveling and conveyance	82,186	187,330
	Entertainment	190,186	219,960
	Repair and maintenance	2,016,375	1,466,303
	Electricity and other utility charges	656,000	1,105,791
	Depreciation	1,385,822	1,647,628
	Auditor's remuneration	396,600	388,475
	Advertisement and publicity	137,300	109,400
	Zakat	925	2,638
	Storage and transportation charges	425,776	373,668
	Insurance	4,454,471	3,917,703
	Commission	119,655	110,580
	Others	863,113	391,267
		<u>28,107,773</u>	<u>25,436,843</u>
27.1	This includes Rs. 1,305,867 (2014: Rs. 983,182) in respect of staff retirement benefits.		
27.2	"Office space and janitorial expenditure / services are borne by Al Noor Modaraba Management (Private) Limited.		
27.3	Auditors remuneration		
	Audit fee	275,000	250,000
	Half yearly review	81,750	75,000
	Out-of-pocket expenses	39,850	63,475
		<u>396,600</u>	<u>388,475</u>
28	FINANCIAL AND OTHER CHARGES		
	Bank charges	47,042	65,147
	Guarantee commission	80,822	81,664
		<u>127,864</u>	<u>146,811</u>
29	OTHER INCOME/(LOSS)		
	Profit on bank deposits	1,861,697	2,437,992
	Foreign exchange difference	(516)	9,259
	Profit/(loss) on disposal of fixed asset	-	742,310
	Takaful / Insurance Claim	-	467,605
	Miscellaneous income	246,038	453,126
		<u>2,107,219</u>	<u>4,110,292</u>
29.1	This represents profit from PLS accounts, maintained with Islamic banks at the rates ranging from 2.05% to 6.48% (2014: 2.09% to 7.93%).		
30	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.		



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

31 PROVISION FOR 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. Nil (2014: Rs. 437,752) in respect of this liability as Modaraba has incurred loss.

		2015 Rupees	2014 Rupees
32 INCOME TAX EXPENSES			
Current tax	12.1	173,523	50,932
32.1 Relation between tax expenses and accounting profit			
Accounting profit for the current year		-	21,449,870
Tax on income @ 25% (2012: 25%)		-	5,362,468
Tax effect off - exempt income		-	(5,311,536)
		-	50,932
33 EARNING PER CERTIFICATE - Basic and Diluted			
Profit for the year		(14,533,021)	21,398,938
Weighted average number of certificates		Number 21,000,000	Number 21,000,000
Earning per certificate - basic and diluted		(0.69)	1.02

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, 2015 and June 30, 2015 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.

34 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:

	2015			2014		
	Officers	Employees	Total	Officers	Employees	Total
Salary	5,203,200	2,840,100	8,043,290	5,172,063	2,492,100	7,664,163
Benefit	1,025,800	865,400	1,891,200	274,868	39,900	314,768
Gratuity	843,613	462,254	1,305,867	677,205	305,977	983,182
EOBI	28,800	43,200	72,000	21,600	28,800	50,400
Group insurance	201,964	86,026	287,990	220,927	99,819	320,746
General services	-	951,350	951,350	-	740,867	740,867
Contract staff	-	225,000	225,000	-	300,000	300,000
	7,303,377	5,473,330	12,776,707	6,366,663	4,007,463	10,374,126
No. of persons	4	7	11	4	7	11



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
35 CASH FROM OPERATIONS AFTER WORKING CAPITAL CHANGES			
(Loss)/Profit before taxation		(14,359,498)	21,449,870
Adjustments for:			
Gain on sale of investment in listed securities	26	(3,671,230)	(4,373,862)
Dividend income	26	(2,976,403)	(2,896,074)
Income on musawamah investment		(3,154,275)	(4,090,357)
Gain on Sukuk Certificates		(382,798)	-
Loss/(Profit) on disposal of fixed assets	15	-	(742,310)
Assets Written off		321,238	22,599
Profit on bank deposits	29.1	(1,861,697)	(2,437,992)
Profit on Al-Samarat Islamic Certificates		-	(140,137)
Profit on Al-Makhraj (MCB Islamic Banking)		(108,712)	(72,422)
Profit on Barkat Islamic Certificates		(65,842)	(282,292)
Financial Charges		127,864	
Depreciation - owned assets	15.1	1,359,422	1,621,228
Depreciation - Ijarah assets	14.1	56,316,787	30,516,725
Amortisation of intangible assets	15.1	26,400	26,400
Provision for gratuity		1,305,867	983,182
Share of profit/(loss) of associate	5.2.1	(603,736)	(458,312)
Unrealized loss/(gain) on re measurement of investments in listed securities	5.1.2	(4,799,713)	(3,256,928)
		41,833,171	14,419,448
Operating profit before working capital changes		27,473,672	35,869,318
(Increase)/Decrease in current assets			
Stock in trade	9	99,532,549	(17,324,395)
Bills receivable		1,697,587	(1,697,587)
Musawamah receivables - secured	6	-	33,197,900
Profit receivable	7	173,941	926,517
Ijarah Rental receivable	8	108,789	(108,789)
Trade Debtors - unsecured		(12,212,633)	(10,706,089)
Advances, deposits, prepayments and other receivables	11	(5,075,440)	(2,288,517)
		84,224,793	1,999,040
Increase/(Decrease) in current liabilities			
Creditors, accrued and other liabilities	17	(885,805)	(156,399)
Profit payable	19	(113,878)	132,450
		(999,683)	(23,949)
Cash flow from operating activities		110,686,782	37,844,409
36 CASH AND CASH EQUIVALENTS			
Cash and bank balances	4	42,319,170	22,150,478
		42,319,170	22,150,478



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

37 FINANCIAL INSTRUMENTS BY CATEGORY

	As at June 30, 2015				
	Loans and receivables	Assets at fair value through profit & loss	Available for sale	Held to maturity	Total
FINANCIAL ASSETS					
Cash and cash equivalent	42,319,170	-	-	-	42,319,170
Investments	-	50,556,745	19,332,831	-	69,889,576
Bills receivable	-	-	-	-	-
Long term deposits	3,846,989	-	-	-	3,846,989
	46,166,159	50,556,745	19,332,831	-	116,055,735

	June 30, 2015
	----Rupees----
FINANCIAL LIABILITIES	
Security deposits	29,868,911
Creditors, accrued and other liabilities	11,879,890
Profit payable	227,526
Deferred liabilities - staff gratuity	6,729,031
	48,705,358

	As at June 30, 2014				
	Loans and receivables	Assets at fair value through	Available for sale	Held to maturity	Total
FINANCIAL ASSETS					
Cash and cash equivalent	22,150,478	-	-	-	22,150,478
Investments	-	43,053,177	7,875,751	-	50,928,928
Bills receivable	1,697,587	-	-	-	1,697,587
Long term deposits	3,839,989	-	-	-	3,839,989
	27,688,054	43,053,177	7,875,751	-	78,616,982

	June 30, 2014
	----Rupees----
FINANCIAL LIABILITIES	
Security deposits	19,552,981
Creditors, accrued and other liabilities	12,973,390
Profit payable	341,404
Deferred liabilities - staff gratuity	5,423,164
	38,290,939



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

38 FINANCIAL RISK MANAGEMENT

The Modaraba financed its operations entirely through equity during the year ended June 30, 2015. 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.

38.1 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, profit rate risk and other price risk.

38.2 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 exposed to currency risk of Rs Nil as at the balance sheet date against export bills receivables in foreign currency (2014: Rs. 1,697,587).

38.3 Profit risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market profit rates. The Modarabahas adopted appropriate policies to minimise its exposure to this risk. At the reporting date the profit rate profile of the Modaraba's significant profit bearing financial instruments in the periods in which they mature is as follows:

	Effective yield / profit rate %	2015					Not exposed to yield / profit risk
		Total	Up to one month	Up to one month to 3 months	Over three months to one year	Over one year to five years	
(Rupees)							
Assets							
Bank balances	2.05% to 6.48%	42,319,170	40,547,796	-	-	-	1,771,374
Investments		78,218,404	-	-	-	-	78,218,404
Musawamah receivables - secured	10.00% to 14.00%	25,000,000	25,000,000	-	-	-	-
Profit receivable	2.05% to 14.00%	525,485	113,487	156,930	255,068	-	-
Investment in Ijarah finance	14.5 % - 38.47 %	116,877,367	2,079,797	1,965,775	6,924,613	105,907,182	-
Ijarah rental receivable		-	-	108,789	-	-	-
Bills receivable		-	-	-	-	-	-
Advances, deposits, prepayments and other receivables		14,175,379	-	-	-	-	14,175,379
Long-term Deposit		3,846,989	-	-	-	-	3,846,989
Total Financial Assets as at June 30, 2015		280,962,794	67,741,080	2,231,494	7,179,681	105,907,182	98,012,146
Liabilities							
Security deposits		29,868,911	-	-	-	-	29,868,911
Creditors, accrued and other liabilities		12,282,439	-	-	-	-	12,282,439
Profit payable		227,526	227,526	-	-	-	-
Deferred Liabilities - staff gratuity		6,729,031	-	-	-	-	6,729,031
Total Financial Liabilities as at June 30, 2015		49,107,907	227,526	-	-	-	48,880,381
Total yield / profit risk sensitivity gap			67,513,554	2,231,494	7,179,681	105,907,182	
Cumulative yield / profit risk sensitivity gap			67,513,554	69,745,048	76,924,729	182,831,911	



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	Effective yield / profit rate	2014					Not exposed to yield / profit risk
		Total	Up to one month	Up to one month to 3 months	Over three months to one year	Over one year to five years	
	%	-(Rupees)					
Assets							
Bank balances	2.09% to 7.93%	22,150,478	21,221,848	-	-	-	928,630
Investments		58,422,382	-	-	-	-	58,422,382
Musawamah receivables - secured	12.25% to 16.5%	25,000,000	25,000,000	-	-	-	-
Profit receivable	12.25% to 16.5%	699,326	236,589	-	462,737	-	-
Investment in Ijarah finance	14.5 % - 38.47 %	93,036,512	678,481	469,452	34,989,973	56,898,606	-
Ijarah rental receivable		108,789	-	108,789	-	-	-
Bills receivable		1,697,587	-	-	-	-	1,697,587
Advances, deposits, prepayments and other receivables		8,649,419	-	-	-	-	8,649,419
Long-term Deposit		3,839,989	-	-	-	-	3,839,989
Total Financial Assets as at June 30, 2013		213,604,482	47,136,918	578,241	35,452,710	56,898,606	73,538,007
Liabilities							
Security deposits		19,552,981	-	-	-	-	19,552,981
Creditors, accrued and other liabilities		12,973,390	-	-	-	-	12,973,390
Profit payable		341,404	341,404	-	-	-	-
Deferred Liabilities - staff gratuity		5,423,164	-	-	-	-	5,423,164
Total Financial Liabilities as at June 30, 2013		38,290,939	341,404	-	-	-	37,949,535

Total yield / profit risk sensitivity gap	46,795,514	578,241	35,452,710	56,898,606
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Cumulative yield / profit risk sensitivity gap	46,795,514	47,373,755	82,826,465	139,725,071
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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.

38.4 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, 2015, other comprehensive income for the year would be affected by Rs. 958,479 (2014: Rs. 393,788) 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. 2,525,752 (2014: Rs. 2,152,659) 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, 2015

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, 2015 is not necessarily indicative of the effect on the Modaraba's net assets of future movements in the level of the KSE 100 Index.

38.5 Credit risk

38.5.1 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. 356,160,363 (2014: Rs 376,086,840) the financial assets which are subject to credit risk amounted to Rs. 98,668,933 (2014: Rs 80,715,403). The management believes that the Modaraba is not exposed to major concentration of credit risk.

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

	June 30, 2015 Rupees	June 30, 2014 Rupees
Bank balances		
A	14,757,494	216,211
AA	20,278,671	15,995,037
AA+	27,471	-
AAA	7,225,034	-
A-1+	-	5,939,230
Bills receivable		
- Bills receivable	-	1,697,587



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

	30 June 2015		30 June 2014	
	outstanding	overdue	outstanding	over due
Ijarah rental receivable	-	-	108,789	-
Trade Debtors- unsecured	43,810,383	-	31,597,750	-

38.5.4 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 2015			Total
		Substandard	Doubtful	Loss	
Musawamah receivable	-	-	-	-	-

	OAEM	As at 30 June 2014			Total
		Substandard	Doubtful	Loss	
Musawamah receivable	-	-	-	-	-

- 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.

38.5.5 Concentration of credit risk

	2015		2014	
		% Rupees	Rupees	%
Textile composite	25,779,550	23.07%	27,058,887	35.37%
Fuel and energy	6,572,995	5.88%	6,151,875	8.04%
Chemical and pharmaceutical	31,392,711	28.10%	22,511,039	29.43%
Food and allied industries	27,322,478	24.45%	-	0.00%
Others miscellaneous	20,664,865	18.49%	20,773,654	27.16%
	111,732,598	100%	76,495,455	100%

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:

	2015 Rupees	2014 Rupees
Musawamah receivables - secured	25,000,000	25,000,000
Modaraba receivables - secured	-	-
Profit receivable	525,385	699,326
Ijarah rental receivable	-	108,789
	25,525,385	25,808,115



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

38.6 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 2015			
Total	Upto three months	More than three months & upto one year	
----- Rupees-----			
Current liabilities			
Current maturity of security deposits	6,442,160	-	6,442,160
Creditors, accrued and other liabilities	12,282,439	5,825,862	6,456,577
Total Current liabilities	18,724,599	5,825,862	12,898,737
Total	Upto three months	More than three months and upto one year	More than one year
----- Rupees-----			
Non-Current liabilities			
Security deposits	23,426,751	-	23,426,751
Deferred liabilities - staff gratuity	6,729,031	-	6,729,031
Total Non-Current liabilities	30,155,782	-	30,155,782
	48,880,381	5,825,862	12,898,737
			30,155,782
As at 30 June 2014			
Total	Upto three months	More than three months & upto one year	
----- Rupees-----			
Current liabilities			
Current maturity of security deposits	2,884,950	-	2,884,950
Creditors, accrued and other liabilities	12,973,390	5,825,862	7,147,528
Total Current liabilities	15,858,340	5,825,862	10,032,478



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	Total	Upto three months	More than three months and upto one year	More than one year
	----- Rupees -----			
Non-Current liabilities				
Security deposits	16,668,031	-	-	16,668,031
Deferred liabilities - staff gratuity	5,423,164	-	-	5,423,164
Total Non-Current liabilities	22,091,195	-	-	22,091,195
	37,949,535	5,825,862	10,032,478	22,091,195

38.7 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.

39 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.

40 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, 2015

		June 2015 Rupees	June 2014 Rupees
40.1 Balance outstanding at year end			
Modaraba Management Company			
- Management fee	17.1	-	2,821,071
Associated undertakings			
- Guarantee commission accrued to MCB Bank Limited		105,380	809,578
- Sharing of common expense charged during the year with Al-Noor Sugar Mills Ltd.		-	150,000
Other related parties (other than key management personnel)			
- Contribution to staff gratuity fund	20.2	6,729,031	5,423,164
40.2 Transactions during the year			
Modaraba Management Company			
- Management fee	30	-	2,431,958
Associated undertakings			
- Guarantee commission accrued to MCB Bank Limited		80,822	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	20.5	1,305,867	983,182
Associated undertakings		No. of Shares	
- Bonus shares of Al-Noor Sugar Mills Limited		-	5,775

41 INFORMATION ABOUT BUSINESS SEGMENTS

	2015				
	Trading	Financing	Investment	Ijarah	Total
Segment revenue	191,710,423	3,154,275	7,204,986	71,989,901	274,059,585
Segment results	(19,666,905)	3,026,411	12,004,699	15,919,152	11,283,358
Unallocated corporate expenses					(28,130,804)
Other income					1,861,181
Share of profit from associate					603,736
Modaraba company's management fee					-
Provision for worker's welfare fund					-
Income taxes	(173,523)				(173,523)
Profit for the year					(14,533,021)
OTHER INFORMATION					
Capital expenditure	-	-	-	91,289,300	91,289,300
Depreciation and amortization	-	-	-	(56,316,787)	(56,316,787)
ASSETS AND LIABILITIES					
Segment assets	24,793,445	25,411,998	78,218,404	116,877,357	245,301,204
Unallocated corporate assets					113,732,588
Consolidated total assets					361,657,791
Segment liabilities	1,275,742	22,021	-	35,721,437	37,019,200
Unallocated corporate liabilities					16,476,367
Consolidated total liabilities					53,495,567



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	2014				
	Trading	Financing	Investment	Ijarah	Total
Segment revenue	308,647,730	4,090,357	7,764,787	41,068,053	361,570,927
Segment results	19,671,230	3,943,546	11,021,715	11,004,454	45,640,945
Unallocated corporate expenses					(25,436,843)
Other income					3,657,166
Share of profit from associate					458,312
Modaraba company's management fee					(2,431,958)
Provision for worker's welfare fund					(437,752)
Income taxes	(50,932)				(50,932)
Profit for the year					21,398,938
OTHER INFORMATION					
Capital expenditure	-	-	-	59,224,900	59,224,900
Depreciation and amortization	-	-	-	(30,516,725)	(30,516,725)
ASSETS AND LIABILITIES					
Segment assets	124,325,994	25,462,737	58,422,382	93,145,301	301,356,414
Unallocated corporate assets					74,730,426
Consolidated total assets					376,086,840
Segment liabilities	1,275,742	22,021	-	23,020,504	24,318,267
Unallocated corporate liabilities					18,371,514
Consolidated total liabilities					42,689,781

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

42 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:

	Note
i) Musawamah finance	3.8.4 & 6
ii) Modaraba finance	3.8.3
iii) Determination and measurement of useful life and residual value of fixed assets and ijarah assets	3.3.2, 14 & 15

43 NUMBER OF EMPLOYEES

The total and average number of employees during the year and as at June 30, 2015 and 2014 respectively are as follows:

	June 30, 2015	June 30, 2014
Total number of employees as at	11	11
Average number of employees during the year ended	11	11



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

44 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on August 25, 2015 have approved distribution at the rate of 5% percent (2014: 7.5%) per certificate of Rs. 10 each.

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 August 25, 2015.

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, 2015

Number of Certificate Holders	Certificate Holding		Total Certificates Held
	From	To	
111	1	100	4,066
92	101	500	36,144
121	501	1,000	91,566
158	1,001	5,000	421,966
50	5,001	10,000	384,824
28	10,001	15,000	352,141
8	15,001	20,000	151,500
17	20,001	25,000	393,101
7	25,001	30,000	203,125
3	30,001	35,000	96,600
5	35,001	40,000	189,548
2	40,001	45,000	89,631
8	45,001	50,000	392,500
1	55,001	60,000	57,500
3	60,001	65,000	194,000
1	65,001	70,000	67,000
1	80,001	85,000	82,000
1	90,001	95,000	94,573
8	95,001	100,000	796,000
2	100,001	105,000	203,680
1	130,001	135,000	130,002
2	145,001	150,000	297,000
1	155,001	160,000	159,000
1	165,001	170,000	169,500
1	190,001	195,000	194,000
1	195,001	200,000	199,500
1	225,001	230,000	229,663
1	255,001	260,000	258,500
1	265,001	270,000	269,000
1	275,001	280,000	278,000
1	335,001	340,000	338,500
1	375,001	380,000	377,000
1	385,001	390,000	386,600
1	400,001	405,000	402,000
1	410,001	415,000	414,000
1	445,001	450,000	449,500
1	520,001	525,000	521,220
1	565,001	570,000	569,900
1	660,001	665,000	663,440
1	1,180,001	1,185,000	1,181,000
1	1,415,001	1,420,000	1,415,500
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
652			21,000,000



CATEGORIES OF CERTIFICATE HOLDING AS AT JUNE 30, 2015

Categories of Certificate Holders	Numbers	Certificate Held	Percentage
BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS			
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%
INSURANCE COMPANIES			
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%
ASSOCIATED COMPANIES, UNDERTAKING & RELATED PARTIES			
Al-Noor Modaraba Management (Pvt) Ltd	1	4,200,000	20.00%
Reliance Insurance Company Ltd	1	521,220	2.48%
MODARABAS AND MUTUAL FUNDS			
CDC - Trustee National Investment (Unit)	1	663,440	3.16%
NIT AND ICP			
Investment Corporation of Pakistan	1	500	0.00%
FOREIGN INVESTORS			
Syed Munir Akbar	1	1,025	0.00%
INDIVIDUALS			
Local Individuals	621	12,401,052	59.05%
OTHERS	20	816,723	3.89%
TOTAL:	652	21,000,000	100.00%

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

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%
Atiqa Begum	---	1,415,500	6.74%
Sheikh Mohammad Atiq ur Rehman	---	1,181,000	5.62%



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