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CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Imamuddin Shouqeen - Chairman Mr. Shahbaz Ali Malik - Director Saiyed Faiq Hussain - Director / Chief Executive Mr. Malik Junaid Emam - Director Mr. Kamran Hussain Mughal - Director / Company Secretary
AUDIT COMMITTEE	Mr. Malik Junaid Emam - Chairman Saiyed Faiq Hussain - Member Mr. Kamran Hussain Mughal - Member
SHARIAH ADVISOR	Mufti Mohammad Ibrahim Essa
COMPANY SECRETARY	Mr. Kamran Hussain Mughal
CHIEF FINANCIAL OFFICER	Mr. Ali Hasan Kalroo
BANKERS	Albaraka Bank (Pakistan) Limited
AUDITORS	Avais Hyder Liaquat Nauman Chartered Accountant
LEGAL ADVISOR	Zafar Ali Shah Advocate Bukhari Law Associates
MANAGEMENT COMPANY	Popular Islamic Modaraba Management Company (Pvt.) Ltd
REGISTERED OFFICE	813, 8th Floor, Hasrat Mohani Road, Off. I.I.Chundrigar Road, Karachi.
SHARE REGISTRAR	Central Depository Company of Pakistan CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahr-e-Faisal, Karachi



OUR VISION:

To be Modaraba of choice adhering to financing principles of Quran and Sunnah.

OUR MISSION

To develop First Islamic Modaraba as a leading Financial Institution of the country offering all modes of Islamic Financing to the satisfaction of customers who aspire to realize the growth potential of Shariah Compliant Financing in Pakistan.

We focus on value creation for our stakeholders.



DIRECTOR'S REPORT

The Board of Directors of the Popular Islamic Modaraba Management Company (Pvt.) Limited, the Management Company of First Islamic Modaraba (the Modaraba) is pleased to present the Directors' Report of the Modaraba, together with audited financial statements and auditors' report for the year ended June 30, 2015.

Review of Operations:

During the period under review, your Modaraba has performed satisfactorily, as evident from below mentioned results. The revenue was attained to the tune of Rs.16,103,376/-, which is 122% higher than that of previous year's revenue of Rs.7,235,176/-. The operating expenses of the Modaraba amounted to Rs.3,742,470/- decreased by 7.27% as against that of the last year. However, the depreciation expenses increased to Rs.11,219,350/- this year due to the Ijarah Financing. The year ended with a profit before tax of Rs.4,522,536/- as against that of Rs.1,496,760/- during the last year. The profit after tax amounted was Rs.4,114,072/- as against Rs.1,426,560/- of the last year. The earning per certificate also increased from Re.0.14 (last year) to Re.0.41 this year. Thus overall performance of the Modaraba has been quite satisfactory.

The First Islamic Modaraba manages and monitors risk exposure very prudently. The evaluation of borrower's credit profile includes repayment capability, eCIB clearance, experience, etc., which are carried out at the time of approval of the facility and regular monitoring thereof.

The summarized financial results for the year ended are as under:

	2015 Rupees	2014 Rupees
Income	16,103,376	7,235,176
Expenses	14,961,820	4,889,693
Profit before tax	4,522,536	1,496,760
Taxation	408,464	70,200
Profit after tax	4,114,072	1,426,560
Earning per certificate	0.41	0.14

EXPLANATION WITH REGARD TO THE QUALIFICATIONS OF EXTERNAL AUDITORS' REPORT.

Kindly read note # 8.1, 12, 13.2, of the financials, and qualifications i, ii, iii and iv in the current year audit report:

- The new management of the Modaraba is confident, and has started pursuing the recovery proceedings at different Courts of Law, and is of the view that recoveries would be made in due course of time from the parties otherwise the said amount will be provided accordingly in the subsequent period.
- The management of the Modaraba has lodged a claim with the Official Liquidator regarding the recovery of the said amount, and is confident for its recovery.
- The new management of the Modaraba is vigorously following up pending decrees at the Court's level, and is confident for the recovery of the said amount.

Appointment of Shari'ah Advisor

The Circular No. 8 of 2012 dated February 03, 2012 issued by the Registrar Modaraba, Securities & Exchange Commission of Pakistan (SECP), Policy and Regulation Development Department Specialized Company Division (Modaraba Wing) Islamabad, has introduced Shari'ah Compliance and Shari'ah Audit Mechanism (SCSAM) for Modarabas.



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Under Clause VIII of the Circular, every Modaraba Company shall have a Shari'ah Advisor of the Modaraba, appointed on such terms and conditions as it may deem fit, having the qualification and experience to perform as specified in the Circular. The Board has appointed Mufti Muhammad Ebrahim Essa as Shari'ah Advisor of the Modaraba, who is clearing all the financing proposals and day to day business of the Modaraba from Shariah point of view.

Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Modaraba present its state of affairs fairly which includes the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements, and accounting estimates used are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable to Modarabas in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed.
- The system of internal control, which is in place is sound in design and has been effectively Implemented and monitored.
- The Modaraba is now a going concern.
- The Board is satisfied with the Modaraba's ability to continue as a going concern and that is why it is considering fresh injection of equity in the Modaraba.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no outstanding statutory payments on account of taxes, duties, levies and charges as on June 30, 2015 except for those disclosed in the financial statements.
- During the year under review, Fourteen (14) meetings of the Board of Directors were held. Attendance by each director was as follows:

Name of Director	Meetings Attended
Mr. Imamuddin Shouqeen	14
Mr. Shahbaz Ali Malik	05
Saiyed Faiq Husain	14
Mr. Malik Juanid Emam	12
Mr. Kamran Husain Mughal	14

- The pattern of holding of certificates by the certificate-holders is included in this annual report.
- The Directors, CEO, CFO/ Company Secretary and their spouses and minor children did not carry out any transaction in the certificates of Modaraba during the year.



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Future outlook:

The Management of the Modaraba has been successful in resolving almost all the issues pertaining to its acquisition, however, some issues as mentioned on page 1 still remain unresolved which are being followed up.

The current economic situation particularly falling profit rate, along with a very competitive environment for Islamic Financial Products has resulted a very challenging outlook for the Modaraba. The Management of your Modaraba is proactively studying available options which would best protect and preserve certificate holders' interest in the future. We are making all possible efforts to augment the system, and special emphasis are being placed on recoveries and careful risk assessment to safeguard any adverse impact in future. New products and services are being explored to enhance our business generating activities. We are fully geared to maintain this upward trend and Inshah Allah foresee to achieve better result and to regularly pay progressive rate of return to the certificate holders of the Modaraba in very near future.

For induction of quality customer base, it requires efficient services and competitive rates of profit. In order to compete with institutions offering Islamic base funding specially Islamic Commercial Banks, we need to offer highly competitive profit rates to keep good clientele.

Role of Certificate-Holders:

The Board aims to ensure that the Modaraba's certificate holders are kept informed about major developments affecting the Modaraba's state of affairs. To achieve this objective, information is communicated to certificate holders through quarterly, half-yearly and annual financial reports, which are also being posted on website i.e www. popularislamicmodaraba.com

Auditors:

The present auditors M/s. Avais Hyder Liaquat Nauman, Chartered Accountants, being eligible for appointment and upon their consent to act as auditors, have been appointed auditors of the Modaraba for financial year ending June 30, 2016 subject to the approval of Registrar Modaraba.

Compliance with the Code of Corporate Governance:

The requirements of the Code of Corporate Governance set out by the Karachi, Lahore, and Islamabad Stock Exchange in their listing regulations, relevant for the year ended June 30, 2015 have been duly complied with and any exceptions have been disclosed in the Statement of Compliance with the Best Practices of Corporate Governance.

Listed with Islamabad Stock Exchange:

The Modaraba has been listed with the Islamabad Stock Exchange, and buy out of public shares held by the General Public under the directives of the Securities and Exchange Commission of Pakistan was arranged through them.

Statutory Reserves

As per requirement of Rule 2 of Part III of Prudential Regulation for Modaraba as issued by the Securities and Exchange Commission of Pakistan, the Modaraba has transferred 20% of net profit to its Statutory Reserves.

Acknowledgments:

The Modaraba is thankful to the invaluable guidance and support of the Registrar Modarabas, the Securities & Exchange Commission of Pakistan, Islamabad Stock Exchange, NBF1 and Modaraba Association of Pakistan and all Staff Members of the Modaraba during the year, and look forward to receiving the same in future as well.

For and on behalf of the Board.

Chief Executive
S. Faiq Hussain

Place: Karachi
Dated: October 08, 2015



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

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of Chapter XI of the Listing Regulations of the Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed Modaraba is managed in compliance with the best practices of corporate governance.

The Modaraba has applied the principles contained in the CCG in the following manner:

1. All the Directors are non executive directors except for the Chief Executive & one Director.
2. The directors have confirmed that none of them is serving as director in more than seven listed companies, including this Management Company.
3. All the resident directors of the Modaraba Management Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a Stock Exchange, has been declared as defaulter by that Stock Exchange.
4. During the year, no casual vacancy occurred on the Board of Directors.
5. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer of the Modaraba Management Company, other executive and non – executive directors, have been taken by the Board. No new appointment of CEO has been made neither there is any change in the remuneration of non-executive Directors during the year.
6. The meetings of the board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
7. The financial statements of the Modaraba were duly endorsed by CEO and CFO before approval of the Board.
8. 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.
9. The Modaraba has complied with all the corporate and financial reporting requirements of the CCG.
10. The directors' report for this year has been prepared in compliance requirements of the Code and fully describes the salient matters required to be disclosed.
11. The Board has approved appointment of CFO, Company Secretary, including their remuneration and terms and conditions of employment, as determined by the CEO.
12. The Board has formed an Audit Committee. It comprises 3 (three) members, of whom one is non executive director who is the Chairman of the committee.
13. The Board has set-up an effective internal audit function including Shari'ah compliance mechanism as required under circular 8 of 2012 issued by the Registrar of Modarabas, SECP. Mufti Ibrahim Essa is the Shari'ah Advisor of the Modaraba and has issued Shari'ah Review Report for the year ended June 30, 2015.



14. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

15. 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.

16. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

17. The existing CFO & Company Secretary continue to serve as per their terms of appointment as approved by the Board of Directors.

18. The Head of Internal Audit has been appointed, however, Independent Director is to be appointed in due course of time as required.

19. The meeting of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Modaraba and as required by the CCG.

20. Due to the small number of employees, the Board has not formed a Human Resource and Remuneration Committee as yet. However, the management is planning to form Human Resource and Remuneration Committee in due course of time as and when the number of employee increases.

21. A vision and mission statement for the Modaraba is prepared and adopted.

22. Credit, Investment and Internal Audit policies have been made effective. However, no Standard Operating Procedures are in place as the management has changed and streamlining the processes, and such policies will be developed subsequently.

23. Being the initial years of operation no mechanism for annual evaluation of board's own performance has yet been developed.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi
Dated: October 08, 2015

S. Faiq Husain
Chief Executive Officer



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Popular Islamic Modaraba Management Company (Private) Limited** (the Management Company) for the year ended June 30, 2015 to comply with the requirements of listing regulation No. 35(Chapter XI) of the Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited where the Modaraba is listed

The responsibility for compliance with the Code 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 provision of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

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

An instance of non-compliance with the requirements of the Code in respect of secretarial compliance certificate by the Company Secretary was observed which are not stated in the Statement of Compliance.

Based on our review, except for the above instance of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all materials respects, which the best practices contained in the Code as applicable to the Modaraba, for the year ended June 30, 2015.

Further, we highlight below instances of non-compliances with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance



S.No	Paragraph Reference	Description
I.	18	There is no independent director of the Modaraba Management Company and is to be appointed in due course of time.
II.	20	Due to the small number of employees, the Board has not formed a Human Resource and Remuneration Committee as yet. However, the management is planning to form Human Resource and Remuneration Committee in due course of time as the number of employee increases.
III.	22	Credit, Investment and Internal Audit policies have been made effective. However, no Standard Operating Procedures are in place.
IV.	23	Being the initial years of operation no mechanism for annual evaluation of board's own performance has been developed. It will be made effective from next year.

Chartered Accountants
Karachi.

Dated: October 08, 2015

Engagement Partner: Adnan Zaman



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FIRST ISLAMIC MODARABA

We have audited the annexed balance sheet of First Islamic Modaraba as at June 30, 2015 and the related profit and loss account, 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 except for the matters as noted in paragraphs i to iv below we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

These financial statements are the responsibility of Popular Islamic Modaraba Management Company (Private) Limited (the Modaraba Management Company), 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.

Except for the matters as noted in paragraphs i to iv below, 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 management, 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:

(i) As disclosed note 12 of the financial statements, in 2005, the Modaraba had extended short term Musharika Finance of Rs. 45 million (2014: 45 million) to three parties. The amount of finance is still outstanding and regulation 5 of Part III of Prudential Regulation for Modaraba's, requires full provision against such overdue advances. However, no such provisions against short term financing have been made in these financial statements.

(ii) As disclosed in note 13.2 of the financial statements, the Modaraba provided Rs. 9.579 million of mark up free funds in 2013 to the previous Modaraba Management Company namely Islamic Investment Bank Limited, in contravention of section 17 (2) of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, and Rule 31 of the Modaraba Companies and Modaraba Rules, 1981 and Regulation 7(3) of Section A of Part II of Prudential Regulations for Modarabas. The said amount is overdue and provision in accordance with the requirements of Regulation 5 of Part III of the Prudential Regulations for Modarabas against the outstanding balance has not been made in these financial statements.

(iii) As disclosed in note 10.1 of the financial statements, short term Morabaha Finance of Rs. 2.203 million was extended by the Modaraba in 2000. However provision against such overdue facility as required in Regulation 5 of Part III of the Prudential Regulations of Modarabas has not been made in these financial statements. In addition, execution of the decree obtained against this facility is pending since 2003.

(iv) We were not provided with the records pertaining to pending or completed tax assessments of the Modaraba therefore the advance tax deducted at source, sales tax adjustment and provision for taxation amounting to Rs. 3,040,173, Rs. 401,161 and Rs. 333,855 respectively remains unconfirmed.



(a) In our opinion, except for the matters stated in paragraphs i to iv above proper books of account have been kept by the Modaraba company in respect of First Islamic Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI OF 1980), and Modaraba Companies and Modaraba Rules, 1981;

(b) In our opinion:

i Except for the matters referred to in paragraphs i to iv above; the balance sheet and profit and loss account together with the notes there on 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 account 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, investment made, and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;

(c) Due to significance of the matters referred to in paragraphs i to iv above, in our opinion and to the best of our information and according to explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with the approved accounting standards as applicable in Pakistan and do not give the information required by the Modaraba companies and the Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and the Modaraba Rules, 1981 in the manner so required and respectively do not give a true and fair view of the state of the Modaraba's affairs as at June 30, 2015 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) In our opinion, no Zakat was deductible at source under the Zakat and Ushar Ordinance, 1980 (XVIII of 1980).

Karachi; Dated : October 08, 2015

Avais Hyder Liaquat Nauman
Chartered Accountants
Adnan Zaman



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SHARIAH ADVISOR'S REPORT

I have reviewed the affairs of First Islamic Modaraba managed by Popular Islamic Modaraba Management Company (Private) Limited for the Year ended June 30, 2015 in accordance with the requirements of the Circular No.8 of 2012, issued by the Securities and Exchange Commission of Pakistan, regarding Shariah Compliance and Shariah Audit Mechanism for Modarabas.

REVIEW OF OPERATIONS:

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

BANK ACCOUNTS:

For investment and operational purposes, Modaraba is operating the Bank accounts maintained with Islamic Banks.

NEW PRODUCT:

During the period Modaraba has first time offered Islamic product namely "Diminishing Musharaka" to extend its business under the light of Shari'ah, all procedures, agreements, documentations of Diminishing Musharaka is according to the Shari'ah principles and under guidelines of Shari'ah Advisor.

FRESH DISBURSEMENTS

Modaraba has disbursed Financing Facilities to different clients. I confirm that, all Documentation, Contracts and Transaction Flows were in line with Shariah and duly communicated to the undersigned for Shairah Approval.

INVESTMENTS IN ISLAMIC MUTUAL FUNDS AND EQUITY SHARES

Currently FIM is not working in equity shares. However, FIM has invested in the Meezan Balance Fund which is Shariah Compliant Fund.

TAKAFUL:

During the period Modaraba took most welcomed step in respect of adopting Takaful arrangement for security of the assets and insured its assets from Takaful Company time to time.

CONCLUSION:

Generally, the Management of First Islamic 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 Islamic Modaraba are Shariah Compliant up to the best of my knowledge.

محمد ابراہیم عیسیٰ

Mufti IbrahimEssa
Shariah Advisor



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BALANCE SHEET
AS AT JUNE 30, 2015

ASSETS	Note	2015 Rupees	2014 Rupees
NON CURRENT ASSETS			
Property and equipment - owned	6	33,706	55,096
Property, plant and equipment - Ijarah	7	35,365,727	14,153,077
Morabaha Finance	8	1,950,000	-
Long Term Investment - Diminishing Musharika	9	5,840,087	-
		43,189,520	14,208,173
CURRENT ASSETS			
Investments - held for trading	10	8,476,479	7,313,571
Current portion of morabaha finance	8	2,852,682	2,202,682
Short term modaraba finance	11	20,000,000	45,000,000
Short term musharaka finance	12	45,000,000	45,000,000
Current portion of Diminishing Musharika	9	686,136	-
Advances and other receivables	13	15,522,555	14,072,930
Cash and bank balances	14	4,737,829	4,583,277
		97,275,681	118,172,460
TOTAL ASSETS		140,465,201	132,380,633
LIABILITIES			
NON-CURRENT LIABILITIES			
Security deposits against Ijarah		7,836,100	1,502,800
CURRENT LIABILITIES			
Accrued and other liabilities	15	283,506	3,097,321
Provision for taxation	13.1	504,291	404,055
Unclaimed profit distribution		984,649	984,649
Management fee payable		452,254	169,317
Sales tax on management fee		94,929	27,091
		2,319,629	4,682,433
TOTAL LIABILITIES		10,155,729	6,185,233
NET ASSETS		130,309,472	126,195,400
REPRESENTED BY			
CAPITAL AND RESERVES			
Authorized certificate capital			
14,000,000 (2014: 14,000,000) modaraba certificates of Rs. 10 each		140,000,000	140,000,000
Certificate holders' equity			
Certificate capital	16	100,000,000	100,000,000
Statutory reserve	17	16,345,045	15,522,231
Accumulated profit		13,964,427	10,673,169
		30,309,472	26,195,400
CONTINGENCIES & COMMITMENTS	18	-	-
		130,309,472	126,195,400

The annexed notes 1 to 31 form an integral part of these financial statements.

For Popular Islamic Modaraba Management Company (Private) Limited
(Management Company)

CHIEF EXECUTIVE

DIRECTOR



FIRST ISLAMIC MODARABA
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PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Income	19	16,103,376	7,235,176
Operating expenses	20	(3,742,470)	(4,014,770)
Depreciation of Ijarah assets	7	(11,219,350)	(874,923)
Operating profit		1,141,556	2,345,483
Liabilities no more payable	15.2	2,830,265	-
Investment written off		-	(1,891,246)
Unrealized gain on re-measurement of investments at fair value through profit or loss	10.1.1	1,162,909	1,238,931
Workers' welfare fund	15.1	92,103	-
Profit before management fee		5,042,628	1,693,168
Management fee		(452,254)	(169,317)
Sales tax on management fee		(67,838)	(27,091)
Profit before taxation		4,522,536	1,496,760
Taxation - Prior year		(247,430)	(70,200)
Taxation - current year	21	(161,034)	-
Profit after taxation		4,114,072	1,426,560
Other comprehensive income		-	-
Total comprehensive income		4,114,072	1,426,560
Earnings per certificate - basic & diluted	22	0.41	0.14

The annexed notes 1 to 31 form an integral part of these financial statements.

For Popular Islamic Modaraba Management Company (Private) Limited
(Management Company)

CHIEF EXECUTIVE

DIRECTOR



FIRST ISLAMIC MODARABA
An Islamic Financial Institution

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	4,522,536	1,496,760
Adjustments for:		
Dividend income	-	(702,000)
Investment written off	-	1,891,246
Liabilities no more payable	(2,830,265)	-
Reversal against diminution in value of investment	-	(1,238,931)
Unrealized gain on re-measurement of investments at fair value through profit or loss	(1,162,909)	-
Workers' welfare fund	(92,103)	-
Depreciation expense	21,389	16,054
Amortization of assets leased out under Ijarah	11,219,350	874,923
	7,155,462	841,292
Operating profit before working capital changes	11,677,998	2,338,052
Decrease / (Increase) in current assets		
Current portion of morabaha finance	(650,000)	-
Short term modaraba finance	25,000,000	-
Current portion of long term investment D.M	(686,136)	-
Advances and other receivables	(1,449,625)	(1,052,086)
	22,214,239	(1,052,086)
Increase / (Decrease) in current liabilities		
Accrued & other liabilities	108,552	261,387
Provision for gratuity	-	(501,712)
Management fee payable	282,937	169,317
Sales tax on management fee	67,838	27,091
	459,327	(43,917)
Cash flow after working capital changes	34,351,564	1,242,049
Dividend received	-	702,000
Tax paid	(308,226)	-
	(308,226)	702,000
Net cash generated from operating activities	(A) 34,043,338	1,944,049
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets - owned	-	(71,150)
Morabaha finance	(1,950,000)	-
Musharika investment	(5,840,086)	-
Purchase of fixed assets - ijarah	(32,432,000)	(15,028,000)
Security deposit from ijarah	6,333,300	1,502,800
Investment in modaraba finance	-	(45,000,000)
Net cash (used in) investing activities	(B) (33,888,786)	(58,596,350)
CASH FLOW FROM FINANCING ACTIVITIES	(C)	
Net increase in cash & cash equivalent (A+B+C)	154,552	(56,652,301)
Cash and cash equivalents at the beginning of the year	4,583,277	61,235,578
Cash and cash equivalents at the end of the year	4,737,829	4,583,277

The annexed notes 1 to 31 form an integral part of these financial statements.

For Popular Islamic Modaraba Management Company (Private) Limited
(Management Company)

CHIEF EXECUTIVE

DIRECTOR



FIRST ISLAMIC MODARABA
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

Description	Certificate Capital	Statutory Reserve	Accumulated profitRupees.....	Total
Balance as at June 30, 2013	100,000,000	15,236,919	9,531,921	124,768,840
Profit for the year	-	-	1,426,560	1,426,560
Transferred to statutory reserve @ 20%	-	285,312	(285,312)	-
Balance as at June 30, 2014	100,000,000	15,522,231	10,673,169	126,195,400
Profit for the year	-	-	4,114,072	4,114,072
Transferred to statutory reserve @ 20%	-	822,814	(822,814)	-
Balance as at June 30, 2015	100,000,000	16,345,045	13,964,427	130,309,472

The annexed notes from 1 to 31 form an integral part of these financial statements.

For Popular Islamic Modaraba Management Company (Private) Limited
(Management Company)

CHIEF EXECUTIVE

DIRECTOR



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 First Islamic Modaraba is a multipurpose, perpetual Modaraba formed under the Modaraba and Modaraba (floatation and control) Ordinance, 1980 and the rules framed there under and is managed by the Popular Islamic Modaraba Management Company (Private) Limited (formerly by Islamic Investment Bank Limited - under liquidation), a company incorporated in Pakistan under the Companies Ordinance, 1984 and registered with Registrar of Modaraba Companies. The registered office of the modaraba is situated at 813, 8th Floor, Chappal Plaza, Hasrat Mohani Road, Off I.I.Chundrigar Road, Karachi. The Modaraba is listed on the Islamabad Stock Exchange.

The Modaraba is engaged in various Islamic modes of financing and business including leasing, musharaka, murabaha arrangements, trading in listed securities and other commodities.

1.2 In last year, Popular Islamic Modaraba Management Company (Private) Limited purchased the entire shareholding of Islamic Investment Bank Limited (Management Company) along with management and assets of the "First Islamic Modaraba" and the same has been confirmed by the Peshawar High Court vide its order dated March 11, 2013.

1.3 "First Islamic Modaraba has been dormant since 2005. The Popular Islamic Modaraba Management Company (Pvt) Ltd. has acquired First Islamic Modaraba in 2013 from Peshawar High Court, and it is in the stage of revival. The official liquidator has also not transferred the related records to the new management. The management is however struggling hard at different fronts to revive it. New management is pursuing recovery cases at different courts vigorously. The equity has been almost fully invested, and as of June 30, 2015, there is no default. FIM is opening new venues for investment like share trading. FIM is also exploring possibilities to finance new sector like live stock farming etc., which are purely Islamic and highly profitable. The management company is also planning fresh injection of equity in the First Islamic Modaraba."

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 (IFAS) 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, Islamic Financial Accounting Standards (IFAS), 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 (IFAS), Modaraba Companies and Modaraba Rules, 1981 or the directives issued by SECP shall prevail.

2.1.1 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.



2.1.2 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.

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

a) Standards that became effective but not relevant to the company or do not have material effect

The following standards, interpretations and improvements became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the Modaraba.

IAS 19 - Employee Benefits (Amendment) - Defined benefit plans: Employee contributions
IAS 32 - Financial Instruments - Presentation - (Amendment)
IAS 36 - Impairment of Assets - (Amendment)
IAS 39 - Financial Instruments: Recognition and Measurement - (Amendment)
IFRIC 21 - Levies

b) Improvements to Accounting Standards Issued by the IASB

IFRS 2 Share-based Payment - Definitions of vesting conditions
IFRS 3 Business Combinations - Accounting for contingent consideration in a business combination
IFRS 3 Business Combinations - Scope exceptions for joint ventures
IFRS 8 Operating Segments - Aggregation of operating segments
IFRS 8 Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's.
IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Revaluation method - proportionate
IAS 24 Related party Disclosures - Key management personnel
IAS 40 Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above improvements to accounting standards and interpretations did not have any material effect on the financial statements.



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c) Standards and interpretations issued but not yet effective for the current financial year

The following are the standards and interpretations, which have been issued but are not yet effective for the current financial year:

Description	Effective for periods beginning on or after
IFRS 10 Consolidated Financial Statements	January 01, 2015
IFRS 10, 12 & IAS 27 Investment Entities (Amendment)	January 01, 2015
IFRS 10, 12 & IAS 27 Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 & IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 01, 2016
IFRS 11 Joint Arrangements	January 01, 2015
IFRS 11 Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IFRS 12 Disclosure of interests in Other Entities	January 01, 2015
IFRS 13 Fair Value Measurement	January 01, 2015
IAS 1 Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 & 38 Clarification of Acceptable Method of Depreciation and Amortisation (Amendment)	January 01, 2016
IAS 16 & 41 Agriculture Bearer Plants (Amendment)	January 01, 2016
IAS 27 Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

Standards issued by IASB but not yet notified by SECP

IFRS 9 Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 Regulatory Deferral Accounts	January 01, 2016
IFRS 15 Revenue from Contracts with Customers	January 01, 2018

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention except for certain financial assets which are stated at fair value.

3.2 These financial statements have been prepared under the accrual basis of accounting except for cash flow information.

4. USE OF ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under circumstances. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial estimates are as follows:



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a) Useful life of depreciable assets/amortizable assets	Note 6 & 7
b) Classification of investments	10
c) Income tax	0
d) Provision for non performing assets	10.1.1

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Accounting Convention

These financial statements have been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments in accordance with the requirements of International Accounting Standard - 39 " Financial Instruments: Recognition and Measurement ", wherever applicable. The principal accounting policies adopted are set out below.

5.2 Accrual Basis of Accounting

These financial statements except cash flow information, have been prepared under the accrual basis of accounting.

5.3 Taxation

Current

The charge for taxation is based on taxable income at current rates of taxation after taking into account tax credits and tax rebates available, if any or minimum tax under the provisions of the Income Tax Ordinance, 2001. 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 Modaraba other than trading income is exempt from tax under Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Provided that not less than 90% of its total profits in the year as reduced by the amount transferred to a mandatory reserve, as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 or the rules made thereunder, as are distributed amongst the certificate holders.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the tax base. This is recognized on the basis of expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

However, deferred tax is not accounted for as the management believes that the temporary differences will not reverse in the foreseeable future.

5.4 Fixed Assets - Tangible

Owned

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged on owned assets applying the straight line method where by the cost less estimated residual value, if any, of an asset is written off over its estimated useful life at the rates as mentioned in the Note 6.

Proportionate depreciation is charged on purchases and disposals during the year.



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Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are included in income.

Assets leased out under Ijarah and depreciation

Ijarah (lease) assets are stated at cost less accumulated depreciation. Depreciation is charged on Ijarah assets 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 or disposals during the year, depreciation is charged proportionately from the date of delivery of assets to the date of its maturity / termination.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are included in income.

5.5 Financial Instruments

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

5.6 Investments

All Investments are initially recognized on trade-date at cost, comprising of fair value of consideration given and cost of transaction. Its classification is made on the basis of intended purpose of holding such investments. The subsequent measurement on the balance sheet date is carried out on the following basis:

Held for Trading

These are securities which are either acquired for generating a profit from short term fluctuation in prices or are securities included in a portfolio in which a pattern of short-term profit taking exists. These are measured at fair value and changes in carrying values are included in profit and loss account.

Held to Maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Modaraba has the positive intent and ability to hold to maturity. These are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortized cost. Surplus/ deficit arising due to fluctuation in fair value is taken to profit and loss account.

The fair value for listed securities is the quoted market price. The securities, for which a quoted market price is not available, are measured at cost.

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Modaraba has transferred substantially all risks and rewards of ownership.

Available for Sale

These are investments that do not fall under held for trading or held to maturity. These are stated at fair value and the surplus/ (deficit) on revaluation of investments being unrealized gain/ (loss) is taken directly to equity until sold or otherwise disposed of at which time, the cumulative gain or loss previously recognized in equity is included in profit and loss account.

5.7 Other Receivables

Other receivables are stated net of impairment loss. Impairment loss is recognized for doubtful receivables on the basis of prudential regulations for Modarabas issued by SECP or based on the estimates of the management, whichever is higher. Bad debts are written off when identified.



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5.8 Advances

All advances in the form of morabaha and musharaka finances are stated net of provision for doubtful debts. Provision for doubtful debts is made on the basis of Prudential Regulations for Modarabas or on the estimate of management whichever is higher.

5.9 Financial Instruments

The particular recognition methods adopted by the Modaraba are disclosed in the individual policy statement associated with each item of financial instruments.

Financial assets

Financial assets are initially recognized at their cost which is the fair value of the consideration given for them at the time when the Modaraba becomes a party to the contractual provisions of the instruments and subsequent to initial recognition, financial assets are carried at fair value except any financial asset whose fair value can not be reliably measured.

A 'regular way' purchase or sale of financial asset is recognized using trade date accounting.

Financial liabilities

All financial liabilities are initially recognized at cost which is the fair value of consideration received at the time when the Modaraba becomes a party to the contractual provisions of the instruments. After initial recognition, financial liabilities are carried at fair value, amortized cost or original cost as the case may be.

Off-setting financial instruments

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

De-recognition

Financial assets are de-recognized when the Modaraba loses control of the contractual rights that comprise the Financial liabilities are de-recognized when they are extinguished; that is, when the obligation specified in the contract is discharged, cancelled or expires.

Recognition of gains / (losses)

Gains or losses, if any, on realization or settlement, subsequent measurement and derecognition of financial assets and liabilities are included in net profit and loss in the period in which it arises.

Impairment/ un-collectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is an evidence that the financial asset or the group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of the asset(s) is determined and impairment loss is recognized for the difference between the recoverable amount and the carrying amount.

5.10 Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any assets or a group of assets. If such indication exists, the recoverable amount of that asset is estimated and impairment loss is recognized in the profit and loss account.

5.11 Cash and cash equivalents

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



5.12 Borrowing Cost

Borrowing costs are recognized as an expense in the period in which they are incurred.

5.13 Revenue Recognition

Revenue is recognized on the following basis:-

- Ijarah rentals are recognized as income on a systematic basis over the lease period without considering grace period, if any.
- Profit on finances under musharaka / morabaha arrangements is recognized on accrual basis and additional profit, if any, is recognized on declaration by the investee company in accordance with the terms of issue.
- Dividend income is recognized when the right to receive dividend is established.
- Return on deposits with bank is recognized on accrual basis.
- Income from fee and commission is recognized as and when it becomes due.

5.14 Provisions

Provisions are recognized when the Modaraba has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits 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 estimate.

5.15 Related Party Transactions

Transactions with related parties are stated at arm's length prices.



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6 PROPERTY, PLANT AND EQUIPMENT - OWNED

Description	Cost			Depreciation		As at June 30, 2015	As at June 30, 2015	As at June 30, 2015	Written down value as at June 30, 2015	Depreciation rate in %
	As at July 1, 2014 (Disposals)	Additions/ Transfers	Disposals	As at July 1, Charge for the year/ 2014 (Transfers/disposal)	Transfer					
Furniture and fixtures	12,700	-	-	1,440	1,906	-	3,346	9,354	15	
Office equipment	42,150	-	-	10,863	14,050	-	24,913	17,237	33.33	
Computer equipment	16,300	-	-	3,751	5,434	-	9,185	7,115	33.33	
TOTAL	71,150	-	-	16,054	21,390	-	37,444	33,706		

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6 PROPERTY, PLANT AND EQUIPMENT - OWNED

Description	Cost			Depreciation		As at June 30, 2014	As at June 30, 2014	As at June 30, 2014	Written down value as at June 30, 2014	Depreciation rate in %
	As at July 1, 2013 (Disposals)	Additions/ Transfers	Disposals	As at July 1, Charge for the year/ 2013 (Transfers/disposal)	Transfer					
Furniture and fixtures	12,700	-	-	1,440	1,440	-	1,440	11,260	15	
Office equipment	42,150	-	-	10,863	10,863	-	10,863	31,287	33.33	
Computer equipment	16,300	-	-	3,751	3,751	-	3,751	12,549	33.33	
TOTAL	71,150	-	-	16,054	16,054	-	16,054	55,096		



FIRST ISLAMIC MODARABA

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7 PROPERTY, PLANT AND EQUIPMENT - IJARAH

Description	Cost			Depreciation		As at June 30, 2015	As at June 30, 2015	Written down value as at June 30, 2014	Depreciation rate in %
	As at July 1, 2014 (Disposals during the year)	Additions/ Transfers	Disposals	As at July 1, Charge for the year/ 2014 (Transfers/disposal)	Transfer				
Vehicles	5,700,000	32,432,000	-	261,575	8,887,350	-	9,148,925	28,983,075	25-33.33
Equipment	9,328,000	-	-	613,348	2,332,000	-	2,945,348	6,382,652	25
TOTAL	15,028,000	32,432,000	-	874,923	11,219,350	-	12,094,273	35,365,727	

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2 0 1 4

7 PROPERTY, PLANT AND EQUIPMENT - IJARAH

Description	Cost			Depreciation		As at June 30, 2014	As at June 30, 2014	Written down value as at June 30, 2014	Depreciation rate in %
	As at July 1, 2013 (Disposals during the year)	Additions/ Transfers	Disposals	As at July 1, Charge for the year/ 2013 (Transfers/disposal)	Transfer				
Vehicles	5,700,000	-	-	261,575	261,575	-	261,575	5,438,425	25
Equipment	9,328,000	-	-	613,348	613,348	-	613,348	8,714,652	25
TOTAL	15,028,000	-	-	874,923	874,923	-	874,923	14,153,077	

7.1 Ijarah future rental receivables

Receivable within one year
Receivable after one year but not later than five years
Receivable after five years

	2015	2014
.....Rupees.....		
15,062,171	4,491,005	
22,431,685	12,180,799	
37,493,856	16,671,804	



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	Note	2015 Rupees	2014 Rupees
8. Morabaha Finance			
Morabaha Finance - long term portion		1,950,000	-
Current portion of Morabaha Finance	8.1	2,852,682	2,202,682
Total		4,802,682	2,202,682

8.1 This represents overdue morabaha finances granted to a party in the year 2000 secured against mortgage of property. Banking court No. 1 Karachi decreed the suit filed for recovery of finance against the said parties. In this case, decree was awarded amounting to Rs. 2.3 million with cost and markup at a rate of 8% per annum from the date of filing of suit in the year 2002 till payment of the entire amount. The application for execution of the decrees is pending since the year 2003 and 2004. The property in question was last valued in the year 2001. Since the Modaraba has been taken over by the new management in to 2014, they are following up the matter vigorously at the court level. The current management is confident for the recovery of said amount.

	Note	2015 Rupees	2014 Rupees
9 Long Term Investment-Diminishing Musharika			
Longterm investment -Diminishing Musharika (Long term)		5,840,087	-
Current portion of long term investment -Diminishing musharika		686,136	-
Total		6,526,223	-

10. INVESTMENTS - HELD FOR TRADING

	Note	2015 Rupees	2014 Rupees
Quoted securities - held for trading	10.1	8,476,479	7,313,571

10.1 QUOTED SECURITIES - HELD FOR TRADING

The nominal value of these certificates are of Rs.10/- each.

2015 Number of Shares	2014 Number of Shares	Sector and Name of company	Average Cost		Market Value	
			2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
MUTUAL FUND						
577,810	547,833	Meezan Balance Fund	4,680,000	4,680,000	8,476,479	7,313,571
			4,680,000	4,680,000	8,476,479	7,313,571

10.1.1 PROVISION FOR DIMINUTION IN VALUE OF INVESTMENT

	2015 Rupees	2014 Rupees
Provision for diminution at the beginning of the year	1,708,366	2,947,297
Appreciation during the year	(1,162,909)	(1,238,931)
Provision for diminution at the end of the year	545,457	1,708,366



FIRST ISLAMIC MODARABA
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	Note	2015 Rupees	2014 Rupees
11. SHORT TERM MODARABA FINANCE			
Considered good - secured		20,000,000	45,000,000
Considered good - unsecured		-	-
Considered doubtful - unsecured		-	-
		20,000,000	45,000,000
Less: Provision for doubtful Modaraba finance		-	-
		20,000,000	45,000,000

11.1. SHORT TERM MODARABA FINANCE

	Considered Good		Considered Doubtful		Total	
	2015	2014	2015	2014	2015	2014
Considered Good - secured						
Principal	20,000,000	30,000,000	-	-	20,000,000	30,000,000
Profit	-	-	-	-	-	-
Subtotal	20,000,000	30,000,000	-	-	20,000,000	30,000,000
Considered Good - unsecured						
Principal	-	15,000,000	-	-	-	15,000,000
Profit	-	-	-	-	-	-
Subtotal	-	15,000,000	-	-	-	15,000,000
Less: Provision for doubtful Modaraba finance	-	-	-	-	-	-
	20,000,000	45,000,000	-	-	20,000,000	45,000,000

11.1.1 The return on modaraba finances ranges from 13.5 to 17% per annum. These are secured against post dated cheques, demand promissory notes and mortgage of property

	Note	2015 Rupees	2014 Rupees
12. SHORT TERM MUSHARAKA FINANCE			
Considered Good - secured	12.1	5,000,000	5,000,000
Considered Good - unsecured	12.2	40,000,000	40,000,000
Considered doubtful - unsecured		-	-
		45,000,000	45,000,000
Less: Provision for doubtful Musharaka finance		-	-
		45,000,000	45,000,000



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12.1 This represents funds provided to a customer (2006: Rs. 2.5 million and 2005: 2.5 million) under Musharika arrangements for working capital requirements of profit and loss sharing basis. The expected rate of profit is 14% (2014: 14%) per annum. These are secured against hypothecation of stocks.

12.2 This represents amount disbursed in the year 2005 to two NBFCs for 180 days as musharika finance - unsecured on profit and loss basis carrying estimated profit of 9 to 10.9% (2014: 9% to 10.9%) per annum. The NBFCs have not repaid the finance or profit thereon on the plea that an equivalent amount is due by the Modaraba company to them and this be set off.

Since the management of the Modaraba has changed in the current year, they are taking up the recovery proceedings at the court level and are of the view that recoveries will be made in due course of time from the parties otherwise, the said amount will be provided accordingly in the subsequent period.

	Note	2015 Rupees	2014 Rupees
13. ADVANCES AND OTHER RECEIVABLES			
Considered good			
Tax deducted at source	13.1	3,040,173	3,040,173
Accrued profit on:			
Musharaka finances		20,683,331	20,683,331
Less: Profit Suspended		(20,683,331)	(20,683,331)
		9,547,000	-
Assets leased out		(9,547,000)	9,547,000
Less: Profit Suspended		-	(9,547,000)
Sales tax adjustment	13.1	401,161	401,161
Other receivable		-	13,087
Less: Amount written off		-	(13,087)
		3,441,334	3,454,421
Considered doubtful			
Other receivable		640,803	640,803
Less: provision for doubtful receivable		(640,803)	(640,803)
Receivable from former modaraba management company	13.2	9,579,509	9,579,509
Advance to suppliers		1,867,000	1,039,000
Pre-paid Pak Kuwait Takaful Insurance		3,755	-
Pre-paid Auto Trakker		2,878	-
Profit Receivable		569,941	-
With Holding Tax/Income Tax deducted -		58,138	-
		15,522,555	14,072,930

13.1 Last year, the management of the Modaraba has changed and the new management has acquired the assets of Modaraba from the liquidator. On correspondence with the liquidator it was found that the liquidator did not receive any records regarding tax assessments from the previous management. The current management is looking into the tax matters and corresponding with the Federal Board of Revenue (FBR) to resolve this issue of outstanding tax balances. These balances will be adjusted accordingly as and when response from FBR is received.



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13.2 This represents the funds transferred to Islamic Investment Bank Limited (former modaraba management company) through cheques amounting to Rs. 26.438 million during the period from August 03, 2004 to June 30, 2007. The modaraba received repayment of Rs. 16.841 million from management company upto June 30, 2008. The balance due as at June 30, 2015 amounted to Rs. 9.579 million (2014: 9.579 million). Current management company has lodged a claim with the official liquidator regarding the recovery of said amount and are confident for the recovery of it.

	Note	2015 Rupees	2014 Rupees
14. CASH AND BANK BALANCES			
Cash in hand		-	135,935
Bank balances			
- Deposit accounts	14.1	4,600,387	4,302,324
- Deposit account with State Bank of Pakistan		137,442	145,018
		4,737,829	4,447,342
		4,737,829	4,583,277

14.1. Rate of profit on deposit accounts ranges from 3.1 to 7.0% (2014: 4.5 to 5.5%) per annum.

15. ACCRUED AND OTHER LIABILITIES

Accrued expenses		100,000	207,127
Withholding tax payable		5,671	93,674
Workers welfare fund	15.2	92,103	-
Advance received from customers against trading		-	55,700
Return on carry over transactions	15.2	-	1,784,528
Other liabilities		85,732	956,291
		283,506	3,097,320

15.1 The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). Through these amendments Workers' Welfare Fund (WWF) is payable @ 2% of the profit before taxation as per the financial statements or taxable income which ever is higher.

During the year 2011, the Honorable Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. In March 2013, a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity.

The Modaraba Management Company as a matter of abundant caution, has made the provision for WWF amounting to Rs. 92,103 (2014: Nil) in these financial statements.

15.2 The new management has taken over the assets of Modaraba free from all encumbrances and liabilities according to the order of Peshawar High Court dated March 11, 2013. Hence, during the year the new management has written back liabilities amounting to Rs. 2,830,265 relating to period prior to change of management.



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16. CERTIFICATE CAPITAL

2015	2014		2015	2014
Number of Certificates			Rupees	Rupees
<u>10,000,000</u>	<u>10,000,000</u>	Modaraba certificates of Rs. 10 each fully paid-up in cash	<u>100,000,000</u>	<u>100,000,000</u>

17. STATUTORY RESERVE

	2015	2014
	Rupees	Rupees
Balance at beginning of the year	15,522,231	15,236,919
Transferred during the year from profit and loss account	822,814	285,312
Balance as at	<u>16,345,045</u>	<u>15,522,231</u>

18. CONTINGENCIES & COMMITMENTS

Contingencies

In the year 1998, the modaraba filed an appeal before Customs, Excise and Sales Tax Appellate Tribunal, Karachi bench against an allegation that the modaraba has short paid of Rs. 377,755/- as principal amount of sales tax short paid during the year 1998 and additional tax of Rs. 79,364/-. A penalty of Rs. 10,000/- was also imposed. The case is pending before the Honorable Appellate Tribunal. The modaraba has not made any provision as the legal counsel expects a favourable outcome of the appeal.

Commitments

The Modaraba has no commitments as at June 30, 2015 (2014: NIL)

19. INCOME

	2015	2014
	Rupees	Rupees
Profit on Barkat Islamic Investment Certificates	-	3,047,969
Profit on Deposit accounts	469,667	79,898
Other Income	40,000	30,000
Income on Morabaha	148,592	450,000
Income on Modaraba	3,811,481	1,743,716
Income on Ijarah	11,516,622	1,181,593
Income on Diminishing Musharaka	117,014	-
Dividend income	-	702,000
	<u>16,103,376</u>	<u>7,235,176</u>



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20. OPERATING EXPENSES

	Note	2015	2014
		Rupees	Rupees
Salaries, wages and other benefits	20.1	1,846,533	1,754,332
Auditors' remuneration		100,000	100,000
CDC charges / Registrar services		201,344	82,537
Zakat deducted at source		-	117,000
Postage and delivery		37,076	10,260
Printing & stationery		146,425	53,336
Fees & subscription		463,025	497,583
Legal and professional fee		325,000	510,000
Repair & maintenance		74,507	114,050
Travelling & conveyance		103,993	469,658
Advertisement		62,500	64,700
Telecommunication		103,619	52,530
Miscellaneous expenses		-	28,556
Internet & networking expenses		-	15,150
Entertainment		78,942	25,977
Electricity		94,282	96,583
Withholding tax		-	4,142
Bank charges		8,835	2,322
Depreciation		21,389	16,054
Professional Tax		75,000	-
		<u>3,742,470</u>	<u>4,889,693</u>

20.1 REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

	2015			2014		
	Officers	Other Employees	Total	Officers	Other Employees	Total
Rupees.....		Rupees.....		
Remuneration	1,598,333	248,200	1,846,533	1,563,500	190,832	1,754,332
Provident fund	-	-	-	-	-	-
Medical expenses	-	-	-	-	-	-
Fuel	-	-	-	-	-	-
Others	-	-	-	-	-	-
	<u>1,598,333</u>	<u>248,200</u>	<u>1,846,533</u>	<u>1,563,500</u>	<u>190,832</u>	<u>1,754,332</u>
No. of persons	4	2	6	2	2	4

21. TAXATION

Income tax assessments of the Modaraba have been finalized upto tax year 2014, as these are deemed to have been finalized under section 120 of Income Tax Ordinance, 2001.



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	Note	2015 Rupees	2014 Rupees
22. EARNINGS PER CERTIFICATE- basic & diluted			
Profit for the year after taxation		<u>4,114,072</u>	<u>1,426,560</u>
Weighted average number of certificates		<u>10,000,000</u>	<u>10,000,000</u>
Earnings per certificate		<u>0.41</u>	<u>0.14</u>

23. RELATED PARTY TRANSACTIONS

The related parties comprise of associated undertakings, directors of the Modaraba Management Company. The Modaraba, in the normal course of business carries out transactions with these related parties. Significant transactions with related parties are as follows;

Nature of Transaction	Relationship with the Company	2015 Rupees	2014 Rupees
Management fee	Management company	452,254	169,317
Balance as at the year end			
Payable to Modaraba Management Company	Management company	452,254	169,317

24. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

24.1 Financial risk management

The Modaraba's objective in managing risks is the creation and protection of Certificate holder's value. Risk is inherent in the Modaraba activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Modaraba's continuing profitability. The Modaraba is exposed to market risk (which includes profit rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

The Modaraba primarily invests in Ijarah (lease) assets, diminishing musharaka and diversified portfolio of listed securities. Such investments are subject to varying degrees of risk, which emanate from various factors that include but are not limited to:

- Credit risk
- Liquidity risk
- Market risk

24.2 Credit risk and concentration of credit risk

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 attempts to control credit risk by monitoring credit exposures, limiting transactions with various parties and continuous monitoring of credit worthiness of dealing parties. The management understands that the Modaraba is not exposed to any major concentration of credit risk.



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Exposure to Credit Risk

The maximum exposure to credit risk before any credit enhancements at June 30, 2015 is the carrying amount of the financial assets as set out below:

	Note	2015 Rupees	2014 Rupees
Business			
Investments - held for trading		8,476,479	7,313,571
Current portion of morabaha finance		2,852,682	2,202,682
Short term modaraba finance		20,000,000	45,000,000
Short term musharaka finance		45,000,000	45,000,000
Advances and other receivables		15,522,555	14,072,930
Diminishing Musharika		5,840,087	-
Cash and bank balances		4,737,829	4,583,277
		<u>102,429,632</u>	<u>118,172,460</u>

Concentration of credit risk

Concentration is the relative sensitivity of the Modaraba's performance to developments affecting a particular industry or geographical location.

Segment by class of business of major Ijarah assets

	2015		2014	
	Rupees	%	Rupees	%
Investment companies, firms & bank	31,806,000	67.02	-	-
Hotels and resorts	15,028,000	31.66	15,028,000	100.00
Individual	626,000	1.32	-	-
	<u>47,460,000</u>	<u>100.00</u>	<u>15,028,000</u>	<u>100.00</u>

24.2.1 Modaraba's operations are restricted to Pakistan only

24.3 Liquidity risk

The Modaraba defines liquidity risk as the risk that funds will not be available to meet liabilities as they fall due.

A range of tools is used for the management of liquidity. These comprise commitment and under writings guidelines, key balance sheet ratios and medium-term funding requirements. Moreover, day-to-day monitoring of future cash flows takes place and suitable levels of liquid reserves are maintained by the business.



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	2015			Total
	Upto one year	One year to five years	Over five years	
..... Rupees				
Financial assets				
Investments - held for trading	8,476,479	-	-	8,476,479
Current portion of morabaha finance	2,852,682	-	-	2,852,682
Short term modaraba finance	20,000,000	-	-	20,000,000
Short term musharaka finance	45,000,000	-	-	45,000,000
Advances and other receivables	15,522,555	-	-	15,522,555
Diminishing Musharika	686,136	5,840,087	-	6,526,223
Cash and bank balances	4,737,829	-	-	4,737,829
(a)	97,275,681	5,840,087	-	103,115,768
Financial liabilities				
Security deposits against Ijarah	-	7,836,100	-	7,836,100
Accrued and other liabilities	283,506	-	-	283,506
Provision for taxation	504,291	-	-	504,291
Unclaimed profit distribution	984,649	-	-	984,649
Management fee payable	452,254	-	-	452,254
Sales tax on management fee	94,929	-	-	94,929
(b)	2,319,629	7,836,100	-	10,155,729
On-balance sheet gap (a) - (b)	94,956,052	(1,996,013)	-	92,960,039

2014				
Financial assets				
Investments - held for trading	7,313,571	-	-	7,313,571
Current portion of morabaha finance	2,202,682	-	-	2,202,682
Short term modaraba finance	45,000,000	-	-	45,000,000
Short term musharaka finance	45,000,000	-	-	45,000,000
Advances and other receivables	14,072,930	-	-	14,072,930
Cash and bank balances	4,583,277	-	-	4,583,277
(a)	118,172,460	-	-	118,172,460
Financial liabilities				
Security deposits against Ijarah	-	1,502,800	-	1,502,800
Accrued and other liabilities	3,097,321	-	-	3,097,321
Provision for taxation	404,055	-	-	404,055
Unclaimed profit distribution	984,649	-	-	984,649
Management fee payable	169,317	-	-	169,317
Sales tax on management fee	27,091	-	-	27,091
(b)	4,682,433	1,502,800	-	6,185,233
On-balance sheet gap (a) - (b)	113,490,027	(1,502,800)	-	111,987,227

24.4 Market risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a 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.



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Market price risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market segments, speculative activities, supply and demand of securities and liquidity in the market.

Exposure:

The Modaraba is exposed to unfavorable changes in fair values of investments as a result of changes in prices of securities. As at June 30, 2015, the fair value of equity exposed to price risk was as follows:

Particulars:	Average Cost	Fair Value	Average Cost	Fair Value
	2015Rupees.....	2014	
Equity securities	<u>4,680,000</u>	<u>8,476,479</u>	<u>4,680,000</u>	<u>7,313,571</u>

Risk management

The Modaraba's policy is to manage price risk through diversified and selection of securities and other financial instruments within specified limits set by Investment Committee. The majority of the Modaraba's investments are publicly traded and are valued at the rates provided by stock exchange at which is set as per the trading trend and volumes in the security

Profit rate risk

Profit rate risk arises from the effects of fluctuations in the prevailing levels of market profit rates on the fair value of financial assets and liabilities and future cash flows.

Risk exposure

The Modaraba has Ijarah portfolio. The majority of Ijarah portfolio is linked with KIBOR rate as a benchmark. The Modaraba reviews KIBOR on Ijarah portfolio on six monthly basis. As at June 30, 2015, the profit of the Modaraba's variable value financial instruments were as follows:

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments are carried at their fair value. The Modaraba is of the view that the fair market value of most of the remaining financial assets and financial liabilities are not significantly different from their carrying amounts.



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	Note	2015 Rupees	2014 Rupees
25.1 Financial instruments by category			
Long Term Investment- Diminishing Musharika		5,840,087	-
Loans and receivables			
Current portion of morabaha finance		2,852,682	2,202,682
Short term modaraba finance		20,000,000	45,000,000
Short term musharaka finance		45,000,000	45,000,000
Current portion of Dminishing Musharika		686,136	-
Advances and other receivables		15,522,555	14,072,930
Cash and bank balances		4,737,829	4,583,277
Financial assets at fair value through profit or loss			
Investments - held for trading		8,476,479	7,313,571
(a)		<u>103,115,768</u>	<u>118,172,460</u>
Financial liabilities			
Financial liabilities at amortised cost			
Accrued and other liabilities		283,506	3,097,321
Provision for taxation		504,291	404,055
Unclaimed profit distribution		984,649	984,649
Provision for gratuity		-	-
Management fee payable		452,254	169,317
Sales tax on management fee		94,929	27,091
(b)		<u>2,319,629</u>	<u>4,682,433</u>
(a) - (b)		<u>100,796,139</u>	<u>113,490,027</u>

25.2 Fair value sensitivity analysis for fixed rate instruments

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



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	Yield / Profit bearing maturing			Non yield / Profit bearing maturing		
	2015	Effective yield / Profit risk	%	Within one year	After one year	Sub total
26 YIELD / PROFIT RATE RISK EXPOSURE						
The information about Modaraba's exposure to yield rate risk, based on contractual refinancing or maturity dates whichever is earlier, is as follows:						
Financial assets						
Morabaha Finance						
Long Term Investment - Diminishing Musharika						
Investments - held for trading						
Current portion of morabaha finance						
Current portion of Diminishing Musharika						
Short term modaraba finance						
Short term musharaka finance						
Advances and other receivables						
Cash and bank balances						
(A)						
Financial liabilities						
Security deposits against Ijarah						
Accrued and other liabilities						
Provision for taxation						
Unclaimed profit distribution						
Management fee payable						
Sales tax on management fee						
(B)						
On-balance sheet gap						
Non-financial assets						
(A)-(B)						
Non-financial liabilities						
Total net assets						



2014	Yield / Profit bearing maturing			Non yield / Profit bearing maturing		
	Effective yield / Profit risk	Within one year	After one year	Within one year	After one year	Total
	%Rupees.....				
Financial assets	Rupees.....				
Investments - held for trading	-	-	-	7,313,571	-	7,313,571
Current portion of morabaha finance	2,202,682	-	-	-	-	2,202,682
Short term modaraba finance	45,000,000	-	-	-	-	45,000,000
Short term musharaka finance	45,000,000	-	-	-	-	45,000,000
Advances and other receivables	4,583,277	-	-	14,072,930	-	14,072,930
Cash and bank balances	96,785,959	-	-	21,386,501	-	4,583,277
	(A)					
Financial liabilities	Rupees.....				
Security deposits against Ijarah	-	-	-	-	-	-
Accrued and other liabilities	-	-	-	1,502,800	-	1,502,800
Provision for taxation	-	-	-	3,097,321	-	3,097,321
Unclaimed profit distribution	-	-	-	404,055	-	404,055
Management fee payable	-	-	-	984,649	-	984,649
Sales tax on management fee	-	-	-	169,317	-	169,317
	(B)					
On-balance sheet gap	(A)-(B)					
Non-financial assets	96,785,959	-	-	16,731,159	-	111,987,227
Non-financial liabilities	-	-	-	-	-	-
Total net assets	-	-	-	14,208,173	-	14,208,173
						126,195,400

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve.



27 OPERATIONAL RISK

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

The Modaraba's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

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



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28 INFORMATION ABOUT BUSINESS SEGMENTS

2015

Description	Musharaka	Ijarah	Morabaha	Modaraba	Others	Total
Segment revenues	117,014	11,516,622	148,592	3,811,481	509,667	16,103,376
.....Rupees.....						
Segment Results						
Segment income and sales	117,014	11,516,622	148,592	3,811,481	509,667	16,103,376
Operating expenses	(27,194)	(2,676,495)	(34,533)	(885,799)	(118,448)	(3,742,469)
Depreciation	-	(11,219,350)	-	-	-	(11,219,350)
Liabilities no more payable	-	-	-	-	2,830,265	2,830,265
Unrealized gain	-	-	-	-	1,162,909	1,162,909
Workers' welfare fund	-	-	-	-	(92,103)	(92,103)
Management fees and sales tax	-	-	-	-	(520,092)	(520,092)
Taxation - Prior year	(1,798)	(176,954)	(2,283)	(58,564)	(7,831)	(247,430)
Taxation - current year	(1,170)	(115,166)	(1,486)	(38,115)	(5,097)	(161,034)
Segment results	86,852	(2,671,343)	110,290	2,829,004	3,759,270	4,114,072
Other Information						
Capital expenditure	6,526,222	32,432,000	-	2,600,000	-	41,558,222
Depreciation	-	11,219,350	-	-	-	11,219,350
Assets and Liabilities						
Segment assets	51,526,222	37,084,668	4,802,682	20,000,000	-	113,413,572
unallocated	-	-	-	-	27,051,629	27,051,629
Total segment assets	51,526,222	37,084,668	4,802,682	20,000,000	27,051,629	140,466,201
Segment liabilities						
Security deposits	-	7,836,100	-	-	-	7,836,100
unallocated liabilities	-	-	-	-	2,319,629	2,319,629
Total segment liabilities	-	7,836,100	-	-	2,319,629	10,155,729
Total net assets						130,309,472



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29 INFORMATION ABOUT BUSINESS SEGMENTS

2014

Description	Musharaka	Ijarah	Morabaha	Modaraba	Others	Total
Segment revenues	-	1,181,593	450,000	1,743,716	3,859,867	7,235,176
.....Rupees.....						
Segment Results						
Segment income and sales	-	1,181,593	450,000	1,743,716	3,859,867	7,235,176
Operating expenses	-	(274,605)	(104,581)	(405,244)	(897,044)	(4,014,770)
Depreciation	-	(874,923)	-	-	-	(874,923)
Investment Written Off	-	-	-	-	(1,891,246)	(1,891,246)
Unrealized gain	-	-	-	-	1,238,931	1,238,931
Management fees and sales tax	-	-	-	-	(196,408)	(196,408)
Taxation	-	-	-	-	(70,200)	(70,200)
Segment results	-	32,065	345,419	1,338,472	2,043,900	1,426,560
Other Information						
Capital expenditure	-	15,028,000	45,000,000	-	-	60,028,000
Depreciation	-	874,923	-	-	-	874,923
Assets and Liabilities						
Segment assets	45,000,000	14,153,077	2,202,682	45,000,000	-	106,355,759
unallocated	-	-	-	-	26,024,873	26,024,873
Total segment assets	45,000,000	14,153,077	2,202,682	45,000,000	26,024,873	132,380,632
Segment liabilities						
Security deposits	-	1,502,800	-	-	-	1,502,800
unallocated liabilities	-	-	-	-	4,682,432	4,682,432
Total segment liabilities	-	1,502,800	-	-	4,682,432	6,185,232
Total net assets						126,195,400



28 NUMBER OF EMPLOYEES

	2015	2014
As at year end	<u>06</u>	<u>06</u>

29 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the board of directors of the Modaraba Company and authorized for issue on 08 October, 2015.

30 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However no significant reclassification has been made except the following:

31 GENERAL

The figures have been rounded off to the nearest rupees.

For Popular Islamic Modaraba Management Company (Private) Limited
(Management Company)

CHIEF EXECUTIVE

DIRECTOR



NOTICE OF THE ANNUAL REVIEW MEETING

Notice is hereby given that the Annual Review Meeting of Certificate Holders of First Islamic Modaraba will be held on Friday, October 30, 2015 at 10:00 AM at Auditorium of NBF1 & Modaraba Association of Pakistan 602, 6th Floor, Progressive Centre, 30-A, Block-6, PECHS, Sharah-e-Faisal, Karachi, to review the performance of the Modaraba for the year ended June 30, 2015.

The certificate holders whose names appear on the Register of certificate holders of First Islamic Modaraba as on October 21, 2015, will be eligible to attend the Annual Review Meeting.

Place: Karachi

Dated: October 08, 2015

By Order of the Board
Kamran Hussain Mughal
Company Secretary

1. The Certificate Transfer Book will remain closed from October 22, 2015 to October 29, 2015 (both days inclusive) for the purposes of entitlement of dividend and attending Annual Review Meeting. All transfers received in order, up to close of business on October 21, 2015 at our Registrar's office M/s. Central Depository Company of Pakistan, will be considered in time.

2. CDC certificate holders desiring to attend the meeting are requested to bring their original CNIC, Account And Participant's ID for identification purposes.

3. Accounts holders Book entry securities of the Modaraba in Central Depository Company of Pakistan Limited who wish to attend the Annual Review Meeting are requested to bring original Computerized National Identity Card for Identification purpose and will in additions, have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan.



PATTERN OF CERTIFICATE HOLDERS
As of June 30, 2015

NUMBER OF CERTIFICATE HOLDERS	CERTIFICATE HOLDINGS			TOTAL CERTIFICATE HELD
17	1	to	100	1,400
777	101	to	500	384,218
69	501	to	1000	68,250
50	1001	to	5000	136,290
22	5001	to	10000	188,400
16	10001	to	15000	217,597
7	15001	to	20000	129,200
7	20001	to	25000	164,311
2	25001	to	30000	56,000
3	35001	to	40000	106,340
2	45001	to	50000	95,500
1	55001	to	60000	56,788
1	65001	to	70000	65,660
2	70001	to	75000	141,700
1	95001	to	100000	100,000
1	110001	to	115000	111,500
1	115001	to	120000	118,333
1	120001	to	125000	124,000
1	505001	to	510000	508,211
4	775001	to	780000	3,113,252
1	995001	to	1000000	1,000,000
2	1555001	to	1560000	3,113,050
988				10,000,000



CATEGORIES OF CERTIFICATE HOLDERS
As of June 30, 2015

Categories of Certificateholders	Certificateholders	Certificate Held	Percentage
Directors and their spouse(s) and minor children			
SAIYED FAIQ HUSSAIN	1	98	0.00
MALIK JUNAID EMAM	1	1,556,625	15.57
IMAMUDDIN SHOUQEEN	1	1,556,425	15.56
SHAHBAZ ALI MALIK	1	778,313	7.78
NAWABZADA KAMRAN HUSSAIN MUGHAL	1	100	0.00
Associated Companies, undertakings and related parties			
POPULAR ISLAMIC MODARABA MANAGEMENT COMPANY (PVT.) LIMITED	3	1,564,999	15.65
Sponsors			
	3	2,334,939	23.35
Executives			
	-	-	-
Public Sector Companies and Corporations			
	1	16,700	0.17
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds			
	3	28,000	0.28
Mutual Funds			
	-	-	-
General Public			
a. Local	960	1,962,201	19.62
Foreign Investors	-	-	-
Others	13	201,600	2.02
Totals	988	10,000,000	100.00

Share holders holding 5% or more	Shares Held	Percentage
MALIK JUNAID EMAM	1,556,625	15.57
IMAMUDDIN SHOUQEEN	1,556,425	15.56
POPULAR ISLAMIC MODARABA MANAGEMENT COMPANY (PVT.) LIMITED	1,564,999	15.65
ZULFIQAR ALI ROSHAN	778,313	7.78
SHAHBAZ ALI MALIK	778,313	7.78
IMRAN ALI ROSHAN	778,313	7.78
KAMRAN ALI ROSHAN	778,313	7.78

If undelivered please return to :
First Islamic Modaraba
813 Chappal Plaza, Hasrat Mohani Road, Off. I.I. Chundrigar
Road, Karachi-74000, Pakistan



First Islamic Modaraba
An Islamic Financial Institution

**ANNUAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2015**

Managed by :
Popular Islamic Modaraba
Management Company (Pvt.) Ltd